



City of McLendon-Chisholm
Sonoma PID No. 1

Phase 1 Original Service and Assessment Plan
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THE STATE OF TEXAS

COUNTY OF ROCKWALL

I, Deborah Sorensen, City Secretary of the City of McLendon-Chisholm, Texas, do hereby certify that the attached is a true and correct copy of Ordinance No. 2015-02 as approved by the City Council of the City of McLendon-Chisholm, Texas, adopted on January 13, 2015, levying and assessing, as special assessments, the sums of money listed in Appendices F and G of the Service and Assessment Plan attached to said Ordinance against the parcels of property within the Sonoma Public Improvement District, and against the real and true owners thereof, with said assessments declared to be and made a first and prior lien upon the respective parcels of property against which same are assessed from and after January 14, 2015, and a personal liability and charge against the real and true owner or owners thereof, paramount and superior to all other liens, claims or titles except for lawful claims for state, county, school district, or city ad valorem taxes.

Deborah Sorensen, City Secretary
CITY OF McLENDON-CHISHOLM, TEXAS

SUBSCRIBED AND SWORN TO before me on this the 20 of January, 2015, to certify and witness my hand and seal of office.


Notary Public, State of Texas

[Notary Seal]

ORDINANCE NO. 2015-02

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM ACCEPTING AND APPROVING A SERVICE AND ASSESSMENT PLAN AND PHASE 1 ASSESSMENT ROLL FOR THE SONOMA PUBLIC IMPROVEMENT DISTRICT; MAKING A FINDING OF SPECIAL BENEFIT TO THE PROPERTY IN THE DISTRICT; LEVYING SPECIAL ASSESSMENTS AGAINST PROPERTY WITHIN THE DISTRICT AND ESTABLISHING A LIEN ON SUCH PROPERTY; PROVIDING FOR PAYMENT OF THE PHASE 1 ASSESSMENTS IN ACCORDANCE WITH CHAPTER 372, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED; PROVIDING FOR THE METHOD OF ASSESSMENT AND THE PAYMENT OF THE PHASE 1 ASSESSMENTS; PROVIDING PENALTIES AND INTEREST ON DELINQUENT ASSESSMENTS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, on August 13th 2007 the City of McLendon-Chisholm, Texas (the "City") held a public hearing pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "PID Act") for receiving public comment regarding a Petition (the "Petition") requesting the creation of a public improvement district in the City; and

WHEREAS, the Petition contained the signatures of the owners of taxable property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of Rockwall Central Appraisal District and the signatures of the property owners who own taxable real property that constitutes more than fifty percent of the area of all taxable property within the District that is liable for assessment; and

WHEREAS, on August 13th 2007, after due notice, the City Council of the City (the "City Council") held a public hearing in the manner required by law on the advisability of the public improvements and services described in the petition as required by Sec. 372.009 of the PID Act and made the findings required by Sec. 372.009(b) of the PID Act and, by Resolution No. 2007-15 (the "Authorization Resolution") adopted by a majority of the members of the City Council, authorized and created the Sonoma Public Improvement District (the "District") in accordance with its finding as to the advisability of the Authorized Improvements; and

WHEREAS, on December 17, 2014, the Council adopted a resolution (the "Cost Resolution") determining the total costs of the Authorized Improvements, directing the filing of a proposed Phase 1 Assessment Roll, authorizing the publication of notice of a public hearing to

consider the levying of the Phase 1 Assessments against the property within the District (the "Levy and Assessment Hearing") in a newspaper of general circulation in the City, and directing related action; and

WHEREAS, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of the Levy and Assessment Hearing on December 26, 2014 in *The Rockwall Herald Banner*, a newspaper of general circulation in the City; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed the notice of the Levy and Assessment Hearing to the last known address of the owners of the property liable for the Phase 1 Assessments; and

WHEREAS, the City Council convened the Levy and Assessment Hearing on the 13th day of January, 2015, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Phase 1 Assessment Roll, and the proposed Phase 1 Assessments, and to offer testimony pertinent to any issue presented on the amount of the Phase 1 Assessments, the allocation of the costs of the Authorized Improvements, the purposes of the Phase 1 Assessments, the special benefits of the Phase 1 Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Phase 1 Assessments; and

WHEREAS, the City Council finds and determines that the Phase 1 Assessment Roll and the Sonoma Public Improvement District Service and Assessment Plan, dated January 13, 2015 (the "Service and Assessment Plan"), attached as *Exhibit A* hereto and which is incorporated herein for all purposes, should be approved and that the Phase 1 Assessments should be levied as provided in this Ordinance and the Service and Assessment Plan and Phase 1 Assessment Roll attached thereto as Appendix G; and

WHEREAS, the City Council further finds that there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of the costs of the Authorized Improvements, the Phase 1 Assessment Roll, and the levy of the Phase 1 Assessments; and

WHEREAS, the City Council closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, determined to proceed with the adoption of this Ordinance in conformity with the requirements of the PID Act.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS:

Section 1. Terms.

Terms not otherwise defined herein are as defined in the Service and Assessment Plan.

Section 2. Findings.

The findings and determinations set forth in the preambles hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section. The City Council hereby finds, determines, and ordains, as follows:

(a) The apportionment of the costs of the Authorized Improvements (as reflected in the Service and Assessment Plan, and the Administrative Expenses pursuant to the Service and Assessment Plan) is fair and reasonable, reflects an accurate presentation of the special benefit each assessed Parcel will receive from the construction of the Authorized Improvements identified in the Service and Assessment Plan, and is hereby approved;

(b) The Service and Assessment Plan covers a period of at least five years and defines the annual indebtedness and projected costs for the Authorized Improvements;

(c) The Service and Assessment Plan apportions the costs of an Authorized Improvement to be assessed against the property in the District and such apportionment is made on the basis of special benefits accruing to the property because of the Authorized Improvements;

(d) All of the real property in the District which is being assessed in the amounts shown in the Phase 1 Assessment Roll will be benefited by the Authorized Improvements proposed to be constructed as described in the Service and Assessment Plan, and each assessed Parcel will receive special benefits in each year equal to or greater than each annual Phase 1 Assessments and will receive special benefits during the term of the Phase 1 Assessments equal to or greater than the total amount assessed;

(e) The method of apportionment of the costs of the Authorized Improvements and Administrative Expenses set forth in the Service and Assessment Plan results in imposing equal shares of the costs of the Authorized Improvements and Administrative Expenses on property similarly benefited, and results in a reasonable classification and formula for the apportionment of such costs;

(f) The Service and Assessment Plan should be approved as the service plan and assessment plan for the District as described in Sections 372.013 and 372.014 of the PID Act;

(g) The Phase 1 Assessment Roll in the form attached as Appendix G to the Service and Assessment Plan (the "Phase 1 Assessment Roll") should be approved as the Phase 1 Assessment Roll for the District;

(h) The provisions of the Service and Assessment Plan relating to due and delinquency dates for the Phase 1 Assessments, interest on Annual Installments, interest and penalties on delinquent Phase 1 Assessments and delinquent Annual Installments, and procedures in connection with the imposition and collection of Phase 1 Assessments should be approved and will expedite collection of the Phase 1 Assessments in a timely manner in order to provide the services and improvements needed and required for the area within the District; and

(i) A written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof has been discussed, considered, and formally acted upon.

Section 3. Assessment Plan.

The Service and Assessment Plan is hereby accepted and approved pursuant to Sections 372.013 and 372.014 of the PID Act as the service plan and the assessment plan for the District.

Section 4. Phase 1 Assessment Roll.

The Phase 1 Assessment Roll is hereby accepted and approved pursuant to Section 372.016 of the PID Act as the Phase 1 Assessment Roll of the District.

Section 5. Levy and Payment of Special Phase 1 Assessments for Costs of Authorized Improvements.

(a) The City Council hereby levies an assessment on each tract of property (excluding non-benefitted property) located within the District, as shown and described in the Service and Assessment Plan and the Phase 1 Assessment Roll, in the respective amounts shown on the Phase 1 Assessment Roll as a special assessment on the properties set forth in the Phase 1 Assessment Roll.

(b) The levy of the Phase 1 Assessments shall be effective on the date of execution of this Ordinance levying Phase 1 Assessments and strictly in accordance with the terms of the Service and Assessment Plan and the PID Act.

(c) The collection of the Phase 1 Assessments shall be as described in the Service and Assessment Plan and the PID Act.

(d) Each Phase 1 Assessment may be paid in a lump sum at any time or may be paid in Annual Installments pursuant to the terms of the Service and Assessment Plan.

(e) Each Phase 1 Assessment shall bear interest at the rate or rates specified in the Service and Assessment Plan.

(f) Each Annual Installment shall be collected each year in the manner set forth in the Service and Assessment Plan.

(g) The Administrative Expenses for Assessed Properties shall be calculated pursuant to the terms of the Service and Assessment Plan.

Section 6. Method of Assessment.

The method of apportioning the costs of the Authorized Improvements and Administrative Expenses are set forth in the Service and Assessment Plan.

Section 7. Penalties and Interest on Delinquent Assessments.

Delinquent Assessments shall be subject to the penalties, interest, procedures, and foreclosure sales set forth in the Service and Assessment Plan and as allowed by law. The Phase 1 Assessments shall have lien priority as specified in the PID Act and the Service and Assessment Plan.

Section 8. Prepayments of Assessments.

As provided in Section VI.H. of the Service and Assessment Plan, the owner of any Assessed Property may prepay the Phase 1 Assessments levied by this Ordinance.

Section 9. Appointment of Administrator and Collector of Phase 1 Assessments.

(a) Appointment of Administrator.

MuniCap, Inc., of Columbia, Maryland, is hereby appointed and designated as the initial Administrator of the Service and Assessment Plan and of Phase 1 Assessments levied by this Ordinance. The administrator shall perform the duties of the Administrator described in the Service and Assessment Plan and in this Ordinance. The Administrator's fees, charges and expenses for providing such service shall constitute an Administrative Expense. The City hereby grants the Mayor authority to sign and execute PID Administration Services Agreement with MuniCap, Inc.

(b) Appointment of Temporary Collector.

The City Secretary or other authorized City official are each hereby authorized to act as the temporary collector of the Phase 1 Assessments (each such City official is herein referred to as the

"Collector"). The Collector shall serve in such capacity until such time as the City shall arrange for the Collector's duties to be performed by the Rockwall County Tax Assessor and Collector or another qualified collection agent selected by the City.

Section 11. Applicability of Tax Code.

To the extent not inconsistent with this Ordinance, and not inconsistent with the PID Act or the other laws governing public improvement districts, the provisions of the Texas Tax Code shall be applicable to the imposition and collection of Phase 1 Assessments by the City.

Section 12. Filing in Land Records.

The City Secretary is directed to cause a copy of this Ordinance, including the Service and Assessment Plan, to be recorded in the real property records of Rockwall County. The City Secretary is further directed to similarly file each Annual Service Plan Update approved by the City Council.

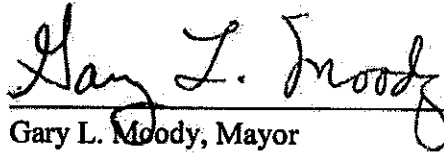
Section 13. Severability.

If any provision, section, subsection, sentence, clause, or phrase of this Ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void, or invalid, the validity of the remaining portions of this Ordinance or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council that no portion hereof, or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness, or invalidity or any other portion hereof, and all provisions of this ordinance are declared to be severable for that purpose.

Section 14. Effective Date.

This Ordinance shall take effect, and the levy of the Phase 1 Assessments, and the provisions and terms of the Service and Assessment Plan shall be and become effective upon passage and execution hereof. However, the Service and Assessment Plan and this Ordinance shall automatically terminate if bonds secured by the Phase 1 Assessments are not issued by the City on or before January 14, 2016.

ADOPTED, PASSED, AND APPROVED on this the 13th day of January, 2015.


Gary L. Moody, Mayor

ATTEST:


Deborah Sorensen, City Secretary

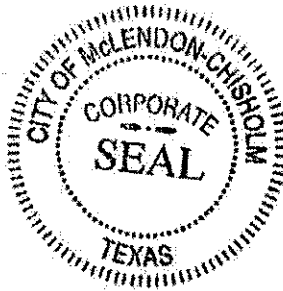


Exhibit A
Service and Assessment Plan

SONOMA PUBLIC IMPROVEMENT DISTRICT
SONOMA VERDE PROJECT

CITY OF MCLENDON-CHISHOLM

SERVICE AND ASSESSMENT PLAN

JANUARY 13, 2015

SONOMA PUBLIC IMPROVEMENT DISTRICT

SERVICE AND ASSESSMENT PLAN

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Section I
PLAN DESCRIPTION AND DEFINED TERMS

A. Introduction

On September 10, 2007, (the "Creation Date") the City of McLendon-Chisholm City Council passed and approved Resolution No. 2007-21 approving and authorizing the creation of Sonoma Public Improvement District ("PID") to finance the costs of certain public improvements for the benefit of property in the PID, all of which is located within the City of McLendon-Chisholm (the "City").

The property in the PID is proposed to be developed in approximately seven phases, and the PID will finance improvements that benefit the entire property in the PID and improvements that benefit each phase as each phase is developed. Assessments will be imposed on all property in the PID for the improvements that benefit the entire PID and on the property in each phase for the public improvements to be provided for that phase.

Upon application of the current property owners, the property within the PID was zoned by Ordinance No. 2007-20 (the "Planned Development District Ordinance") adopted by the City on September 10, 2007. The Planned Development District Ordinance designates the type of land uses that are permitted within the project and include development standards for each land use type.

Chapter 372 of the Texas Local Government Code, "Improvement Districts in Municipalities and Counties" (as amended, the "PID Act"), governs the creation of public improvement districts within the State of Texas. This Service and Assessment Plan has been prepared pursuant to Sections 372.013, 372.014, 372.015 and 372.016 of the PID Act. According to Section 372.013 of the PID Act, a service plan "must cover a period of at least five years and must also define the annual indebtedness and the projected costs for improvements. The plan shall be reviewed and updated annually for the purpose of determining the annual budget for improvements." The service plan is described in Section V of this Service and Assessment Plan. Section 372.014 of the PID Act states that "an assessment plan must be included in the annual service plan." The assessment plan is described in Section IV.

Section 372.015 of the PID Act states that "the governing body of the municipality or county shall apportion the cost of an improvement to be assessed against property in an improvement district." The method of assessing the costs of the Authorized Improvements to the property in the PID is included in Section IV of this Service and Assessment Plan.

Section 372.016 of the PID Act states that "after the total cost of an improvement is determined, the governing body of the municipality or county shall prepare a proposed assessment roll. The roll must state the assessment against each parcel of land in the district, as determined by the method of assessment chosen by the municipality or county under this subchapter." The Assessment Roll for the Major Improvement Area is attached hereto as Appendix F and the Assessment Roll for the Phase I is attached hereto as Appendix G of this Service and Assessment Plan. The Assessments as shown on the Assessment Roll are based on the method of assessment described in Section IV of this Service and Assessment Plan.

B. Definitions

Capitalized terms used herein shall have the meanings ascribed to them as follows:

"Actual Cost(s)" means, with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement, as specified in a Certification for Payment that has been reviewed and approved by the City. Actual Cost may include (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Authorized Improvement, including general contractor construction management fees and real estate acquisition costs, if any, (b) the costs of preparing the construction plans for such Authorized Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Authorized Improvement, (d) the costs for external professional costs associated with such Authorized Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes (property and franchise) (e) the costs of all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and material men in connection with the acquisition, construction or implementation of the Authorized Improvements, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal, and consulting fees, financing charges, taxes, governmental fees and charges (including inspection fees, County permit fees, development fees), insurance premiums, miscellaneous expenses, and all advances and payments for Administrative Expenses.

Actual Costs include general contractor's fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to five percent of the eligible Actual Costs described in a Certification for Payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated. Actual Costs also may be paid to the Developer or any other person or entity only in the capacity of construction manager or only in the capacity of general contractor but not both.

"Administrator" means the employee or designee of the City who shall have the responsibilities provided for herein, in the Indenture, or in another agreement approved by the City Council.

"Administrative Expenses" mean the administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, and operation of the PID, (iii) computing, levying, billing and collecting Assessments or the installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the Bonds, (v) paying and redeeming the Bonds, (vi) investing or depositing of monies, (vii) complying with the PID Act and codes with respect to the Bonds, (viii) the Trustee fees and expenses relating to the Bonds, including reasonable fees, (ix) legal counsel, engineers, accountants, financial advisors,

investment bankers or other consultants and advisors, (x) administering the construction of the Authorized Improvements, and (xi) costs and expenses, if any, associated with major repairs and emergency maintenance of the Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds. Administrative Expenses collected and not expended for actual Administrative Expenses shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of Administrative Expenses.

"Annual Installment" means, with respect to each Assessed Property, each annual payment of: (i) the Assessment, as shown on the Assessment Roll attached hereto as **Appendix F and Appendix G**, as applicable, or in an Annual Service Plan Update, and calculated as provided in Section VI of this Service and Assessment Plan, (ii) Administrative Expenses, (iii) the prepayment reserve described in Section IV of this Service and Assessment Plan, and (iv) the delinquency reserve described in Section IV of this Service and Assessment Plan.

"Annual Service Plan Update" has the meaning set forth in Section V of this Service and Assessment Plan.

"Assessed Property" means, for any year, Parcels within the PID other than Non-Benefited Property.

"Assessment" means an assessment levied against a Parcel imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Parcel created by such subdivision or reduction according to the provisions herein and the PID Act.

"Assessment Ordinance" means an Assessment Ordinance adopted by the City Council approving the Service and Assessment Plan (including amendments or supplements to the Service and Assessment Plan) and levying the Assessments.

"Assessment Revenues" mean the revenues actually received by the City from Assessments.

"Assessment Roll" means, as applicable, the Major Improvement Area Excluding Phase 1 Assessment Roll, the Phase 1 Assessment Roll, an Assessment Roll for any Future Phases related to future phases of development or any other Assessment Roll in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update.

"Authorized Improvements" mean those public improvements described in Section 372.003 of the PID Act designed, constructed, and installed in accordance with this Service and Assessment Plan, and any future updates and/or amendments, including improvements for Future Phases described in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update.

"Bonds" mean any bonds secured by the Assessment Revenues issued by the City in one or more series.

"Certification for Payment" means the document to be provided by the Developer or construction manager to substantiate the Actual Cost of one or more Authorized Improvements.

“City” means the City of McLendon-Chisholm, Texas.

“City Council” means the duly elected governing body of the City.

“Delinquent Collection Costs” mean interest, penalties and expenses incurred or imposed with respect to any delinquent installment of an Assessment in accordance with the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorney’s fees.

“Developer” means MC 550 Investors, LP.

“Equivalent Units” mean, as to any Parcel the number of dwelling units by lot type expected to be built on the Parcel multiplied by the factors calculated and shown in Appendix D attached hereto.

“Future Phases” means Phases that are fully developed after Phase 1, as such areas are generally shown on Appendix A. The Future Phases are subject to adjustment and are shown for example only.

“Homeowner Association Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to, whether in fee simple or through an exclusive use easement, a home owners’ association established for the benefit of a group of homeowners or property owners within the PID.

“Indenture” means any indenture, trust agreement, ordinance, or similar document setting forth the terms and provisions relating to any series of Bonds, as may be amended or supplemented from time to time.

“Land Use Class” means a classification of final building lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single family residential Lots, the Lot Type shall be further defined by classifying the residential lots by the estimated final average home value for each Lot as of the date of the recorded subdivision plat, considering factors such as density, lot size, proximity to amenities, view premiums, location, and any other factors that may impact the average home value on the Lot, as determined by the Administrator and confirmed by the City Council.

“Lot” means a tract of land described as a “lot” in a subdivision plat recorded in the Official Public Records of Rockwall County, Texas.

“Major Improvements” means Authorized Improvements which benefit all Assessed Property within the PID and are described in Section III.B.

“Major Improvement Area” means the property within the PID including Phase 1.

“Major Improvement Area Bonds” means those bonds that are secured by Assessments levied on Major Improvement Area Excluding Phase 1 Assessed Property.

“Major Improvement Area Excluding Phase 1” means the property within the PID excluding Phase 1.

“Major Improvement Area Excluding Phase 1 Cost” is defined in Section V.

“Major Improvement Area Excluding Phase 1 Assessed Property” means, for any year, all Parcels within the PID other than (a) Non-Benefited Property, and (b) Parcels within Phase 1.

“Major Improvement Area Excluding Phase 1 Assessment Roll” means the document included in this Service and Assessment Plan as Appendix F, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds, if any, or in connection with any Annual Service Plan Update.

“Major Improvement Area Excluding Phase 1 Revenues” mean the revenues received by the City from the collection of Assessments and Annual Installments for the Major Improvement Area Excluding Phase 1 Assessed Property.

“Non-Benefited Property” means Parcels within the boundaries of PID that accrue no special benefit from the Authorized Improvements, including Owner Association Property, Public Property and easements that create an exclusive use for a public utility provider. Property identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to Section VI-F remains subject to the Assessments and requires the Assessments to be prepaid as provided for in Section VI-F.

“Parcel” means a property identified by either a tax map identification number assigned by the Rockwall Central Appraisal District for real property tax purpose, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the Official Public Records of Rockwall County, or by any other means determined by the City.

“Phase” means one or more Parcels within the PID that will be developed in the same general time period. The Parcels within a Phase will be assessed in connection with the Authorized Improvements (or the portion thereof) designated in an update to this Service and Assessment Plan that specially benefit the Parcels within the Phase.

“Phase 1” means the initial Phase to be developed, identified as “Phase 1” and generally shown on Appendix A and as specifically depicted and described as the sum of all Parcels shown in Appendix G.

“Phase 1 Assessed Property” means all Parcels within Phase 1 other than Non-Benefited Property.

“Phase 1 Assessment Roll” means the document included in this Service and Assessment Plan as Appendix G, as updated, modified or amended from time to time in accordance with the

procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds, if any, or in connection with any Annual Service Plan Update.

"Phase 1 Cost" is defined in Section V.

"Phase 1 Improvements" means Authorized Improvements which only benefit Phase 1 Assessed Property and are described in Section III.C.

"Phase 1 PID Bonds" means those certain bonds that are secured by Assessments levied on Phase 1 Assessed Property.

"Phased PID Bonds" means bonds issued to fund Authorized Improvements (or a portion thereof) in a Phase and to refinance any Major Improvement Area Bonds issued to fund Major Improvements within such Phase. In connection with the Phased PID Bonds, Assessments will be levied only on Parcels located within the Phase in question.

"Phase 1 Revenues" mean the revenues received by the City from the collection of Assessments and Annual Installments for the Phase 1 Assessed Property.

"PID" has the meaning set forth in Section I.A of this Service and Assessment Plan.

"PID Act" means Texas Local Government Code Chapter 372, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, as amended.

"Planned Development District Ordinance" has the meaning set forth in Section I.A of this Service and Assessment Plan.

"Prepayment Costs" mean interest and expenses to the date of prepayment, plus any additional expenses related to the prepayment, reasonably expected to be incurred by or imposed upon the City as a result of any prepayment of an Assessment.

"Property" has the meaning set forth in Section II.A of this Service and Assessment Plan.

"Public Property" means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, Rockwall County, the City, a school district, a public utility provider or any other public agency, whether in fee simple or through an exclusive use easement.

"Reimbursement Agreement" means each Reimbursement Agreement by and between the City and the Developer in which the Developer agrees to fund the Actual Costs of certain Authorized Improvements and the City agrees to reimburse the Developer for the Actual Costs of those Authorized Improvements funded by the Developer with interest as permitted by the Act.

"Service and Assessment Plan" means this Service and Assessment Plan prepared for the PID pursuant to the PID Act, as the same may be amended from time to time.

"Trustee" means the fiscal agent or trustee as specified in the Indenture, including a substitute fiscal agent or trustee.

Section II PROPERTY INCLUDED IN THE PID

A. Property Included in the PID

The area constituting the PID is depicted and described by metes and bounds on Exhibit A to Resolution No. 2007-21 adopted by the City Council ("Property"). The PID is located in the corporate limits of the City of McLendon Chisholm, Texas, within Rockwall County, Texas. The PID contains approximately 548 acres. A map of the property within the PID is shown in Appendix A.

At completion, the PID is expected to consist of approximately 1,095 detached single family residential units, eleven non-residential lots, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID. The estimated number of lots and the classification of each lot are based upon the Planned Development District Ordinance.

B. Property Included in Major Improvement Area and Phase 1

The Major Improvement Area Excluding Phase 1 consists of approximately 403 acres. Phase 1 consists of approximately 145 acres projected to consist of 356 single family residential units and nine non-residential lots, to be developed as Phase 1, as further described in Section III. A map of the property within the Major Improvement Area and Phase 1 is shown in Appendix A. A list of the Parcels within the Major Improvement Area Excluding Phase 1 is included in Appendix F. A list of the Parcels within Phase 1 is included in Appendix G. A map depicting the boundaries of each proposed Phase is included in Appendix A.

C. Property Included in Future Phases

As Phases are developed, in connection with the issuance of Phased PID Bonds, this Service and Assessment Plan will be amended to add additional details of each new Phase(s) as shown for Phase 1 in Section II.B. A map of the projected property within each Future Phase is shown in Appendix A. The Future Phases are shown for illustrative purposes only and are subject to adjustment.

Section III DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. Authorized Improvement Overview

Section 372.003 of the PID Act defines the improvements that may be undertaken by a municipality or county through the establishment of a public improvement district, as follows:

372.003. Authorized Improvements

- (a) If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.
- (b) A public improvement may include:
 - (i) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
 - (ii) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
 - (iii) projects similar to those listed in Subdivisions (i)-(x);
 - (iv) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
 - (v) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement; and
 - (vi) payment of expenses incurred in the establishment, administration and operation of the district.

After analyzing the public improvement projects authorized by the PID Act, the City has determined that the Authorized Improvements described Section III.B and Section III.C should be undertaken by the City for the benefit of the property within the PID.

B. Description and Estimated Costs of Major Improvements

The Major Improvements benefit the entire PID. The costs of the Major Improvements are allocated proportionally throughout the entire PID, excluding Non-Benefited Property, in a manner that anticipates planned development of the PID based on the Equivalent Units as calculated and shown in Appendix D using the planned lot types, anticipated number of lots and estimated average home values.

The Major Improvements are described below. The costs of the Major Improvements are shown in Table III-A. The costs shown in Table III-A are estimates and may be revised in Annual Service Plan Updates.

Roadway Improvements

The roadway improvements portion of the project consist of the construction of a Texas Department of Transportation (TxDOT) approved left turn lane re-striping along State Highway 205 to accommodate south bound left turns. This will provide access off of SH 205 into the PID by Via Toscana. This improvement will be constructed to TxDOT standards.

In addition the roadway improvements portion of the project also includes construction of concrete paving of the extension of Via Toscana from the end of the residential areas to the south to League Road, and asphalt overlay of approximately 5,100 linear feet of the existing League Roadway to the west to State Highway 205. This is being done to provide a secondary access point to the project. This improvement will be constructed to Rockwall County standards (League Road is a County Roadway) and will be owned and maintained by the City of McLendon Chisholm and Rockwall County.

Water Distribution System Improvements

The water distribution system improvements include 12" waterline to be constructed from RCH's waterline located on Edwards Road and extended to the west along League Road for a distance of approximately 1,895 linear feet to the intersection of Via Toscana and League Road. The waterline improvements will include connection to the exiting water-main, installation of associated 12" valves, fire hydrants, ductile iron fittings, erosion control, trench safety and waterline testing. All water improvements will be constructed according to City standards and specifications.

The PID is within the City limits. The City has a contract for water service from the RCH Water supply corporation who is a customer city of the North Texas Municipal Water District (NTMWD) and receives wholesale treated water through a major transmission line from the NTMWD Wylie water treatment plant. As a result, there will be no water treatment plant upgrades required.

Sanitary Sewer Collection System Improvements

The sanitary sewer collection system improvements consist of constructing a lift station approximately 380 feet north of Via Toscana and 220' west of Hackberry Creek with a wet well and approximately 27,309 linear feet of 8" sanitary sewer force main and 2,303 linear feet of 8" and 12" sanitary sewer gravity line generally following the Right of Way of FM 550 to the west and connecting to the NTMWD Buffalo Creek Sewer Interceptor. Cutoff valves, air release valves and a pig launching and receiving station for the system will be constructed in accordance with NTMWD and TCEQ regulations. The proposed lift station, wet-well and pumps are sized appropriately to accept and pump waste for Phase 1 and will be modified with additional pumps as future phases come on line. The 8" force main and pumps were designed to maintain the 3.0 fps minimum velocity. The sanitary sewer collection system improvements will be designed and constructed according to City standards and specifications.

Storm Drainage Collection System Improvements

The storm drainage collection system improvements consist of drainage improvements to support the installation of the left turn lane at Via Toscana and SH 205 and storm water detention capacity that benefits the entire project area. This includes underground re-enforced concrete sewer pipe, inlets and rock rip rap protection at outfalls. The storm drainage collection system improvements will be constructed according to City standards and specifications.

Table III-A below shows the estimated costs of the Major Improvements.

**Table III-A
Estimated Major Improvement Costs**

Authorized Improvements	Estimated Cost¹
Roadway improvement costs	\$321,346
Water distribution system improvement costs	\$78,085
Sanitary sewer collection system improvement costs	\$1,525,144
Storm drainage collection system improvements	\$82,153
Contingency for hard costs	\$156,764
Engineering, design, surveying, geotechnical and materials testing	\$31,210
General contractor, project general conditions and PID legal fees	\$37,414
Total estimated Major Improvement Costs	\$2,232,116

1 -- See Appendix B for detailed cost estimates

The costs shown in Table III-A are current estimates and may be revised in Annual Service Plan Updates.

C. Description and Estimated Costs of Phase 1 Improvements

Either the Developer pursuant to a Reimbursement Agreement or proceeds from Phase 1 Bonds will fund their proportionate share of the costs of the Major Improvements (as described above in Section III.B) as well as Phase 1 Improvements, which only benefit Phase 1 Assessed Property.

The Phase 1 Improvements are described below. All of the Phase 1 Improvements provide benefit to Phase 1. The costs of the Phase 1 Improvements are shown in Table III-B. The costs shown in Table III-B are estimates and may be revised in Annual Service Plan Updates.

Road Improvements

The roadway portion of the Phase 1 Improvements include the construction of 6,300 linear feet of a 37' wide, 3600-psi concrete curb and gutter pavement. The roadway construction will consist of grading, lime stabilization, striping, signage and erosion control measures during construction. Other roadway improvements within Phase 1 include construction of

approximately 17,469 linear feet of 6" thick, 31-foot wide, concrete pavement with curb and gutter. The concrete will be 3,600 pounds per square inch (psi) strength. Excavation for the roadway will consist of 55,360 cubic yards of cut and fill. 68,260 square yards (sy) of pavement sub-grade will be lime stabilized and compacted. Turn lanes, intersections, signage, lighting and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that will provide street access to each lot within Phase 1. All roadway projects will be designed and constructed in accordance with City standards and specifications.

Water Improvements

The Phase 1 water distribution system improvements include:

- **Water Line 1** - This project consists of constructing approximately 9,223 linear feet of 12" diameter water transmission main from the east entrance of Via Toscana at Highway 205 along Via Toscana and through the development to the southern edge of the project at League Road. The waterline will be constructed within the proposed right-of way (ROW) of Via Toscana. The waterline improvements will include connection to the 8" water-main at Hwy 205 and the 12" main at League Road, installation of Twenty Five 12" valves, 17 fire hydrants, five tons of ductile iron fittings, and associated erosion control, trench safety and waterline testing. The waterline will be designed and constructed in accordance with City standards and specification.
- **8" Water Line Segments** - These waterline improvements consist of constructing approximately 17,168 linear feet of 8" water line, associated 8" and 6" gate valves. One-inch diameter water services will be provided to each of the Parcels within Phase 1. All associated waterline testing, trench safety and erosion protection during construction are included. The waterline will be connected to the 12" water line constructed in Via Toscana. These lines will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City. These lines will include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of Phase 1 and all lots within Phase 1.

Sanitary Sewer Improvements

The sanitary sewer collection system improvements include:

- **Wastewater Line (12" Gravity Line)** - These improvements consist of constructing approximately 4,400 linear feet of 12" gravity sewer line along Via Toscana, crossing Hackberry Creek and flowing to the proposed lift station north of Via Toscana. This project will consist of constructing manholes, associated erosion control, trench safety and sewer line testing.
- **Wastewater Line (8" Gravity Line)** - These improvements include construction of 18,289 linear feet of 8" gravity sanitary sewer line that connect to the Via Toscana sewer trunk main. Construction includes connection at multiple points through 58

concrete manholes. Services to individual lots are by 4" gravity sewer services. Twenty five cleanouts will be constructed to facilitate maintenance.

All sanitary sewer collection system improvements will be designed and constructed in accordance with City standards and specifications.

Storm Drainage Improvements

The storm drainage portion of the Phase 1 Improvements consist of underground storm sewer pipes, storm water detention pond and construction of a major culvert/ creek crossing at Via Toscana and Hackberry Creek. The primary means of conveyance of storm drainage within Phase 1, is within roadways and underground storm drain pipes. The roadway pavement section incorporates the use of curbs with integrated drainage inlets to control runoff and conveyance of storm-water throughout the drainage basins associated with Phase 1. The system includes approximately 5,000 linear feet of underground reinforced concrete pipe (RCP) with associated headwalls, safety end treatments, manholes and storm sewer energy dissipaters at the points of discharge. All of the drainage areas within Phase 1 flow to a detention pond and subsequent release to Hackberry Creek. Excavation of the City required detention pond is included in the drainage improvements. In addition to the storm sewer improvements, a triple span 40' wide by 13' tall bolted structural plate arch system will be constructed over Hackberry Creek. This Drainage culvert will include precast headwalls. All storm drainage collection system improvements will be constructed in accordance with City standards and specifications.

Table III-B below shows the estimated costs of the Phase 1 Improvements.

**Table III-B
Estimated Phase 1 Improvement Costs**

Authorized Improvements	Estimated Cost¹
Roadway improvement costs	\$3,498,998
Water distribution system improvement costs	\$1,579,466
Sanitary sewer collection system improvement costs	\$1,012,461
Storm drainage collection system improvements	\$1,617,278
Contingency for hard costs	\$794,730
Engineering, design, surveying, geotechnical and materials testing	\$776,647
Estimated general contractor	\$577,344
Estimated project general conditions	\$258,184
Estimated PID legal fees	\$276,000
Estimated PID establishment expenses	\$54,031
Estimated debt service reserve	\$836,938
Estimated other bond issuance costs including underwriter's discount, financial advisors, bond counsel etc.	\$1,285,200
Subtotal - Estimated Phase 1 Improvement Costs	\$12,567,276
Phase 1 share of estimated Major Improvement Costs²	\$717,427
Total Estimated Phase 1 Improvement Costs	\$13,284,703

1 – See Appendix B for detailed cost estimates.

2 – See Section IV (C) regarding allocation of Major Improvement Costs to Phase 1.

The costs shown in Table III-B are current estimates and may be revised in Annual Service Plan Updates.

D. Future Phase Authorized Improvements

As Phases are developed, in association with issuing Phased PID Bonds and/or execution of a Reimbursement Agreement for such Future Phase, this Service and Assessment Plan will be amended to identify the Phased PID Bond Authorized Improvements that benefit each Phase (e.g., a Table III-C will be added to show the estimated costs for Phase 2 Authorized Improvements, etc.).

Section IV ASSESSMENT PLAN

A. Introduction

The PID Act requires the City Council to apportion the Actual Cost of the Authorized Improvements on the basis of special benefits conferred upon the Property by the Authorized Improvements. The PID Act provides that the Actual Costs may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes or improvements.

For purposes of this Service and Assessment Plan, the City Council has determined that the Major Improvement and Phase 1 Improvement costs shall be allocated to the Assessed Property as described below:

1. The Major Improvement and Phase 1 Improvement costs shall be allocated to the Assessed Property on the basis of the relative value of Parcels once such property is developed, and that such method of allocation will result in the imposition of equal shares of the PID Costs to Parcels similarly benefited.
2. The City Council has concluded that larger more expensive homes are likely to be built on the larger lots, and that larger more expensive homes are likely to make greater use of and receive greater benefit from the Authorized Improvements. In determining the relative values of Parcels, the City Council has taken in to consideration (i) the type of development (i.e., residential, commercial, etc), (ii) single-family lot sizes and the size of homes likely to be built on lots of different sizes, (iii) current and projected home prices provided by the Developer, (iv) the Authorized Improvements to be provided and the estimated costs, and (v) the ability of different property types to utilize and benefit from the improvements.
3. The Assessed Property is classified into different Land Use Classes as described in Appendix D based on the type and size of proposed development on each Parcel.
4. Equivalent Units are calculated for each Land Use Class based on the relative value of each Land Use Class.
5. The Major Improvement costs that benefit the Assessed Property are proportionally allocated to the Major Improvement Area Excluding Phase 1 Assessed Property and the Phase 1 Assessed Property based on the ratio of total Equivalent Units estimated for the Major Improvement Area Excluding Phase 1 Assessed Property and the Phase 1 Assessed Property.
6. The Major Improvement Area Excluding Phase 1 Assessed Property's proportional share of the Major Improvement costs is allocated to each Parcel within the Major Improvement Area Excluding Phase 1 Assessed Property based on the total Equivalent Units estimated for each Parcel.
7. The Phase 1 Improvement costs (including Phase 1 Assessed Property's Proportional share of the Major Improvement costs) are allocated to each Parcel within the Phase 1 Assessed Property based on the total Equivalent Units estimated for each Parcel.

Table IV-A provides the estimated allocation of costs of the Authorized Improvements constituting Major Improvements and Phase 1 Improvements between the Major Improvement Area Excluding Phase 1 Assessed Property and the Phase 1 Assessed Property.

At this time it is impossible to determine with absolute certainty the amount of special benefit each Parcel within Future Phases will receive from Authorized Improvements for such Future Phases. Therefore, at this time Parcels will only be assessed for the special benefits conferred upon the Parcel because of the Major Improvements and Phase 1 Improvements.

In connection with issuance of Phased PID Bonds and/or execution of a Reimbursement Agreement for Future Phases, this Service and Assessment Plan will be updated to reflect the special benefit each Parcel of Assessed Property within a Future Phase receives from Authorized Improvements for Future Phases funded with proceeds from Phased PID Bonds issued with respect to that Future Phase or pursuant to a Reimbursement Agreement for that Future Phase. Prior to assessing Parcels located within Future Phases, each owner of the Parcels to be assessed must acknowledge that the Authorized Improvements confer a special benefit on their Parcel and must consent to the imposition of the Assessments to pay for the Actual Costs.

