

Public Notice
Town of Hickory Creek
Town Council Special Session
1075 Ronald Reagan Avenue
August 08, 2017; 6:30 P.M.

Notice is hereby given as required by Title 5; Chapter 551.041 of the Government Code that the Town Council of the Town of Hickory Creek will hold a Special Session on August 08, 2017; at 6:30 P.M., in the Council Chambers of the Town Hall Building located at 1075 Ronald Reagan Avenue. “NOTE: If, during the course of the meeting, any discussion of any item on the agenda should be held in a closed meeting, the Council will conduct a closed meeting in accordance with the TEXAS OPEN MEETING ACT, TEX. GOVT. CODE, Chapter 551, Sub-Chapters (d) and (e)”. The agenda follows:

Special Session:

A. Call to Order

Roll Call

Pledge of Allegiance to the U.S. and Texas Flags

Invocation

Items of Community Interest: Pursuant to Texas Government Code Section 551.0415 the town council may report on the following: expressions of thanks, congratulations, or condolence; an honorary or salutary recognition of an individual; a reminder about an upcoming event organized or sponsored by the governing body; and announcements involving an imminent threat to the public health and safety of people in the municipality or county that has arisen after the posting of the agenda.

Public Comment: This item allows the public an opportunity to address the council. To comply with the provisions of the Open Meetings Act, the town council cannot discuss or take action on items brought before them not posted on the agenda. Please complete a request if you wish to address the town council. Comments will be limited to three minutes.

Business:

B. Public Hearing:

1. Public Hearing: To hear public opinion regarding the voluntary annexation of a 38.9197 acre tract of land situated in the H.H. Swisher Survey, Abstract 1120, and the M.E.P. & P.R.R. Company Survey, Abstract 915, Denton County Texas; Steeplechase North Addition.

C. Consent Agenda Items:

1. Consider and act on a resolution authorizing the Mayor Pro Tem of the Town of Hickory Creek, Texas to execute an interlocal cooperation agreement for Public Safety Application Support and Maintenance between the Town of Hickory Creek Police Department and Denton County.

D. Regular Agenda Items:

1. Presentation regarding bond issuance and annexation pertaining to Hickory Creek Public Improvement District No. 1.
2. Consider and act on a resolution approving the form and authorizing the distribution of a preliminary official statement for "TOWN OF HICKORY CREEK, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2017 (PUBLIC IMPROVEMENT DISTRICT NO. 1).
3. Consider and act on a landscaping plan for Shadow Creek Estates Phase II, described as being Lots A3, A5 & 21R, Block A; Lots C3 & 3 through 12, Block C; Lots 1 through 8, Block D; Lots 13R, 1 through 18, Block E, being 15.710 acres of land situated in the M.E.P. & P.R.R Co. Survey, Abstract No. 915, Town of Hickory Creek, Denton County, Texas; Harbor Grove Estates Section II Lot 13, Block K, being .220 acres of land situated in the John Maloney Survey, Abstract No. 819, Town of Hickory Creek, Denton County, Texas; and Shadow Creek Estates Phase I Lot 21, Block A, being 0.213 acres of land situated in the M.E.P. & P.R.R Co. Survey, Abstract No. 915, Town of Hickory Creek, Denton County, Texas.
4. Consider and act on allocating funds for the 2017 Halloween Event to be held on October 21, 2017.
5. Consider and act on allocating funds for an irrigation pump truck for the Public Works Department.

E. Executive Session: The Town Council will convene into executive session pursuant to Chapter 551 of the Texas Government Code Section 551.071, Consultation with City Attorney and other legal counsel on matters in which the duty of the attorney(s) to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act, or on matters pertaining to pending or contemplated litigation.

No Executive Session

F. Reconvene into Open Session:

No Executive Session

G. Adjournment:



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. A.1

Call to Order



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. A.2

Roll Call



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. A.3

Pledge of Allegiance to the U.S. and Texas Flags



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. A.4

Invocation



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. A.5

Items of Community Interest: Pursuant to Texas Government Code Section 551.0415 the town council may report on the following: expressions of thanks, congratulations, or condolence; an honorary or salutary recognition of an individual; a reminder about an upcoming event organized or sponsored by the governing body; and announcements involving an imminent threat to the public health and safety of people in the municipality or county that has arisen after the posting of the agenda.



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. A.6

Public Comment: This item allows the public an opportunity to address the council. To comply with the provisions of the Open Meetings Act, the town council cannot discuss or take action on items brought before them not posted on the agenda. Please complete a request if you wish to address the town council.