This section of this Service and Assessment Plan currently describes the special benefit received by each Parcel within the PID as a result of the Major Improvements and Phase 1 Improvements, provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments, and establishes the methodologies by which the City Council allocates and reallocates the special benefit of the Major Improvements and Phase 1 Improvements to Parcels in a manner that results in equal shares of the Actual Costs being apportioned to Parcels similarly benefited. The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers of the Assessed Property.

As Future Phases are developed, this Service and Assessment Plan will be updated based on the City's determination of the assessment methodology for each Future Phase.

B. Special Benefit

Assessed Property must receive a direct and special benefit from the Authorized Improvements, and this benefit must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in line-item format in Appendix B to this Service and Assessment Plan) and the costs of issuance of Bonds and payment of costs incurred in the establishment of the PID shown in Table IV-A are authorized by the Act.

Each of the owners of the Assessed Property has acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and has consented to the imposition of the Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in its interest in consenting to this apportionment and levying of the Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Assessments.

Each owner of the Assessed Property has ratified, confirmed, accepted, agreed to and approved; (i) the determinations and finding by the City Council as to the special benefits described in this Service and Assessment Plan and the Assessment Ordinance; (ii) this Service and Assessment Plan and the Assessment Ordinance; and (iii) the levying of Assessments on the Assessed Property. Use of the Assessed Property as described in this Service and Assessment Plan and as authorized by the Planned Development District Ordinance requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs using Bond proceeds or through Developer advances pursuant to a Reimbursement Agreement has been determined by the City Council to be the most beneficial means of doing so. As a result, the Assessments result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the City Council.

In summary, the Assessments result in a special benefit to the Assessed Property for the following reasons:

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, are necessary for the proposed best use of the property and provide a special benefit to the Assessed Property as a result;
2. The Developer has consented to the imposition of the Assessments for the purpose of providing the Authorized Improvements and the Developer is acting in its interest by consenting to this imposition;
3. The Authorized Improvements are required for the highest and best use of the Assessed Property;
4. The highest and best use of the Assessed Property is the use of the Assessed Property that is most valuable (including any costs associated with the use of the Assessed Property);
5. Financing of the Authorized Improvement costs using Bond proceeds or through Developer advances pursuant to a Reimbursement Agreement is determined to be the most beneficial means of providing for the Authorized Improvements; and
6. As a result, the special benefits to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

C. Allocation of Actual Costs of Major Improvements

The Major Improvements will provide a special benefit to all property in the PID. Accordingly, the Actual Costs of the Major Improvements must be allocated between Major Improvement Area Excluding Phase 1 Assessed Property and Phase 1 Assessed Property based on the special benefit each receives. Table IV-A summarizes the allocation of Actual Costs for each Major Improvement. The costs shown in Table IV-A are estimates and may be revised in Annual Service Plan Updates, but may not result in increased Assessments without consent by each of

the owners of the Parcels to the imposition of the increased Assessments to pay for the Actual Costs.

Phase 1 is projected to contain 356 residential units, eight office lots and one church lot. As shown in Appendix D, the total Equivalent Units for Phase 1 is calculated as 201.47. The Major Improvement Area Excluding Phase 1 is projected to contain 739 residential units, one daycare lot and one senior living lot resulting in a total of 425.36 Equivalent Units as shown in Appendix D. The Total projected Equivalent Units in the PID is, therefore, calculated to be 626.83 (i.e. $201.47 + 425.36 = 626.83$). As a result, 32.14 percent of the estimated costs of Major Improvements (i.e. $201.47 \div 626.83 = 32.14\%$) are allocated to the Phase 1 Assessed Property and 67.86 percent of the estimated costs of Major Improvements (i.e. $425.36 \div 626.83 = 67.86\%$) are allocated to the Major Improvement Area Excluding Phase 1 Assessed Property. Either Developer advances pursuant to a Reimbursement Agreement or Major Improvement Area Bonds will fund the proportionate share of the estimated costs of the Major Improvements benefitting the Major Improvement Area Excluding Phase 1 Assessed Property. Either Developer advances pursuant to a Reimbursement Agreement or Phase 1 Bonds will fund the proportionate share of the estimated costs of the Major Improvements benefitting the Phase 1 Assessed Property.

D. Allocation of Actual Costs of Phase 1 Authorized Improvements

The Phase 1 Improvements will provide a special benefit to Phase 1 Assessed Property only. Accordingly, the Actual Costs of the Phase 1 Improvements are allocated entirely to Phase 1 Assessed Property based on the special benefit it receives.

Table IV-A summarizes the allocation of Actual Costs for each Phase 1 Authorized Improvement. The costs shown in Table IV-A are estimates and may be revised in Annual Service Plan Updates, but may not result in increased Assessments without consent by each of the owners of the Parcels to the imposition of the increased Assessments to pay for the Actual Costs.

E. Allocation of Actual Costs of Phased Authorized Improvements

As Future Phases are developed, this Service and Assessment Plan will be amended to identify the Authorized Improvements that confer a special benefit to property inside the Future Phase resulting from the Future Phase Authorized Improvements (e.g. Table IV-A will be amended to show the estimated allocation of Actual Costs for Future Phase Authorized Improvements).

**Table IV-A
Allocation of Authorized Improvement Costs**

	Estimated Cost	Major Improvement Excluding Phase 1 Assessed Property		Phase 1 Assessed Property	
		% Allocation	Share of Costs	% Allocation	Share of Costs
<u>Major Improvements</u>					
Road Improvements	\$321,346	67.86%	\$218,062	32.14%	\$103,284
Water Improvements	\$78,085	67.86%	\$52,988	32.14%	\$25,097
Sanitary Sewer Improvements	\$1,525,144	67.86%	\$1,034,946	32.14%	\$490,198
Storm Drainage Improvements	\$82,153	67.86%	\$55,748	32.14%	\$26,405
Contingency for hard costs	\$156,764	67.86%	\$106,378	32.14%	\$50,384
Engineering, design, surveying, geotechnical and materials testing	\$31,210	67.86%	\$21,179	32.14%	\$10,031
General contractor, project general conditions and PID legal fees	\$37,415	67.86%	\$25,389	32.14%	\$12,025
Total Major Improvements	\$2,232,116		\$1,514,691		\$717,427
Estimated PID establishment costs	\$149,341		\$95,310		\$54,031
GRAND TOTAL	\$2,381,457		\$1,610,000		\$771,458
Notes: 1 - The % allocation of the Major Improvements is shown in Section IV.C.					

F. Assessment Methodology

The Actual Costs may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the amount of the Assessments. The Actual Costs may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

1. Assessment Methodology for the Major Improvement Area Excluding Phase 1

For purposes of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the portion of the Major Improvement costs to be funded as Major Improvement Area Excluding Phase 1 Cost shall be allocated to the Major Improvement Area Excluding Phase 1 Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix D using the types, number and average home value of Lots anticipated to be developed on each Parcel. Having taken into consideration the matters described under Sections IV (A) and (B) above, the City Council has determined that allocating the Assessments among Parcels based on average home value is best accomplished by creating classifications of benefited Parcels based on the "Land Use Class" defined in Appendix D. These classifications [from Land Use Class 1 (one acre Lots) representing the highest residential value to Land Use Class 5 (60 Ft Lot) representing the lowest

value for residential lots as well as the non-residential Land Use Classes] are set forth in Appendix D. Assessments are allocated to each Land Use Class on the basis of the average value for each Land Use Class. This is accomplished by giving each Land Use Class an Equivalent Unit factor. Equivalent Units are the ratio of the average value of lots within each Land Use Class, setting the Equivalent Unit factor for Land Use Class 1 (one acre Lots) to 1.0.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. The result of this approach is that each final residential Lot within a recorded subdivision plat with similar values will have the same Assessment, with larger, more valuable Lots having a proportionately larger share of the Assessments than smaller, less valuable Lots. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots.

The Assessment and Annual Installments for each Parcel or Lot located within the Major Improvement Area Excluding Phase 1 is shown on the Major Improvement Area Excluding Phase 1 Assessment Roll, attached as Appendix F, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

2. Assessment Methodology for Phase 1

For purposes of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the portion of the Phase 1 Improvements and the portion of the Major Improvements to be financed as Phase 1 Cost shall be allocated to the Phase 1 Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix D using the types, number and average home value of the Lots anticipated to be developed on each Parcel within Phase 1.

Based on the estimates provided by FC Cuny Corporation of the costs of the Phase 1 Improvements and the portion of the Phase 1 Improvements that benefit Phase 1, as set forth in Table III-B, the City Council has determined that the benefit to Phase 1 property of the Phase 1 Improvements is at least equal to the Assessments levied on the Phase 1 property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. The result of this approach is that each final residential Lot within a recorded subdivision plat with

similar values will have the same Assessment, with larger, more valuable Lots having a proportionately larger share of the Assessments than smaller, less valuable Lots. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots.

The Assessment and Annual Installments for each Parcel or Lot located within Phase 1 is shown on the Phase 1 Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

3. Assessment Methodology for Future Phases

When any given Future Phase is developed, this Service and Assessment Plan will be amended to determine the assessment methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited within each Future Phase.

G. Assessments

The Assessments for the applicable Authorized Improvements will be levied on each Parcel according to the Major Improvement Area Excluding Phase 1 Assessment Roll and the Phase 1 Assessment Roll, attached hereto as Appendix F and Appendix G, respectively. The Annual Installments will be collected at the time and in the amounts shown on the Major Improvement Area Excluding Phase 1 Assessment Roll and the Phase 1 Assessment Roll, respectively, subject to any revisions made during an Annual Service Plan Update.

H. Administrative Expenses

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of Assessment levied against the Parcel. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Major Improvement Area Excluding Phase 1 Assessment Roll and the Phase 1 Assessment Roll, which may be revised based on actual costs incurred in Annual Service Plan Updates.

I. Prepayment Reserve

Pursuant to the PID Act, the interest rate for Assessments may exceed the actual interest rate per annum paid on the related Bonds or Reimbursement Agreement obligations, if any, by no more than one half of one percent (0.50%). The interest rate used to determine the Assessments is one half of one percent (0.50%) per annum higher than the actual rate paid on the Bonds or Reimbursement Agreement obligations, with up to 0.20% allocated to fund the associated interest charged between the date of prepayment of an Assessment and the date on which Bonds or Reimbursement Agreement obligations are prepaid, and up to 0.30% allocated to fund a delinquency reserve account as described below.

J. Delinquency Reserve

The City has allocated up to 0.50% of the interest rate component of the Annual Installments to offset any possible delinquent payments. The additional reserve shall be funded up to 10% of the subsequent year's debt service for the related Bonds or Reimbursement Agreement obligations, but in no event will the annual collection be more than an additional 0.50% on the outstanding Bonds or Reimbursement Agreement obligations. The City may allocate up to 0.50% of the interest rate component of the Annual Installments to any other use that benefits the Assessed Property, as determined by the City Council.

Section V SERVICE PLAN

A) Sources and Uses of Funds

The PID Act requires the service plan to cover a period of at least five years. The service plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the PID during a five year period. It is anticipated that it will take approximately 12 months for the Major Improvements to be constructed and approximately 12 months for the Phase 1 Improvements to be constructed. At some point after the Major Improvements and Phase 1 Improvements are constructed, Phase 2 will begin development. After Phase 2 is developed, it is anticipated that Phase 3 will begin development, and so on, with each Future Phase to be subsequently developed corresponding with a Service and Assessment Plan update for that Future Phase.

The Major Improvements Area Excluding Phase 1 Cost is \$1,610,000 as shown in Table V-A. The Major Improvements Area Excluding Phase 1 Cost will be reimbursed to the Developer, plus interest, in accordance with a Reimbursement Agreement solely from Major Improvements Area Excluding Phase 1 Revenues received and collected by the City. The obligations of the City under this Service and Assessment Plan and the Reimbursement Agreement do not create a debt or other obligation payable from any other City revenues, taxes, income or property.

The Phase 1 Cost is \$10,700,000 as shown in Table V-A. The Phase 1 Cost will be reimbursed to the Developer, plus interest, in accordance with a Reimbursement Agreement solely from Phase 1 Revenues received and collected by the City. The obligations of the City under this Service and Assessment Plan and the Reimbursement Agreement do not create a debt or other obligation payable from any other City revenues, taxes, income or property.

The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the estimated Authorized Improvement costs, and updating the Assessment Roll. Any update to this Service and Assessment Plan is herein referred as an "Annual Service Plan Update."

Table V-A summarizes the Major Improvement Area Excluding Phase 1 Cost and the Phase 1 Cost. The information provided in Table V-A shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs.

As Future Phases are developed, this Service and Assessment Plan will be amended to include costs of Authorized Improvements for those Future Phases (e.g. Table V-A will be amended to add Phase 2).

**Table V-A
Sources and Uses of Funds**

	Phase 1 Cost
<u>Major Improvements</u>	
Road Improvements	\$103,284
Water Improvements	\$25,097
Sanitary Sewer Improvements	\$490,198
Storm Drainage Improvements	\$26,405
Contingency for hard costs	\$50,384
Engineering, design, surveying, geotechnical and materials testing	\$10,031
General contractor, project general conditions and PID legal fees	\$12,025
Subtotal	\$717,427
<u>Phase 1 Improvements</u>	
Road Improvements	\$3,498,998
Water Improvements	\$1,579,466
Sanitary Sewer Improvements	\$1,012,461
Storm Drainage Improvements	\$1,617,278
Contingency for hard costs	\$794,730
Engineering, design, surveying, geotechnical and materials testing	\$776,647
Estimated general contractor	\$577,344
Estimated project general conditions	\$258,184
Estimated PID legal fees	\$276,000
Subtotal	\$10,391,108
Estimated PID establishment costs	\$54,031
Estimated debt service reserve	\$836,938
Estimated other bond issuance costs including underwriter's discount, financial advisors, bond counsel etc.	\$1,285,200
Total	\$13,284,703
Less: Developer contributions	(\$2,584,703)
Total Phase 1 Cost	\$10,700,000

B) Annual Projected Costs and Annual Projected Indebtedness

The annual projected costs and annual projected indebtedness is shown by Table V-B. The annual projected costs and indebtedness is subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each

year. The project indebtedness will either reflect anticipated or outstanding Bonds or Reimbursement Agreement obligations or both.

Table V-B
Annual Projected Costs and Annual Projected Indebtedness

Year	Annual Projected Cost	Annual Projected Indebtedness	Sources other than PID Bonds
2015	\$14,894,703	\$12,310,000	\$2,584,703
2016	\$0	\$0	\$0
2017	\$0	\$0	\$0
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0
	\$14,894,703	\$12,310,000	\$2,584,703

The annual projected costs shown in Table V-B are the annual expenditures relating to the Major Improvement Area Authorized Improvements shown in Table III-A, the Phase 1 Authorized Improvements shown in Table III-B, and the costs associated with setting up the PID and Bond issuance costs including reserves shown in Table V-A. The difference between the total projected cost and the total projected indebtedness is the amount contributed by the Developer in excess of those advances made by the Developer pursuant to a Reimbursement Agreement. As Future Phases are developed, this Table V-B will be updated to identify the Phased PID Bond Authorized Improvements and the projected indebtedness. The project indebtedness will either reflect anticipated or outstanding Bonds or Reimbursement Agreement obligations or both.

C) Major Repair and Extraordinary Maintenance of the Authorized Improvements

Administrative and operation expenses of the PID shall include the expenses of major repair and extraordinary maintenance of the Authorized Improvements in order to operate and maintain the applicable Authorized Improvements in a manner consistent with the City's standards for similar public improvements throughout the City. The Annual Installments may include in Administrative Expenses an amount to pay such expenses.

Section VI
TERMS OF THE ASSESSMENTS

A. Amount of Assessments and Annual Installments for Parcels Located within Major Improvement Area Excluding Phase 1

The Assessment and Annual Installments for each Parcel of Assessed Property located within the Major Improvement Area Excluding Phase 1 is shown on the Major Improvement Area Excluding Phase 1 Assessment Roll, attached as Appendix F, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act. The Annual Installments shall be collected in an amount sufficient to pay principal and interest on financing obligations, to fund the prepayment reserve and delinquency reserve described in Section IV, and to cover Administrative Expenses of the Major Improvement Area.

B. Amount of Assessments and Annual Installments for Parcels Located Within Phase 1

The Assessment and Annual Installments for each Assessed Property located within Phase 1 is shown on the Phase 1 Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act. The Annual Installments shall be collected in an amount sufficient to pay principal and interest on financing obligations, to fund the prepayment reserve and delinquency reserve described in Section IV, and to cover Administrative Expenses of Phase 1.

C. Amount of Assessments and Annual Installments for Parcels Located Within Future Phases

As Future Phases are developed, this Service and Assessment Plan will be amended to determine the Assessment and Annual Installments for each Assessed Property located within Future Phases (e.g., an Appendix will be added as the Assessment Roll for Phase 2). The Assessments shall not exceed the benefit received by the Assessed Property.

D. Reallocation of Assessments for Parcels Located Within the Major Improvement Area and Phase 1

1. Upon Subdivision Prior to Recording of Subdivision Plat

Upon the subdivision of any Parcel of Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the Parcel prior to the subdivision among the newly divided Parcels according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

A = the Assessment for the new subdivided Parcel

B = the Assessment for the Parcel prior to subdivision

C = the Equivalent Units of the newly subdivided Parcel

D = the sum of the Equivalent Units for all of the newly subdivided Parcels

The calculation of the Equivalent Units of a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcels prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

2. Upon Subdivision by a Recorded Subdivision Plat

Upon the subdivision of any Assessed Property based on a recorded Subdivision Plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

A = the Assessment for the new subdivided Lot

B = the Assessment for the Parcel prior to subdivision

C = the Equivalent Units of the new subdivided Lot

D = the sum of the Equivalent Units for all of the new subdivided Lots

The calculation of the estimated number of units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

3. Upon Consolidation

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Any reallocation pursuant to this section shall be calculated by the Administrator and reflected in an update to this Service and Assessment Plan approved by the City Council.

E. Reallocation of Assessments for Parcels Located Within Future Phases

As Future Phases are developed, this Service and Assessment Plan will be updated to determine the assessment reallocation methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited within each Future Phase.

F. Mandatory Prepayment of Assessments

1. If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the Principal Portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.

3. The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

G. Reduction of Assessments

1. If after all Authorized Improvements to be funded with a series of Bonds have been completed, including any additional Authorized Improvements described in Section VI.J and Section VI.K, and Actual Costs for such Authorized Improvements are less than the Actual Costs used to calculate the Assessments securing such series of Bonds, resulting in excess Bond proceeds being available to redeem Bonds of such series, then the Assessment securing such series of Bonds for each Parcel of Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting reduced Assessments for all Assessed Properties equals the actual reduced Actual Costs and such excess Bond proceeds shall applied to redeem Bonds of such series. The Assessments shall not be reduced to an amount less than the related outstanding series of Bonds. If all of the Authorized Improvements are not completed, the City may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed.

2. If the Authorized Improvements to be funded with a series of Bonds, including any additional Authorized Improvements described in Section VI.J and Section VI.K, are not undertaken by the City, resulting in excess Bond proceeds being available to redeem Bonds of such series, the Assessment securing such series of Bonds for each Assessed Property shall be reduced by the City Council to reflect only the Actual Costs that were expended and such excess

Bond proceeds shall be applied to redeem Bonds of such series. The City Council shall reduce such Assessments for each Assessed Property pro rata such that the sum of the resulting reduced Assessments equals the Actual Costs with respect to such Authorized Improvements that were undertaken. The Assessments shall not be reduced to an amount less than the related outstanding series of Bonds.

3. If after all Authorized Improvements to be funded with Developer advances pursuant to a Reimbursement Agreement have been completed, including any additional Authorized Improvements described in Section VI.J and Section VI.K, and Actual Costs for such Authorized Improvements are less than the Actual Costs used to calculate the Assessments securing such reimbursement obligations, then the Assessment securing such reimbursement obligations for each Parcel of Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting reduced Assessments for all Assessed Properties equals the actual reduced Actual Costs. The Assessments shall not be reduced to an amount less than the related outstanding reimbursement obligations. If all of the Authorized Improvements are not completed, the City may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed.

H. Payment of Assessments

1. Payment in Full

(a) The Assessment for any Parcel may be paid in full at any time. Payment shall include all Prepayment Costs. If prepayment in full will result in redemption of Bonds, the payment amount shall be reduced by the amount, if any, of interest through the date of redemption of Bonds and reserve funds applied to the redemption under the Indenture, net of any other costs applicable to the redemption of Bonds.

(b) If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.

(c) Upon payment in full of an Assessment and all Prepayment Costs, the City shall deposit the payment in accordance with the Indenture, if any, or a Reimbursement Agreement; whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.

(d) At the option of the owner, the Assessment on any Parcel plus Prepayment Costs may be paid in part in an amount sufficient to allow for redemption of Bonds in authorized denominations as determined by the Administrator. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

2. Payment in Annual Installments

The PID Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the PID Act authorizes the City to collect interest and collection costs on the outstanding

Assessment. An Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown in the Major Improvement Area Assessment Roll and Phase 1 Assessment Roll, which includes interest on the outstanding Assessment and Administrative Expenses.

Each Assessment for a Phase shall bear interest at a rate of interest on the Bonds and/or Reimbursement Agreement approved and issued by the City to fund all or a portion of the Authorized Improvements for such Phase plus up to 0.5%. The Annual Installments as listed on the Major Improvement Area Excluding Phase 1 Assessment Roll and Phase 1 Assessment Roll have been calculated assuming an interest rate of 8.00 percent (for years 1 through 5) and 6.43 percent (for years 6 through 30) and the Annual Installments as listed on the Phase 1 Assessment Roll have been calculated assuming an interest rate of 6.35%. The Annual Installments may not exceed the amounts shown on the Major Improvement Area Excluding Phase 1 Assessment Roll and Phase 1 Assessment Roll except pursuant to any amendment or update to this Service and Assessment Plan.

The Annual Installments shall be reduced to equal the actual costs of repaying the related series of Bonds if any, or obligations pursuant to a Reimbursement Agreement, and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

The City reserves and shall have the right and option to refund the Bonds in accordance with Section 372.027 of the PID Act. In the event of such refunding, the Administrator shall recalculate the Annual Installments, and if necessary, may adjust, or decrease, the amount of the Annual Installments so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the refunding bonds when due and payable as required by and established in the ordinance and/or the indenture authorizing and securing the refunding bonds, and such refunding bonds shall constitute Bonds for purposes of this Service and Assessment Plan.

I. Collection of Annual Installments

No less frequently than annually, the Administrator shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Major Improvement Area Excluding Phase 1 Assessment Roll, Phase 1 Assessment Roll, and a calculation of the Annual Installment for each Parcel. Administrative Expenses shall be allocated among Parcels in proportion to the amount of the Annual Installments for the Parcels. Each Annual Installment shall be reduced by any credits applied under any applicable Indenture, such as capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, including any existing deposits for a prepayment reserve. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City. The City Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the PID Act.

Any sale of property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Installments against such property as they become due and payable.

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be assessed by September 30 and shall be due on October 1 of that year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

J. Surplus Funds Remaining in Major Improvement Area Bond Account

If Major Improvement Area Bond proceeds, if any, still remain after all of the Major Improvements are constructed and accepted by the City, the proceeds may be utilized to finance other Authorized Improvements that specially benefit all Major Improvement Area Assessed Property. If there are no other Authorized Improvements to be constructed that specially benefit all Major Improvement Area Excluding Phase 1 Assessed Property, then the surplus funds shall be used to reduce the Assessments as described under Section VI.G of this Service and Assessment Plan.

K. Surplus Funds Remaining in Phase 1 Bond Account

If Phase 1 Bond proceeds, if any, still remain after all of the Phase 1 Improvements (including Phase 1's share of the Major Improvements) are constructed and accepted by the City, the proceeds may be utilized to finance other Authorized Improvements that specially benefit all Phase 1 Assessed Property. If there are no other Authorized Improvements to be constructed that specially benefit the Phase 1 Assessed Property, then the surplus funds shall be used to reduce the Assessments as described under Section VI.G of this Service and Assessment Plan.

Section VII THE ASSESSMENT ROLL

A. Major Improvement Area Excluding Phase 1 Assessment Roll

Each Parcel within the Major Improvement Area has been evaluated by the City Council (based on the Planned Development District Ordinance, developable area, proposed Homeowner Association Property and Public Property, the Major Improvements, best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within the Parcel.

Major Improvement Area Excluding Phase 1 Assessed Property will be assessed for the special benefits conferred upon the property as a result of the proportionate share of Major Improvements. Table IV-A summarizes the \$1,610,000 in special benefit received by Major Improvement Area Excluding Phase 1 Assessed Property from the Major Improvements, the costs of the PID formation, and Bond issuance costs. The amount of Major Improvement Area Bonds is \$1,610,000, which is equal to the benefit received by Major Improvement Area Excluding Phase 1 Assessed Property, and as such the total Assessment for all Assessed Property within the Major Improvement Area Excluding Phase 1 is \$1,610,000 plus annual Administrative Expenses. The Assessment for each Parcel of Assessed Property within the Major Improvement Area Excluding Phase 1 is calculated based on the allocation methodologies described in Section IV.F of this Service and Assessment Plan. The Major Improvement Area Excluding Phase 1 Assessment Roll is attached hereto as Appendix F.

B. Phase 1 Assessment Roll

Each Parcel within Phase 1 has been evaluated by the City Council (based on the Planned Development District Ordinance, developable area, proposed Homeowner Association Property and Public Property, the Phase 1 Improvements, a proportionate share of the Major Improvements, best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within the Parcel.

Phase 1 Assessed Property will be assessed for the special benefits conferred upon the property as a result of the Phase 1 Improvements that benefit Phase 1, and the proportionate share of the Major Improvements. Table IV-A summarizes the \$13,284,703 in special benefit received by Phase 1 Assessed Property from the Phase 1 Improvements that benefit Phase 1, a proportionate share of the Major Improvements, the costs of the PID formation, and Bond issuance costs. The amount of Phase 1 Bonds is \$10,700,000, which is less than the benefit received by Phase 1 Assessed Property, and as such the total Assessment for all Assessed Property within Phase 1 is \$10,700,000 plus annual Administrative Expenses. The Assessment for each Parcel of Assessed Property within Phase 1 is calculated based on the allocation methodologies described in Section IV.F of this Service and Assessment Plan. The Phase 1 Assessment Roll is attached hereto as Appendix G.

C. Future Phase Assessment Roll

As Future Phases are developed, this Service and Assessment Plan will be updated to determine the Assessment for each Parcel located within Future Phases (e.g., an Appendix will be added as the Assessment Roll for Phase 2, etc.).

D. Annual Assessment Roll Updates

The Administrator shall prepare, and shall submit to the City Council for approval, annual updates to the Major Improvement Area Excluding Phase 1 Assessment Roll and Phase 1 Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the PID Act: (i) the identification of each Parcel; (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.H of this Service and Assessment Plan. The timing of such annual updates shall be structured to correspond with the City budget approval and tax collection cycles, as much as practicable.

Once Bonds are issued, the Assessment Roll shall be updated, which update may be done in the next Annual Service Plan Update, to reflect any changes resulting from the issuance of the Bonds. This update shall reflect the actual interest on the Bonds on which the Annual Installments shall be paid, any reduction in the Assessments, and any revisions in the Actual Costs to be funded by Bonds and other funds.

**Section VIII
MISCELLANEOUS PROVISIONS**

A. Administrative Review

The City may elect to designate a third party to serve as Administrator. The City shall notify Developer in writing at least thirty (30) days in advance before appointing a third party Administrator.

To the extent consistent with the Act, an owner of an Assessed Property claiming that a calculation error has been made in the Assessment Roll, including the calculation of the Annual Installment, shall send a written notice describing the error to the City not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Property owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made and the Assessment Roll should be modified or changed in favor of the Assessed Parcel owner, such change or modification shall be presented to the City Council for approval, to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Parcel owner (except for the final year during which the Annual Installment shall be collected or if it is determined there are sufficient funds to meet the expenses of the PID for the current year), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to the Assessment Roll may be appealed to the City Council. Any amendments made to the Assessment Roll pursuant to calculations errors shall be made pursuant to the PID Act.

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

B. Termination of Assessments

The Assessment on a Parcel shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment, and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable "Notice of the PID Assessment Termination."

C. Amendments

Amendments to the Service and Assessment Plan can be made as permitted or required by the PID Act and under Texas law.

The City Council reserves the right to the extent permitted by the PID Act to amend this Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels: (i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide

procedures for the collection and enforcement of Assessments, Prepayment Costs, Collection Costs, and other charges imposed by this Service and Assessment Plan.

D. Administration and Interpretation of Provisions

The City Council shall administer (or cause the administration of) the PID, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act, and shall make all interpretations and determinations related to the application of this Service and Assessment Plan unless stated otherwise herein or in the Indenture, which determination shall be conclusive.

E. Severability

If any provision, section, subsection, sentence, clause or phrase of this Service and Assessment Plan or the application of same to an Assessed Parcel or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Service and Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Service and Assessment Plan that no part hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this Service and Assessment Plan are declared to be severable for that purpose.

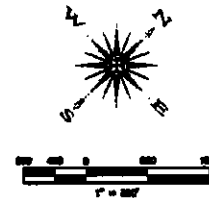
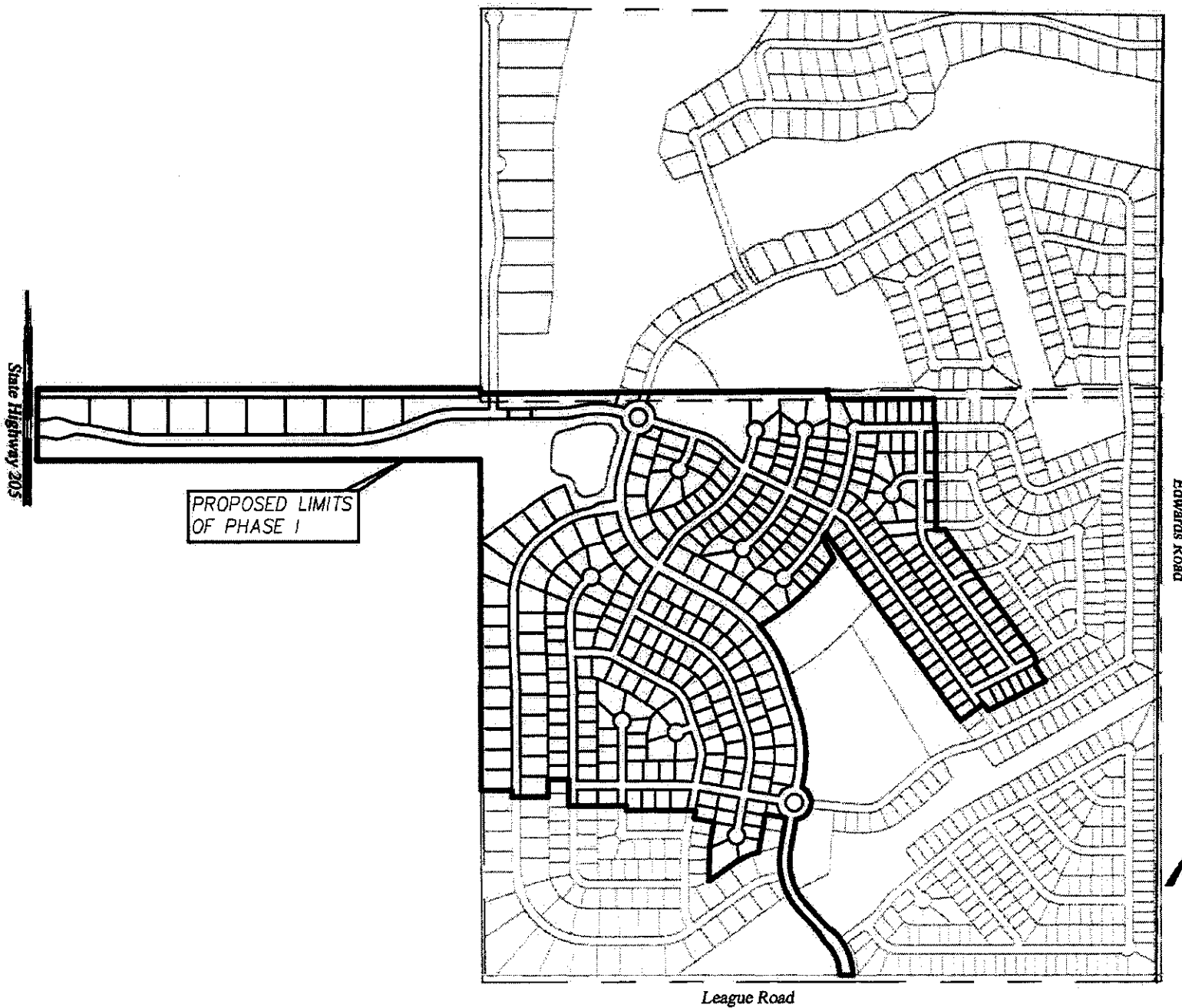
If any provision of this Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

Appendix A
PID and Phase MAPs

**STAMPED FOR SCANNING
PURPOSES ONLY**

Appendix A
PID and Phase MAPs

**STAMPED FOR SCANNING
PURPOSES ONLY**



SONOMA VERDE
PHASE I - SITE PLAN

Prepared by:
F.C. CUNY CORPORATION
211 Harrison Street • Novato, CA 94947 • (415) 452-7700
 Texas Registered Engineering Firm F-24648

12/19/2014

Details of Authorized Improvements

Authorized Improvement	Estimated Costs ¹		
	Major Improvements	Phase 1 Improvements	Total
Roadway Improvements			
Right-of-way clearing & Grubbing	\$1,162	\$253,493	\$254,655
Street Excavation	\$6,720	\$151,235	\$157,955
Lime Stabilization	\$7,953	\$174,194	\$182,148
Lime Material	\$9,611	\$212,666	\$222,277
Concrete Paving	\$89,175	\$2,072,323	\$2,161,498
Conc. Pvmnt to Leauge & asphalt overlay to 205	\$200,000	\$350,000	\$550,000
Concrete Header & Barricade	\$949	\$12,614	\$13,564
Sawcut & Connect to Exiting Paving	\$25	\$3,335	\$3,360
5' Concrete Flumes	\$214	\$32,518	\$32,732
Maintenance Bond	\$945	\$31,111	\$32,056
Street Signs	\$665	\$21,335	\$22,000
Street Lights	\$1,330	\$47,670	\$49,000
Erosion Control and Storm Water Pollution Prevention	\$2,597	\$136,503	\$139,100
Subtotal - Road Improvements	\$321,346	\$3,498,998	\$3,820,345
Water Distribution System Improvements			
12" Water SDR-21 CL 200 W/ Sand Embedment	\$27,739	\$423,127	\$450,866
8" Water SDR-21 CL 200 W/ Sand Embedment	\$22,293	\$416,139	\$438,432
12" Valves	\$6,948	\$105,571	\$112,518
8" Valves	\$2,694	\$61,946	\$64,640
6" Valves	\$1,628	\$43,161	\$44,788
Fire Hydrant w/ 6" lead	\$5,555	\$147,407	\$152,961
Fittings	\$2,979	\$79,676	\$82,655
12"x8" T.S. W/ Valve	\$581	\$9,264	\$9,845
1" Service / Meter Box (Domestic)	\$5,358	\$243,222	\$248,580
2" Irrig. Serv. w/ Dbl. Chk. w/ Backflow Prev.	\$326	\$7,210	\$7,535
Testing Onsite Waterline	\$616	\$16,363	\$16,979
Trench Safety	\$23	\$8,489	\$8,512
1" Blow Off	\$129	\$1,711	\$1,840
16" Steel Encasement	\$1,218	\$16,182	\$17,400
Subtotal - Water Improvements	\$78,085	\$1,579,466	\$1,657,551
Sanitary Sewer Collection System Improvements			
Offsite Sewer	\$1,488,500	\$0	\$1,488,500
8" PVC Sanitary Sewer Line	\$20,830	\$501,667	\$522,497
12" PVC Sanitary Sewer Line	\$377	\$5,009	\$5,387
6" PVC Sanitary Sewer Line	\$2,527	\$33,573	\$36,100
4' Manhole	\$5,600	\$209,354	\$214,954
5' Manhole w/ Internal Drop Connection	\$319	\$4,232	\$4,550
Cleanout	\$95	\$4,465	\$4,560
4" Lateral Service	\$4,299	\$198,791	\$203,090
TV / Testing (per City specs.)	\$1,016	\$21,683	\$22,699
Trench Safety	\$102	\$9,529	\$9,631

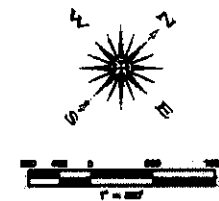
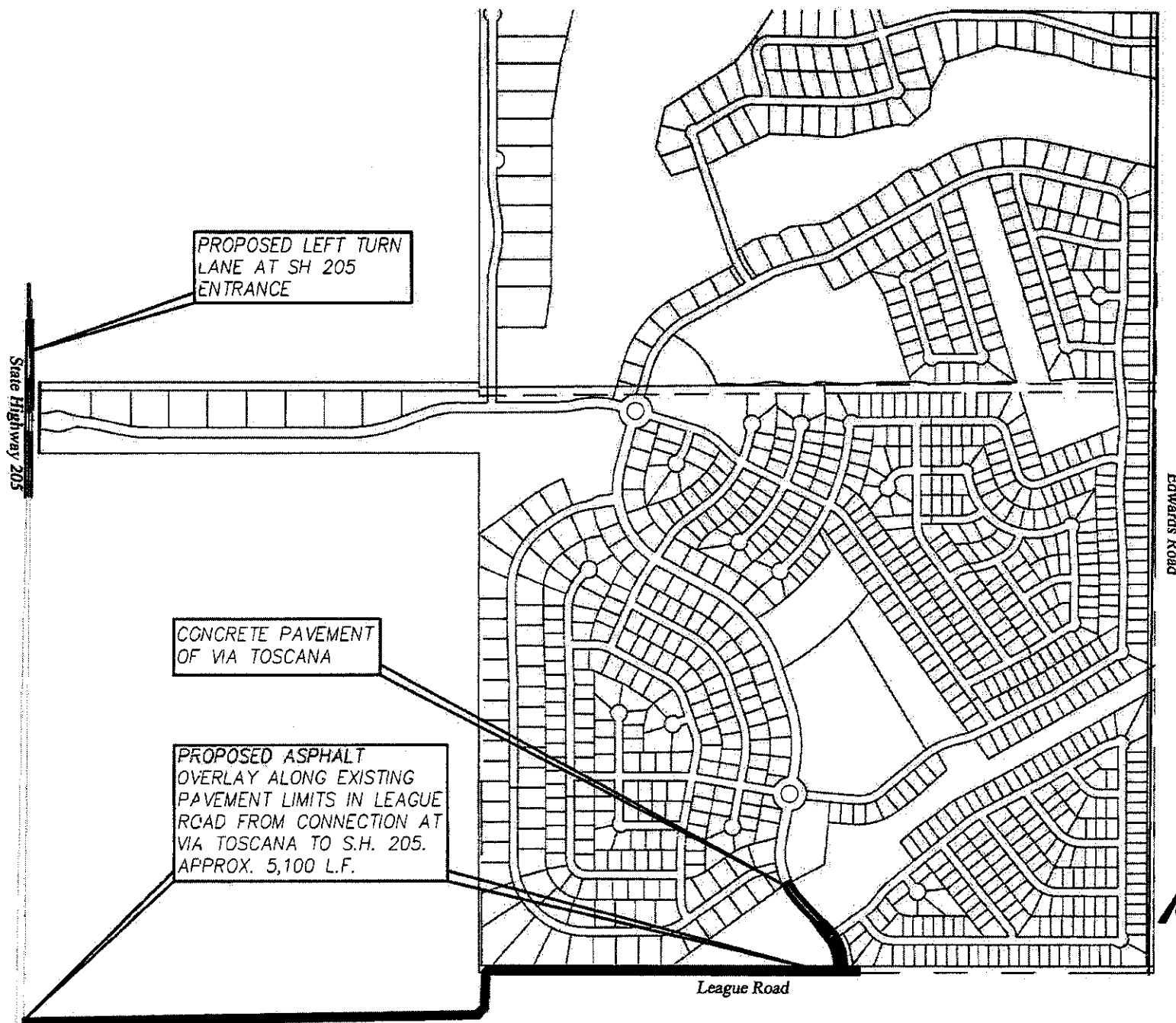
Authorized Improvement	Estimated Costs ¹		
	Major Improvements	Phase 1 Improvements	Total
Concrete RipRap	\$216	\$2,864	\$3,080
Concrete Encasement	\$168	\$6,730	\$6,898
12" encasement Pipe	\$1,096	\$14,564	\$15,660
Subtotal - Sanitary Improvements	\$1,525,144	\$1,012,461	\$2,537,605
Storm Collection system Drainage Improvements			
Detention Pond & Channel Excavation	\$23,968	\$368,432	\$392,400
Box Culvert	\$22,680	\$401,320	\$424,000
Reinforced Concrete Storm Sewer Pipe	\$27,279	\$687,426	\$714,705
Inlets	\$5,209	\$89,211	\$94,420
Reinforced Concrete Headwalls	\$785	\$16,925	\$17,710
Trench Safety	\$23	\$12,968	\$12,991
Grade to Drain	\$1,400	\$30,255	\$31,655
Rock Rip Rap	\$809	\$10,742	\$11,550
Subtotal - Drainage Improvements	\$82,153	\$1,617,278	\$1,699,431
Total	\$2,006,728	\$7,708,203	\$9,714,931
Soft Costs			
Contingency hard costs (10%)	\$156,764	\$794,730	\$951,493
Engineering, Design & Surveying fees	\$29,110	\$698,747	\$727,857
Geotechnical and Materials Testing	\$2,100	\$77,900	\$80,000
General Contractor fee	\$22,798	\$577,344	\$600,143
General Conditions	\$7,616	\$258,184	\$265,800
PID Legal	\$7,000	\$276,000	\$283,000
Subtotal Soft Costs	\$225,388	\$2,682,905	\$2,908,293
Grand Total Improvements + Soft Costs	\$2,232,116	\$10,391,108	\$12,623,224
Estimated PID establishment expenses	\$95,311	\$54,031	\$149,342
Allocation of Major Improvements to Phase 1	(\$717,427)	\$717,427	\$0
Total Costs	\$1,610,000	\$11,162,566	\$12,772,566
Less: Developer contributions		(\$462,567)	(\$462,567)
Major Improvement Area Excluding Phase 1 Cost	\$1,610,000	\$0	\$1,610,000
Phase 1 Cost	\$0	\$10,700,000	\$10,700,000

Estimated Bond Issuance Costs	Phase 1
Estimated debt service reserve	\$836,938
Estimated other bond issuance costs including underwriter's discount, financial advisors, bond counsel etc.	\$1,285,200
Total Estimated Bond Issuance Costs	\$2,122,138

1 - The costs shown in this Appendix B are estimates and may be revised in Annual Service Plan Updates.

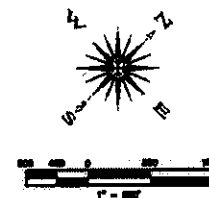
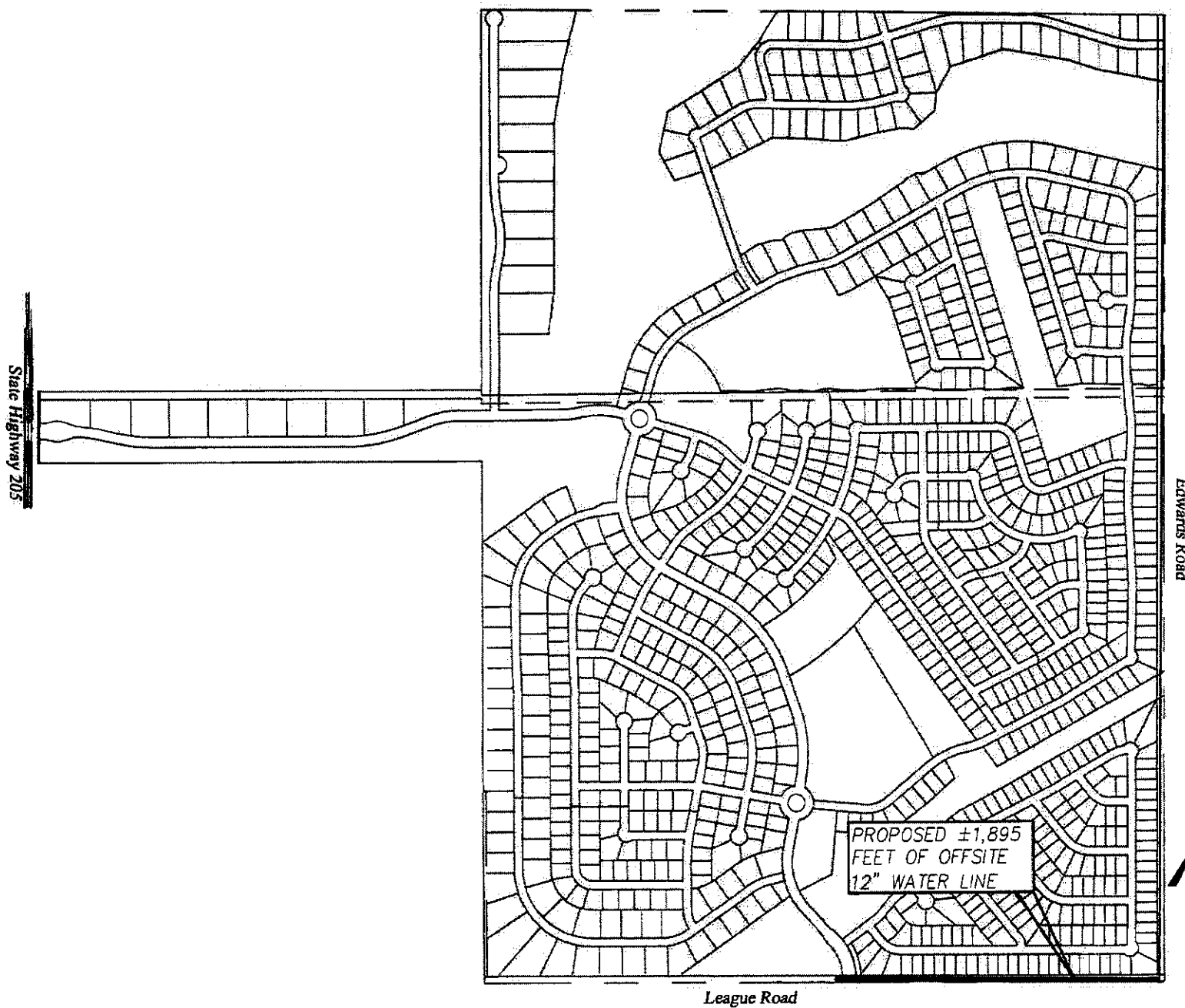
Appendix C
Diagram of Authorized Improvements

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PURPOSES ONLY



SONOMA VERDE
MAJOR IMPROVEMENTS -
ROADWAY EXHIBIT

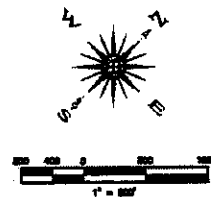
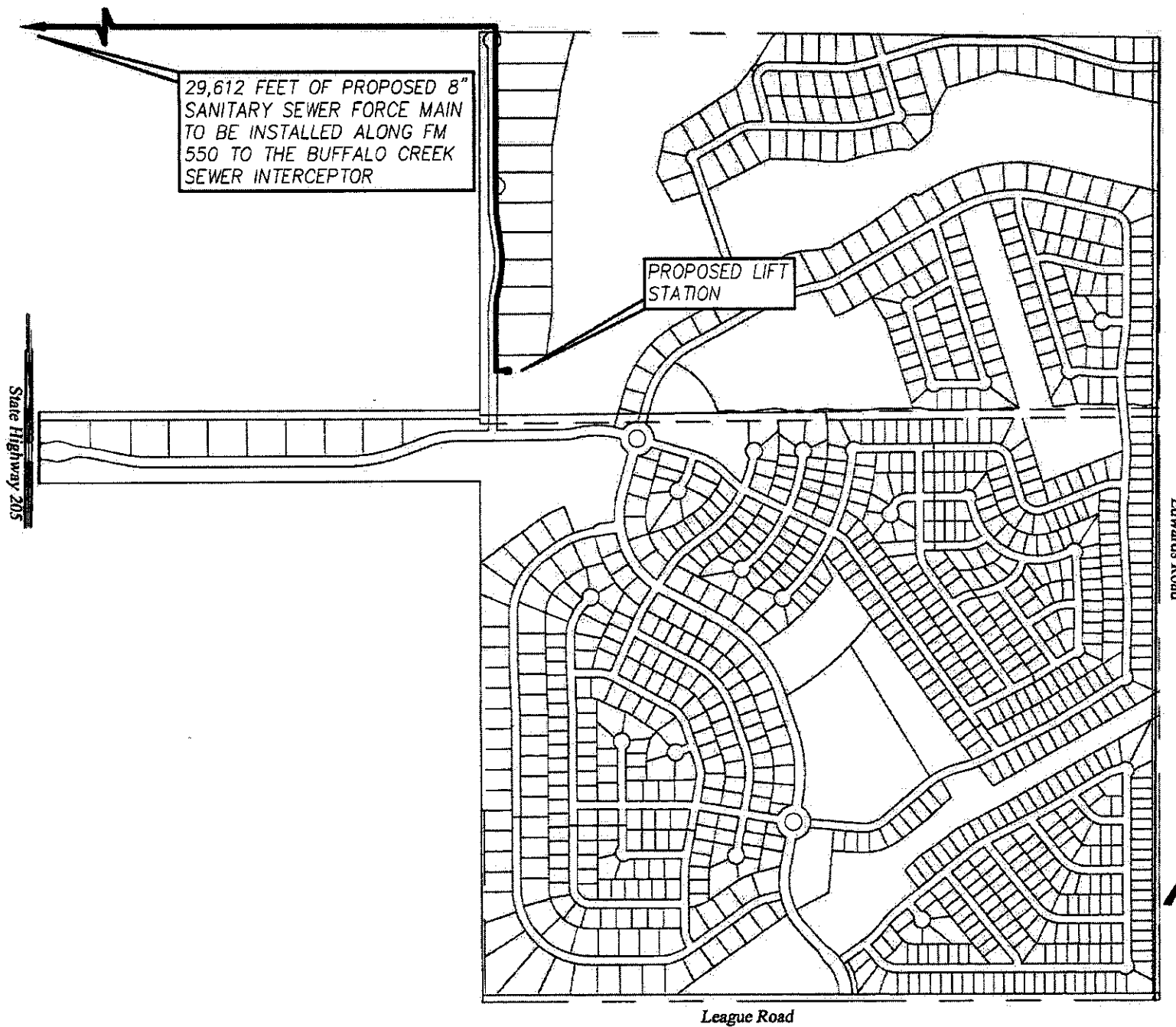
Prepared by:
F.C. CUNY CORPORATION
22 Madison Street • New York, New York 10017 • (212) 485-7100
 Texas Registered Engineering Firm 1-2448



SONOMA VERDE
MAJOR IMPROVEMENTS -
WATER EXHIBIT

Prepared by:
F.C. CUNY CORPORATION
22 Horizon Court • Healdsburg, CA 94920 • (707) 462-7700
 Toller Registered Engineering Firm E-3449

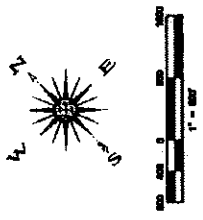
12/19/2014



SONOMA VERDE
MAJOR IMPROVEMENTS -
WASTE WATER EXHIBIT

Prepared by:
F.C. CUNY CORPORATION
24 HUNTER CREEK ROAD, SUITE 100, SAN RAFAEL, CA 94903-1100
ISSUE REGISTERED ENGINEERING FIRM 7-1402

12/19/2014



PROPOSED DRIVEWAY
CULVERT AT SH 205
ENTRANCE

PROPOSED
DETENTION POND

State Highway 205

Edwards Road

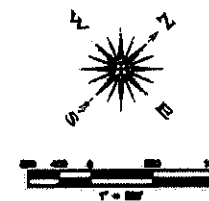
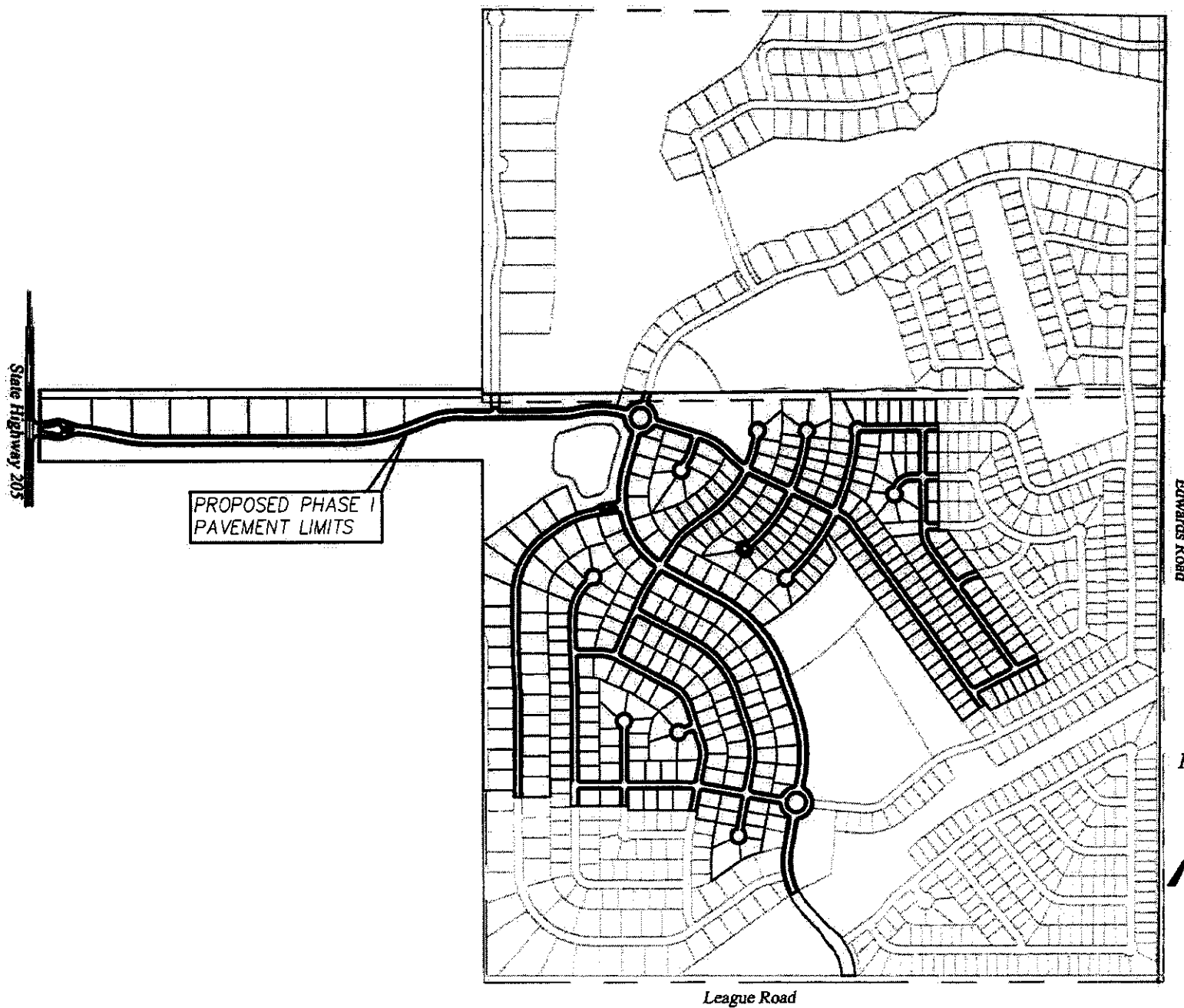
League Road

SONOMA VERDE
MAJOR IMPROVEMENTS -
DRAINAGE EXHIBIT

Prepared by:
F.C. CUNY CORPORATION
Professional Seal: No. 10000, State of California, No. 10000, State of California
Professional Engineer, License No. 10000, State of California



12/19/2014

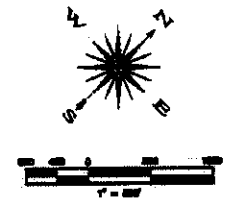
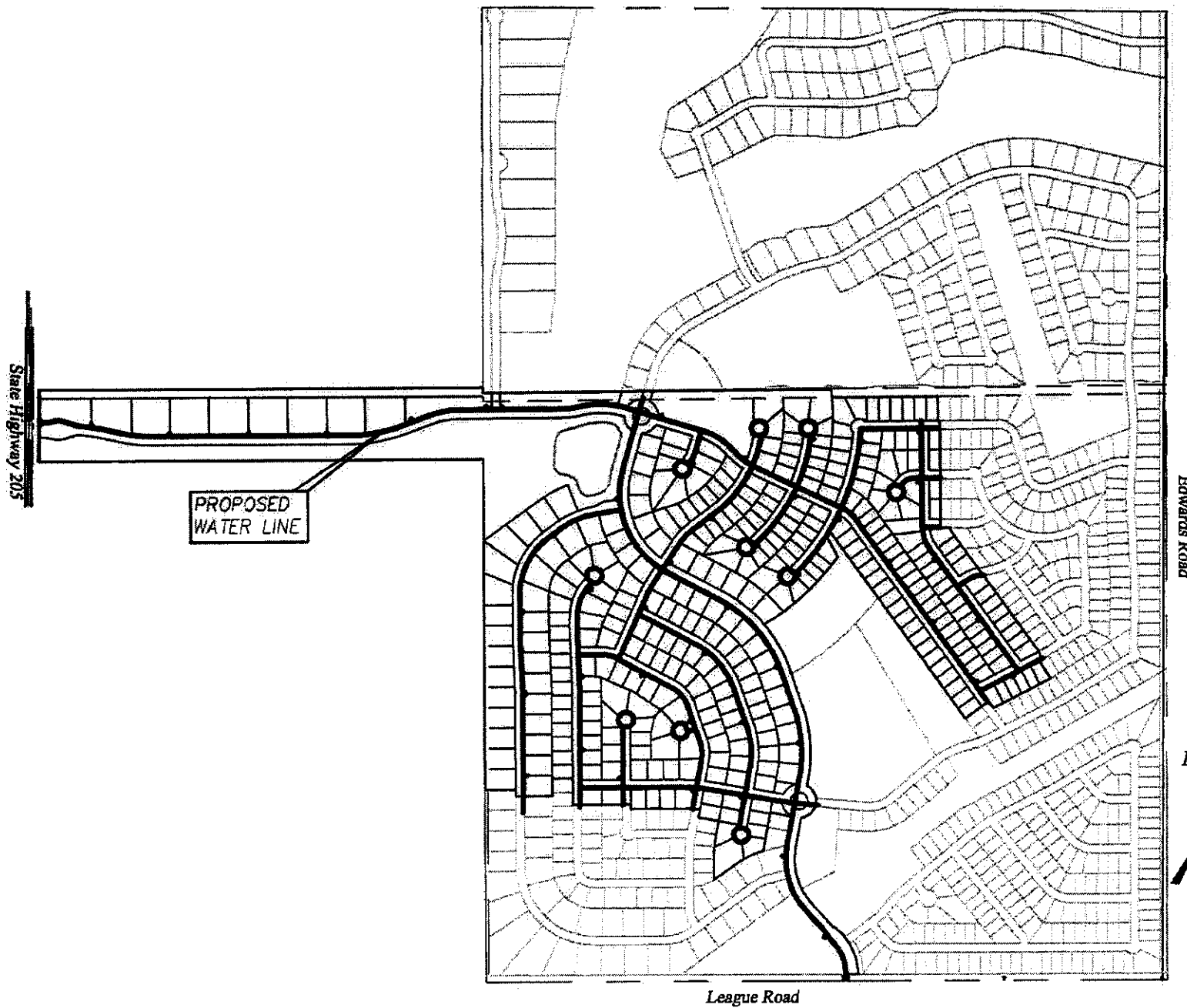


SONOMA VERDE
PHASE I IMPROVEMENTS -
ROADWAY EXHIBIT

Prepared by:
F.C. CUNY CORPORATION
28 Horizon Court • Healdsburg, CA 94920 • (707) 438-7700
Texas Registered Engineering Firm E-7449

League Road

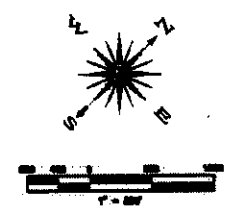
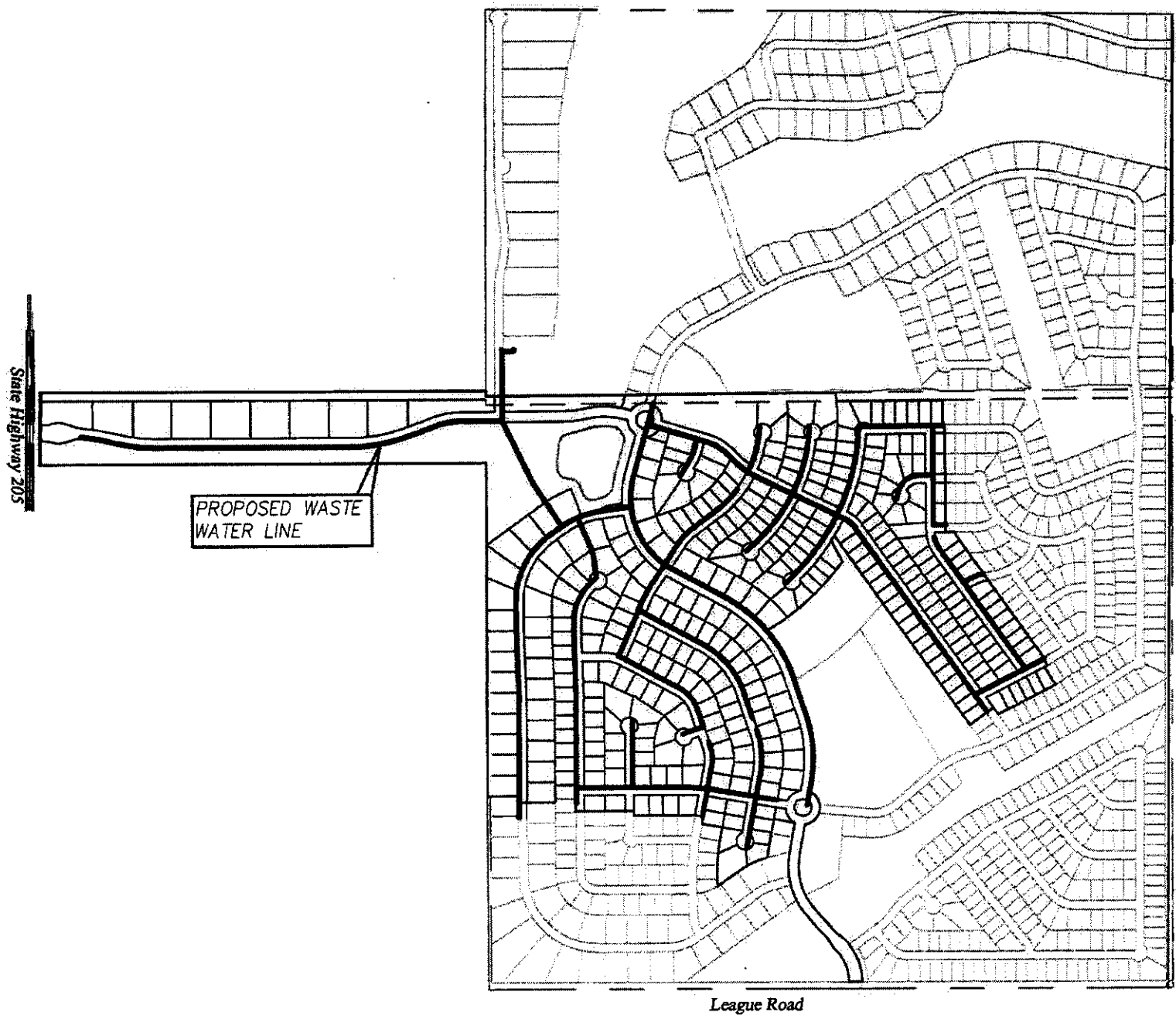
12/19/2014



SONOMA VERDE
PHASE I IMPROVEMENTS -
WATER EXHIBIT

Prepared by:
F.C. CUNY CORPORATION
22 Howard Street • Suite 100 • Santa Rosa, CA 95402 • (707) 535-7752
 State Registered Engineering Firm P-7449

12/19/2014

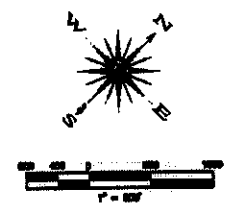
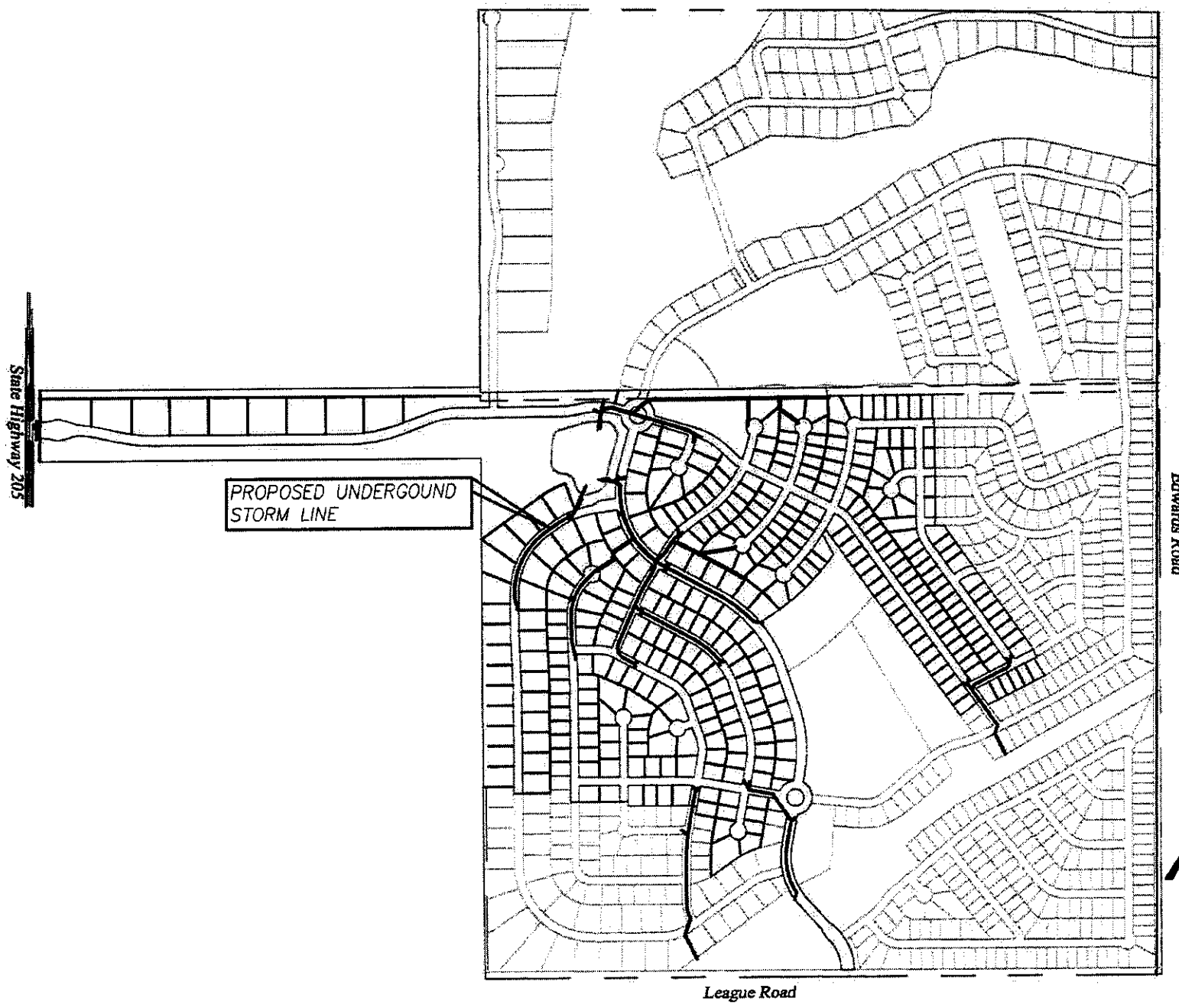


SONOMA VERDE
PHASE I IMPROVEMENTS -
WASTE WATER EXHIBIT

Prepared by:
F.C. CUNY CORPORATION
22 Van Ness Court • Novato, CA 94947 • (415) 452-7700
Texas Registered Engineering Firm T-7148

League Road

12/19/2014



SONOMA VERDE
PHASE I -
DRAINAGE EXHIBIT

Prepared by:
F.C. CUNY CORPORATION
28 Horizon Court • North, Texas 76062 • (817) 402-1700
Texas Registered Engineering Firm E-7448

12/19/2014

Appendix D
Lot Types and Equivalent Units

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PURPOSES ONLY**

Appendix D
Land Use Classes and Equivalent Units

For purposes of allocating the Assessments, the Assessed Property has been classified in one of nine Land Use Classes. The following table shows the proposed residential and non-residential Land Use Classes within the PID.

Table D-1
Proposed Development within the PID

Land Use Class	Description	Proposed Development
<u>Residential</u>		
Land Use Class 1	One acre Lots	29 units
Land Use Class 2	One-half acre Lots	87 units
Land Use Class 3	90 Ft Lots	148 units
Land Use Class 4	80 Ft Lots	340 units
Land Use Class 5	60 Ft Lots	491 units
<u>Non-residential</u>		
Land Use Class 6	Office Lots	8 units
Land Use Class 7	Church Lots	1 units
Land Use Class 8	Daycare Lots	1 units
Land Use Class 9	Senior Living Lots	1 units
<i>Total</i>		1,106 units

The Land Use Classes shown in the Table are defined as follows:

“Land Use Class 1” means lots identified as such on the Assessment Roll, which are referred to as one acre lots in the Planned Development District Ordinance and being generally lots for single family dwelling unit with approximately 4,500 sq ft of air-conditioned living space.

“Land Use Class 2” means lots identified as such on the Assessment Roll, which are referred to as one-half acre lots in the Planned Development District Ordinance and being generally lots for single family dwelling unit with approximately 3,800 sq ft of air-conditioned living space.

“Land Use Class 3” means lots identified as such on the Assessment Roll, which are referred to as 90 Ft lots in the Planned Development District Ordinance and being generally lots for single family dwelling unit with approximately 3,200 sq ft of air-conditioned living space.

“Land Use Class 4” means lots identified as such on the Assessment Roll, which are referred to as 80 Ft lots in the Planned Development District Ordinance and being generally lots for single family dwelling unit with approximately 3,000 sq ft of air-conditioned living space.

“Land Use Class 5” means lots identified as such on the Assessment Roll, which are referred to as 60 Ft lots in the Planned Development District Ordinance and being generally lots for single family dwelling unit with approximately 2,400 sq ft of air-conditioned living space.

“Land Use Class 6” means lots identified as such on the Assessment Roll, which are referred to as office lots in the Planned Development District Ordinance and being generally lots for office uses with approximately 3,700 sq ft of air conditioned working space.

“Land Use Class 7” means lots identified as such on the Assessment Roll, which are referred to as church lots in the Planned Development District Ordinance and being generally lots for church building uses.

“Land Use Class 8” means lots identified as such on the Assessment Roll, which are referred to as daycare lots in the Planned Development District Ordinance and being generally lots for daycare building uses.

“Land Use Class 9” means lots identified as such on the Assessment Roll, which are referred to as senior living lots in the Planned Development District Ordinance and being generally lots for senior living building uses.

Table D-2 below shows the proposed Land Use Classes within Phase 1.

Table D-2
Proposed Development within Phase 1

Land Use Class	Description	Proposed Development
<u>Residential</u>		
Land Use Class 1	One acre Lots	0 units
Land Use Class 2	One-half acre Lots	29 units
Land Use Class 3	90 Ft Lots	30 units
Land Use Class 4	80 Ft Lots	122 units
Land Use Class 5	60 Ft Lots	175 units
<u>Non-residential</u>		
Land Use Class 6	Office Lots	8 units
Land Use Class 7	Church Lots	1 units
<i>Total</i>		365 units

Table D-3 below shows the proposed residential Land Use Classes within the Major Improvement Area Excluding Phase 1.

Table D-3
Proposed Development within Major Improvement Area Excluding
Phase 1

Land Use Class	Description	Proposed Development
<u>Residential</u>		
Land Use Class 1	One acre Lots	29 units
Land Use Class 2	One-half acre Lots	58 units
Land Use Class 3	90 Ft Lots	118 units
Land Use Class 4	80 Ft Lots	218 units
Land Use Class 5	60 Ft Lots	316 units
<u>Non-residential</u>		
Land Use Class 8	Daycare Lots	1 units
Land Use Class 9	Senior Living Lots	1 units
<i>Total</i>		741 units

As explained under Section IV-D, For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the portion of the Major Improvements to be financed with the Major Improvement Area Bonds shall be allocated to the Major Improvement Area Excluding Phase 1 Assessed Property outside of Phase 1 by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units.

Having taken into consideration the matters described in Sections IV (A) and (B), the City Council has determined that allocating the Assessments among Parcels based on average value is best accomplished by creating classifications of benefited Parcels based on the Land Use Classes defined above. These classifications from Land Use Class 1 (One acre Lots) representing the highest value to Land Use Class 5 (60 Ft Lot) representing the lowest value for residential lots, Land Use Classes 6 through 9 representing office, church, daycare and senior living lots are set forth in Table D-4 below. Assessments are allocated to each Land Use Class on the basis of the average home value for each class of lots. This is accomplished by giving each Land Use Class an Equivalent Unit factor. Equivalent Units are the ratio of the average value of lots within each assessment class, setting the Equivalent Unit factor for Land Use Class 1 (One acre Lots) to 1.0.

Table D-4
Equivalent Unit Factors

Land Use Class	Estimated Average Unit Value	Equivalent Unit Factor
Land Use Class 1 (Residential - One acre lot)	\$530,000	1.00 per dwelling unit
Land Use Class 2 (Residential - One-half acre lot)	\$440,000	0.83 per dwelling unit
Land Use Class 3 (Residential - 90 Ft lot)	\$340,000	0.64 per dwelling unit
Land Use Class 4 (Residential - 80 Ft lot)	\$310,000	0.58 per dwelling unit
Land Use Class 5 (Residential - 60 Ft lot)	\$245,000	0.46 per dwelling unit
Land Use Class 6 (Office lot)	\$425,000	0.80 per unit
Land Use Class 7 (Church lot)	\$288,000	0.54 per unit
Land Use Class 8 (Daycare lot)	\$192,000	0.36 per unit
Land Use Class 9 (Senior living lot)	\$384,000	0.72 per unit

The total estimated Equivalent Units for Phase 1 are shown in Table D-5 below as calculated based on the Equivalent Unit factors shown above, estimated Land Use Classes and number of units estimated to be built within Phase 1.

Table D-5
Estimated Equivalent Units - Phase 1

Land Use Class	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Land Use Class 1 (Residential - One acre lot)	0	1.00	0.00
Land Use Class 2 (Residential - One-half acre lot)	29	0.83	24.07
Land Use Class 3 (Residential - 90 Ft lot)	30	0.64	19.20
Land Use Class 4 (Residential - 80 Ft lot)	122	0.58	70.76
Land Use Class 5 (Residential - 60 Ft lot)	175	0.46	80.50
Land Use Class 6 (Office lot)	8	0.80	6.40
Land Use Class 7 (Church lot)	1	0.54	0.54
Total Equivalent Units	365		201.47

The total estimated Equivalent Units for the Major Improvement Area Excluding Phase 1 are shown in Table D-6 below as calculated based on the Equivalent Unit factors shown in Table D-4, estimated Land Use Class and number of units estimated to be built within the Major Improvement Area Excluding Phase 1.

Table D-6
Estimated Equivalent Units - Major Improvement Area Excluding Phase 1

Land Use Class	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Land Use Class 1 (Residential - One acre lot)	29	1.00	29.00
Land Use Class 2 (Residential - One-half acre lot)	58	0.83	48.14
Land Use Class 3 (Residential - 90 Ft lot)	118	0.64	75.52
Land Use Class 4 (Residential - 80 Ft lot)	218	0.58	126.44
Land Use Class 5 (Residential - 60 Ft lot)	316	0.46	145.36
Land Use Class 8 (Daycare lot)	1	0.54	0.54
Land Use Class 9 (Senior living lot)	1	0.36	0.36
Total Equivalent Units	741		425.36

Appendix E
Allocation of Assessments

**STAMPED FOR SCANNING
PURPOSES ONLY**

Appendix E Allocation of Assessments

A) Allocation of Assessments to Land Use Classes in the Major Improvement Area Excluding Phase 1

As shown in Sections V and VII of this Service and Assessment Plan, the total amount of the Major Improvement Area Excluding Phase 1 Assessments to be allocated to all Parcels in the Major Improvement Area Excluding Phase 1, is \$1,610,000. As shown in Appendix D, there are a total of 425.36 estimated Equivalent Units in the Major Improvement Area Excluding Phase 1, resulting in an Assessment per Equivalent Unit of \$3,785.03.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$3,785.03 multiplied by (ii) the applicable Equivalent Unit value for each Land Use Class. For example, the Assessment for a Land Use Class 1 (One acre Lot) dwelling unit is \$3,785.03 (i.e. $\$3,785.03 \times 1.00$). The Assessment for a Land Use Class 2 (One-half acre Lot) dwelling unit is \$3,141.57 (i.e. $\$3,785.03 \times 0.83$). Table E-1 sets forth the Assessment per dwelling unit for each of the seven Land Use Classes in the Major Improvement Area Excluding Phase 1.