Comments will be limited to three minutes.



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. B.1

Public Hearing: To hear public opinion regarding the voluntary annexation of a 38.9197 acre tract of land situated in the H.H. Swisher Survey, Abstract 1120, and the M.E.P. & P.R.R. Company Survey, Abstract 915, Denton County Texas; Steeplechase North Addition.

**NOTICE OF A PUBLIC HEARING OF THE
TOWN COUNCIL OF THE
TOWN OF HICKORY CREEK, TEXAS**

Notice is hereby given that the Town of Hickory Creek Town Council will hold a public hearing on August 8, 2017 at 6:30 p.m. and on August 15, 2017 at 6:30 p.m. in the Council Chambers of the Town Hall Building located at 1075 Ronald Reagan Avenue, Hickory Creek, Texas to receive public input regarding the following:

The voluntary annexation of a 38.9197 acre tract of land situated in the H.H. Swisher Survey, Abstract 1120, and the M.E.P. & P.R.R. Company Survey, Abstract 915, Denton County Texas; Steeplechase North Addition described herein.

COMMENCING AT A 5/8" IRON ROD FOUND IN THE EAST RIGHT OF WAY LINE OF PARK.RIDGE DRIVE (VARIABLE WIDTH RIGHT OF WAY) AT ITS INTERSECTION WITH THE NORTH LINE OF A TRACT OF SAID AS GOLD L.P., TRACT IV, FOR THE NORTHEAST CORNER OF A CALLED 0.1292 ACRE TRACT OF LAND CONVEYED TO THE CITY OF CORINTH, DENTON COUNTY, TEXAS FOR DEDICATION OF SAID PARK.RIDGE DRIVE AS RECORDED UNDER COUNTY CLERK FILE NO. 2011-64010 OF THE DEED RECORDS OF DENTON COUNTY, TEXAS;

THENCE SOUTH 07° 28' 56" EAST ALONG THE EAST RIGHT OF WAY LINE OF PARK RIDGE DRIVE OR A DISTANCE OF 18.71 TO A POINT FOR CORNER;

THENCE SOUTH 11° 48' 18" EAST AND CONTINUING ALONG THE EAST RIGHT OF WAY LINE OF SAID PARK.RIDGE DRIVE FOR A DISTANCE OF 11.58 FEET TO A 5/8" IRON ROD SET FOR THE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE NORTH 88° 34' 02" EAST AND DEPARTING THE EAST RIGHT OF WAY LINE OF SAID PARK.RIDGE DRIVE FOR A DISTANCE OF 1330.25 FEET TO A 5/8" IRON ROD SET FOR CORNER, SAID POINT BEING THE BEGINNING OF A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 01° 14' 44" WITH A RADIUS OF 400.00 FEET AND A CHORD BEARING NORTH 89° 11' 24" EAST AT A DISTANCE OF 8.69 FEET;

THENCE EASTERLY ALONG SAID CURVE TO THE RIGHT FOR AN ARC DISTANCE OF 8.70 FEET TO A 5/8" IRON ROD SET FOR CORNER;

THENCE SOUTH 00° 00' 43" WEST ALONG THE SOUTH LINE OF SAID CTMGT TURBEVILLE, LLC, FOR A DISTANCE OF 1421.53 FEET TO A 5/8" IRON ROD SET FOR THE SOUTHEAST CORNER OF SAID CTMGT TURBEVILLE, LLC, TRACT IN TURBEVILLE ROAD (VARIABLE WIDTH RIGHT OF WAY);

THENCE SOUTH 89° 41' 33" WEST AND FOLLOWING ALONG THE SOUTH LINE OF SAID CTMGT TURBEVILLE, LLC, TRACT IN TURBEVILLE ROAD FOR A DISTANCE OF 7.14 FEET TO A 5/8" IRON ROD SET FOR CORNER;

THENCE NORTH 89° 20' 08" WEST AND CONTINUING ALONG THE SOUTH LINE OF SAID CTMGT TURBEVILLE, LLC, TRACT IN TURBEVILLE ROAD FOR A DISTANCE OF 1000.00 FEET TO A PK NAIL SET FOR CORNER IN THE AFORESAID EAST RIGHT OF WAY LINE OF PARK.RIDGE DRIVE;

THENCE NORTH 20° 51' 53" WEST AND FOLLOWING ALONG THE EAST RIGHT OF WAY LINE OF SAID PARKRIDGE DRIVE FOR A DISTANCE OF 115.23 FEET TO A 5/8" IRON ROD FOUND FOR CORNER;