**Table E-1
Assessment per Unit - Major Improvement Area Excluding Phase 1**

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Residential					
Land Use Class 1	29	\$3,785.03	1.00	\$3,785.03 per dwelling unit	\$109,766
Land Use Class 2	58	\$3,785.03	0.83	\$3,141.57 per dwelling unit	\$182,211
Land Use Class 3	118	\$3,785.03	0.64	\$2,422.42 per dwelling unit	\$285,845
Land Use Class 4	218	\$3,785.03	0.58	\$2,195.32 per dwelling unit	\$478,579
Land Use Class 5	316	\$3,785.03	0.46	\$1,741.11 per dwelling unit	\$550,192
Non-Residential					
Land Use Class 8	1	\$3,785.03	0.54	\$2,043.92 per unit	\$2,044
Land Use Class 9	1	\$3,785.03	0.36	\$1,362.61 per unit	\$1,363
Total	741				\$1,610,000

B) Allocation of Assessments to Land Use Classes in Phase 1

As shown in Sections V and VII of this Service and Assessment Plan, the total Phase 1 Assessments to be allocated on all Parcels within Phase 1, is \$10,700,000. As shown in Appendix D, there are a total of 201.47 estimated Equivalent Units in Phase 1, resulting in an Assessment per Equivalent Unit of \$53,109.64.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$53,109.64 multiplied by (ii) the applicable Equivalent Unit value for each Land Use Class. For example, the

Assessment for a Land Use Class 1 (One acre Lot) dwelling unit is \$53,109.64 (i.e. $\$53,109.64 \times 1.00$). The Assessment for a Land Use Class 2 (One-half acre Lot) dwelling unit is \$44,081.00 (i.e. $\$53,109.64 \times 0.83 = \$44,081.00$). Table E-2 sets forth the Assessment per dwelling unit for each of the seven Land Use Classes in Phase 1.

Table E-2
Assessment per Unit - Phase 1

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Residential					
Land Use Class 1	0	\$53,109.64	1.00	\$53,109.64 per dwelling unit	\$0
Land Use Class 2	29	\$53,109.64	0.83	\$44,081.00 per dwelling unit	\$1,278,349
Land Use Class 3	30	\$53,109.64	0.64	\$33,990.17 per dwelling unit	\$1,019,705
Land Use Class 4	122	\$53,109.64	0.58	\$30,803.59 per dwelling unit	\$3,758,038
Land Use Class 5	175	\$53,109.64	0.46	\$24,430.44 per dwelling unit	\$4,275,326
Non-Residential					
Land Use Class 6	8	\$53,109.64	0.80	\$42,531.39 per unit	\$339,902
Land Use Class 7	1	\$53,109.64	0.54	\$28,708.69 per unit	\$28,679
Total	365				\$10,700,000

Appendix F
Major Improvement Area Excluding Phase 1 Assessment Roll

2020.013135704.3

Assessment Roll
Major Improvement Area Excluding Phase 1

**Parcel
Assessment**

79963
\$1,610,000

Year	Principal and Interest¹	Administrative Expenses²	Annual Installment
1	\$155,850	\$2,927	\$158,777
2	\$155,235	\$2,986	\$158,221
3	\$154,535	\$3,045	\$157,580
4	\$154,750	\$3,106	\$157,856
5	\$153,795	\$3,168	\$156,963
6	\$130,158	\$3,232	\$133,390
7	\$129,356	\$3,296	\$132,653
8	\$129,485	\$3,362	\$132,847
9	\$129,475	\$3,430	\$132,905
10	\$129,327	\$3,498	\$132,825
11	\$129,040	\$3,568	\$132,608
12	\$128,615	\$3,640	\$132,254
13	\$129,051	\$3,712	\$132,763
14	\$128,279	\$3,787	\$132,065
15	\$128,368	\$3,862	\$132,230
16	\$128,249	\$3,940	\$132,189
17	\$127,923	\$4,018	\$131,941
18	\$127,389	\$4,099	\$131,487
19	\$127,647	\$4,181	\$131,827
20	\$127,627	\$4,264	\$131,891
21	\$127,331	\$4,350	\$131,680
22	\$126,757	\$4,437	\$131,193
23	\$125,906	\$4,525	\$130,431
24	\$125,778	\$4,616	\$130,393
25	\$125,303	\$4,708	\$130,011
26	\$125,482	\$4,802	\$130,284
27	\$124,245	\$4,898	\$129,143
28	\$124,661	\$4,996	\$129,657
29	\$123,593	\$5,096	\$128,689
30	\$125,108	\$5,198	\$130,306
Total	\$3,958,314	\$118,748	\$4,077,062

1 - Interest is calculated using 8% (for years 1 through 5) and 6.43% (for years 6 through 30) plus 0.5% additional interest for delinquency reserve and other uses allowed by the Act.

2 - Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

Appendix G
Phase 1 Assessment Roll

**Assessment Roll
Phase 1**

**Parcel
Assessment**

85107
\$10,671,321

Year	Principal and Interest¹	Administrative Expenses²	Annual Installment
1	\$858,642	\$29,920	\$888,562
2	\$856,879	\$30,219	\$887,098
3	\$856,632	\$30,521	\$887,153
4	\$855,771	\$30,826	\$886,597
5	\$855,291	\$31,134	\$886,426
6	\$854,129	\$31,446	\$885,575
7	\$853,281	\$31,760	\$885,041
8	\$852,678	\$32,078	\$884,756
9	\$851,256	\$32,399	\$883,655
10	\$850,012	\$32,723	\$882,734
11	\$848,876	\$33,050	\$881,926
12	\$847,782	\$33,380	\$881,162
13	\$846,660	\$33,714	\$880,374
14	\$845,442	\$34,051	\$879,493
15	\$844,060	\$34,392	\$878,452
16	\$842,446	\$34,736	\$877,182
17	\$841,528	\$35,083	\$876,611
18	\$839,176	\$35,434	\$874,610
19	\$837,384	\$35,788	\$873,172
20	\$836,015	\$36,146	\$872,161
21	\$833,936	\$36,508	\$870,443
22	\$832,075	\$36,873	\$868,947
23	\$829,298	\$37,241	\$866,540
24	\$826,535	\$37,614	\$864,149
25	\$824,646	\$37,990	\$862,636
26	\$821,432	\$38,370	\$859,802
27	\$818,818	\$38,754	\$857,572
28	\$815,604	\$39,141	\$854,745
29	\$811,651	\$39,532	\$851,183
30	\$808,818	\$39,928	\$848,746
Total	\$25,196,754	\$1,040,750	\$26,237,503

1 - Interest is calculated using an annual interest rate of 6.35% plus 0.5% additional interest for delinquency reserve and other uses allowed by the Act.

2 - Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

**Assessment Roll
Phase I**

**Parcel
Assessment**

79963
\$28,679

Year	Principal and Interest¹	Administrative Expenses²	Annual Installment
1	\$2,308	\$80	\$2,388
2	\$2,303	\$81	\$2,384
3	\$2,302	\$82	\$2,384
4	\$2,300	\$83	\$2,383
5	\$2,299	\$84	\$2,382
6	\$2,295	\$85	\$2,380
7	\$2,293	\$85	\$2,379
8	\$2,292	\$86	\$2,378
9	\$2,288	\$87	\$2,375
10	\$2,284	\$88	\$2,372
11	\$2,281	\$89	\$2,370
12	\$2,278	\$90	\$2,368
13	\$2,275	\$91	\$2,366
14	\$2,272	\$92	\$2,364
15	\$2,268	\$92	\$2,361
16	\$2,264	\$93	\$2,357
17	\$2,262	\$94	\$2,356
18	\$2,255	\$95	\$2,351
19	\$2,250	\$96	\$2,347
20	\$2,247	\$97	\$2,344
21	\$2,241	\$98	\$2,339
22	\$2,236	\$99	\$2,335
23	\$2,229	\$100	\$2,329
24	\$2,221	\$101	\$2,322
25	\$2,216	\$102	\$2,318
26	\$2,208	\$103	\$2,311
27	\$2,201	\$104	\$2,305
28	\$2,192	\$105	\$2,297
29	\$2,181	\$106	\$2,288
30	\$2,174	\$107	\$2,281
Total	\$67,716	\$2,797	\$70,513

1 - Interest is calculated using an annual interest rate of 6.35% plus 0.5% additional interest for delinquency reserve and other uses allowed by the Act.

2 - Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

Filed and Recorded
Official Public Records
Shelli Miller, County Clerk
Rockwall County, Texas
01/20/2015 01:21:16 PM
\$322.00
20150000000600




Shelli Miller

THE STATE OF TEXAS
COUNTY OF ROCKWALL

§
§
§

I, Lisa Palomba, City Secretary of the City of McLendon-Chisholm, Texas (the "City"), do hereby certify that the following attached documents are true and correct copies from the official files of the City:

1. Notice of Public Hearing relating to the levy of assessments in the Sonoma Public Improvement District, to be held on June 13, 2017, which notice was mailed to all owners of property liable for assessment more than 10 days prior to such public hearing.
2. Minutes of the June 13, 2017 City Council meeting at which the City Council, by unanimous vote, adopted an ordinance which levied assessments on benefitted properties in the Sonoma Public Improvement District and approved a Service and Assessment Plan for such public improvement district, and public notice of the time, place and purpose of said meeting was given all as required by Chapter 551 of the Texas Government Code.
3. Notice of Public Hearing relating to the levy of assessments in the Sonoma Public Improvement District, to be held on June 11, 2019, which notice was mailed to all owners of property liable for assessment more than 10 days prior to such public hearing.



City Secretary
City of McLendon-Chisholm

(City Seal)



CITY OF MCLENDON-CHISHOLM, TEXAS
ORDINANCE NO. 2017-09

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM ACCEPTING AND APPROVING AN AMENDED SERVICE AND ASSESSMENT PLAN AND PHASE #2 ASSESSMENT ROLL FOR THE SONOMA PUBLIC IMPROVEMENT DISTRICT; MAKING A FINDING OF SPECIAL BENEFIT TO THE PROPERTY IN THE DISTRICT; LEVYING SPECIAL ASSESSMENTS AGAINST PROPERTY WITHIN THE DISTRICT AND ESTABLISHING A LIEN ON SUCH PROPERTY PROVIDING FOR PAYMENT OF THE ASSESSMENTS IN ACCORDANCE WITH CHAPTER 372, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED; PROVIDING FOR THE METHOD OF ASSESSMENT AND THE PAYMENT OF THE ASSESSMENTS; PROVIDING PENALTIES AND INTEREST ON DELINQUENT ASSESSMENTS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE

FILED FOR RECORD
ROCKWALL CO. TEXAS
17 JUN 16 PM 12:24
SHELLY MILLER
COUNTY CLERK

WHEREAS, a petition was submitted and filed with the City Secretary (the "City Secretary") of the City of McLendon-Chisholm, Texas (the "City") pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "PID Act"), requesting the creation of a public improvement district in the City to be known as the Sonoma Public Improvement District (the "District"); and

WHEREAS, the petition contained the signatures of the owners of taxable property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of Rockwall Central Appraisal District and the signatures of the property owners who own taxable real property that constitutes more than fifty percent of the area of all taxable property within the District that is liable for assessment; and

WHEREAS, on August 13, 2007, after due notice, the City Council of the City (the "City Council") held a public hearing in the manner required by law on the advisability of the public improvements and services described in the petition as required by Sec. 372.009 of the PID Act and made the findings required by Sec. 372.009(b) of the PID Act and, by Resolution No. 2007-21 (the "Authorization Resolution") adopted by a majority of the members of the City Council, authorized and created the Sonoma Public Improvement District (the "District") in accordance with its finding as to the advisability of the improvement; and

WHEREAS, on May 25, 2017, the Council adopted a resolution determining the total costs of the Phase #2 Improvements including the Phase #2 portion of the Major Improvements, calling
Sonoma PID Phase 2 Levy and Assessment Ordinance

for a public hearing to consider the levying of the Assessments against the property within Phase #2 of the District (the "Phase #2 Assessments"), authorizing and directing the filing of a proposed Phase #2 Assessment Roll, authorizing and directing the publication of notice of a public hearing to consider the levying of the Phase #2 Assessments against the property within Phase #2 of the District (the "Levy and Assessment Hearing") in a newspaper of general circulation in the Town, and directing related action; and

WHEREAS, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of the Levy and Assessment Hearing on June 2, 2017 in the *Rockwall County Herald Banner*, a newspaper of general circulation in the City; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed the notice of the Levy and Assessment Hearing to the last known address of the owners of the property liable for the Phase #2 Assessments; and

WHEREAS, the City Council opened the Levy and Assessment Hearing on the 13th day of June, 2017, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Phase #2 Assessment Roll, and the proposed Phase #2 Assessments, and to offer testimony pertinent to any issue presented on the amount of the Phase #2 Assessments, the allocation of the costs of the Phase #2 Improvements and the Phase #2 portion of the Major Improvements, the purposes of the Phase #2 Assessments, the special benefits of the Phase #2 Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Phase #2 Assessments; and

WHEREAS, the City Council finds and determines that the Phase #2 Assessment Roll and the Amended Sonoma Public Improvement District Service and Assessment Plan, dated June 13, 2017 (the "Service and Assessment Plan"), attached as *Exhibit A* hereto and which is incorporated herein for all purposes, should be approved and that the Phase #2 Assessments should be levied as provided in this Ordinance and the Service and Assessment Plan and Phase #2 Assessment Roll attached thereto as Appendix H; and

WHEREAS, the City Council further finds that there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of the costs of the Phase #2 Improvements including the Phase #2 portion of the Major Improvements, the Phase #2 Assessment Roll, and the levy of the Phase #2 Assessments; and

WHEREAS, the City Council closed the Levy and Assessment hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, determined to proceed with the adoption of this Ordinance in conformity with the requirements of the PID Act.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS:

Section 1. Terms.

Terms not otherwise defined herein are as defined in the Service and Assessment Plan.

Section 2. Findings.

The findings and determinations set forth in the preambles hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section. The City Council hereby finds, determines, and ordains, as follows:

(a) The apportionment of the costs of the Phase #2 Improvements (as reflected in the Service and Assessment Plan) including the Phase #2 portion of the Major Improvements is fair and reasonable, reflects an accurate presentation of the special benefit each assessed Parcel will receive from the construction of the Phase #2 Improvements and the Phase #2 portion of the Major Improvements identified in the Service and Assessment Plan, and is hereby approved;

(b) The Service and Assessment Plan covers a period of at least five years and defines the annual indebtedness and projected costs for the Phase #2 Improvements and the Phase #2 portion of the Major Improvements;

(c) The Service and Assessment Plan apportions the costs of Phase #2 Improvements and the Phase #2 portion of the Major Improvements to be assessed against the property in the District and such apportionment is made on the basis of special benefits accruing to the property because of the Phase #2 Improvements and the Phase #2 portion of the Major Improvements;

(d) All of the real property in the District which is being assessed in the amounts shown in the Phase #2 Assessment Roll will be benefited by the Phase #2 Improvements and the Phase #2 portion of the Major Improvements proposed to be constructed as described in the Service and Assessment Plan, and each assessed Parcel will receive special benefits in each year equal to or greater than each annual Phase #2 Assessments and will receive special benefits during the term of the Phase #2 Assessments equal to or greater than the total amount assessed;

(e) The method of apportionment of the costs of the Phase #2 Improvements and the Phase #2 portion of the Major Improvements set forth in the Service and Assessment Plan results in imposing equal shares of the costs of the Phase #2 Improvements and the Phase #2 portion of the Major Improvements on property similarly

benefited, and results in a reasonable classification and formula for the apportionment of such costs;

(f) The Service and Assessment Plan should be approved as the service plan and assessment plan for the District as described in Sections 372.013 and 372.014 of the PID Act;

(g) The Phase #2 Assessment Roll in the form attached as Appendix H to the Service and Assessment Plan should be approved as the Phase #2 Assessment Roll for the District;

(h) The provisions of the Service and Assessment Plan relating to due and delinquency dates for the Phase #2 Assessments, interest on Annual Installments, interest and penalties on delinquent Phase #2 Assessments and delinquent Annual Installments, and procedures in connection with the imposition and collection of Phase #2 Assessments should be approved and will expedite collection of the Phase #2 Assessments in a timely manner in order to provide the services and improvements needed and required for the area within the District; and

(i) A written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof has been discussed, considered, and formally acted upon.

Section 3. Assessment Plan.

The Service and Assessment Plan is hereby accepted and approved pursuant to Sections 372.013 and 372.014 of the PID Act as the service plan and the assessment plan for the District.

Section 4. Phase #2 Assessment Roll.

The Phase #2 Assessment Roll is hereby accepted and approved pursuant to Section 372.016 of the PID Act as the Phase #2 Assessment Roll of the District.

Section 5. Levy and Payment of Special Phase 2 Assessments for Costs of Authorized Improvements.

(a) The City Council hereby levies an assessment on each tract of property (excluding non-benefitted property) located within Phase #2 of the District, as shown and described on the Service and Assessment Plan and the Phase #2 Assessment Roll, in the respective amounts shown on the Phase #2 Assessment Roll as a special assessment on the properties set forth in the Phase #2 Assessment Roll.

(b) The levy of the Phase #2 Assessments shall be effective on the date of execution of this Ordinance levying Phase #2 Assessments and strictly in accordance with the terms of the Service and Assessment Plan and the PID Act.

(c) The collection of the Phase #2 Assessments shall be as described in the Service and Assessment Plan and the PID Act.

(d) Each Phase #2 Assessment may be paid in a lump sum at any time or may be paid in Annual Installments pursuant to the terms of the Service and Assessment Plan.

(e) Each Phase #2 Assessment shall bear interest at the rate or rates specified in the Service and Assessment Plan.

(f) Each Annual Installment shall be collected each year in the manner set forth in the Service and Assessment Plan.

Section 6. Method of Assessment.

The method of apportioning the costs of the Phase #2 Improvements and Phase #2 portion of the Major Improvements is as set forth in the Service and Assessment Plan.

Section 7. Penalties and Interest on Delinquent Assessments.

Delinquent Phase #2 Assessments shall be subject to the penalties, interest, procedures, and foreclosure sales set forth in the Service and Assessment Plan. The Phase #2 Assessments shall have lien priority as specified in the PID Act and the Service and Assessment Plan.

Section 8. Prepayments of Assessments.

As provided in Section VI of the Service and Assessment Plan, the owner of any Assessed Property may prepay the Phase #2 Assessments levied by this Ordinance.

Section 9. Lien Priority.

The City Council and the owners of property in Phase #2 of the District intend for the obligations, covenants and burdens on the landowners of Assessed Property, including without limitation the property owners' obligations related to payment of the Phase #2 Assessments and the Annual Installments thereof, to constitute covenants that shall run with the land. The Phase #2 Assessments and the Annual Installments thereof which are levied hereby shall be binding upon the Assessed Parties, as the owners of the property in the District of Assessed Property, and their respective transferees, legal representatives, heirs, devisees, successors and assigns in the same manner and for the same period as such parties would be personally liable for the payment of ad valorem taxes under applicable law. Phase #2 Assessments shall have lien priority as specified in the Service and Assessment Plan and the PID Act.

The City shall file this Ordinance in the real property records of Rockwall County for each tract of property (excluding non-benefitted property) located within Phase #2 of the District.

Section 10. Appointment of Administrator and Collector of Assessments.

(a) Appointment of Administrator.

MuniCap, Inc., of Columbia, Maryland, is hereby appointed and designated as the initial Administrator of the Service and Assessment Plan and of Phase #2 Assessments levied by this Ordinance. The Administrator shall perform the duties of the Administrator described in the Service and Assessment Plan and in this Ordinance. The Administrator's fees, charges and expenses for providing such service shall constitute an Administrative Expense.

(b) Collector.

The City shall, by future action, appoint a third-party collector of the Phase #2 Assessments. The City is hereby authorized to enter into an agreement with a third-party for the collection of the Phase #2 Assessments. The City may also contract with any other qualified collection agent selected by the City or may collect the Phase #2 Assessments on its own behalf. The costs of such collection contracts shall constitute an Administrative Expense.

Section 11. Applicability of Tax Code.

To the extent not inconsistent with this Ordinance, and not inconsistent with the PID Act or the other laws governing public improvement districts, the provisions of the Texas Tax Code shall be applicable to the imposition and collection of Phase #2 Assessments by the City.

Section 12. Severability.

If any provision, section, subsection, sentence, clause, or phrase of this Ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void, or invalid, the validity of the remaining portions of this Ordinance or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council that no portion hereof, or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness, or invalidity or any other portion hereof, and all provisions of this ordinance are declared to be severable for that purpose.

Section 13. Effective Date.

This Ordinance shall take effect, and the levy of the Phase #2 Assessments, and the provisions and terms of the Service and Assessment Plan shall be and become effective upon passage and execution hereof.

ADOPTED, PASSED, AND APPROVED on this the 13th day of June 2017.

ATTEST:

Lisa Palomba

Name: Lisa Palomba

Title: Acting City Secretary

CITY OF MCLENDON-CHISHOLM

By: [Signature]

Name: Robert Steinhagen

Title: Mayor

Date: 6/13/2017

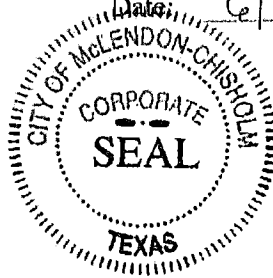


Exhibit A

Service and Assessment Plan

SONOMA PUBLIC IMPROVEMENT DISTRICT

SONOMA VERDE PROJECT

CITY OF McLENDON-CHISHOLM

SERVICE AND ASSESSMENT PLAN (PHASE 2)

**JANUARY 13, 2015
UPDATED ON APRIL 13, 2015 AND JUNE 13, 2017**

MuniCap. Inc.

FILED FOR RECORD
ROCKWALL CO., TEXAS
17 JUN 16 PM 12:24
SHELLY MILLER
ROCKWALL COUNTY CLERK
BY SJA DEPUTY

SONOMA PUBLIC IMPROVEMENT DISTRICT**SERVICE AND ASSESSMENT PLAN****Table of Contents**

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Appendix H – Phase 2 Assessment Roll

Section I
PLAN DESCRIPTION AND DEFINED TERMS

A. Introduction

On September 10, 2007, (the "Creation Date") the City of McLendon-Chisholm City Council passed and approved Resolution No. 2007-21 approving and authorizing the creation of Sonoma Public Improvement District ("PID") to finance the costs of certain public improvements for the benefit of property in the PID, all of which is located within the City of McLendon-Chisholm (the "City").

The property in the PID is proposed to be developed in approximately seven phases, and the PID will finance improvements that benefit the entire property in the PID and improvements that benefit each phase as each phase is developed. Assessments will be imposed on all property in the PID for the improvements that benefit the entire PID and on the property in each phase for the public improvements to be provided for that phase.

Upon application of the current property owners, the property within the PID was zoned by Ordinance No. 2007-20 (the "Planned Development District Ordinance") adopted by the City on September 10, 2007. The Planned Development District Ordinance designates the type of land uses that are permitted within the project and include development standards for each land use type.

Chapter 372 of the Texas Local Government Code, "Improvement Districts in Municipalities and Counties" (as amended, the "PID Act"), governs the creation of public improvement districts within the State of Texas. This Service and Assessment Plan has been prepared pursuant to Sections 372.013, 372.014, 372.015 and 372.016 of the PID Act. According to Section 372.013 of the PID Act, a service plan "must cover a period of at least five years and must also define the annual indebtedness and the projected costs for improvements. The plan shall be reviewed and updated annually for the purpose of determining the annual budget for improvements." The service plan is described in Section V of this Service and Assessment Plan. Section 372.014 of the PID Act states that "an assessment plan must be included in the annual service plan." The assessment plan is described in Section IV.

Section 372.015 of the PID Act states that "the governing body of the municipality or county shall apportion the cost of an improvement to be assessed against property in an improvement district." The method of assessing the costs of the Authorized Improvements to the property in the PID is included in Section IV of this Service and Assessment Plan.

Section 372.016 of the PID Act states that "after the total cost of an improvement is determined, the governing body of the municipality or county shall prepare a proposed assessment roll. The roll must state the assessment against each parcel of land in the district, as determined by the method of assessment chosen by the municipality or county under this subchapter." The Assessment Roll for the Major Improvement Area is attached hereto as Appendix F, the Assessment Roll for the Phase I is attached hereto as Appendix G, and the Assessment Roll for the Phase 2 is attached hereto as Appendix H of this Service and Assessment Plan. The Assessments as shown on the Assessment Roll are based on the method of assessment described in Section IV of this Service and Assessment Plan.

B. Definitions

Capitalized terms used herein shall have the meanings ascribed to them as follows:

“Actual Cost(s)” means, with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement, as specified in a Certification for Payment that has been reviewed and approved by the City. Actual Cost may include (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Authorized Improvement, including general contractor construction management fees and real estate acquisition costs, if any, (b) the costs of preparing the construction plans for such Authorized Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Authorized Improvement, (d) the costs for external professional costs associated with such Authorized Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes (property and franchise) (e) the costs of all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and material men in connection with the acquisition, construction or implementation of the Authorized Improvements, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal, and consulting fees, financing charges, taxes, governmental fees and charges (including inspection fees, County permit fees, development fees), insurance premiums, miscellaneous expenses, and all advances and payments for Administrative Expenses.

Actual Costs include general contractor’s fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to five percent of the eligible Actual Costs described in a Certification for Payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated. Actual Costs also may be paid to the Developer or any other person or entity only in the capacity of construction manager or only in the capacity of general contractor but not both.

“Administrator” means the employee or designee of the City who shall have the responsibilities provided for herein, in the Indenture, or in another agreement approved by the City Council.

“Administrative Expenses” mean the administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, and operation of the PID, (iii) computing, levying, billing and collecting Assessments or the installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the Bonds, (v) paying and redeeming the Bonds, (vi) investing or depositing of monies, (vii) complying with the PID Act and codes with respect to the Bonds, (viii) the Trustee fees and expenses relating to the Bonds, including reasonable fees, (ix) legal counsel, engineers, accountants, financial advisors,

investment bankers or other consultants and advisors, (x) administering the construction of the Authorized Improvements, and (xi) costs and expenses, if any, associated with major repairs and emergency maintenance of the Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds. Administrative Expenses collected and not expended for actual Administrative Expenses shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of Administrative Expenses.

“Annual Installment” means, with respect to each Assessed Property, each annual payment of: (i) the Assessment, as shown on the Assessment Roll attached hereto as **Appendix F, Appendix G and Appendix H**, as applicable, or in an Annual Service Plan Update, and calculated as provided in Section VI of this Service and Assessment Plan, (ii) Administrative Expenses, (iii) the prepayment reserve described in Section IV of this Service and Assessment Plan, and (iv) the delinquency reserve described in Section IV of this Service and Assessment Plan.

“Annual Service Plan Update” has the meaning set forth in Section V of this Service and Assessment Plan.

“Assessed Property” means, for any year, Parcels within the PID other than Non-Benefited Property.

“Assessment” means an assessment levied against a Parcel imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Parcel created by such subdivision or reduction according to the provisions herein and the PID Act.

“Assessment Ordinance” means an Assessment Ordinance adopted by the City Council approving the Service and Assessment Plan (including amendments or supplements to the Service and Assessment Plan) and levying the Assessments.

“Assessment Revenues” mean the revenues actually received by the City from Assessments.

“Assessment Roll” means, as applicable, the Major Improvement Area Excluding Phase 1 Assessment Roll, the Phase 1 Assessment Roll, the Phase 2 Assessment Roll, an Assessment Roll for any Future Phases related to future phases of development or any other Assessment Roll in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update.

“Authorized Improvements” mean those public improvements described in Section 372.003 of the PID Act designed, constructed, and installed in accordance with this Service and Assessment Plan, and any future updates and/or amendments, including improvements for Future Phases described in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update.

“Bonds” mean any bonds secured by the Assessment Revenues issued by the City in one or more series, including the Phased PID Bonds.

“Certification for Payment” means the document to be provided by the Developer or construction manager to substantiate the Actual Cost of one or more Authorized Improvements.

“City” means the City of McLendon-Chisholm, Texas.

“City Council” means the duly elected governing body of the City.

“Delinquent Collection Costs” mean interest, penalties and expenses incurred or imposed with respect to any delinquent installment of an Assessment in accordance with the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorney’s fees.

“Developer” means MC 550 Investors, LP.

“Equivalent Units” mean, as to any Parcel the number of dwelling units by lot type expected to be built on the Parcel multiplied by the factors calculated and shown in Appendix D attached hereto.

“Future Phases” means Phases that are fully developed after Phase 1 and Phase 2, as such areas are generally shown on Appendix A. The Future Phases are subject to adjustment and are shown for example only.

“Homeowner Association Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to, whether in fee simple or through an exclusive use easement, a home owners’ association established for the benefit of a group of homeowners or property owners within the PID.

“Indenture” means any indenture, trust agreement, ordinance, or similar document setting forth the terms and provisions relating to any series of Bonds, as may be amended or supplemented from time to time.

“Land Use Class” means a classification of final building lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single family residential Lots, the Lot Type shall be further defined by classifying the residential lots by the estimated final average home value for each Lot as of the date of the recorded subdivision plat, considering factors such as density, lot size, proximity to amenities, view premiums, location, and any other factors that may impact the average home value on the Lot, as determined by the Administrator and confirmed by the City Council.

“Lot” means a tract of land described as a “lot” in a subdivision plat recorded in the Official Public Records of Rockwall County, Texas.

“Major Improvements” means Authorized Improvements which benefit all Assessed Property within the PID and are described in Section III.B.

“Major Improvement Area” means the property within the PID including Phase 1 and Phase 2.

“Major Improvement Area Excluding Phase 1” means the property within the PID excluding Phase 1.

“Major Improvement Area Excluding Phase 1 Cost” is defined in Section V.

“Major Improvement Area Excluding Phase 1 Assessed Property” means, for any year, all Parcels within the PID other than (a) Non-Benefited Property, and (b) Parcels within Phase 1.

“Major Improvement Area Excluding Phase 1 Assessment Roll” means the document included in this Service and Assessment Plan as Appendix F, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds, if any, or in connection with any Annual Service Plan Update.

“Major Improvement Area Excluding Phase 1 Revenues” mean the revenues received by the City from the collection of Assessments and Annual Installments for the Major Improvement Area Excluding Phase 1 Assessed Property.

“Non-Benefited Property” means Parcels within the boundaries of PID that accrue no special benefit from the Authorized Improvements, including Owner Association Property, Public Property and easements that create an exclusive use for a public utility provider. Property identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to Section VI-F remains subject to the Assessments and requires the Assessments to be prepaid as provided for in Section VI-F.

“Parcel” means a property identified by either a tax map identification number assigned by the Rockwall Central Appraisal District for real property tax purpose, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the Official Public Records of Rockwall County, or by any other means determined by the City.

“Phase” means one or more Parcels within the PID that will be developed in the same general time period. The Parcels within a Phase will be assessed in connection with the Authorized Improvements (or the portion thereof) designated in an update to this Service and Assessment Plan that specially benefit the Parcels within the Phase.

“Phase 1” means the initial Phase to be developed, identified as “Phase 1” and generally shown on Appendix A and as specifically depicted and described as the sum of all Parcels shown in Appendix G.

“Phase 1 Assessed Property” means all Parcels within Phase 1 other than Non-Benefited Property.

“Phase 1 Assessment Roll” means the document included in this Service and Assessment Plan as Appendix G, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds, if any, or in connection with any Annual Service Plan Update.

“Phase 1 Cost” is defined in Section V.

“Phase 1 Improvements” means Authorized Improvements which only benefit Phase 1 Assessed Property and are described in Section III.C.

“Phase 1 PID Bonds” means those certain bonds that are secured by Assessments levied on Phase 1 Assessed Property, including the Phase 1A Bonds.

“Phase 1 Revenues” mean the revenues received by the City from the collection of Assessments and Annual Installments for the Phase 1 Assessed Property.

“Phase 1A Bonds” means the City of McLendon-Chisholm, Texas, Special Assessment Revenue Bonds, Series 2015 (Sonoma Public Improvement District Phase 1 Project).

“Phase 2” means the second Phase to be developed, identified as “Phase 2” and generally shown on Appendix A and as specifically depicted and described as the sum of all Parcels shown in Appendix H.

“Phase 2 Assessed Property” means all Parcels within Phase 2 other than Non-Benefited Property.

“Phase 2 Assessment Roll” means the document included in this Service and Assessment Plan as Appendix H, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds, if any, or in connection with any Annual Service Plan Update.

“Phase 2 Cost” is defined in Section V.

“Phase 2 Improvements” means Authorized Improvements which only benefit Phase 2 Assessed Property and are described in Section III.D.

“Phase 2 PID Bonds” means those certain bonds, if any, that are secured by Assessments levied on Phase 2 Assessed Property.

“Phase 2 Revenues” mean the revenues received by the City from the collection of Assessments and Annual Installments for the Phase 2 Assessed Property.

“Phased PID Bonds” means bonds issued to fund Authorized Improvements (or a portion thereof) in a Phase. In connection with the Phased PID Bonds, Assessments will be levied only on Parcels located within the Phase in question.

“PID” has the meaning set forth in Section I.A of this Service and Assessment Plan.

“PID Act” means Texas Local Government Code Chapter 372, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, as amended.

“Planned Development District Ordinance” has the meaning set forth in Section I.A of this Service and Assessment Plan.

“Prepayment Costs” mean interest and expenses to the date of prepayment, plus any additional expenses related to the prepayment, reasonably expected to be incurred by or imposed upon the City as a result of any prepayment of an Assessment.

“Property” has the meaning set forth in Section II.A of this Service and Assessment Plan.

“Public Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, Rockwall County, the City, a school district, a public utility provider or any other public agency, whether in fee simple or through an exclusive use easement.

“Reimbursement Agreement” means each Reimbursement Agreement by and between the City and the Developer in which the Developer agrees to fund the Actual Costs of certain Authorized Improvements and the City agrees to reimburse the Developer for the Actual Costs of those Authorized Improvements funded by the Developer with interest as permitted by the Act.

“Service and Assessment Plan” means this Service and Assessment Plan prepared for the PID pursuant to the PID Act, as the same may be amended from time to time.

“Trustee” means the fiscal agent or trustee as specified in the Indenture, including a substitute fiscal agent or trustee.

Section II PROPERTY INCLUDED IN THE PID

A. Property Included in the PID

The area constituting the PID is depicted and described by metes and bounds on Exhibit A to Resolution No. 2007-21 adopted by the City Council ("Property"). The PID is located in the corporate limits of the City of McLendon Chisholm, Texas, within Rockwall County, Texas. The PID contains approximately 548 acres. A map of the property within the PID is shown in Appendix A.

At completion, the PID is expected to consist of approximately 1,095 detached single family residential units, eleven non-residential lots, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID. The estimated number of lots and the classification of each lot are based upon the Planned Development District Ordinance.

B. Property Included in Major Improvement Area and Phase 1

The Major Improvement Area Excluding Phase 1 consists of approximately 403 acres. Phase 1 consists of approximately 145 acres projected to consist of 356 single family residential units and nine non-residential lots, to be developed as Phase 1, as further described in Section III. A map of the property within the Major Improvement Area and Phase 1 is shown in Appendix A. A list of the Parcels within the Major Improvement Area Excluding Phase 1 is included in Appendix F. A list of the Parcels within Phase 1 is included in Appendix G. A map depicting the boundaries of each proposed Phase is included in Appendix A.

C. Property Included in Phase 2

Phase 2 consists of approximately 74 acres projected to consist of 252 single family residential units to be developed as Phase 2, as further described in Section III. A map of the property within Phase 2 is shown in Appendix A. A list of the Parcels within Phase 2 is included in Appendix H. A map depicting the boundaries of each proposed Phase is included in Appendix A.

D. Property Included in Future Phases

As Phases are developed, in connection with the issuance of Phased PID Bonds, this Service and Assessment Plan will be amended to add additional details of each new Phase(s) as shown for Section II.B and II.C. A map of the projected property within each Future Phase is shown in Appendix A. The Future Phases are shown for illustrative purposes only and are subject to adjustment.

Section III

DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. Authorized Improvement Overview

Section 372.003 of the PID Act defines the improvements that may be undertaken by a municipality or county through the establishment of a public improvement district, as follows:

372.003. Authorized Improvements

- (a) If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.
- (b) A public improvement may include:
 - (i) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
 - (ii) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
 - (iii) projects similar to those listed in Subdivisions (i)-(x);
 - (iv) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
 - (v) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement; and
 - (vi) payment of expenses incurred in the establishment, administration and operation of the district.

After analyzing the public improvement projects authorized by the PID Act, the City has determined that the Authorized Improvements described Section III.B and Section III.C should be undertaken by the City for the benefit of the property within the PID.

B. Description and Estimated Costs of Major Improvements

The Major Improvements benefit the entire PID. The costs of the Major Improvements are allocated proportionally throughout the entire PID, excluding Non-Benefited Property, in a manner that anticipates planned development of the PID based on the Equivalent Units as calculated and shown in Appendix D using the planned lot types, anticipated number of lots and estimated average home values.

The Major Improvements are described below. The costs of the Major Improvements are shown in Table III-A. The costs shown in Table III-A are estimates and may be revised in Annual Service Plan Updates.

Roadway Improvements

The roadway improvements portion of the project consist of the construction of a Texas Department of Transportation (TxDOT) approved left turn lane re-striping along State Highway 205 to accommodate south bound left turns. This will provide access off of SH 205 into the PID by Via Toscana. This improvement will be constructed to TxDOT standards.

In addition the roadway improvements portion of the project also includes construction of concrete paving of the extension of Via Toscana from the end of the residential areas to the south to League Road, and asphalt overlay of approximately 5,100 linear feet of the existing League Roadway to the west to State Highway 205. This is being done to provide a secondary access point to the project. This improvement will be constructed to Rockwall County standards (League Road is a County Roadway) and will be owned and maintained by the City of McLendon Chisholm and Rockwall County.

Water Distribution System Improvements

The water distribution system improvements include 12" waterline to be constructed from RCH's waterline located on Edwards Road and extended to the west along League Road for a distance of approximately 1,895 linear feet to the intersection of Via Toscana and League Road. The waterline improvements will include connection to the exiting water-main, installation of associated 12" valves, fire hydrants, ductile iron fittings, erosion control, trench safety and waterline testing. All water improvements will be constructed according to City standards and specifications.

The PID is within the City limits. The City has a contract for water service from the RCH Water supply corporation who is a customer city of the North Texas Municipal Water District (NTMWD) and receives wholesale treated water through a major transmission line from the NTMWD Wylie water treatment plant. As a result, there will be no water treatment plant upgrades required.

Sanitary Sewer Collection System Improvements

The sanitary sewer collection system improvements consist of constructing a lift station approximately 380 feet north of Via Toscana and 220' west of Hackberry Creek with a wet well and approximately 27,309 linear feet of 8" sanitary sewer force main and 2,303 linear feet of 8" and 12" sanitary sewer gravity line generally following the Right of Way of FM 550 to the west and connecting to the NTMWD Buffalo Creek Sewer Interceptor. Cutoff valves, air release valves and a pig launching and receiving station for the system will be constructed in accordance with NTMWD and TCEQ regulations. The proposed lift station, wet-well and pumps are sized appropriately to accept and pump waste for Phase 1 and will be modified with additional pumps as future phases come on line. The 8" force main and pumps were designed to maintain the 3.0 fps minimum velocity. The sanitary sewer collection system improvements will be designed and constructed according to City standards and specifications.

Storm Drainage Collection System Improvements

The storm drainage collection system improvements consist of drainage improvements to support the installation of the left turn lane at Via Toscana and SH 205 and storm water detention capacity that benefits the entire project area. This includes underground re-enforced concrete sewer pipe, inlets and rock rip rap protection at outfalls. The storm drainage collection system improvements will be constructed according to City standards and specifications.

Table III-A below shows the estimated costs of the Major Improvements.

**Table III-A
Estimated Major Improvement Costs**

Authorized Improvements	Estimated Cost¹
Roadway improvement costs	\$321,346
Water distribution system improvement costs	\$78,085
Sanitary sewer collection system improvement costs	\$1,525,144
Storm drainage collection system improvements	\$82,153
Contingency for hard costs	\$156,764
Engineering, design, surveying, geotechnical and materials testing	\$31,210
General contractor, project general conditions and PID legal fees	\$37,414
Total estimated Major Improvement Costs	\$2,232,116

1 – See Appendix B for detailed cost estimates

The costs shown in Table III-A are current estimates and may be revised in Annual Service Plan Updates.

C. Description and Estimated Costs of Phase 1 Improvements

Either the Developer pursuant to a Reimbursement Agreement or proceeds from Phase 1 PID Bonds will fund their proportionate share of the costs of the Major Improvements (as described above in Section III.B) as well as Phase 1 Improvements, which only benefit Phase 1 Assessed Property.

The Phase 1 Improvements are described below. All of the Phase 1 Improvements provide benefit to Phase 1. The costs of the Phase 1 Improvements are shown in Table III-B. The costs shown in Table III-B are estimates and may be revised in Annual Service Plan Updates.

Road Improvements

The roadway portion of the Phase 1 Improvements include the construction of 6,300 linear feet of a 37' wide, 3600-psi concrete curb and gutter pavement. The roadway construction will consist of grading, lime stabilization, striping, signage and erosion control measures during

construction. Other roadway improvements within Phase 1 include construction of approximately 17,469 linear feet of 6" thick, 31-foot wide, concrete pavement with curb and gutter. The concrete will be 3,600 pounds per square inch (psi) strength. Excavation for the roadway will consist of 55,360 cubic yards of cut and fill. 68,260 square yards (sy) of pavement sub-grade will be lime stabilized and compacted. Turn lanes, intersections, signage, lighting and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that will provide street access to each lot within Phase 1. All roadway projects will be designed and constructed in accordance with City standards and specifications.

Water Improvements

The Phase 1 water distribution system improvements include:

- Water Line 1 - This project consists of constructing approximately 9,223 linear feet of 12" diameter water transmission main from the east entrance of Via Toscana at Highway 205 along Via Toscana and through the development to the southern edge of the project at League Road. The waterline will be constructed within the proposed right-of way (ROW) of Via Toscana. The waterline improvements will include connection to the 8" water-main at Hwy 205 and the 12" main at League Road, installation of Twenty Five 12" valves, 17 fire hydrants, five tons of ductile iron fittings, and associated erosion control, trench safety and waterline testing. The waterline will be designed and constructed in accordance with City standards and specification.
- 8" Water Line Segments - These waterline improvements consists of constructing approximately 17,168 linear feet of 8" water line, associated 8" and 6" gate valves. One-inch diameter water services will be provided to each of the Parcels within Phase 1. All associated waterline testing, trench safety and erosion protection during construction are included. The waterline will be connected to the 12" water line constructed in Via Toscana. These lines will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City. These lines will include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of Phase 1 and all lots within Phase 1.

Sanitary Sewer Improvements

The sanitary sewer collection system improvements include:

- Wastewater Line (12" Gravity Line) – These improvements consists of constructing approximately 4,400 linear feet of 12" gravity sewer line along Via Toscana, crossing Hackberry Creek and flowing to the proposed lift station north of Via Toscana. This project will consist of constructing manholes, associated erosion control, trench safety and sewer line testing.
- Wastewater Line (8" Gravity Line) - These improvements include construction of 18,289 linear feet of 8" gravity sanitary sewer line that connect to the Via Toscana

sewer trunk main. Construction includes connection at multiple points through 58 concrete manholes. Services to individual lots are by 4" gravity sewer services. Twenty five cleanouts will be constructed to facilitate maintenance.

All sanitary sewer collection system improvements will be designed and constructed in accordance with City standards and specifications.

Storm Drainage Improvements

The storm drainage portion of the Phase I Improvements consist of underground storm sewer pipes, storm water detention pond and construction of a major culvert/ creek crossing at Via Toscana and Hackberry Creek. The primary means of conveyance of storm drainage within Phase I, is within roadways and underground storm drain pipes. The roadway pavement section incorporates the use of curbs with integrated drainage inlets to control runoff and conveyance of storm-water throughout the drainage basins associated with Phase I. The system includes approximately 5,000 linear feet of underground reinforced concrete pipe (RCP) with associated headwalls, safety end treatments, manholes and storm sewer energy dissipaters at the points of discharge. All of the drainage areas within Phase I flow to a detention pond and subsequent release to Hackberry Creek. Excavation of the City required detention pond is included in the drainage improvements. In addition to the storm sewer improvements, a triple span 40' wide by 13' tall bolted structural plate arch system will be constructed over Hackberry Creek. This Drainage culvert will include precast headwalls. All storm drainage collection system improvements will be constructed in accordance with City standards and specifications.

Table III-B below shows the estimated costs of the Phase I Improvements.

**Table III-B
Phase 1 Improvement Costs**

Authorized Improvements	Total Cost¹
Roadway improvement costs	\$3,498,998
Water distribution system improvement costs	\$1,579,466
Sanitary sewer collection system improvement costs	\$1,012,461
Storm drainage collection system improvements	\$1,617,278
Contingency for hard costs	\$794,730
Engineering, design, surveying, geotechnical and materials testing	\$776,647
General contractor	\$577,344
Project general conditions	\$258,184
PID legal fees	\$276,000
PID establishment expenses	\$54,031
Debt service reserve	\$571,188
Other bond issuance costs including underwriter's discount, financial advisors, bond counsel etc.	\$1,285,200
Subtotal - Phase 1 Improvement Costs	\$12,238,710
Phase 1 share of estimated Major Improvement Costs ²	\$717,427
Total Phase 1 Improvement Costs	\$12,956,137

1 – See Appendix B for detailed cost estimates.

2 – See Section IV (C) regarding allocation of Major Improvement Costs to Phase 1.

The costs shown in Table III-B are current estimates and may be revised in Annual Service Plan Updates.

D. Description and Estimated Costs of Phase 2 Improvements

Either the Developer pursuant to a Reimbursement Agreement or proceeds from Phase 2 Bonds will fund their proportionate share of the costs of the Major Improvements (as described above in Section III.B) as well as Phase 2 Improvements, which only benefit Phase 2 Assessed Property.

The Phase 2 Improvements are described below. All of the Phase 2 Improvements provide benefit to Phase 2. The costs of the Phase 2 Improvements are shown in Table III-C. The costs shown in Table III-C are estimates and may be revised in Annual Service Plan Updates.

Road Improvements

The Phase 2 roadway improvements include the construction of 850 linear feet of a 37-foot wide, 3600-psi concrete curb and gutter pavement. This section commences at the northern point of the main round-about near the main amenity center and continues northward through the first intersection at which point the road will become a 31-foot wide paving section. The roadway construction will consist of grading, lime stabilization, striping, signage and erosion control

measures during construction. This project will be constructed to City standards and specifications and will be owned and maintained by the City. Other roadway improvements within Phase 2 include construction of interior streets consisting of 6" thick, 31-foot wide, concrete pavement with curb and gutter. The concrete will be 3,600 pounds per square inch (psi) strength. Excavation for the roadway subgrade will consist of cut and fill activities and all excavation filling activities will have compaction testing by a third party as a part of the construction process. Following excavation, the sub-grade will be lime stabilized and compacted. Turn lanes, intersections, signage, Accessible wheel chair ramps at intersections, lighting, street signs and re-vegetation of all disturbed areas within the right of way are included as a part of the Phase 2 roadway improvements. These roadway improvements include streets that will provide access to each lot within Phase 2. Also, an asphalt overlay of the existing League Roadway from the southern end of Via Toscana Lane to the west to State Highway 205 will be completed. All roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City. These projects will provide access to community roadways and state highways.

Water Improvements

The Phase 2 water distribution system improvements include:

- 12" Water Line Segments - This project consists of constructing approximately 7,100 linear feet of 12" diameter water transmission main along Cortona from the amenity center round-about to the Northern project boundary, and a second 12" line constructed from the Southern Via Toscana Round-about north along San Donato to Edwards Road. The waterline improvements will include connection to the water-mains within the development and at Edwards Road for a completely looped system. In addition to the Waterlines, the improvements include the installation of twenty-five 12" valves, 24 fire hydrants, 7 tons of ductile iron fittings, and associated erosion control, trench safety and waterline testing. The line will be designed and constructed in accordance with City and TCEQ standards and specifications and will be owned and operated by the City.
- 8" Water Line Segments - These waterline improvements consists of constructing 8" PVC water lines, fire hydrants, associated 8" and 6" gate valves. One-inch diameter water services will be provided to each of the 252 lots within Phase 2. All associated waterline testing, trench safety and erosion protection during construction are included. The waterline will be connected to the 12" water line constructed in Via Toscana, Cortona, and San Donato. These lines will be designed and constructed in accordance with City and TCEQ standards and specifications and will be owned and operated by the City. These lines will include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of Phase 2 and all lots within Phase 2.

Sanitary Sewer Improvements

The Phase 2 sanitary sewer collection system improvements include:

- Wastewater Line West (12" Gravity Line) – These improvements consists of constructing approximately 4,400 linear feet of 12" gravity sewer line along Cortona, crossing Hackberry Creek and flowing to the existing lift station #1. This project will consist of constructing manholes, associated erosion control, trench safety and sewer line testing.
- Wastewater Line East (12" Gravity Line) – These improvements consists of constructing approximately 2,700 linear feet of 12" gravity sewer line flowing south along San Donato, connecting to the existing sanitary sewer main at Via Toscana south round-about and continuing to existing lift station #2. This project will consist of constructing manholes, associated erosion control, trench safety and sewer line testing.
- Wastewater Line (8" Gravity Line) - These improvements include construction of a series of 8" gravity sanitary sewer lines that connect to the various 12" trunk mains described above. Construction includes connection at multiple points through concrete manholes. Services to individual lots are by 4" gravity sewer services. Cleanouts will be constructed at the various upstream end runs to facilitate maintenance.

All sanitary sewer collection system improvements will be designed and constructed in accordance with City and TCEQ standards and specifications and will be owned and operated by the City. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of Phase 2 and each of the 252 lots within Phase 2.

Storm Drainage Improvements

The storm drainage portion of the Phase 2 Improvements consist of underground storm sewer pipes, storm water detention ponds and associated inlets, erosion control and Storm Water Pollution Prevention devices. The main means of conveyance of storm drainage within Phase 2 is within roadways and underground storm drain pipes. The roadway pavement section incorporates the use of curbs with integrated drainage inlets to control runoff and conveyance of storm-water throughout the drainage basins associated with Phase 2. The system includes approximately 3,500 linear feet of underground reinforced concrete pipe (RCP) with associated headwalls, safety end treatments, manholes and storm sewer energy dissipaters at the points of discharge. All of the drainage areas within Phase 2 will be designed in accordance with City drainage policy. Excavation of detention ponds and channel improvements are included in the drainage improvements. The drainage culvert will include precast headwalls. All storm drainage collection system improvements will be constructed in accordance with City standards and specifications.

Table III-C below shows the estimated costs of the Phase 2 Improvements.

Table III-C
Estimated Phase 2 Improvement Costs

Authorized Improvements	Estimated Cost¹
Roadway improvement costs	\$2,349,701
Water distribution system improvement costs	\$1,008,093
Sanitary sewer collection system improvement costs	\$920,852
Storm drainage collection system improvements	\$1,777,546
Engineering, design, surveying, geotechnical and materials testing	\$880,428
Estimated general contractor	\$419,446
Estimated project general conditions	\$279,195
Estimated PID legal fees	\$284,568
Estimated PID establishment expenses	\$29,101
Estimated debt service reserve	\$568,125
Estimated other bond issuance costs including underwriter's discount, financial advisors, bond counsel etc.	\$1,527,878
Subtotal - Estimated Phase 2 Improvement Costs	\$10,044,933
Phase 2 share of estimated Major Improvement Costs ²	\$462,474
Total Estimated Phase 2 Improvement Costs	\$10,507,407

1 – See Appendix B for detailed cost estimates.

2 – See Section IV (C) regarding allocation of Major Improvement Costs to Phase 2.

The costs shown in Table III-C are current estimates and may be revised in Annual Service Plan Updates.

E. Future Phase Authorized Improvements

As additional Phases are developed, in association with issuing Phased PID Bonds and/or execution of a Reimbursement Agreement for such Future Phase, this Service and Assessment Plan will be amended to identify the Phased Authorized Improvements that benefit each Phase (e.g., a Table III-D will be added to show the estimated costs for Phase 3 Authorized Improvements, etc.).

Section IV ASSESSMENT PLAN

A. Introduction

The PID Act requires the City Council to apportion the Actual Cost of the Authorized Improvements on the basis of special benefits conferred upon the Property by the Authorized Improvements. The PID Act provides that the Actual Costs may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes or improvements.

For purposes of this Service and Assessment Plan, the City Council has determined that the Major Improvement and Phase 1 Improvement costs shall be allocated to the Assessed Property as described below:

1. The Major Improvement and Phase 1 Improvement costs shall be allocated to the Assessed Property on the basis of the relative value of Parcels once such property is developed, and that such method of allocation will result in the imposition of equal shares of the PID Costs to Parcels similarly benefited.
2. The City Council has concluded that larger more expensive homes are likely to be built on the larger lots, and that larger more expensive homes are likely to make greater use of and receive greater benefit from the Authorized Improvements. In determining the relative values of Parcels, the City Council has taken in to consideration (i) the type of development (i.e., residential, commercial, etc), (ii) single-family lot sizes and the size of homes likely to be built on lots of different sizes, (iii) current and projected home prices provided by the Developer, (iv) the Authorized Improvements to be provided and the estimated costs, and (v) the ability of different property types to utilize and benefit from the improvements.
3. The Assessed Property is classified into different Land Use Classes as described in Appendix D based on the type and size of proposed development on each Parcel.
4. Equivalent Units are calculated for each Land Use Class based on the relative value of each Land Use Class.
5. The Major Improvement costs that benefit the Assessed Property are proportionally allocated to the Major Improvement Area Excluding Phase 1 Assessed Property, the Phase 1 Assessed Property and the Phase 2 Assessed Property based on the ratio of total Equivalent Units estimated for the Major Improvement Area Excluding Phase 1 Assessed Property, the Phase 1 Assessed Property and the Phase 2 Assessed Property.
6. The Major Improvement Area Excluding Phase 1 Assessed Property's proportional share of the Major Improvement costs is allocated to each Parcel within the Major Improvement Area Excluding Phase 1 Assessed Property based on the total Equivalent Units estimated for each Parcel.
7. The Phase 1 Improvement costs (including Phase 1 Assessed Property's Proportional share of the Major Improvement costs) are allocated to each Parcel within the Phase 1 Assessed Property based on the total Equivalent Units estimated for each Parcel.

8. The Phase 2 Improvement costs (including Phase 2 Assessed Property's Proportional share of the Major Improvement costs) are allocated to each Parcel within the Phase 2 Assessed Property based on the total Equivalent Units estimated for each Parcel.

Table IV-A provides the estimated allocation of costs of the Authorized Improvements constituting Major Improvements and Phase 1 Improvements between the Major Improvement Area Excluding Phase 1 Assessed Property and the Phase 1 Assessed Property.

Table IV-B provides the estimated allocation of costs of the Authorized Improvements constituting Major Improvements between the Phase 2 Assessed Property and the rest of the Major Improvement Area Excluding Phase 1 Assessed Property.

At this time it is impossible to determine with absolute certainty the amount of special benefit each Parcel within Future Phases will receive from Authorized Improvements for such Future Phases. Therefore, at this time Parcels will only be assessed for the special benefits conferred upon the Parcel because of the Major Improvements, the Phase 1 Improvements and the Phase 2 Improvements.

In connection with issuance of Phased PID Bonds and/or execution of a Reimbursement Agreement for Future Phases, this Service and Assessment Plan will be updated to reflect the special benefit each Parcel of Assessed Property within a Future Phase receives from Authorized Improvements for Future Phases funded with proceeds from Phased PID Bonds issued with respect to that Future Phase or pursuant to a Reimbursement Agreement for that Future Phase. Prior to assessing Parcels located within Future Phases, each owner of the Parcels to be assessed must acknowledge that the Authorized Improvements confer a special benefit on their Parcel and must consent to the imposition of the Assessments to pay for the Actual Costs.

This section of this Service and Assessment Plan currently describes the special benefit received by each Parcel within the PID as a result of the Major Improvements and Phase 1 Improvements, provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments, and establishes the methodologies by which the City Council allocates and reallocates the special benefit of the Major Improvements and Phase 1 Improvements to Parcels in a manner that results in equal shares of the Actual Costs being apportioned to Parcels similarly benefited. The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers of the Assessed Property.

As Future Phases are developed, this Service and Assessment Plan will be updated based on the City's determination of the assessment methodology for each Future Phase.

B. Special Benefit

Assessed Property must receive a direct and special benefit from the Authorized Improvements, and this benefit must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in line-item format in Appendix B to this Service and

Assessment Plan) and the costs of issuance of Bonds and payment of costs incurred in the establishment of the PID shown in Table IV-A are authorized by the Act.

Each of the owners of the Assessed Property has acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and has consented to the imposition of the Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in its interest in consenting to this apportionment and levying of the Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Assessments.

Each owner of the Assessed Property has ratified, confirmed, accepted, agreed to and approved; (i) the determinations and finding by the City Council as to the special benefits described in this Service and Assessment Plan and the Assessment Ordinance; (ii) this Service and Assessment Plan and the Assessment Ordinance; and (iii) the levying of Assessments on the Assessed Property. Use of the Assessed Property as described in this Service and Assessment Plan and as authorized by the Planned Development District Ordinance requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs using Bond proceeds or through Developer advances pursuant to a Reimbursement Agreement has been determined by the City Council to be the most beneficial means of doing so. As a result, the Assessments result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the City Council.

In summary, the Assessments result in a special benefit to the Assessed Property for the following reasons:

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, are necessary for the proposed best use of the property and provide a special benefit to the Assessed Property as a result;
2. The Developer has consented to the imposition of the Assessments for the purpose of providing the Authorized Improvements and the Developer is acting in its interest by consenting to this imposition;
3. The Authorized Improvements are required for the highest and best use of the Assessed Property;
4. The highest and best use of the Assessed Property is the use of the Assessed Property that is most valuable (including any costs associated with the use of the Assessed Property);
5. Financing of the Authorized Improvement costs using Bond proceeds or through Developer advances pursuant to a Reimbursement Agreement is determined to be the most beneficial means of providing for the Authorized Improvements; and
6. As a result, the special benefits to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

C. Allocation of Actual Costs of Major Improvements

The Major Improvements will provide a special benefit to all property in the PID. Accordingly, the Actual Costs of the Major Improvements must be allocated between Major Improvement Area Excluding Phase 1 Assessed Property and Phase 1 Assessed Property based on the special benefit each receives. Table IV-A summarizes the allocation of Actual Costs for each Major Improvement. The costs shown in Table IV-A are estimates and may be revised in Annual Service Plan Updates, but may not result in increased Assessments without consent by each of the owners of the Parcels to the imposition of the increased Assessments to pay for the Actual Costs.

Phase 1 is projected to contain 356 residential units, eight office lots and one church lot. As shown in Appendix D, the total Equivalent Units for Phase 1 is calculated as 201.47. The Major Improvement Area Excluding Phase 1 is projected to contain 739 residential units, one daycare lot and one senior living lot resulting in a total of 425.36 Equivalent Units as shown in Appendix D. The Total projected Equivalent Units in the PID is, therefore, calculated to be 626.83 (i.e. $201.47 + 425.36 = 626.83$). As a result, 32.14 percent of the estimated costs of Major Improvements (i.e. $201.47 \div 626.83 = 32.14\%$) are allocated to the Phase 1 Assessed Property and 67.86 percent of the estimated costs of Major Improvements (i.e. $425.36 \div 626.83 = 67.86\%$) are allocated to the Major Improvement Area Excluding Phase 1 Assessed Property. Either Developer advances pursuant to a Reimbursement Agreement will fund the proportionate share of the estimated costs of the Major Improvements benefitting the Major Improvement Area Excluding Phase 1 Assessed Property. Either Developer advances pursuant to a Reimbursement Agreement or Phase 1 Bonds will fund the proportionate share of the estimated costs of the Major Improvements benefitting the Phase 1 Assessed Property.

Phase 2 is projected to contain 252 residential units. As shown in Appendix D, the total Equivalent Units for Phase 2 is calculated as 129.87. The Major Improvement Area Excluding Phase 1 is projected to contain 741 residential units, one daycare lot and one senior living lot resulting in a total of 425.36 Equivalent Units as shown in Appendix D. As a result, 30.53 percent of the estimated costs of Major Improvements (i.e. $129.87 \div 425.36 = 30.53\%$) are allocated to the Phase 2 Assessed Property and 69.47 percent of the estimated costs of Major Improvements (i.e. $100\% - 30.53\% = 69.47\%$) are allocated to the remainder of the Major Improvement Area Excluding Phase 1 Assessed Property. Either Developer advances pursuant to a Reimbursement Agreement or Phase 2 PID Bonds will fund the proportionate share of the estimated costs of the Major Improvements benefitting the Phase 2 Assessed Property.

D. Allocation of Actual Costs of Phase 1 Authorized Improvements

The Phase 1 Improvements will provide a special benefit to Phase 1 Assessed Property only. Accordingly, the Actual Costs of the Phase 1 Improvements are allocated entirely to Phase 1 Assessed Property based on the special benefit it receives.

Table IV-A summarizes the allocation of Actual Costs for each Phase 1 Authorized Improvement. The costs shown in Table IV-A are estimates and may be revised in Annual Service Plan Updates, but may not result in increased Assessments without consent by each of the owners of the Parcels to the imposition of the increased Assessments to pay for the Actual Costs.

E. Allocation of Actual Costs of Phase 2 Authorized Improvements

The Phase 2 Improvements will provide a special benefit to Phase 2 Assessed Property only. Accordingly, the Actual Costs of the Phase 2 Improvements are allocated entirely to Phase 2 Assessed Property based on the special benefit it receives.

Table IV-B summarizes the allocation of Actual Costs for each Phase 2 Authorized Improvement. The costs shown in Table IV-B are estimates and may be revised in Annual Service Plan Updates, but may not result in increased Assessments without consent by each of the owners of the Parcels to the imposition of the increased Assessments to pay for the Actual Costs.

F. Allocation of Actual Costs of Phased Authorized Improvements

As Future Phases are developed, this Service and Assessment Plan will be amended to identify the Authorized Improvements that confer a special benefit to property inside the Future Phase resulting from the Future Phase Authorized Improvements (e.g. Table IV-A will be amended to show the estimated allocation of Actual Costs for Future Phase Authorized Improvements).

Table IV-A
Allocation of Authorized Improvement Costs

	Estimated Cost	Major Improvement Excluding Phase 1 Assessed Property		Phase 1 Assessed Property	
		% Allocation	Share of Costs	% Allocation	Share of Costs
<i><u>Major Improvements</u></i>					
Road Improvements	\$321,346	67.86%	\$218,062	32.14%	\$103,284
Water Improvements	\$78,085	67.86%	\$52,988	32.14%	\$25,097
Sanitary Sewer Improvements	\$1,525,144	67.86%	\$1,034,946	32.14%	\$490,198
Storm Drainage Improvements	\$82,153	67.86%	\$55,748	32.14%	\$26,405
Contingency for hard costs	\$156,764	67.86%	\$106,378	32.14%	\$50,384
Engineering, design, surveying, geotechnical and materials testing	\$31,210	67.86%	\$21,179	32.14%	\$10,031
General contractor, project general conditions and PID legal fees	\$37,415	67.86%	\$25,389	32.14%	\$12,025
Total Major Improvements	\$2,232,116		\$1,514,691		\$717,427
Estimated PID establishment costs	\$149,341		\$95,310		\$54,031
GRAND TOTAL	\$2,381,457		\$1,610,000		\$771,458
Notes: 1 - The % allocation of the Major Improvements is shown in Section IV.C.					

Table IV-B summarizes the allocation of Actual Costs for each Phase 2 Authorized Improvement.

Table IV-B
Allocation of Authorized Improvement Costs to Phase 2

	Estimated Cost	Major Improvement Excluding Phase 1 Assessed Property		Phase 2 Assessed Property	
		% Allocation ¹	Share of Costs	% Allocation ²	Share of Costs
<i><u>Major Improvements</u></i>					
Road Improvements	\$321,346	67.86%	\$218,062	30.53%	\$66,580
Water Improvements	\$78,085	67.86%	\$52,988	30.53%	\$16,179
Sanitary Sewer Improvements	\$1,525,144	67.86%	\$1,034,946	30.53%	\$315,996
Storm Drainage Improvements	\$82,153	67.86%	\$55,748	30.53%	\$17,021
Contingency for hard costs	\$156,764	67.86%	\$106,378	30.53%	\$32,480
Engineering, design, surveying, geotechnical and materials testing	\$31,210	67.86%	\$21,179	30.53%	\$6,466
General contractor, project general conditions and PID legal fees	\$37,415	67.86%	\$25,389	30.53%	\$7,752
Total Major Improvements	\$2,232,116		\$1,514,691		\$462,474
Estimated PID establishment costs	\$149,341		\$95,310	30.53%	\$29,101
GRAND TOTAL	\$2,381,457		\$1,610,000		\$491,575

Notes: 1 - The % allocation of the Major Improvements is shown in Section IV.C.

1 & 2 - See Section IV.C above for the % calculations.

G. Assessment Methodology

The Actual Costs may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the amount of the Assessments. The Actual Costs may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

1. Assessment Methodology for the Major Improvement Area Excluding Phase 1

For purposes of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the portion of the Major Improvement costs to be funded as Major Improvement Area Excluding Phase 1 Cost shall be allocated to the Major Improvement Area Excluding Phase 1 Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix D using the types, number and average home value of Lots anticipated to be developed on each Parcel. Having taken into consideration the matters described under Sections IV (A) and (B) above, the City Council has determined that allocating the Assessments among Parcels based on average home value is best accomplished by creating classifications of benefited Parcels based on the "Land Use Class"

defined in Appendix D. These classifications [from Land Use Class 1 (one acre Lots) representing the highest residential value to Land Use Class 5 (60 Ft Lot) representing the lowest value for residential lots as well as the non-residential Land Use Classes] are set forth in Appendix D. Assessments are allocated to each Land Use Class on the basis of the average value for each Land Use Class. This is accomplished by giving each Land Use Class an Equivalent Unit factor. Equivalent Units are the ratio of the average value of lots within each Land Use Class, setting the Equivalent Unit factor for Land Use Class 1 (one acre Lots) to 1.0.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. The result of this approach is that each final residential Lot within a recorded subdivision plat with similar values will have the same Assessment, with larger, more valuable Lots having a proportionately larger share of the Assessments than smaller, less valuable Lots. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots.

The Assessment and Annual Installments for each Parcel or Lot located within the Major Improvement Area Excluding Phase I is shown on the Major Improvement Area Excluding Phase I Assessment Roll, attached as Appendix F, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

2. Assessment Methodology for Phase I

For purposes of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the portion of the Phase I Improvements and the portion of the Major Improvements to be financed as Phase I Cost shall be allocated to the Phase I Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix D using the types, number and average home value of the Lots anticipated to be developed on each Parcel within Phase I.

Based on the estimates provided by FC Cuny Corporation of the costs of the Phase I Improvements and the portion of the Phase I Improvements that benefit Phase I, as set forth in Table III-B, the City Council has determined that the benefit to Phase I property of the Phase I Improvements is at least equal to the Assessments levied on the Phase I property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. The

result of this approach is that each final residential Lot within a recorded subdivision plat with similar values will have the same Assessment, with larger, more valuable Lots having a proportionately larger share of the Assessments than smaller, less valuable Lots. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots.

The Assessment and Annual Installments for each Parcel or Lot located within Phase 1 is shown on the Phase 1 Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

3. Assessment Methodology for Phase 2

For purposes of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the portion of the Phase 2 Improvements and the portion of the Major Improvements to be financed as Phase 2 Cost shall be allocated to the Phase 2 Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix D using the types, number and average home value of the Lots anticipated to be developed on each Parcel within Phase 2.

Based on the estimates provided by FC Cuny Corporation of the costs of the Phase 2 Improvements and the portion of the Phase 2 Improvements that benefit Phase 2, as set forth in Table III-C, the City Council has determined that the benefit to Phase 2 property of the Phase 2 Improvements is at least equal to the Assessments levied on the Phase 2 property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. The result of this approach is that each final residential Lot within a recorded subdivision plat with similar values will have the same Assessment, with larger, more valuable Lots having a proportionately larger share of the Assessments than smaller, less valuable Lots. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots.

The Assessment and Annual Installments for each Parcel or Lot located within Phase 2 is shown on the Phase 2 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

4. Assessment Methodology for Future Phases

When any given Future Phase is developed, this Service and Assessment Plan will be amended to determine the assessment methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited within each Future Phase.

H. Assessments

The Assessments for the applicable Authorized Improvements will be levied on each Parcel according to the Major Improvement Area Excluding Phase 1 Assessment Roll and the Phase 1 Assessment Roll, attached hereto as Appendix F and Appendix G, respectively. The Annual Installments will be collected at the time and in the amounts shown on the Major Improvement Area Excluding Phase 1 Assessment Roll and the Phase 1 Assessment Roll, respectively, subject to any revisions made during an Annual Service Plan Update.

I. Administrative Expenses

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of Assessment levied against the Parcel. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Major Improvement Area Excluding Phase 1 Assessment Roll, and the Phase 1 Assessment Roll and the Phase 2 Assessment Roll, which may be revised based on actual costs incurred in Annual Service Plan Updates.

J. Prepayment Reserve

Pursuant to the PID Act, the interest rate for Assessments may exceed the actual interest rate per annum paid on the related Bonds or Reimbursement Agreement obligations, if any, by no more than one half of one percent (0.50%). The interest rate used to determine the Assessments is one half of one percent (0.50%) per annum higher than the actual rate paid on the Bonds or Reimbursement Agreement obligations, with up to 0.20% allocated to fund the associated interest charged between the date of prepayment of an Assessment and the date on which Bonds or Reimbursement Agreement obligations are prepaid, and up to 0.30% allocated to fund a delinquency reserve account as described below.

K. Delinquency Reserve

The City has allocated up to 0.50% of the interest rate component of the Annual Installments to offset any possible delinquent payments. The additional reserve shall be funded up to 10% of the subsequent year's debt service for the related Bonds or Reimbursement Agreement obligations, but in no event will the annual collection be more than an additional 0.50% on the outstanding Bonds or Reimbursement Agreement obligations. The City may allocate up to 0.50% of the interest rate component of the Annual Installments to any other use that benefits the Assessed Property, as determined by the City Council.

Section V SERVICE PLAN

A) Sources and Uses of Funds

The PID Act requires the service plan to cover a period of at least five years. The service plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the PID during a five-year period. It is anticipated that it will take approximately 12 months for the Major Improvements to be constructed and approximately 12 months for the Phase 1 Improvements to be constructed. At some point after the Major Improvements and Phase 1 Improvements are constructed, Phase 2 will begin development. After Phase 2 is developed, it is anticipated that Phase 3 will begin development, and so on, with each Future Phase to be subsequently developed corresponding with a Service and Assessment Plan update for that Future Phase.

The Major Improvements Area Excluding Phase 1 Cost is \$1,610,000 as shown in Table V-A. The Major Improvements Area Excluding Phase 1 Cost will be reimbursed to the Developer, plus interest, in accordance with a Reimbursement Agreement solely from Major Improvements Area Excluding Phase 1 Revenues received and collected by the City. The obligations of the City under this Service and Assessment Plan and the Reimbursement Agreement do not create a debt or other obligation payable from any other City revenues, taxes, income or property.

The Phase 1 Cost is \$10,700,000 as shown in Table V-A. The Phase 1 Cost will be reimbursed to the Developer, plus interest, in accordance with a Reimbursement Agreement solely from Phase 1 Revenues received and collected by the City. The obligations of the City under this Service and Assessment Plan and the Reimbursement Agreement do not create a debt or other obligation payable from any other City revenues, taxes, income or property.

The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the estimated Authorized Improvement costs, and updating the Assessment Roll. Any update to this Service and Assessment Plan is herein referred as an "Annual Service Plan Update."

Table V-A summarizes the Major Improvement Area Excluding Phase 1 Cost and the Phase 1 Cost. The information provided in Table V-A shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs.

As Future Phases are developed, this Service and Assessment Plan will be amended to include costs of Authorized Improvements for those Future Phases (e.g. Table V-A will be amended to add Phase 2).

**Table V-A
Sources and Uses of Funds**

	Phase 1 Costs financed with Series 2015 Phase 1A Bonds	Phase 1 Costs financed with Reimbursement Agreement	Total Phase 1 Cost
<u>Major Improvements</u>			
Road Improvements	\$53,721	\$49,563	\$103,284
Water Improvements	\$13,054	\$12,043	\$25,097
Sanitary Sewer Improvements	\$254,965	\$235,233	\$490,198
Storm Drainage Improvements	\$13,734	\$12,671	\$26,405
Contingency for hard costs	\$26,206	\$24,178	\$50,384
Engineering, design, surveying, geotechnical and materials testing	\$5,217	\$4,814	\$10,031
General contractor, project general conditions and PID legal fees	\$6,256	\$5,772	\$12,028
Subtotal	\$373,153	\$344,274	\$717,427
<u>Phase 1 Improvements</u>			
Road Improvements	\$1,612,174	\$1,886,824	\$3,498,998
Water Improvements	\$1,037,415	\$542,051	\$1,579,466
Sanitary Sewer Improvements	\$486,848	\$525,613	\$1,012,461
Storm Drainage Improvements	\$1,091,462	\$525,816	\$1,617,278
Contingency for hard costs	\$446,700	\$348,030	\$794,730
Engineering, design, surveying, geotechnical and materials testing	\$414,647	\$362,000	\$776,647
General contractor	\$302,894	\$274,450	\$577,344
Project general conditions	\$101,184	\$157,000	\$258,184
PID legal fees	\$93,000	\$183,000	\$276,000
Subtotal	\$5,586,324	\$4,804,784	\$10,391,108
PID establishment costs	\$28,103	\$25,928	\$54,031
Debt service reserve	\$571,188	\$0	\$571,188
Capitalized interest	\$151,383	\$0	\$151,383
Other bond issuance costs including underwriter's discount, financial advisors, bond counsel etc.	\$1,071,000	\$0	\$1,071,000
Total	\$7,781,150	\$5,776,414	\$12,956,137
Less: Developer contributions	(\$181,150)	(\$2,074,986)	(\$2,256,137)
Total Phase 1 Cost	\$7,600,000	\$3,100,000	\$10,700,000

Note: The proceeds of the Phase 1A Bonds are anticipated to be used by the Developer to finance construction of the remaining Phase 1 Costs that have not yet been constructed as part of Phases 1A and/or 1B.

While the Phase 1A Bonds and the City's payment obligations under the Reimbursement Agreement are both secured by the Assessments levied on the Phase 1 Assessed Property, the payment of debt service on the Phase 1A Bonds is superior in right to the payment obligations under the Reimbursement Agreement.

Table V-B summarizes the Major Improvement Area Excluding Phase 1 Cost and the Phase 2 Cost. The information provided in Table V-B shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs.

Table V-B
Estimated Sources and Uses of Funds (Phase 2)

Phase 2 Cost	
<u>Estimated Sources of Funds</u>	
Phase 2 PID Bonds and Reimbursement Agreement for Phase 2 (1)	\$7,575,000
Other funding sources	\$2,932,407
Total Estimated Sources	\$10,507,407
<u>Estimated Uses of Funds</u>	
<u>Major Improvements</u>	
Road Improvements	\$66,580
Water Improvements	\$16,179
Sanitary Sewer Improvements	\$315,996
Storm Drainage Improvements	\$17,021
Contingency for hard costs	\$32,480
Engineering, design, surveying, geotechnical and materials testing	\$6,466
General contractor, project general conditions and PID legal fees	\$7,752
<i>Subtotal</i>	<i>\$462,474</i>
<u>Phased Improvements</u>	
Road Improvements	\$2,349,701
Water Improvements	\$1,008,093
Sanitary Sewer Improvements	\$920,852
Storm Drainage Improvements	\$1,777,546
Engineering, design, surveying, geotechnical and materials testing	\$880,428
Estimated general contractor	\$419,446
Estimated project general conditions	\$279,195
Estimated PID legal fees	\$284,568
<i>Subtotal</i>	<i>\$7,919,829</i>
Estimated PID establishment costs	\$29,101
Estimated capitalized interest	\$467,378
Estimated debt service reserve fund	\$568,125
Estimated other bond issuance costs including underwriter's discount, financial advisors, bond counsel etc.	\$1,060,500
Total Estimated Uses	\$10,507,407

(1) Although the Assessments being levied against the Phase 2 Assessed Property are initially being levied to reimburse the Developer pursuant to the Reimbursement Agreement relating to Phase 2, the City anticipates issuing Phase 2 PID Bonds to finance the Phase 2 Costs.

B) Annual Projected Costs and Annual Projected Indebtedness

The annual projected costs and annual projected indebtedness is shown by Table V-C. The annual projected costs and indebtedness is subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year. The project indebtedness will either reflect anticipated or outstanding Bonds or Reimbursement Agreement obligations or both.

Table V-C
Annual Projected Costs and Annual Projected Indebtedness

Year	Annual Projected Cost	Annual Projected Indebtedness	Sources other than Bonds
2015	\$14,894,703	\$12,310,000	\$2,584,703
2016	\$0	\$0	\$0
2017	\$10,044,933	\$7,575,000	\$2,469,933
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0
	\$24,939,636	\$19,885,000	\$5,054,636

The annual projected costs shown in Table V-C are the annual expenditures relating to the Major Improvement Area Authorized Improvements shown in Table III-A, the Phase 1 Improvements shown in Table III-B, the Phase 2 Improvements shown in Table III-C and the costs associated with setting up the PID and Bond issuance costs including reserves shown in Table V-A and V-B. The difference between the total projected cost and the total projected indebtedness is the amount contributed by the Developer in excess of those advances made by the Developer pursuant to a Reimbursement Agreement. As Future Phases are developed, this Table V-C will be updated to identify the Phased PID Bond Authorized Improvements and the projected indebtedness. The project indebtedness will either reflect anticipated or outstanding Bonds or Reimbursement Agreement obligations or both.

C) Major Repair and Extraordinary Maintenance of the Authorized Improvements

Administrative and operation expenses of the PID shall include the expenses of major repair and extraordinary maintenance of the Authorized Improvements in order to operate and maintain the applicable Authorized Improvements in a manner consistent with the City's standards for similar public improvements throughout the City. The Annual Installments may include in Administrative Expenses an amount to pay such expenses.

Section VI
TERMS OF THE ASSESSMENTS

A. Amount of Assessments and Annual Installments for Parcels Located within Major Improvement Area Excluding Phase 1

The Assessment and Annual Installments for each Parcel of Assessed Property located within the Major Improvement Area Excluding Phase 1 is shown on the Major Improvement Area Excluding Phase 1 Assessment Roll, attached as Appendix F, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act. The Annual Installments shall be collected in an amount sufficient to pay principal and interest on financing obligations, to fund the prepayment reserve and delinquency reserve described in Section IV, and to cover Administrative Expenses of the Major Improvement Area.

B. Amount of Assessments and Annual Installments for Parcels Located Within Phase 1

The Assessment and Annual Installments for each Assessed Property located within Phase 1 is shown on the Phase 1 Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act. The Annual Installments shall be collected in an amount sufficient to pay principal and interest on financing obligations, to fund the prepayment reserve and delinquency reserve described in Section IV, and to cover Administrative Expenses of Phase 1.

C. Amount of Assessments and Annual Installments for Parcels Located Within Future Phases

Amount of Assessments and Annual Installments for Parcels Located Within Phase 2

The Assessment and Annual Installments for each Assessed Property located within Phase 2 is shown on the Phase 2 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act. The Annual Installments shall be collected in an amount sufficient to pay principal and interest on financing obligations, to fund the prepayment reserve and delinquency reserve described in Section IV, and to cover Administrative Expenses of Phase 2.

As Future Phases are developed, this Service and Assessment Plan will be amended to determine the Assessment and Annual Installments for each Assessed Property located within Future Phases (e.g., an Appendix will be added as the Assessment Roll for Phase 2). The Assessments shall not exceed the benefit received by the Assessed Property.

D. Reallocation of Assessments for Parcels Located Within the Major Improvement Area and Phase 1

1. Upon Subdivision Prior to Recording of Subdivision Plat

Upon the subdivision of any Parcel of Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the Parcel prior to the subdivision among the newly divided Parcels according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

A = the Assessment for the new subdivided Parcel

B = the Assessment for the Parcel prior to subdivision

C = the Equivalent Units of the newly subdivided Parcel

D = the sum of the Equivalent Units for all of the newly subdivided Parcels

The calculation of the Equivalent Units of a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcels prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

2. Upon Subdivision by a Recorded Subdivision Plat

Upon the subdivision of any Assessed Property based on a recorded Subdivision Plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

A = the Assessment for the new subdivided Lot

B = the Assessment for the Parcel prior to subdivision

C = the Equivalent Units of the new subdivided Lot

D = the sum of the Equivalent Units for all of the new subdivided Lots

The calculation of the estimated number of units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding

the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

3. Upon Consolidation

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Any reallocation pursuant to this section shall be calculated by the Administrator and reflected in an update to this Service and Assessment Plan approved by the City Council.

E. Reallocation of Assessments for Parcels Located Within Future Phases

As Future Phases are developed, this Service and Assessment Plan will be updated to determine the assessment reallocation methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited within each Future Phase.

F. Mandatory Prepayment of Assessments

1. If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the Principal Portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.

3. The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

G. Reduction of Assessments

1. If after all Authorized Improvements to be funded with a series of Bonds have been completed, including any additional Authorized Improvements described in Section VI.J and Section VI.K, and Actual Costs for such Authorized Improvements are less than the Actual Costs used to calculate the Assessments securing such series of Bonds, resulting in excess Bond proceeds being available to redeem Bonds of such series, then the Assessment securing such series of Bonds for each Parcel of Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting reduced Assessments for all Assessed Properties equals the

actual reduced Actual Costs and such excess Bond proceeds shall applied to redeem Bonds of such series. The Assessments shall not be reduced to an amount less than the related outstanding series of Bonds. If all of the Authorized Improvements are not completed, the City may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed.

2. If the Authorized Improvements to be funded with a series of Bonds, including any additional Authorized Improvements described in Section VI.J and Section VI.K, are not undertaken by the City, resulting in excess Bond proceeds being available to redeem Bonds of such series, the Assessment securing such series of Bonds for each Assessed Property shall be reduced by the City Council to reflect only the Actual Costs that were expended and such excess Bond proceeds shall be applied to redeem Bonds of such series. The City Council shall reduce such Assessments for each Assessed Property pro rata such that the sum of the resulting reduced Assessments equals the Actual Costs with respect to such Authorized Improvements that were undertaken. The Assessments shall not be reduced to an amount less than the related outstanding series of Bonds.

3. If after all Authorized Improvements to be funded with Developer advances pursuant to a Reimbursement Agreement have been completed, including any additional Authorized Improvements described in Section VI.J and Section VI.K, and Actual Costs for such Authorized Improvements are less than the Actual Costs used to calculate the Assessments securing such reimbursement obligations, then the Assessment securing such reimbursement obligations for each Parcel of Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting reduced Assessments for all Assessed Properties equals the actual reduced Actual Costs. The Assessments shall not be reduced to an amount less than the related outstanding reimbursement obligations. If all of the Authorized Improvements are not completed, the City may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed.

H. Payment of Assessments

I. Payment in Full

(a) The Assessment for any Parcel may be paid in full at any time. Payment shall include all Prepayment Costs. If prepayment in full will result in redemption of Bonds, the payment amount shall be reduced by the amount, if any, of interest through the date of redemption of Bonds and reserve funds applied to the redemption under the Indenture, net of any other costs applicable to the redemption of Bonds.

(b) If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.

(c) Upon payment in full of an Assessment and all Prepayment Costs, the City shall deposit the payment in accordance with the Indenture, if any, or a Reimbursement Agreement; whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.

(d) At the option of the owner, the Assessment on any Parcel plus Prepayment Costs may be paid in part in an amount sufficient to allow for redemption of Bonds in authorized denominations as determined by the Administrator. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

2. Payment in Annual Installments

The PID Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the PID Act authorizes the City to collect interest and collection costs on the outstanding Assessment. An Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown in the Major Improvement Area Assessment Roll and Phase 1 Assessment Roll, which includes interest on the outstanding Assessment and Administrative Expenses.

Each Assessment for a Phase shall bear interest at a rate of interest on the Bonds and/or Reimbursement Agreement approved and issued by the City to fund all or a portion of the Authorized Improvements for such Phase plus up to 0.5%. The Annual Installments as listed on the Major Improvement Area Excluding Phase 1 Assessment Roll and Phase 1 Assessment Roll have been calculated assuming an interest rate of 8.00 percent (for years 1 through 5) and 6.43 percent (for years 6 through 30), the Annual Installments as listed on the Phase 1 Assessment Roll have been calculated using interest rates of 5.000%, 5.125%, 5.375% and 5.500% for the Phase 1A serial Bonds through 2019, Phase 1A term Bonds due 2028, Phase 1A term Bonds due 2035 and Phase 1A term Bonds due 2040, respectively, and 5.314407% for the Phase 1 Reimbursement Agreement amount due in 2016 and 6.350% for the remaining Reimbursement Agreement amounts through 2045. Each Assessment on a Phase 2 Assessed Property shall be paid with interest based on an interest rate of 8.92% per annum for years 1 through 5 and 5.92% per annum following the fifth Annual Installment. Each Assessment shall be paid at a rate not to exceed five hundred basis points above the highest average index rate for tax-exempt bond reported in a daily or weekly bond index approved by the City and reported in the month prior to the establishment of the Assessments and continuing for a period of five years from such date. Such rate shall then adjust and shall not exceed two hundred basis points above the bond index rate described above and shall continue until the Assessments are paid in full. The index approved by the City is the Bond Buyer Index for which the highest average rate during the month prior to the date of levy was 3.92%. The City has determined that the Assessments shall bear interest at the estimated rate of 8.92% per annum for years 1 through 5 and 5.92% per annum following the fifth Annual Installment, which rate are equal to the initial maximum allowable rate of interest of 8.92% and equal to the maximum allowable rate of interest following the fifth Annual Installment, which would be 5.92%. The Annual Installments may not exceed the amounts shown on the Major Improvement Area Excluding Phase 1 Assessment Roll and Phase 1 Assessment Roll and Phase 2 Assessment Roll except pursuant to any amendment or update to this Service and Assessment Plan.

The Annual Installments shall be reduced to equal the actual costs of repaying the related series of Bonds if any, or obligations pursuant to a Reimbursement Agreement, and actual Administrative Expenses (as provided for in the definition of such term), taking into

consideration any other available funds for these costs, such as interest income on account balances.

The City reserves and shall have the right and option to refund the Bonds in accordance with Section 372.027 of the PID Act. In the event of such refunding, the Administrator shall recalculate the Annual Installments, and if necessary, may adjust, or decrease, the amount of the Annual Installments so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the refunding bonds when due and payable as required by and established in the ordinance and/or the indenture authorizing and securing the refunding bonds, and such refunding bonds shall constitute Bonds for purposes of this Service and Assessment Plan.

I. Collection of Annual Installments

No less frequently than annually, the Administrator shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Major Improvement Area Excluding Phase 1 Assessment Roll, Phase 1 Assessment Roll, and a calculation of the Annual Installment for each Parcel. Administrative Expenses shall be allocated among Parcels in proportion to the amount of the Annual Installments for the Parcels. Each Annual Installment shall be reduced by any credits applied under any applicable Indenture, such as capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, including any existing deposits for a prepayment reserve. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City. The City Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the PID Act.

The collection of the first Annual Installment for a Phase 2 Lot or Phase 2 Parcel shall commence upon the earlier of: (i) the 1st day of the first full month immediately following the recording of the final plat for that Lot or Parcel in the official public records of Rockwall County, Texas, (ii) the issuance of one or more series of Phase 2 PID Bonds, or (iii) the two year anniversary of the levy of Assessments on the Phase 2 Assessed Property. Such first Annual Installment for a Phase 2 Lot or Phase 2 Parcel shall be due by January 31st of the following calendar year.

Any sale of property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Installments against such property as they become due and payable.

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be assessed by September 1 and shall be due on October 1 once such Annual Installments become due. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

J. Surplus Funds Remaining in Phase 1 PID Bond Account

If Phase 1 PID Bond proceeds, if any, still remain after all of the Phase 1 Improvements (including Phase 1's share of the Major Improvements) are constructed and accepted by the City, the proceeds may be utilized to finance other Authorized Improvements that specially benefit all Phase 1 Assessed Property. If there are no other Authorized Improvements to be constructed that specially benefit the Phase 1 Assessed Property, then the surplus funds shall be used to reduce the Assessments as described under Section VI.G of this Service and Assessment Plan.

K. Surplus Funds Remaining in Phase 2 PID Bond Account

If Phase 2 PID Bond proceeds, if any, still remain after all of the Phase 2 Improvements (including Phase 2's share of the Major Improvements) are constructed and accepted by the City, the proceeds may be utilized to finance other Authorized Improvements that specially benefit all Phase 2 Assessed Property. If there are no other Authorized Improvements to be constructed that specially benefit the Phase 2 Assessed Property, then the surplus funds shall be used to reduce the Assessments as described under Section VI.G of this Service and Assessment Plan.

Section VII THE ASSESSMENT ROLL

A. Major Improvement Area Excluding Phase 1 Assessment Roll

Each Parcel within the Major Improvement Area has been evaluated by the City Council (based on the Planned Development District Ordinance, developable area, proposed Homeowner Association Property and Public Property, the Major Improvements, best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within the Parcel.

Major Improvement Area Excluding Phase 1 Assessed Property will be assessed for the special benefits conferred upon the property as a result of the proportionate share of Major Improvements. Table IV-A summarizes the \$1,610,000 in special benefit received by Major Improvement Area Excluding Phase 1 Assessed Property from the Major Improvements, the costs of the PID formation, and Bond issuance costs. The amount under the Reimbursement Agreement for the Major Improvement Area Excluding Phase 1 is \$1,610,000, which is equal to the benefit received by Major Improvement Area Excluding Phase 1 Assessed Property, and as such the total Assessment for all Assessed Property within the Major Improvement Area Excluding Phase 1 is \$1,610,000 plus annual Administrative Expenses. The Assessment for each Parcel of Assessed Property within the Major Improvement Area Excluding Phase 1 is calculated based on the allocation methodologies described in Section IV.F of this Service and Assessment Plan. The Major Improvement Area Excluding Phase 1 Assessment Roll is attached hereto as Appendix F.

B. Phase 1 Assessment Roll

Each Parcel within Phase 1 has been evaluated by the City Council (based on the Planned Development District Ordinance, developable area, proposed Homeowner Association Property and Public Property, the Phase 1 Improvements, a proportionate share of the Major Improvements, best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within the Parcel.

Phase 1 Assessed Property will be assessed for the special benefits conferred upon the property as a result of the Phase 1 Improvements that benefit Phase 1, and the proportionate share of the Major Improvements. Table IV-A summarizes the \$13,284,703 in special benefit received by Phase 1 Assessed Property from the Phase 1 Improvements that benefit Phase 1, a proportionate share of the Major Improvements, the costs of the PID formation, and Phase 1 PID Bond issuance costs. The amount of Phase 1A Bonds and the amount under the Reimbursement Agreement for Phase 1 is \$10,700,000, which is less than the benefit received by Phase 1 Assessed Property, and as such the total Assessment for all Assessed Property within Phase 1 is \$10,700,000 plus annual Administrative Expenses. The Assessment for each Parcel of Assessed Property within Phase 1 is calculated based on the allocation methodologies described in Section IV.F of this Service and Assessment Plan. The Phase 1 Assessment Roll is attached hereto as Appendix G.

C. Phase 2 Assessment Roll

Each Parcel within Phase 2 has been evaluated by the City Council (based on the Planned Development District Ordinance, developable area, proposed Homeowner Association Property and Public Property, the Phase 2 Improvements, a proportionate share of the Major Improvements, best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within the Parcel.

Phase 2 Assessed Property will be assessed for the special benefits conferred upon the property as a result of the Phase 2 Improvements that benefit Phase 2, and the proportionate share of the Major Improvements. Table IV-B summarizes the \$10,044,933 in special benefit received by Phase 2 Assessed Property from the Phase 2 Improvements that benefit Phase 2, a proportionate share of the Major Improvements, the costs of the PID formation, and Phase 2 PID Bond issuance costs. The amount of Phase 2 PID Bonds, if issued, and the amount under the Reimbursement Agreement for Phase 2 is \$7,575,000, which is less than the benefit received by Phase 2 Assessed Property, and as such the total Assessment for all Assessed Property within Phase 2 is \$7,575,000 plus annual Administrative Expenses. The Assessment for each Parcel of Assessed Property within Phase 2 is calculated based on the allocation methodologies described in Section IV.F of this Service and Assessment Plan. The Phase 2 Assessment Roll is attached hereto as Appendix H.

D. Future Phase Assessment Roll

As Future Phases are developed, this Service and Assessment Plan will be updated to determine the Assessment for each Parcel located within Future Phases (e.g., an Appendix will be added as the Assessment Roll for Phase 3, etc.).

E. Annual Assessment Roll Updates

The Administrator shall prepare, and shall submit to the City Council for approval, annual updates to the Major Improvement Area Excluding Phase 1 Assessment Roll and Phase 1 Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the PID Act: (i) the identification of each Parcel; (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.H of this Service and Assessment Plan. The timing of such annual updates shall be structured to correspond with the City budget approval and tax collection cycles, as much as practicable.

Once Bonds are issued, the Assessment Roll shall be updated, which update may be done in the next Annual Service Plan Update, to reflect any changes resulting from the issuance of the Bonds. This update shall reflect the actual interest on the Bonds on which the Annual Installments shall be paid, any reduction in the Assessments, and any revisions in the Actual Costs to be funded by Bonds and other funds.

Section VIII
MISCELLANEOUS PROVISIONS

A. Administrative Review

The City may elect to designate a third party to serve as Administrator. The City shall notify Developer in writing at least thirty (30) days in advance before appointing a third party Administrator.

To the extent consistent with the Act, an owner of an Assessed Property claiming that a calculation error has been made in the Assessment Roll, including the calculation of the Annual Installment, shall send a written notice describing the error to the City not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Property owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made and the Assessment Roll should be modified or changed in favor of the Assessed Parcel owner, such change or modification shall be presented to the City Council for approval, to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Parcel owner (except for the final year during which the Annual Installment shall be collected or if it is determined there are sufficient funds to meet the expenses of the PID for the current year), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to the Assessment Roll may be appealed to the City Council. Any amendments made to the Assessment Roll pursuant to calculations errors shall be made pursuant to the PID Act.

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

B. Termination of Assessments

The Assessment on a Parcel shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment, and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable "Notice of the PID Assessment Termination."

C. Amendments

Amendments to the Service and Assessment Plan can be made as permitted or required by the PID Act and under Texas law.

The City Council reserves the right to the extent permitted by the PID Act to amend this Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels: (i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide

procedures for the collection and enforcement of Assessments, Prepayment Costs, Collection Costs, and other charges imposed by this Service and Assessment Plan.

D. Administration and Interpretation of Provisions

The City Council shall administer (or cause the administration of) the PID, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act, and shall make all interpretations and determinations related to the application of this Service and Assessment Plan unless stated otherwise herein or in the Indenture, which determination shall be conclusive.

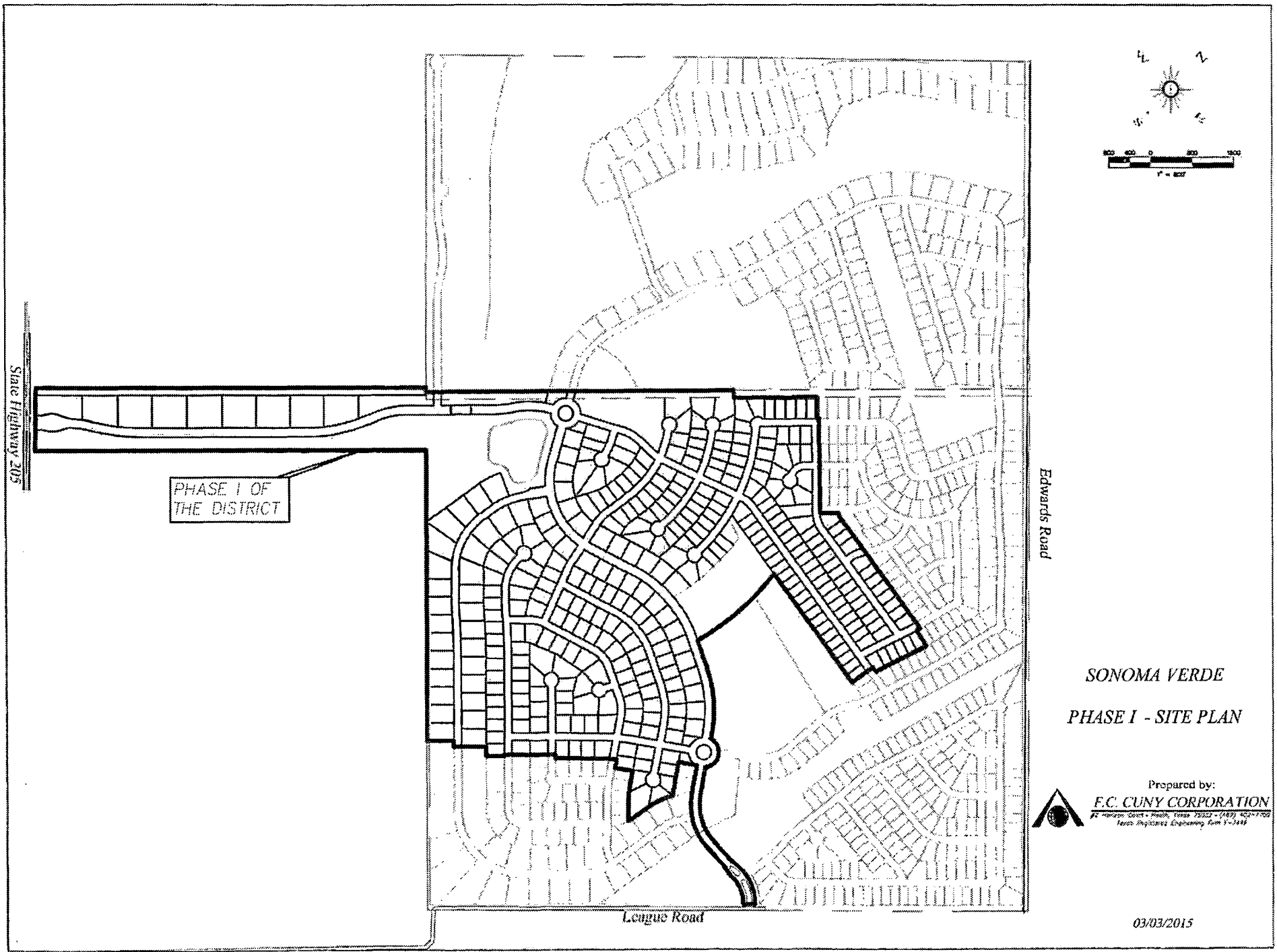
E. Severability

If any provision, section, subsection, sentence, clause or phrase of this Service and Assessment Plan or the application of same to an Assessed Parcel or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Service and Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Service and Assessment Plan that no part hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this Service and Assessment Plan are declared to be severable for that purpose.

If any provision of this Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

Appendix A

PID and Phase MAPs



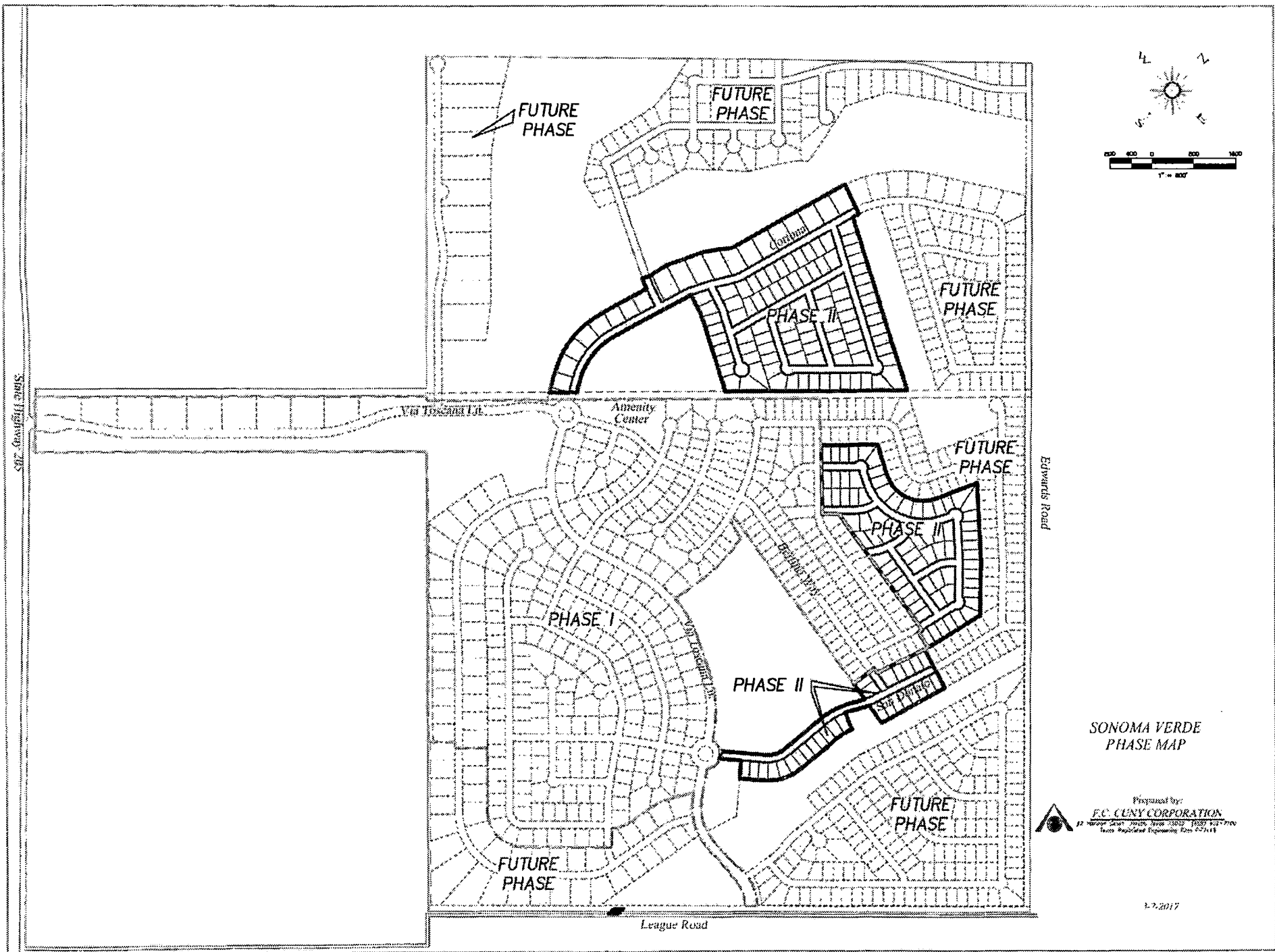
SONOMA VERDE

PHASE I - SITE PLAN



Prepared by:
F.C. CUNY CORPORATION
PL: Madison, Scott + Proffitt, Texas 75352 - (409) 402-7700
Texas Registered Engineering Firm 5-3488

03/03/2015



SONOMA VERDE
PHASE MAP

Prepared by:
F.C. CUNY CORPORATION
12 "Sonoma Verde" Phase Map (10/17/17) (10/17/17)
Texas Registered Engineering Firm #27418

1-7-2017

Appendix B
Authorized Improvement Estimated Costs

Appendix B

Details of Authorized Improvements

Authorized Improvement	Estimated Costs ¹			
	Major Improvements	Phase I Improvements financed with Series 2015 PID Bonds	Phase I Improvements financed with Reimbursement Agreement	Total
Roadway Improvements				
Right-of-way clearing & Grubbing	\$1,162	\$15,438	\$238,055	\$254,655
Street Excavation	\$6,720	\$89,280	\$61,955	\$157,955
Lime Stabilization	\$7,953	\$105,666	\$68,528	\$182,148
Lime Material	\$9,611	\$127,692	\$84,974	\$222,277
Concrete Paving	\$89,175	\$1,184,747	\$887,576	\$2,161,498
Conc. Pvmnt to Leauge & asphalt overlay to 205	\$200,000	\$0	\$350,000	\$550,000
Concrete Header & Barricade	\$949	\$12,614	\$0	\$13,564
Sawcut & Connect to Exiting Paving	\$25	\$335	\$3,000	\$3,360
5' Concrete Flumes	\$214	\$2,838	\$29,680	\$32,732
Maintenance Bond	\$945	\$12,555	\$18,556	\$32,056
Street Signs	\$665	\$8,835	\$12,500	\$22,000
Street Lights	\$1,330	\$17,670	\$30,000	\$49,000
Erosion Control and Storm Water Pollution Prevention	\$2,597	\$34,503	\$102,000	\$139,100
Subtotal - Road Improvements	\$321,346	\$1,612,174	\$1,886,824	\$3,820,345
Water Distribution System Improvements				
12" Water SDR-21 CL 200 W/ Sand Embedment	\$27,739	\$368,539	\$54,588	\$450,866
8" Water SDR-21 CL 200 W/ Sand Embedment	\$22,293	\$296,176	\$119,963	\$438,432
12" Valves	\$6,948	\$92,303	\$13,268	\$112,518
8" Valves	\$2,694	\$35,786	\$26,160	\$64,640
6" Valves	\$1,628	\$21,623	\$21,538	\$44,788
Fire Hydrant w/ 6" lead	\$5,555	\$73,796	\$73,611	\$152,961
Fittings	\$2,979	\$39,581	\$40,095	\$82,655
12"x8" T.S. W/ Valve	\$581	\$7,719	\$1,545	\$9,845
1" Service / Meter Box (Domestic)	\$5,358	\$71,182	\$172,040	\$248,580
2" Irrig. Serv. w/ Dbl. Chk. w/ Backflow Prev.	\$326	\$4,325	\$2,885	\$7,535
Testing Onsite Waterline	\$616	\$8,184	\$8,179	\$16,979
Trench Safety	\$23	\$310	\$8,179	\$8,512
1" Blow Off	\$129	\$1,711	\$0	\$1,840
16" Steel Encasement	\$1,218	\$16,182	\$0	\$17,400
Subtotal - Water Improvements	\$78,085	\$1,037,415	\$542,051	\$1,657,551
Sanitary Sewer Collection System Improvements				
Offsite Sewer	\$1,488,500	\$0	\$0	\$1,488,500
8" PVC Sanitary Sewer Line	\$20,830	\$276,744	\$224,923	\$522,497
12" PVC Sanitary Sewer Line	\$377	\$5,009	\$0	\$5,387
6" PVC Sanitary Sewer Line	\$2,527	\$33,573	\$0	\$36,100
4' Manhole	\$5,600	\$74,400	\$134,954	\$214,954
5' Manhole w/ Internal Drop Connection	\$319	\$4,232	\$0	\$4,550
Cleanout	\$95	\$1,265	\$3,200	\$4,560
4" Lateral Service	\$4,299	\$57,111	\$141,680	\$203,090
TV / Testing (per City specs.)	\$1,016	\$13,504	\$8,179	\$22,699
Trench Safety	\$102	\$1,350	\$8,179	\$9,631
Concrete RipRap	\$216	\$2,864	\$0	\$3,080
Concrete Encasement	\$168	\$2,232	\$4,498	\$6,898
12" encasement Pipe	\$1,096	\$14,564	\$0	\$15,660
Subtotal - Sanitary Improvements	\$1,525,144	\$486,848	\$525,613	\$2,537,606

Appendix B

Authorized Improvement	Estimated Costs ¹			
	Major Improvements	Phase 1 Improvements financed with Series 2015 PID Bonds	Phase 1 Improvements financed with Reimbursement Agreement	Total
Storm Collection system Drainage Improvements				
Detention Pond & Channel Excavation	\$23,968	\$318,432	\$50,000	\$392,400
Box Culvert	\$22,680	\$301,320	\$100,000	\$424,000
Reinforced Concrete Storm Sewer Pipe	\$27,279	\$362,426	\$325,000	\$714,705
Inlets	\$5,209	\$69,211	\$20,000	\$94,420
Reinforced Concrete Headwalls	\$785	\$10,425	\$6,500	\$17,710
Trench Safety	\$23	\$307	\$12,661	\$12,991
Grade to Drain	\$1,400	\$18,600	\$11,655	\$31,655
Rock Rip Rap	\$809	\$10,742	\$0	\$11,550
Subtotal - Drainage Improvements	\$82,153	\$1,091,462	\$525,816	\$1,699,431
Total	\$2,006,728	\$4,227,899	\$3,480,303	\$9,714,930
Soft Costs				
Contingency hard costs (10%)	\$156,764	\$446,700	\$348,030	\$951,493
Engineering, Design & Surveying fees	\$29,110	\$386,747	\$312,000	\$727,857
Geotechnical and Materials Testing	\$2,100	\$27,900	\$50,000	\$80,000
General Contractor fee	\$22,798	\$302,894	\$274,450	\$600,143
General Conditions	\$7,616	\$101,184	\$157,000	\$265,800
PID Legal	\$7,000	\$93,000	\$183,000	\$283,000
Subtotal Soft Costs	\$225,388	\$1,358,424	\$1,324,480	\$2,908,293
Grand Total Improvements + Soft Costs	\$2,232,116	\$5,586,324	\$4,804,783	\$12,623,223
Estimated PID establishment expenses	\$95,311	\$28,103	\$25,928	\$149,342
Allocation of Major Improvements to Phase I	(\$717,427)	\$373,153	\$344,274	\$0
Total Costs	\$1,610,000	\$5,987,580	\$5,174,985	\$12,772,565
Estimated Bond issuance costs				
Estimated debt service reserve	\$0	\$571,188	\$183,833	\$755,020
Estimated capitalized interest	\$0	\$151,383	\$0	\$151,383
Estimated other bond issuance costs including underwriter's discount, financial advisors, bond counsel etc.	\$0	\$1,071,000	\$417,595	\$1,488,596
Total Costs including estimated Bond issuance costs	\$1,610,000	\$7,781,151	\$5,776,413	\$15,167,564
Less: Developer contributions and Bond issuance costs	\$0	(\$181,151)	(\$2,676,413)	(\$2,857,564)
Major Improvement Area Excluding Phase I Cost	\$1,610,000			\$1,610,000
Phase I Cost	\$0	\$7,600,000	\$3,100,000	\$10,700,000

1 - The costs shown in this Appendix B are estimates and may be revised in Annual Service Plan Updates.

SONOMA VERDE	Phase 2
Authorized Improvements	Improvements
Road Improvements:	
Right-of-way clearing & Grubbing	\$96,180
Street Excavation	\$184,614
Lime Stabilization	\$139,198
Lime Material	\$136,825
Concrete Paving	\$1,576,756
Asphalt Overlay	\$30,280
ADA Ramps	\$55,120
Sawcut & Connect to Existing Paving	\$15,428
Street Signs	\$17,000
Street Lights	\$14,331
Erosion Control and Storm Water Pollution Prevention	\$71,923
Maintenance Bond	\$12,047
Subtotal - Road Improvements	\$2,349,701

Storm Drainage Improvements:	
Basic storm sewer installation including:	\$805,208
Reinforced Concrete Storm Sewer Pipe	\$0
Inlets	\$0
Reinforced Concrete Headwalls	\$0
Box Culvert	\$0
Trench Safety	\$0
Rock Rip Rap	\$0
Drainage Excavation & Infrastructure	\$587,953
Grade to Drain storm outfalls	\$35,000
Detention Pond & Channel Excavation	\$96,250
Erosion Control and seeding	\$245,464
Maintenance Bond	\$7,672
Subtotal - Drainage Improvements	\$1,777,546

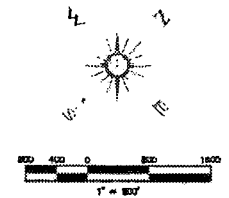
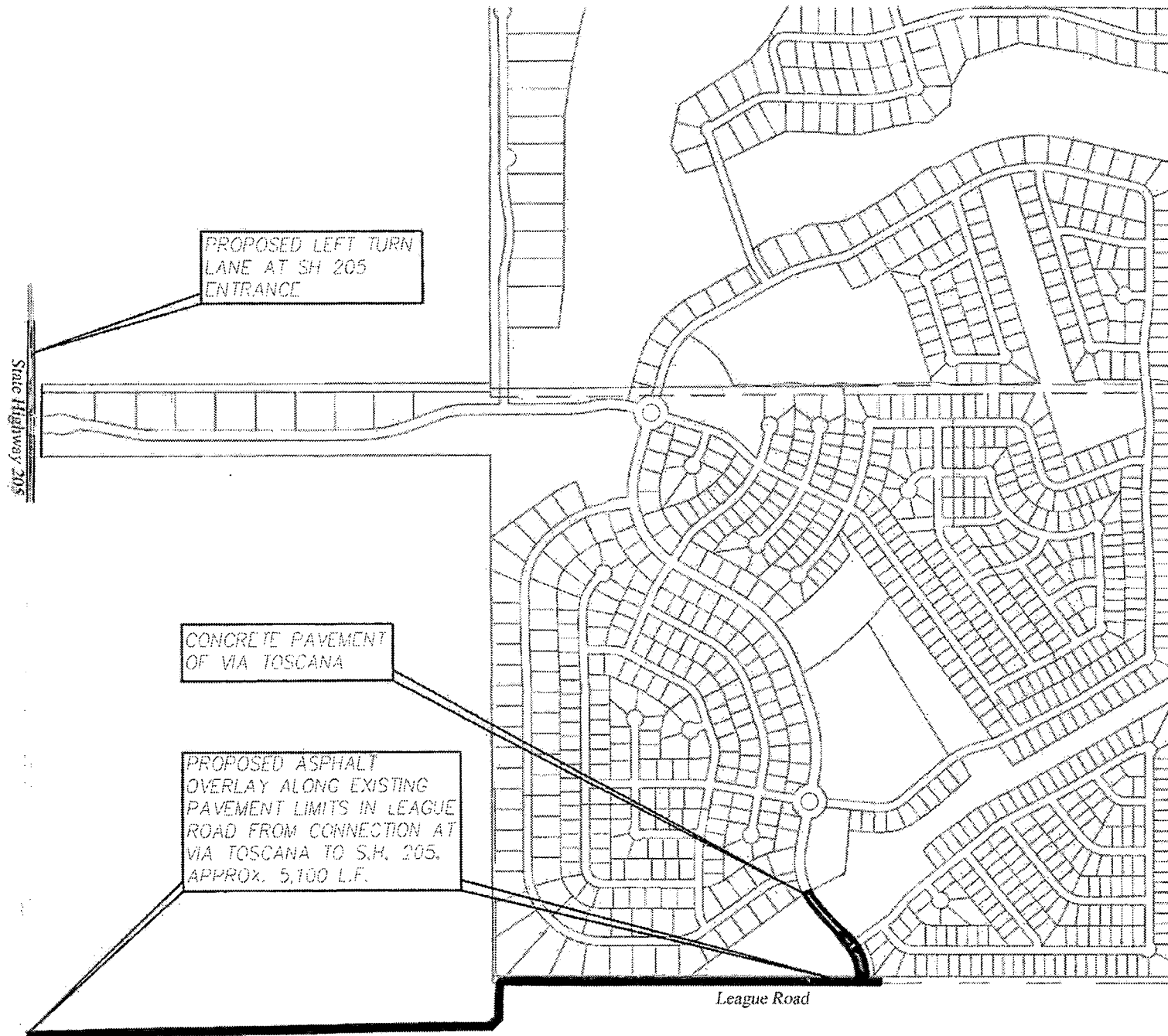
Water Improvements:	
12" PVC Waterline	\$213,555
8" PVC Waterline	\$134,458
6" PVC Waterline	\$15,960
4" PVC Waterline	\$8,500
12" Gate valve	\$100,100
8" Gate valve	\$47,850
6" Gate valve	\$40,160
Fire Hydrant with Lead	\$171,810
1" Service	\$131,510
2" Irrigation Service	\$9,800
2" Flush Valve	\$18,000
Fittings	\$74,154
Connect to Existing	\$12,700
Roadway Bore	\$2,250
Trench Safety	\$12,391
Water testing and Chlorination	\$12,391
Maintenance Bond	\$4,504
Subtotal - Water Improvements	\$1,008,093

Sanitary Sewer Improvements	
12" PVC Sani Sewer Line	\$234,911
8" PVC Sani Sewer Line	\$143,657
8" SDR 26 Deep Sewer Pipe	\$53,130
6" Forcemain	\$104,328
Connect to Existing	\$4,900
4" SWR Service	\$209,990
4.0' Diameter Manhole	\$89,400
Cleanout	\$6,250
Concrete encasement	\$21,060
Line testing	\$21,207
Trench Safety	\$12,951
Manhole Testing	\$13,000
Maintenance Bond	\$6,069
Subtotal - Sanitary Improvements	\$920,852
Total Road, Water, Sanitary & Drainage Improvements	\$6,055,193

Soft Costs:	
Engineering, Surveying, Const. Staking	\$628,192
City Inspection Fees 2%	\$112,148
Geotechnical and Material Testing	\$140,088
General Contractor Fees	\$419,446
General Conditions	\$279,195
PID Legal	\$284,568
Total Soft Costs	\$2,373,402
Grand Total Improvements + Soft Costs	\$7,919,829

Appendix C

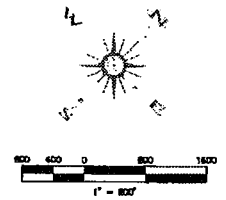
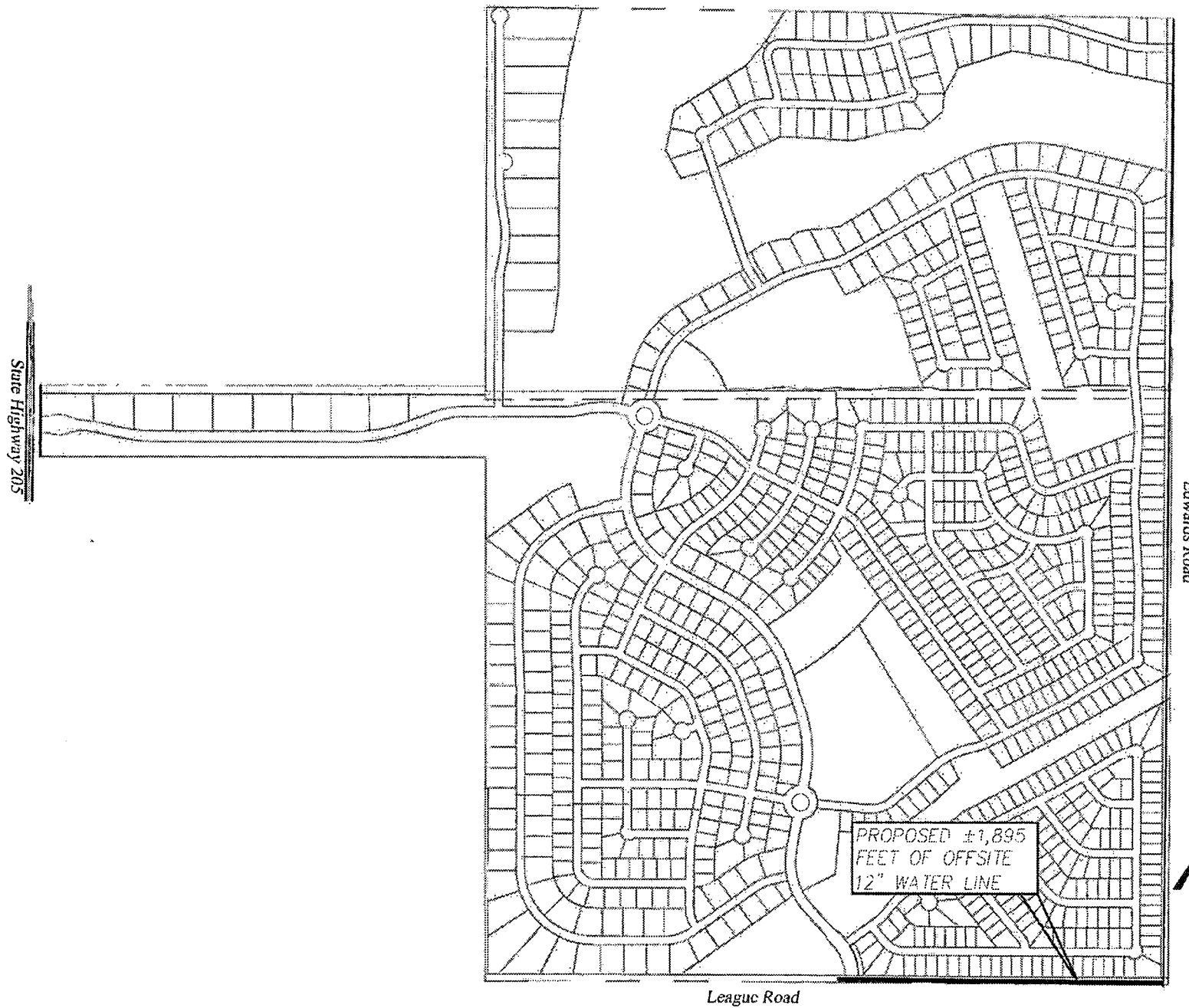
Diagram of Authorized Improvements



SONOMA VERDE
MAJOR IMPROVEMENTS -
ROADWAY EXHIBIT

Prepared by:
F.C. CUNY CORPORATION
22 Hudson Street • 9th Fl. • New York, NY 10013 • (212) 403-1700
Fax: (212) 403-1700 • E-mail: fc@fcny.com

12/19/2014

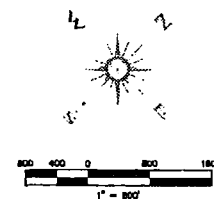
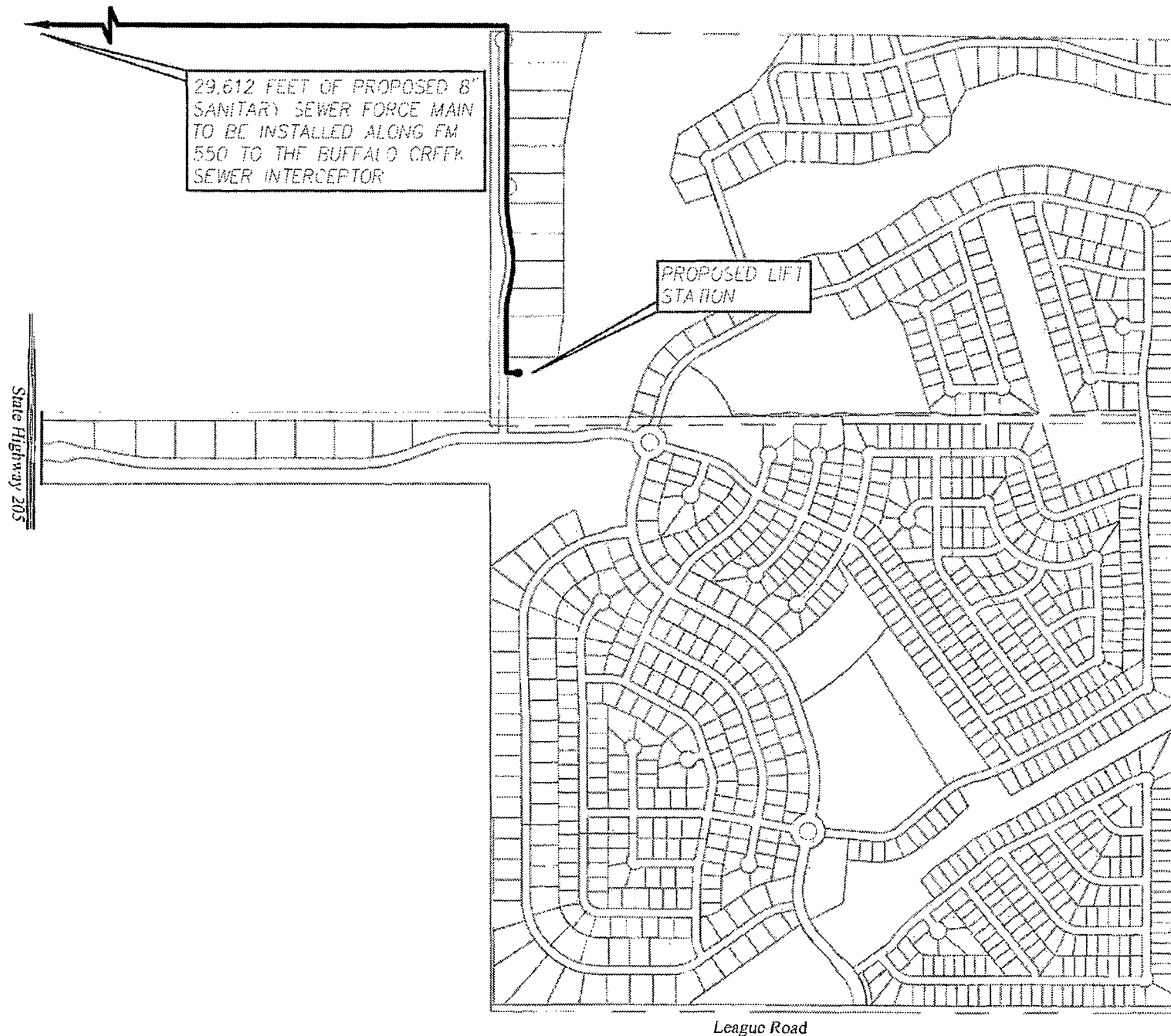


SONOMA VERDE
MAJOR IMPROVEMENTS -
WATER EXHIBIT



Prepared by:
F.C. CUNY CORPORATION
 22 Hamilton Court • South, Texas 75032 • (409) 402-7700
 Texas Registered Engineering Firm E-7641

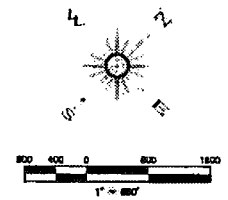
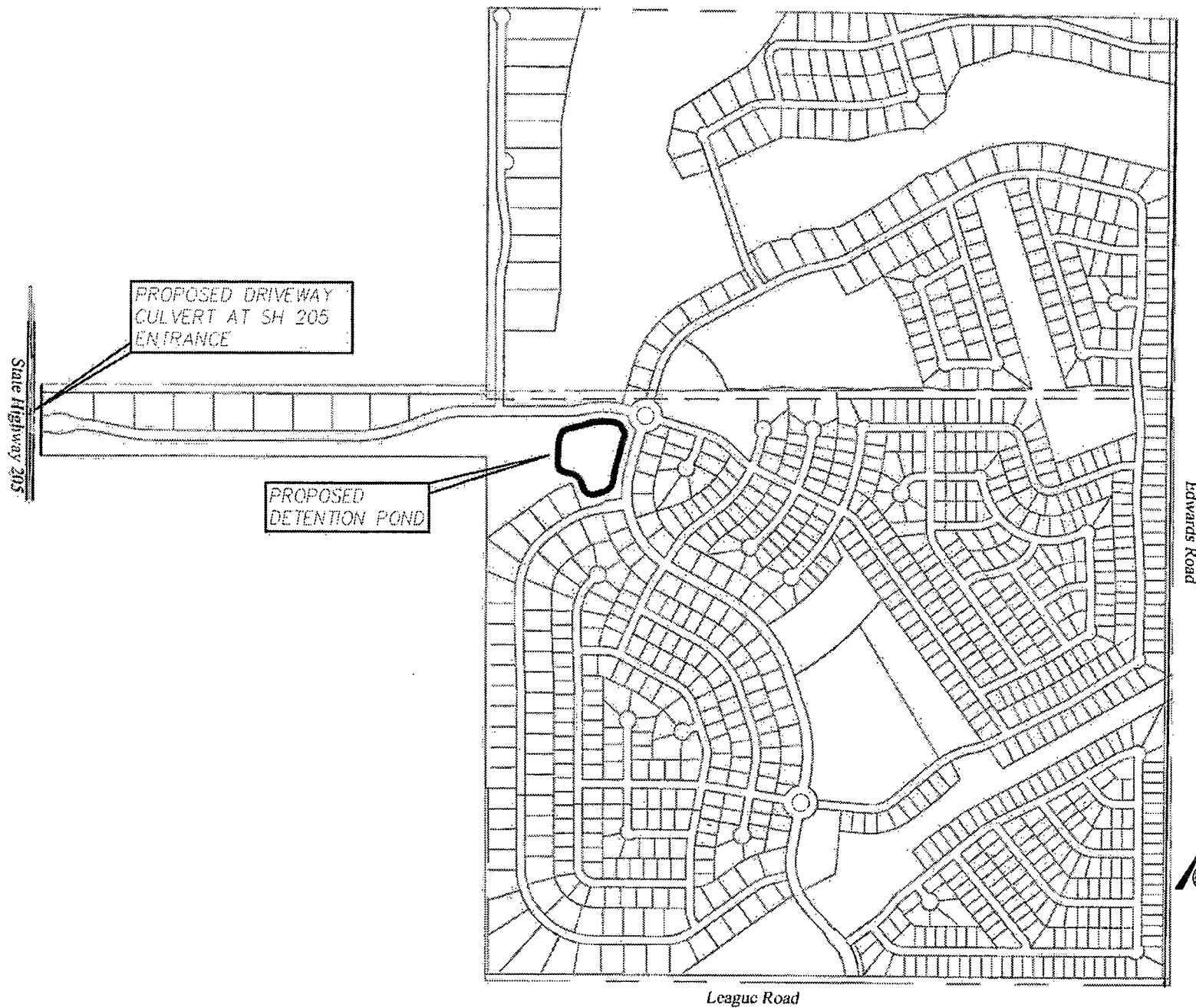
12/19/2014



SONOMA VERDE
 MAJOR IMPROVEMENTS -
 WASTE WATER EXHIBIT

Prepared by:
F.C. CUNY CORPORATION
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12/19/2014



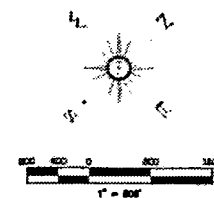
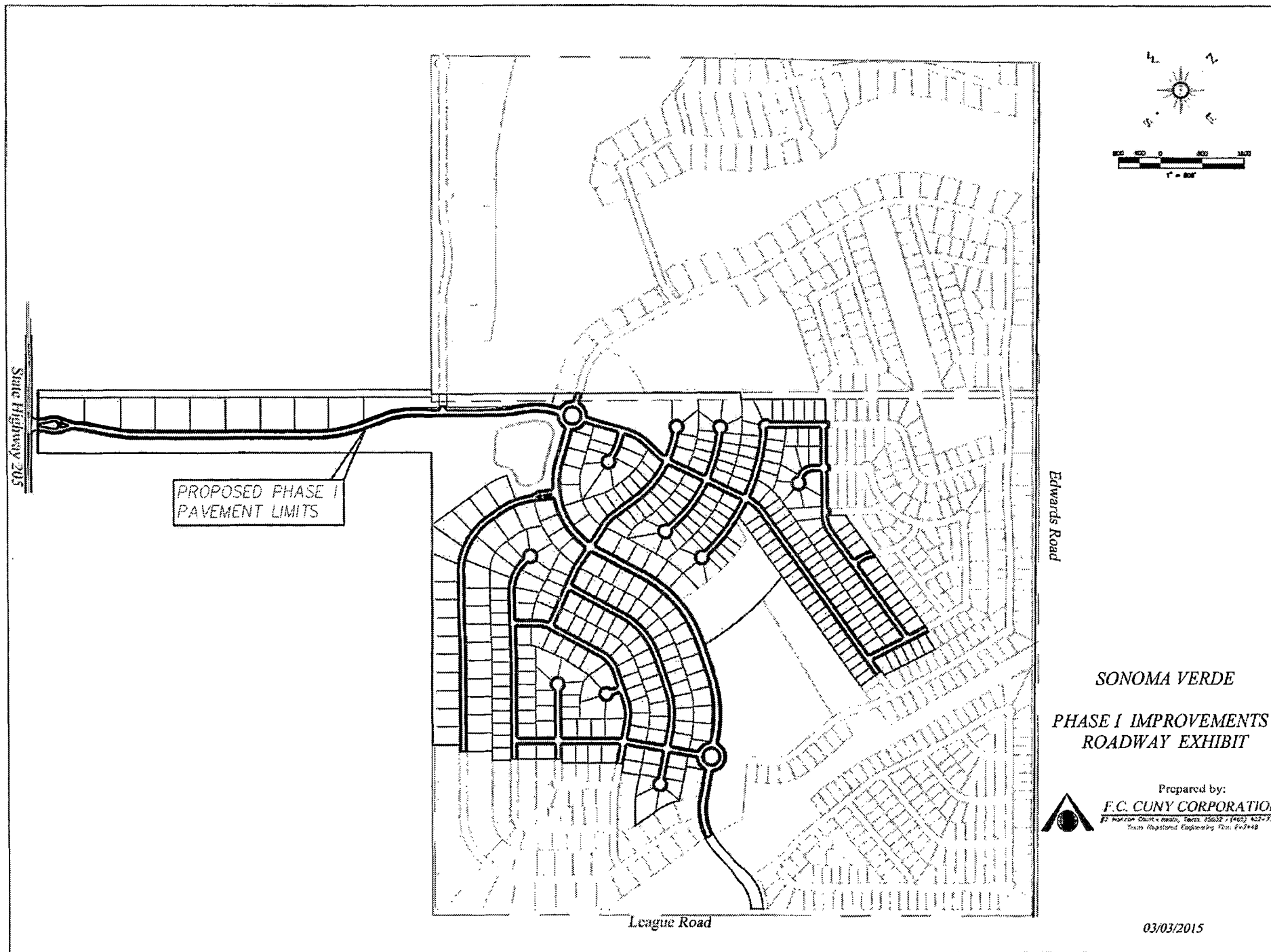
SONOMA VERDE

**MAJOR IMPROVEMENTS -
DRAINAGE EXHIBIT**



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22 Hardem Court • North, Texas 75062 • (409) 402-7700
Texas Registered Engineering Firm #7449

12/19/2014



Edwards Road

League Road

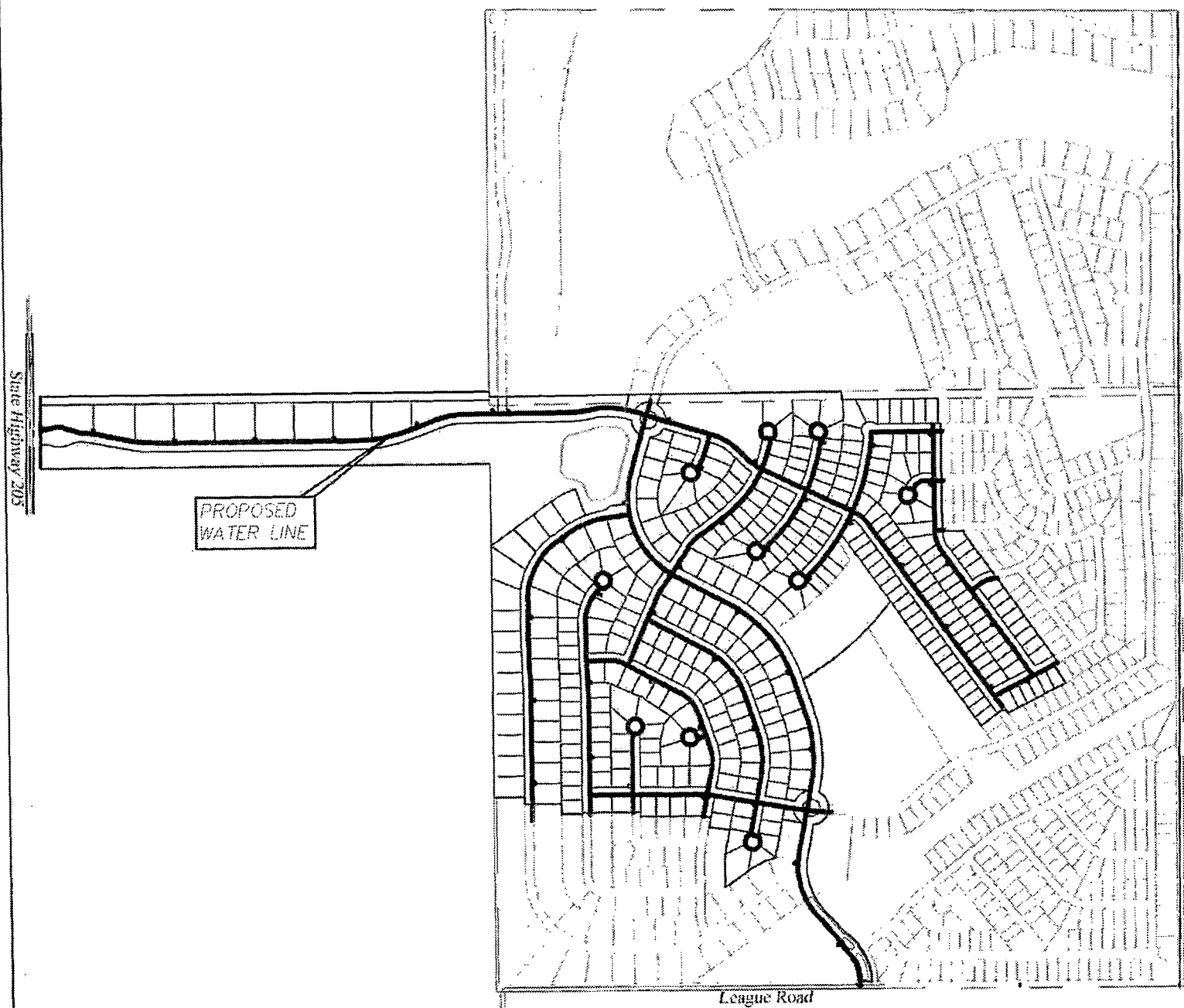
SONOMA VERDE

PHASE I IMPROVEMENTS -
ROADWAY EXHIBIT



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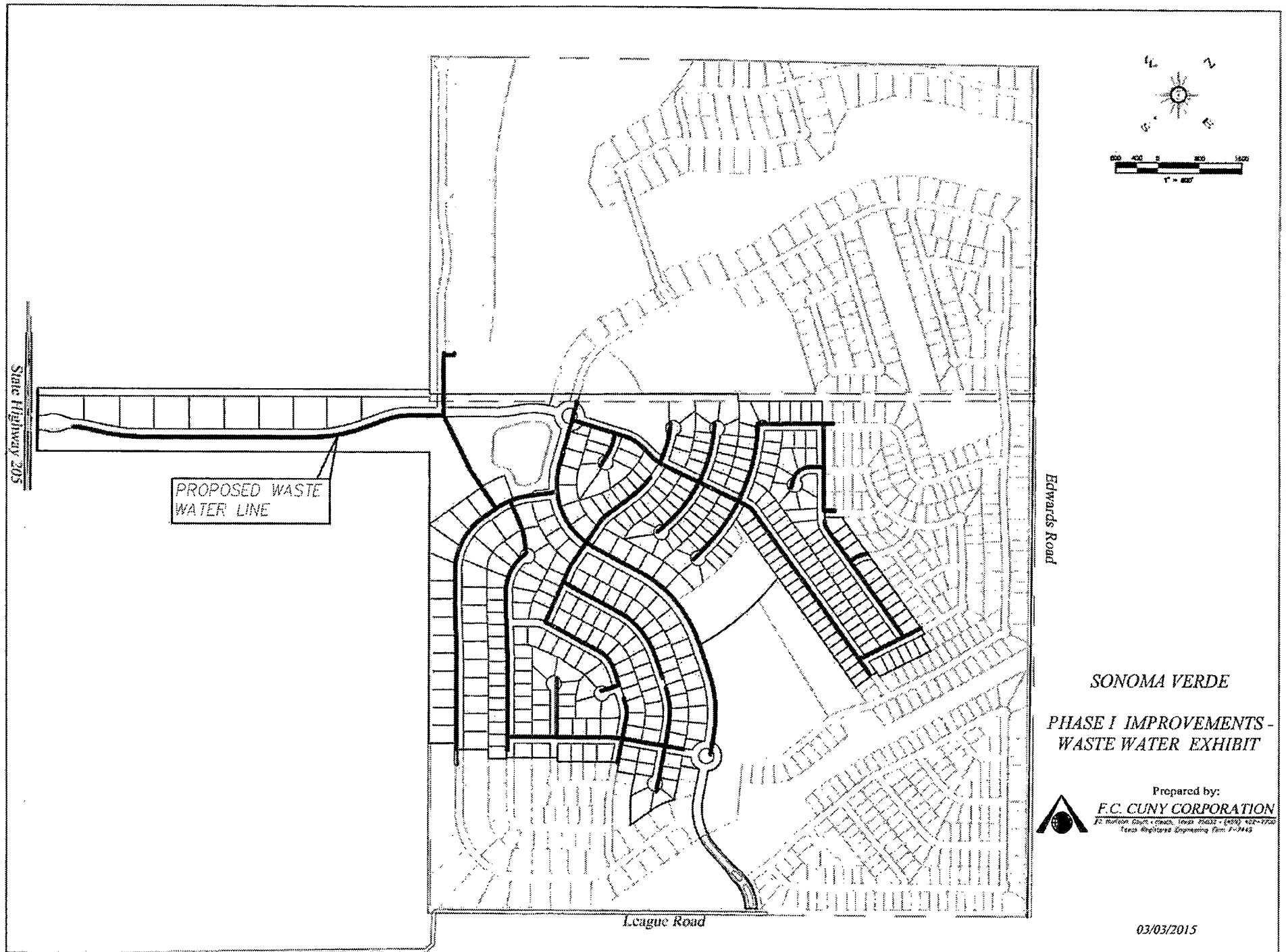
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 TRUSS ENGINEERING ENGINEERING FIRM D-34492

03/03/2015



SONOMA VERDE

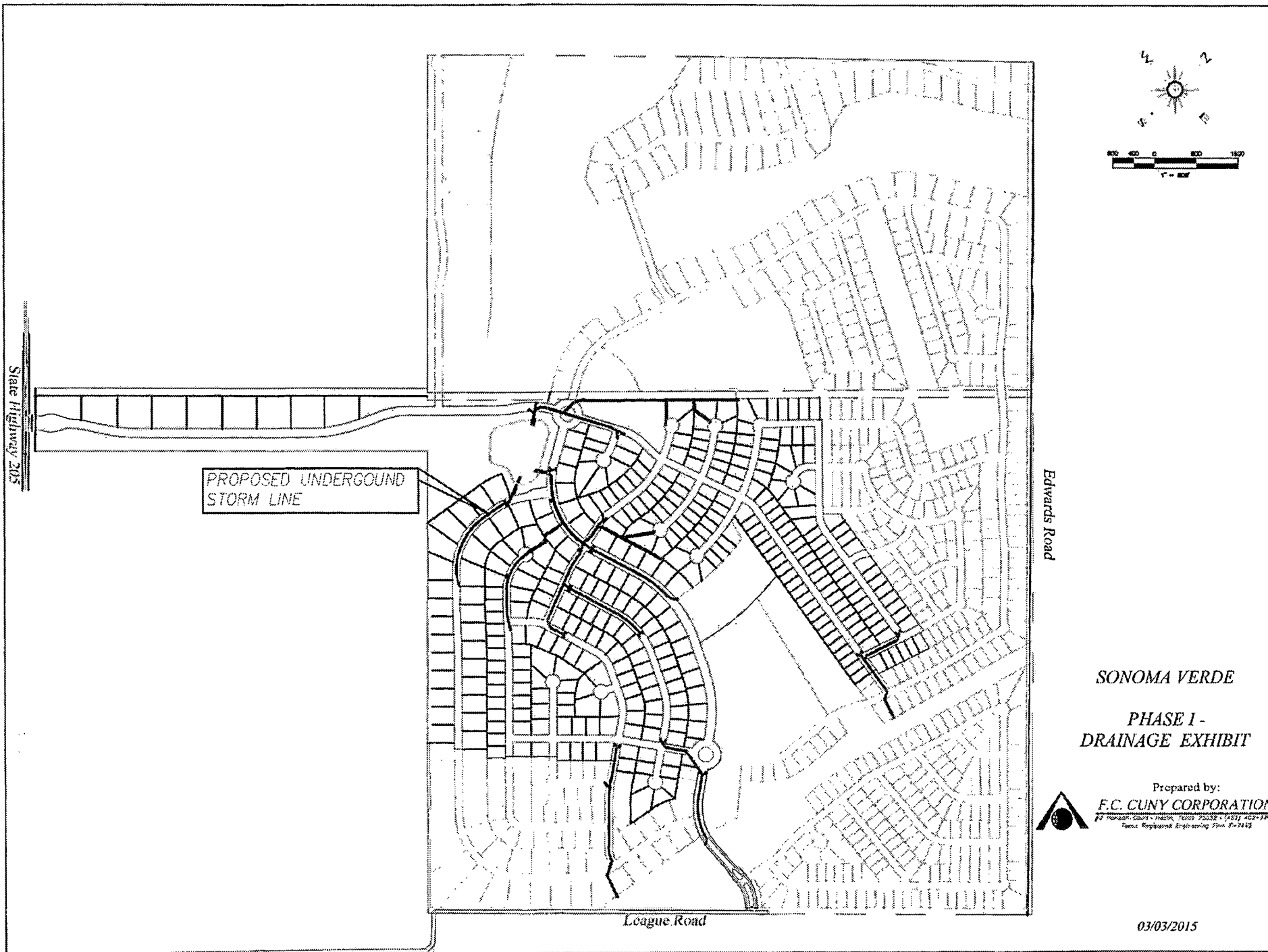
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WASTE WATER EXHIBIT

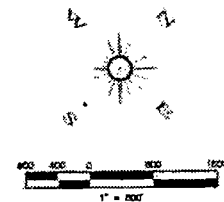
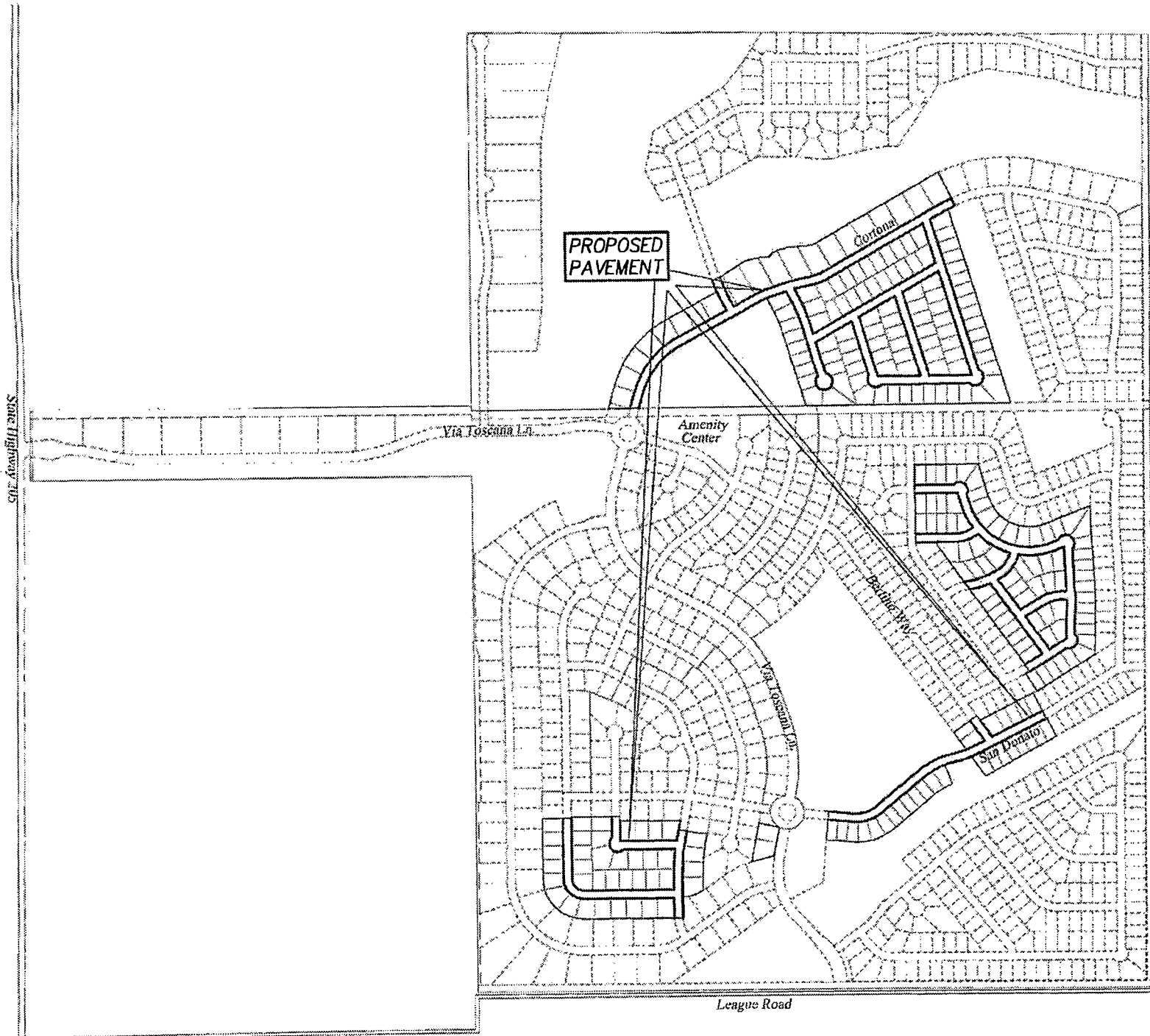
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03/03/2015





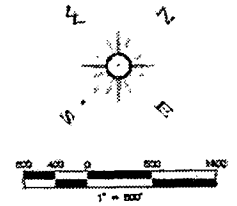
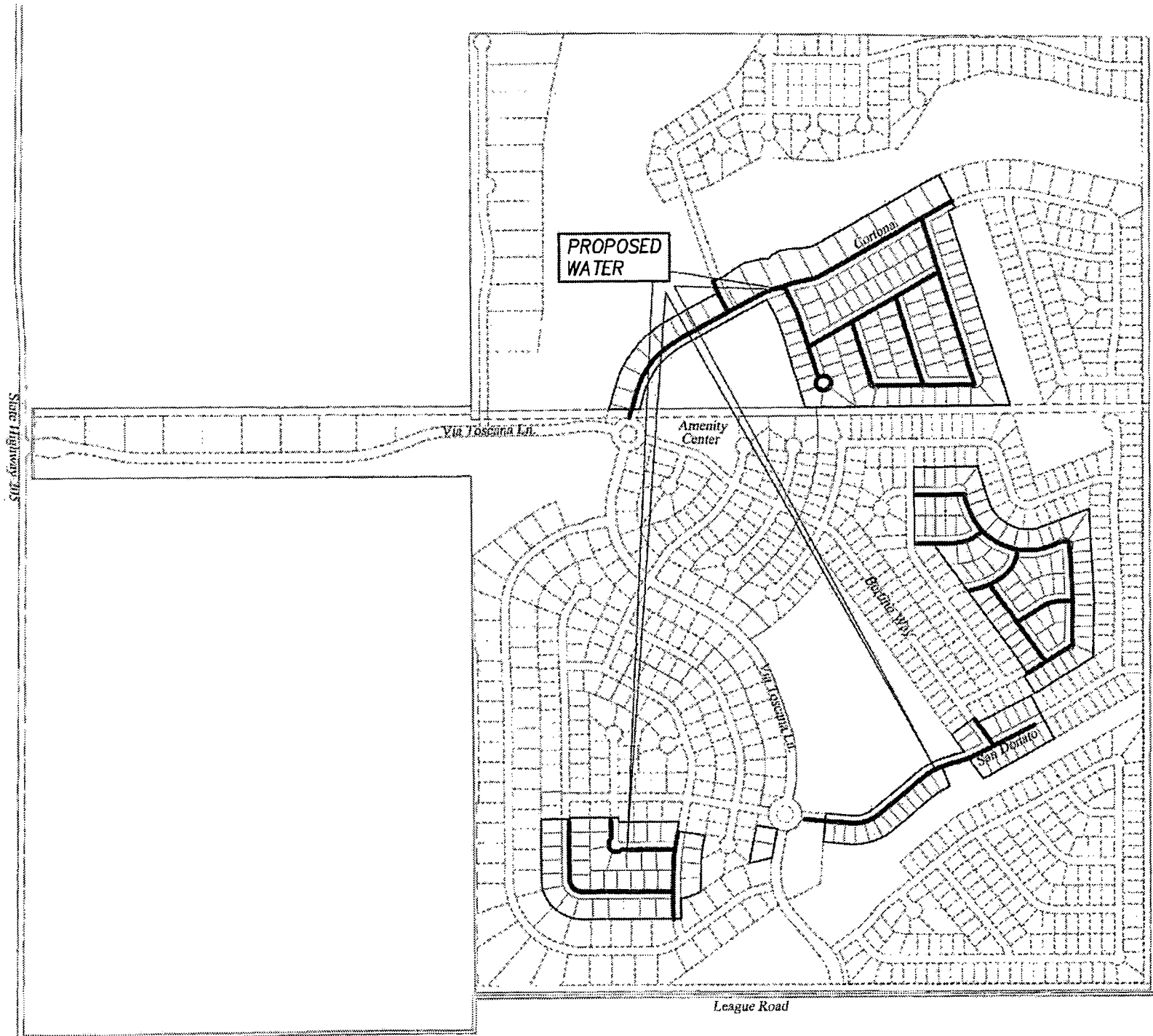
SONOMA VERDE - PHASE 2

PROPOSED ROADWAY
IMPROVEMENTS EXHIBIT



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3-7-2017



SONOMA VERDE - PHASE 2

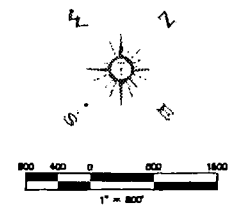
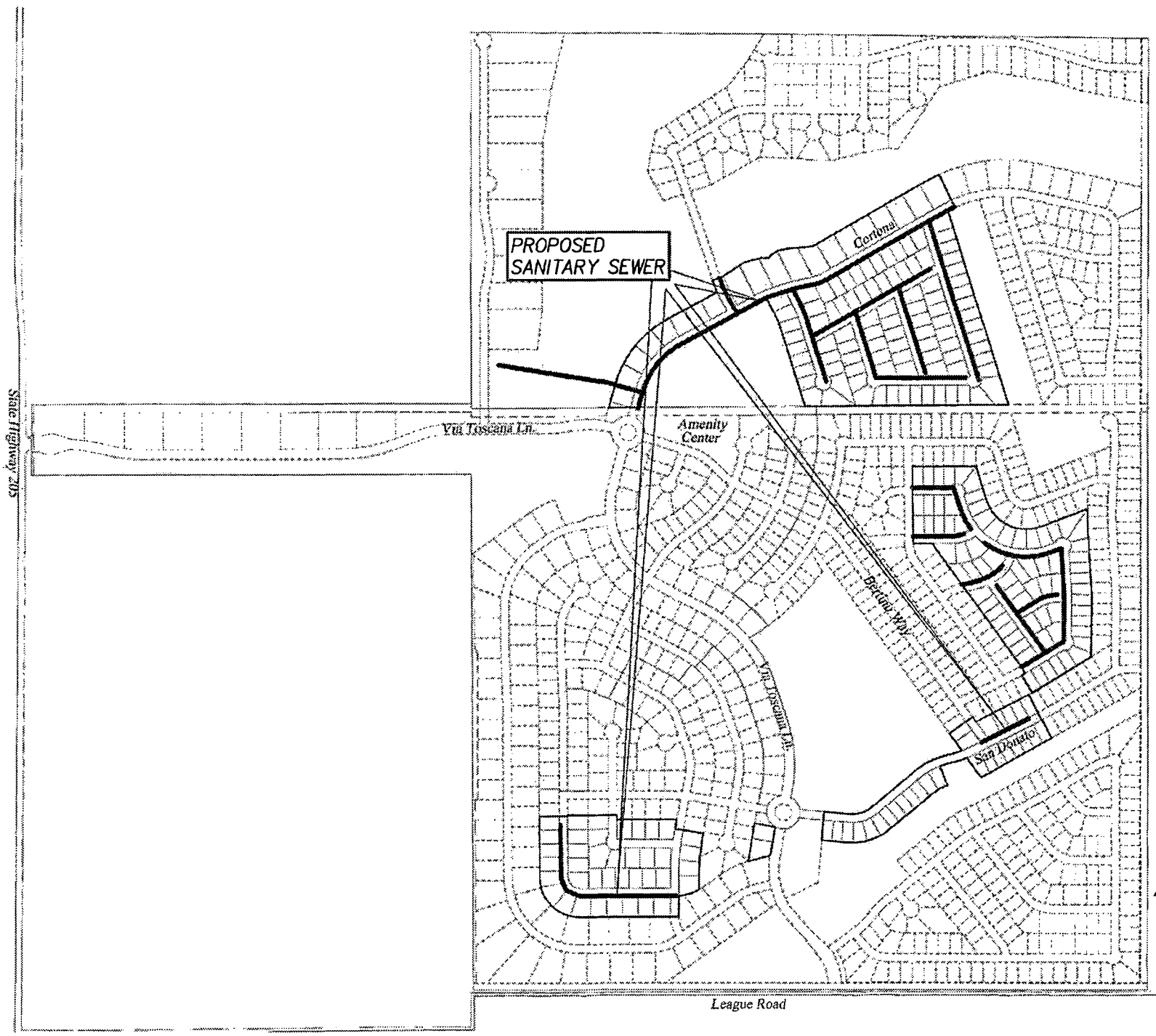
PROPOSED WATER
IMPROVEMENTS EXHIBIT

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3-7-2017



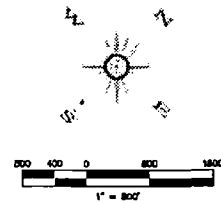
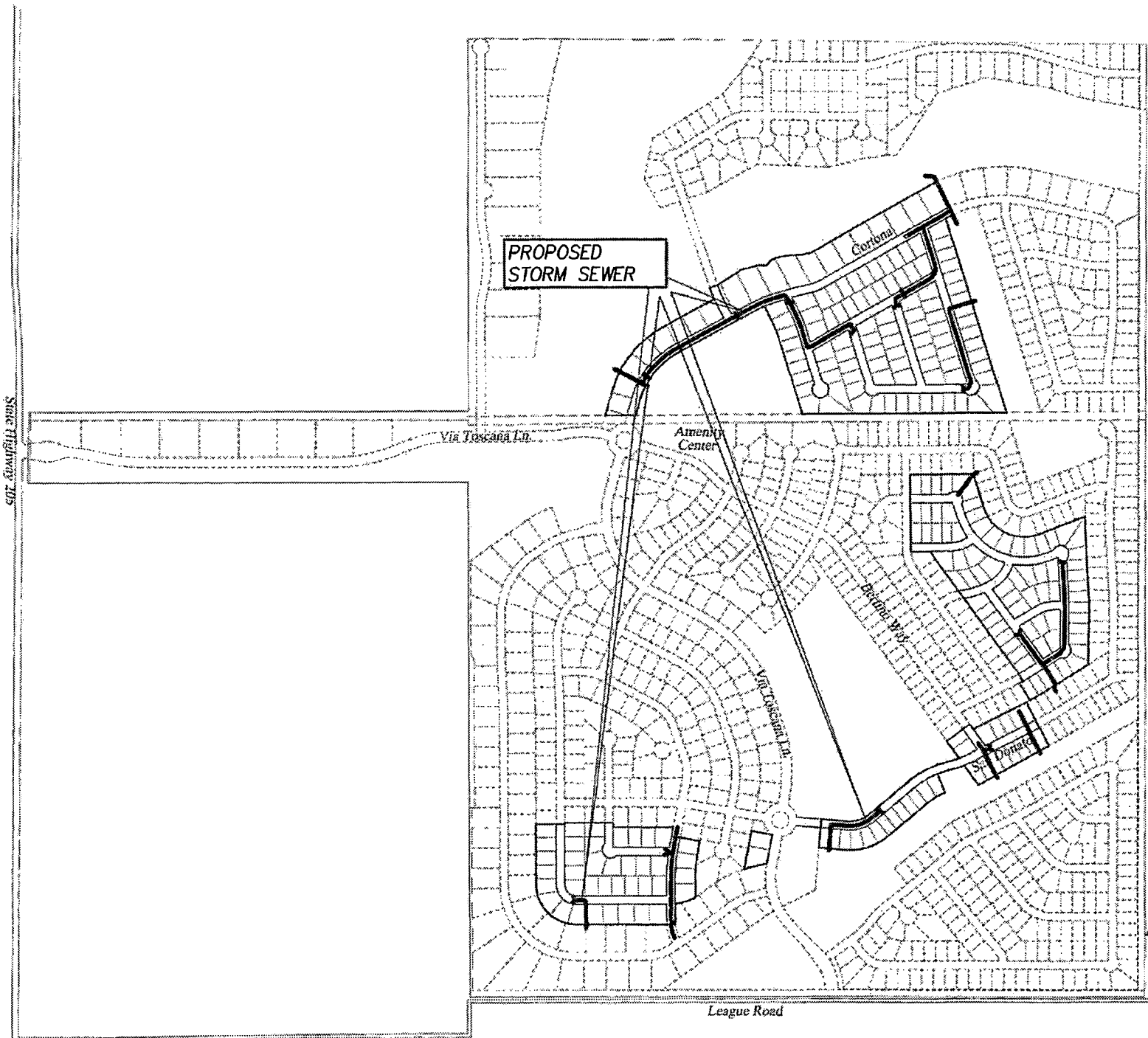
SONOMA VERDE - PHASE 2

PROPOSED WASTE WATER
IMPROVEMENTS EXHIBIT



Prepared by:
F.C. CUNY CORPORATION
P.E. William Cuny - 00000, P.E. John Cuny - 00000, P.E. John Cuny - 00000
Civil Engineering, Surveying, and Construction

3-7-2017



SONOMA VERDE - PHASE 2

PROPOSED DRAINAGE
IMPROVEMENTS EXHIBIT

Prepared by:

F.C. CUNY CORPORATION

22 HOBBS ST. SONOMA, CALIF. 94965-1200
SONOMA REGISTERED ENGINEERING FIRM 0-12494



3-7-2017

Appendix D
Lot Types and Equivalent Units

Appendix D Land Use Classes and Equivalent Units

For purposes of allocating the Assessments, the Assessed Property has been classified in one of nine Land Use Classes. The following table shows the proposed residential and non-residential Land Use Classes within the PID.

**Table D-1
Original Proposed Development within the PID**

Land Use Class	Description	Proposed Development
<u>Residential</u>		
Land Use Class 1	One acre Lots	29 units
Land Use Class 2	One-half acre Lots	87 units
Land Use Class 3	90 Ft Lots	148 units
Land Use Class 4	80 Ft Lots	340 units
Land Use Class 5	60 Ft Lots	491 units
<u>Non-residential</u>		
Land Use Class 6	Office Lots	8 units
Land Use Class 7	Church Lots	1 units
Land Use Class 8	Daycare Lots	1 units
Land Use Class 9	Senior Living Lots	1 units
<i>Total</i>		1,106 units

The Land Use Classes shown in the Table are defined as follows:

“Land Use Class 1” means lots identified as such on the Assessment Roll, which are referred to as one acre lots in the Planned Development District Ordinance and being generally lots for single family dwelling unit with approximately 4,500 sq ft of air-conditioned living space.

“Land Use Class 2” means lots identified as such on the Assessment Roll, which are referred to as one-half acre lots in the Planned Development District Ordinance and being generally lots for single family dwelling unit with approximately 3,800 sq ft of air-conditioned living space.

“Land Use Class 3” means lots identified as such on the Assessment Roll, which are referred to as 90 Ft lots in the Planned Development District Ordinance and being generally lots for single family dwelling unit with approximately 3,200 sq ft of air-conditioned living space.

“Land Use Class 4” means lots identified as such on the Assessment Roll, which are referred to as 80 Ft lots in the Planned Development District Ordinance and being generally lots for single family dwelling unit with approximately 3,000 sq ft of air-conditioned living space.

“Land Use Class 5” means lots identified as such on the Assessment Roll, which are referred to as 60 Ft lots in the Planned Development District Ordinance and being generally lots for single family dwelling unit with approximately 2,400 sq ft of air-conditioned living space.

“Land Use Class 6” means lots identified as such on the Assessment Roll, which are referred to as office lots in the Planned Development District Ordinance and being generally lots for office uses with approximately 3,700 sq ft of air conditioned working space.

“Land Use Class 7” means lots identified as such on the Assessment Roll, which are referred to as church lots in the Planned Development District Ordinance and being generally lots for church building uses.

“Land Use Class 8” means lots identified as such on the Assessment Roll, which are referred to as daycare lots in the Planned Development District Ordinance and being generally lots for daycare building uses.

“Land Use Class 9” means lots identified as such on the Assessment Roll, which are referred to as senior living lots in the Planned Development District Ordinance and being generally lots for senior living building uses.

According to the Developer, a new Lot Type is added within the PID as defined below.

“Land Use Class 10” means lots identified as such on the Assessment Roll, which are referred to as 70 Ft lots in the Planned Development District Ordinance and being generally lots for single family dwelling unit with approximately 2,700 sq ft of air-conditioned living space.

The revised proposed Development is provided in Table D-1-1 below, as provided by the Developer in relation to the development of Phase 2.

Table D-1-1
Revised Proposed Development within the PID

Land Use Class	Description	Proposed Development
<u>Residential</u>		
Land Use Class 1	One acre Lots	11 units
Land Use Class 2	One-half acre Lots	64 units
Land Use Class 3	90 Ft Lots	51 units
Land Use Class 4	80 Ft Lots	255 units
Land Use Class 5	60 Ft Lots	372 units
Land Use Class 10	70 Ft Lots	324 units
<u>Non-residential</u>		
Land Use Class 6	Office Lots	8 units
Land Use Class 7	Church Lots	1 units
Land Use Class 8	Daycare Lots	1 units
Land Use Class 9	Senior Living Lots	1 units
<i>Total</i>		1,088 units

Table D-2 below shows the proposed Land Use Classes within Phase 1.

Table D-2
Proposed Development within Phase 1

Land Use Class	Description	Proposed Development
<u>Residential</u>		
Land Use Class 1	One acre Lots	0 units
Land Use Class 2	One-half acre Lots	29 units
Land Use Class 3	90 Ft Lots	30 units
Land Use Class 4	80 Ft Lots	122 units
Land Use Class 5	60 Ft Lots	175 units
<u>Non-residential</u>		
Land Use Class 6	Office Lots	8 units
Land Use Class 7	Church Lots	1 units
<i>Total</i>		365 units

Table D-3 below shows the proposed residential Land Use Classes within the Major Improvement Area Excluding Phase 1.

Table D-3
Original Proposed Development within Major Improvement Area
Excluding Phase 1

Land Use Class	Description	Proposed Development
<u>Residential</u>		
Land Use Class 1	One acre Lots	29 units
Land Use Class 2	One-half acre Lots	58 units
Land Use Class 3	90 Ft Lots	118 units
Land Use Class 4	80 Ft Lots	218 units
Land Use Class 5	60 Ft Lots	316 units
<u>Non-residential</u>		
Land Use Class 8	Daycare Lots	1 units
Land Use Class 9	Senior Living Lots	1 units
<i>Total</i>		741 units

The revised proposed development within the Major Improvement Area (excluding Phase 1 and Phase 2) is shown in Table D-3-1 on the following page.

Table D-3-1
Revised Proposed Development within Major Improvement Area
Excluding Phase 1 and Phase 2

Land Use Class	Description	Proposed Development
<u>Residential</u>		
Land Use Class 1	One acre Lots	11 units
Land Use Class 2	One-half acre Lots	35 units
Land Use Class 3	90 Ft Lots	9 units
Land Use Class 4	80 Ft Lots	84 units
Land Use Class 5	60 Ft Lots	99 units
Land Use Class 10	70 Ft Lots	231 units
<u>Non-residential</u>		
Land Use Class 8	Daycare Lots	1 units
Land Use Class 9	Senior Living Lots	1 units
<i>Total</i>		471 units

As explained under Section IV-D, For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the portion of the Major Improvements to be financed with the Major Improvement Area Bonds shall be allocated to the Major Improvement Area Excluding Phase 1 Assessed Property outside of Phase 1 by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units.

Having taken into consideration the matters described in Sections IV (A) and (B), the City Council has determined that allocating the Assessments among Parcels based on average value is best accomplished by creating classifications of benefited Parcels based on the Land Use Classes defined above. These classifications from Land Use Class 1 (One acre Lots) representing the highest value to Land Use Class 5 (60 Ft Lot) representing the lowest value for residential lots, Land Use Classes 6 through 9 representing office, church, daycare and senior living lots are set forth in Table D-4 below. Assessments are allocated to each Land Use Class on the basis of the average home value for each class of lots. This is accomplished by giving each Land Use Class an Equivalent Unit factor. Equivalent Units are the ratio of the average value of lots within each assessment class, setting the Equivalent Unit factor for Land Use Class 1 (One acre Lots) to 1.0.

**Table D-4
Equivalent Unit Factors**

Land Use Class	Estimated Average Unit Value	Equivalent Unit Factor
Land Use Class 1 (Residential - One acre lot)	\$530,000	1.00 per dwelling unit
Land Use Class 2 (Residential - One-half acre lot)	\$440,000	0.83 per dwelling unit
Land Use Class 3 (Residential - 90 Ft lot)	\$340,000	0.64 per dwelling unit
Land Use Class 4 (Residential - 80 Ft lot)	\$310,000	0.58 per dwelling unit
Land Use Class 5 (Residential - 60 Ft lot)	\$245,000	0.46 per dwelling unit
Land Use Class 6 (Office lot)	\$425,000	0.80 per unit
Land Use Class 7 (Church lot)	\$288,000	0.54 per unit
Land Use Class 8 (Daycare lot)	\$192,000	0.36 per unit
Land Use Class 9 (Senior living lot)	\$384,000	0.72 per unit
Land Use Class 10 (Residential - 70 Ft lot)	\$277,500	0.52 per dwelling unit

The total estimated Equivalent Units for Phase 1 are shown in Table D-5 below as calculated based on the Equivalent Unit factors shown above, estimated Land Use Classes and number of units estimated to be built within Phase 1.

**Table D-5
Estimated Equivalent Units - Phase 1**

Land Use Class	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Land Use Class 1 (Residential - One acre lot)	0	1.00	0.00
Land Use Class 2 (Residential - One-half acre lot)	29	0.83	24.07
Land Use Class 3 (Residential - 90 Ft lot)	30	0.64	19.20
Land Use Class 4 (Residential - 80 Ft lot)	122	0.58	70.76
Land Use Class 5 (Residential - 60 Ft lot)	175	0.46	80.50
Land Use Class 6 (Office lot)	8	0.80	6.40
Land Use Class 7 (Church lot)	1	0.54	0.54
Total Equivalent Units	365		201.47

The total estimated Equivalent Units for the Major Improvement Area Excluding Phase 1 are shown in Table D-6 below as calculated based on the Equivalent Unit factors shown in Table D-4, estimated Land Use Class and number of units estimated to be built within the Major Improvement Area Excluding Phase 1.

Table D-6
Estimated Equivalent Units - Major Improvement Area Excluding Phase 1

Land Use Class	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Land Use Class 1 (Residential - One acre lot)	29	1.00	29.00
Land Use Class 2 (Residential - One-half acre lot)	58	0.83	48.14
Land Use Class 3 (Residential - 90 Ft lot)	118	0.64	75.52
Land Use Class 4 (Residential - 80 Ft lot)	218	0.58	126.44
Land Use Class 5 (Residential - 60 Ft lot)	316	0.46	145.36
Land Use Class 8 (Daycare lot)	1	0.54	0.54
Land Use Class 9 (Senior living lot)	1	0.36	0.36
Total Equivalent Units	741		425.36

The total estimated Equivalent Units for Phase 2 are shown in Table D-7 below as calculated based on the Equivalent Unit factors shown in Table D-4, estimated Land Use Class and number of units estimated to be built within Phase 2.

Table D-7
Estimated Equivalent Units - Phase 2

Land Use Class	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Land Use Class 3 (Residential - 90 Ft lot)	12	0.64	7.68
Land Use Class 4 (Residential - 80 Ft lot)	49	0.58	28.42
Land Use Class 5 (Residential - 60 Ft lot)	98	0.46	48.09
Land Use Class 5 (Residential - 70 Ft lot)	93	0.52	48.69
Total Equivalent Units	252		129.87

Appendix E

Allocation of Assessments

Appendix E

Allocation of Assessments

A) Allocation of Assessments to Land Use Classes in the Major Improvement Area Excluding Phase I

As shown in Sections V and VII of this Service and Assessment Plan, the total amount of the Major Improvement Area Excluding Phase I Assessments to be allocated to all Parcels in the Major Improvement Area Excluding Phase I, is \$1,610,000. As shown in Appendix D, there are a total of 425.36 estimated Equivalent Units in the Major Improvement Area Excluding Phase I, resulting in an Assessment per Equivalent Unit of \$3,785.03.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$3,785.03 multiplied by (ii) the applicable Equivalent Unit value for each Land Use Class. For example, the Assessment for a Land Use Class 1 (One acre Lot) dwelling unit is \$3,785.034 (i.e. $\$3,785.03 \times 1.00$). The Assessment for a Land Use Class 2 (One-half acre Lot) dwelling unit is \$3,141.57 (i.e. $\$3,785.03 \times 0.83$). Table E-1 sets forth the Assessment per dwelling unit for each of the seven Land Use Classes in the Major Improvement Area Excluding Phase I.

Table E-1
Assessment per Unit - Major Improvement Area Excluding Phase I

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit		Total Assessments
Residential						
Land Use Class 1	29	\$3,785.03	1.00	\$3,785.03	per dwelling unit	\$109,766
Land Use Class 2	58	\$3,785.03	0.83	\$3,141.57	per dwelling unit	\$182,211
Land Use Class 3	118	\$3,785.03	0.64	\$2,422.42	per dwelling unit	\$285,845
Land Use Class 4	218	\$3,785.03	0.58	\$2,195.32	per dwelling unit	\$478,579
Land Use Class 5	316	\$3,785.03	0.46	\$1,741.11	per dwelling unit	\$550,192
Non-Residential						
Land Use Class 8	1	\$3,785.03	0.54	\$2,043.92	per unit	\$2,044
Land Use Class 9	1	\$3,785.03	0.36	\$1,362.61	per unit	\$1,363
Total	741					\$1,610,000

B) Allocation of Assessments to Land Use Classes in Phase I

As shown in Sections V and VII of this Service and Assessment Plan, the total Phase I Assessments to be allocated on all Parcels within Phase I, is \$10,700,000. As shown in Appendix D, there are a total of 201.47 estimated Equivalent Units in Phase I, resulting in an Assessment per Equivalent Unit of \$53,109.64.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$53,109.64 multiplied by (ii) the applicable Equivalent Unit value for each Land Use Class. For example, the

Assessment for a Land Use Class 1 (One acre Lot) dwelling unit is \$53,109.64 (i.e. $\$53,109.64 \times 1.00$). The Assessment for a Land Use Class 2 (One-half acre Lot) dwelling unit is \$44,081.00 (i.e. $\$53,109.64 \times 0.83 = \$44,081.00$). Table E-2 sets forth the Assessment per dwelling unit for each of the seven Land Use Classes in Phase 1.

Table E-2
Assessment per Unit - Phase 1

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Residential					
Land Use Class 1	0	\$53,109.64	1.00	\$53,109.64 per dwelling unit	\$0
Land Use Class 2	29	\$53,109.64	0.83	\$44,081.00 per dwelling unit	\$1,278,349
Land Use Class 3	30	\$53,109.64	0.64	\$33,990.17 per dwelling unit	\$1,019,705
Land Use Class 4	122	\$53,109.64	0.58	\$30,803.59 per dwelling unit	\$3,758,038
Land Use Class 5	175	\$53,109.64	0.46	\$24,430.44 per dwelling unit	\$4,275,326
Non-Residential					
Land Use Class 6	8	\$53,109.64	0.80	\$42,531.39 per unit	\$339,902
Land Use Class 7	1	\$53,109.64	0.54	\$28,708.69 per unit	\$28,679
Total	365				\$10,700,000

C) Allocation of Assessments to Land Use Classes in Phase 2

As shown in Sections V and VII of this Service and Assessment Plan, the total Phase 2 Assessments to be allocated on all Parcels within Phase 2, is \$7,575,000. As shown in Appendix D, there are a total of 129.87 estimated Equivalent Units in Phase 2, resulting in an Assessment per Equivalent Unit of \$58,326.03.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$58,326.03 multiplied by (ii) the applicable Equivalent Unit value for each Land Use Class. For example, the Assessment for a Land Use Class 1 (One acre Lot) dwelling unit is \$58,326.03 (i.e. $\$58,326.03 \times 1.00$). The Assessment for a Land Use Class 2 (One-half acre Lot) dwelling unit is \$48,410.61 (i.e. $\$58,326.03 \times 0.83 = \$48,410.61$). Table E-3 sets forth the Assessment per dwelling unit for each of the four Land Use Classes in Phase 2.

Table E-3
Assessment per Unit - Phase 2

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Residential					
Land Use Class 3	12	\$58,326.03	0.64	\$37,328.66 per dwelling unit	\$447,944
Land Use Class 4	49	\$58,326.03	0.58	\$33,829.10 per dwelling unit	\$1,657,626
Land Use Class 5	98	\$58,326.03	0.46	\$26,829.98 per dwelling unit	\$2,629,338
Land Use Class 10	93	\$58,326.03	0.52	\$30,538.63 per unit	\$2,840,093
Total	252				\$7,575,000

Appendix F
Major Improvement Area Excluding Phase 1 Assessment Roll

Assessment Roll
Major Improvement Area Excluding Phase 1

Parcel
Assessment

79963
 \$1,610,000

Year	Principal and Interest¹	Administrative Expenses²	Annual Installment
1	\$155,850	\$2,927	\$158,777
2	\$155,235	\$2,986	\$158,221
3	\$154,535	\$3,045	\$157,580
4	\$154,750	\$3,106	\$157,856
5	\$153,795	\$3,168	\$156,963
6	\$130,158	\$3,232	\$133,390
7	\$129,356	\$3,296	\$132,653
8	\$129,485	\$3,362	\$132,847
9	\$129,475	\$3,430	\$132,905
10	\$129,327	\$3,498	\$132,825
11	\$129,040	\$3,568	\$132,608
12	\$128,615	\$3,640	\$132,254
13	\$129,051	\$3,712	\$132,763
14	\$128,279	\$3,787	\$132,065
15	\$128,368	\$3,862	\$132,230
16	\$128,249	\$3,940	\$132,189
17	\$127,923	\$4,018	\$131,941
18	\$127,389	\$4,099	\$131,487
19	\$127,647	\$4,181	\$131,827
20	\$127,627	\$4,264	\$131,891
21	\$127,331	\$4,350	\$131,680
22	\$126,757	\$4,437	\$131,193
23	\$125,906	\$4,525	\$130,431
24	\$125,778	\$4,616	\$130,393
25	\$125,303	\$4,708	\$130,011
26	\$125,482	\$4,802	\$130,284
27	\$124,245	\$4,898	\$129,143
28	\$124,661	\$4,996	\$129,657
29	\$123,593	\$5,096	\$128,689
30	\$125,108	\$5,198	\$130,306
Total	\$3,958,314	\$118,748	\$4,077,062

1 - Interest is calculated using 8% (for years 1 through 5) and 6.43% (for years 6 through 30) plus 0.5% additional interest for delinquency reserve and other uses allowed by the Act.

2 - Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

Appendix G
Phase 1 Assessment Roll

**Assessment Roll
Phase 1**

**Parcel
Assessment**

All
\$10,700,000

Year	Principal and Interest ¹	Principal and Interest ²	Administrative	Annual Installment
			Expenses ³	
1	\$151,383	\$0	\$52,630	\$204,013
2	\$591,688	\$215,895	\$52,930	\$860,512
3	\$608,438	\$198,433	\$53,233	\$860,103
4	\$598,813	\$198,433	\$53,539	\$850,784
5	\$589,188	\$198,433	\$53,848	\$841,468
6	\$604,563	\$198,433	\$54,160	\$857,155
7	\$593,313	\$198,433	\$54,476	\$846,221
8	\$582,063	\$198,433	\$54,794	\$835,289
9	\$595,813	\$204,273	\$55,116	\$855,201
10	\$583,156	\$198,433	\$55,441	\$837,029
11	\$595,500	\$198,433	\$55,769	\$849,701
12	\$581,438	\$198,433	\$56,100	\$835,970
13	\$592,375	\$198,433	\$56,435	\$847,242
14	\$576,906	\$198,433	\$56,773	\$832,112
15	\$586,438	\$198,433	\$57,114	\$841,984
16	\$593,813	\$198,433	\$57,459	\$849,704
17	\$574,719	\$198,433	\$57,807	\$830,959
18	\$580,625	\$198,433	\$58,159	\$837,217
19	\$585,063	\$198,433	\$58,514	\$842,009
20	\$563,031	\$198,433	\$58,873	\$820,337
21	\$566,000	\$198,433	\$59,236	\$823,668
22	\$567,500	\$198,433	\$59,602	\$825,534
23	\$567,000	\$198,433	\$59,971	\$825,404
24	\$565,000	\$198,433	\$60,345	\$823,777
25	\$561,500	\$198,433	\$60,722	\$820,655
26	\$556,500	\$198,433	\$61,103	\$816,035
27	\$0	\$708,433	\$61,488	\$769,920
28	\$0	\$708,423	\$61,876	\$770,299
29	\$0	\$701,040	\$62,269	\$763,309
30	\$0	\$701,628	\$62,665	\$764,293
31	\$0	\$694,500	\$63,065	\$757,565
Total	\$14,711,820	\$8,498,137	\$1,785,512	\$24,995,470

1 - Principal and interest are based on Sereis 2015 Bond cash flows and rates. Amounts also include prepayment and delinquency reserve amounts.

2 - Interest for year 2 is calculated at 5.314407% on the Reimbursement Agreement amount due in 2016 and an annual interest rate of 6.35% afterwards plus 0.5% additional interest for delinquency reserve and other uses allowed by the Act.

3 - Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

Sonoma PID
Assessment Roll Summary - Phase 1

Parcel ID	Lot Type	Equivalent Unit	Assessment
86970	2	0.83	\$44,081.00
86971	2	0.83	\$44,081.00
86972	2	0.83	\$44,081.00
86973	2	0.83	\$44,081.00
86974	2	0.83	\$44,081.00
86975	2	0.83	\$44,081.00
86976	2	0.83	\$44,081.00
86977	2	0.83	\$44,081.00
86978	2	0.83	\$44,081.00
86979	2	0.83	\$44,081.00
86980	2	0.83	\$44,081.00
86981	2	0.83	\$44,081.00
86982	2	0.83	\$44,081.00
86983	2	0.83	\$44,081.00
86984	2	0.83	\$44,081.00
87016	2	0.83	\$44,081.00
87017	2	0.83	\$44,081.00
87018	2	0.83	\$44,081.00
87019	2	0.83	\$44,081.00
87020	2	0.83	\$44,081.00
87021	2	0.83	\$44,081.00
87022	2	0.83	\$44,081.00
87023	2	0.83	\$44,081.00
87024	2	0.83	\$44,081.00
87025	2	0.83	\$44,081.00
87026	2	0.83	\$44,081.00
87027	2	0.83	\$44,081.00
87028	2	0.83	\$44,081.00
87029	2	0.83	\$44,081.00
86985	3	0.64	\$33,990.17
86986	3	0.64	\$33,990.17
86987	3	0.64	\$33,990.17
86988	3	0.64	\$33,990.17
87046	3	0.64	\$33,990.17
87047	3	0.64	\$33,990.17
87048	3	0.64	\$33,990.17
87049	3	0.64	\$33,990.17
87050	3	0.64	\$33,990.17
87051	3	0.64	\$33,990.17
87052	3	0.64	\$33,990.17
87053	3	0.64	\$33,990.17
87054	3	0.64	\$33,990.17
87055	3	0.64	\$33,990.17
87056	3	0.64	\$33,990.17
87057	3	0.64	\$33,990.17
87058	3	0.64	\$33,990.17

**Sonoma PID
Assessment Roll Summary - Phase 1**

Parcel ID	Lot Type	Equivalent Unit	Assessment
87059	3	0.64	\$33,990.17
87067	3	0.64	\$33,990.17
87068	3	0.64	\$33,990.17
87069	3	0.64	\$33,990.17
87070	3	0.64	\$33,990.17
87071	3	0.64	\$33,990.17
87072	3	0.64	\$33,990.17
87097	3	0.64	\$33,990.17
87098	3	0.64	\$33,990.17
87099	3	0.64	\$33,990.17
87100	3	0.64	\$33,990.17
87101	3	0.64	\$33,990.17
87102	3	0.64	\$33,990.17
86989	4	0.58	\$30,803.59
86990	4	0.58	\$30,803.59
86991	4	0.58	\$30,803.59
86992	4	0.58	\$30,803.59
86993	4	0.58	\$30,803.59
86994	4	0.58	\$30,803.59
86995	4	0.58	\$30,803.59
86996	4	0.58	\$30,803.59
86997	4	0.58	\$30,803.59
86998	4	0.58	\$30,803.59
86999	4	0.58	\$30,803.59
87000	4	0.58	\$30,803.59
87001	4	0.58	\$30,803.59
87002	4	0.58	\$30,803.59
87003	4	0.58	\$30,803.59
87004	4	0.58	\$30,803.59
87005	4	0.58	\$30,803.59
87006	4	0.58	\$30,803.59
87007	4	0.58	\$30,803.59
87008	4	0.58	\$30,803.59
87009	4	0.58	\$30,803.59
87010	4	0.58	\$30,803.59
87011	4	0.58	\$30,803.59
87012	4	0.58	\$30,803.59
87013	4	0.58	\$30,803.59
87014	4	0.58	\$30,803.59
87015	4	0.58	\$30,803.59
87030	4	0.58	\$30,803.59
87031	4	0.58	\$30,803.59
87032	4	0.58	\$30,803.59
87033	4	0.58	\$30,803.59
87034	4	0.58	\$30,803.59
87035	4	0.58	\$30,803.59

**Sonoma PID
Assessment Roll Summary - Phase 1**

Parcel ID	Lot Type	Equivalent Unit	Assessment
87036	4	0.58	\$30,803.59
87037	4	0.58	\$30,803.59
87038	4	0.58	\$30,803.59
87039	4	0.58	\$30,803.59
87040	4	0.58	\$30,803.59
87041	4	0.58	\$30,803.59
87042	4	0.58	\$30,803.59
87043	4	0.58	\$30,803.59
87044	4	0.58	\$30,803.59
87045	4	0.58	\$30,803.59
87061	4	0.58	\$30,803.59
87062	4	0.58	\$30,803.59
87063	4	0.58	\$30,803.59
87064	4	0.58	\$30,803.59
87065	4	0.58	\$30,803.59
87066	4	0.58	\$30,803.59
87104	4	0.58	\$30,803.59
87108	4	0.58	\$30,803.59
87109	4	0.58	\$30,803.59
87110	4	0.58	\$30,803.59
87073	5	0.46	\$24,430.44
87074	5	0.46	\$24,430.44
87075	5	0.46	\$24,430.44
87076	5	0.46	\$24,430.44
87077	5	0.46	\$24,430.44
87078	5	0.46	\$24,430.44
87079	5	0.46	\$24,430.44
87080	5	0.46	\$24,430.44
87081	5	0.46	\$24,430.44
87082	5	0.46	\$24,430.44
87083	5	0.46	\$24,430.44
87084	5	0.46	\$24,430.44
87085	5	0.46	\$24,430.44
87086	5	0.46	\$24,430.44
87087	5	0.46	\$24,430.44
87088	5	0.46	\$24,430.44
87089	5	0.46	\$24,430.44
87090	5	0.46	\$24,430.44
87091	5	0.46	\$24,430.44
87092	5	0.46	\$24,430.44
87093	5	0.46	\$24,430.44
87094	5	0.46	\$24,430.44
87095	5	0.46	\$24,430.44
87096	5	0.46	\$24,430.44
87105	5	0.46	\$24,430.44
87106	5	0.46	\$24,430.44

**Sonoma PID
Assessment Roll Summary - Phase I**

Parcel ID	Lot Type	Equivalent Unit	Assessment
87107	5	0.46	\$24,430.44
87111	5	0.46	\$24,430.44
87112	5	0.46	\$24,430.44
87113	5	0.46	\$24,430.44
87114	5	0.46	\$24,430.44
87115	5	0.46	\$24,430.44
87116	5	0.46	\$24,430.44
87117	5	0.46	\$24,430.44
87118	5	0.46	\$24,430.44
87119	5	0.46	\$24,430.44
87120	5	0.46	\$24,430.44
87121	5	0.46	\$24,430.44
87122	5	0.46	\$24,430.44
87123	5	0.46	\$24,430.44
87124	5	0.46	\$24,430.44
87125	5	0.46	\$24,430.44
87126	5	0.46	\$24,430.44
87127	5	0.46	\$24,430.44
87128	5	0.46	\$24,430.44
87129	5	0.46	\$24,430.44
87130	5	0.46	\$24,430.44
87131	5	0.46	\$24,430.44
87132	5	0.46	\$24,430.44
87133	5	0.46	\$24,430.44
87134	5	0.46	\$24,430.44
87135	5	0.46	\$24,430.44
87136	5	0.46	\$24,430.44
86961	6	0.80	\$42,487.72
86962	6	0.80	\$42,487.72
86963	6	0.80	\$42,487.72
86964	6	0.80	\$42,487.72
86965	6	0.80	\$42,487.72
86966	6	0.80	\$42,487.72
86967	6	0.80	\$42,487.72
86968	6	0.80	\$42,487.72
86960	Common Area	0	\$0.00
86969	Common Area	0	\$0.00
87060	Common Area	0	\$0.00
87103	Common Area	0	\$0.00
87137	Common Area	0	\$0.00
87138	Common Area	0	\$0.00
87139	Common Area	0	\$0.00
87140	Common Area	0	\$0.00
79963	Various	96.68	\$5,134,640.39
Total		201.47	\$10,700,000.00

Appendix H
Phase 2 Assessment Roll

**Assessment Roll
Phase 2**

**Parcel
Assessment**

All
\$7,575,000

Year	Principal and Interest ¹	Administrative	
		Expenses ²	Annual Installment
1	\$675,690	\$45,624	\$721,314
2	\$675,690	\$45,924	\$721,614
3	\$785,690	\$46,227	\$831,917
4	\$780,878	\$46,533	\$827,411
5	\$775,620	\$46,842	\$822,462
6	\$558,016	\$47,154	\$605,170
7	\$555,320	\$47,470	\$602,790
8	\$557,328	\$47,788	\$605,116
9	\$558,744	\$48,110	\$606,854
10	\$559,568	\$48,435	\$608,003
11	\$559,800	\$48,763	\$608,563
12	\$559,440	\$49,094	\$608,534
13	\$558,488	\$49,429	\$607,917
14	\$561,944	\$49,767	\$611,711
15	\$559,512	\$50,108	\$609,620
16	\$561,488	\$50,453	\$611,941
17	\$562,576	\$50,801	\$613,377
18	\$562,776	\$51,153	\$613,929
19	\$562,088	\$51,508	\$613,596
20	\$565,512	\$51,867	\$617,379
21	\$562,752	\$52,230	\$614,982
22	\$564,104	\$52,596	\$616,700
23	\$564,272	\$52,965	\$617,237
24	\$568,256	\$53,339	\$621,595
25	\$565,760	\$53,716	\$619,476
26	\$567,080	\$54,097	\$621,177
27	\$566,920	\$54,482	\$621,402
28	\$570,280	\$54,870	\$625,150
29	\$571,864	\$55,263	\$627,127
30	\$566,672	\$55,659	\$622,331
31	\$0	\$0	\$0
Total	\$17,764,128	\$1,512,267	\$19,276,395

1 - Interest is calculated at 8.92% for years 1-5 and 5.92% thereafter.

2 - Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.