THENCE NORTH 20° 41' 27" WEST AND CONTINUING ALONG THE EAST RIGHT OF WAY LINE OF SAID PARKRIDGE DRIVE FOR A DISTANCE OF 358.78 FEET TO A 5/8" IRON ROD FOUND FOR CORNER, SAID POINT BEING THE BEGINNING OF A CURVE TO THE RIGHT HAVING A RADIUS OF 750.00 FEET THROUGH A CENTRAL ANGLE OF 07° 51' 16" AND A CHORD BEARING NORTH 16° 45' 49" WEST AT A CHORD DISTANCE OF 102.73 FEET;

THENCE NORTHWESTERLY ALONG SAID CURVE TO THE RIGHT AND CONTINUING ALONG THE EAST RIGHT OF WAY LINE OF SAID PARK.RIDGE DRIVE FOR AN ARC DISTANCE OF 102.81 FEET TO A 5/8" IRON ROD FOUND FOR CORNER;

THENCE NORTH 12° 50' 11" WEST AND CONTINUING ALONG THE EAST RIGHT OF WAY LINE OF SAID PARK.RIDGE DRIVE AND FOR A DISTANCE OF 273.32 FEET TO A 5/8" IRON ROD FOUND FOR CORNER, SAID POINT BEING THE BEGINNING OF A CURVE TO THE RIGHT HAVING A RADIUS OF 700.00 FEET THROUGH A CENTRAL ANGLE OF 09° 17' 04" AND A CHORD BEARING NORTH 08° 11' 39" WEST AT A CHORD DISTANCE OF 113.31 FEET;

THENCE NORTHWESTERLY ALONG SAID CURVE TO THE RIGHT AND CONTINUING ALONG THE EAST RIGHT OF WAY LINE OF SAID PARK.RIDGE DRIVE FOR AN ARC DISTANCE OF 113.43 FEET TO A 5/8" IRON ROD FOUND FOR CORNER;

THENCE NORTH 03° 33' 07" WEST AND CONTINUING ALONG THE EAST RIGHT OF WAY LINE OF SAID PARKRIDGE DRIVE FOR A DISTANCE OF 208.48 FEET TO A 5/8" IRON ROD FOUND FOR CORNER, SAID POINT BEING THE BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 750.00 FEET THROUGH A CENTRAL ANGLE OF 08° 15' 11" AND A CHORD BEARING NORTH 07° 40' 43" WEST AT A CHORD DISTANCE OF 107.94 FEET;

THENCE NORTHWESTERLY ALONG SAID CURVE TO THE RIGHT AND CONTINUING ALONG THE EAST RIGHT OF WAY LINE OF SAID PARK.RIDGE DRIVE FOR AN ARC DISTANCE OF 108.03 FEET TO A 5/8" IRON ROD FOUND FOR CORNER;

THENCE NORTH 11° 48' 18" WEST AND CONTINUING ALONG THE EAST RIGHT OF WAY LINE OF SAID PARK.RIDGE DRIVE FOR A DISTANCE OF 144.27 FEET TO THE POINT OF BEGINNING AND CONTAINING 38.9197 ACRES OF LAND, MORE OR LESS.

All interested parties are invited to attend and participate. A map of the location of the property is available at Town Hall.

By order of the Town Council of the Town of Hickory Creek, Texas.



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. C.1

Consider and act on a resolution authorizing the Mayor Pro Tem of the Town of Hickory Creek, Texas to execute an interlocal cooperation agreement for Public Safety Application Support and Maintenance between the Town of Hickory Creek Police Department and Denton County.

**TOWN OF HICKORY CREEK, TEXAS
RESOLUTION NO. 2017-0808-1**

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF HICKORY CREEK, TEXAS, HEREBY AUTHORIZING THE MAYOR PRO TEM OF THE TOWN OF HICKORY CREEK, TEXAS, TO EXECUTE AN INTERLOCAL COOPERATION AGREEMENT FOR PUBLIC SAFETY APPLICATION SUPPORT AND MAINTENANCE BY AND BETWEEN THE TOWN OF HICKORY CREEK POLICE DEPARTMENT AND DENTON COUNTY, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Hickory Creek (the “Town”), Texas is a Type A General Law Municipality located in Denton County, Texas, created in accordance with the provisions of the Texas Local Government Code and operating pursuant to enabling legislation of the State of Texas;

WHEREAS, the Town Council has been presented with a proposed Interlocal Cooperation Agreement for Public Safety Application Support and Maintenance for the Hickory Creek Police Department (hereinafter the “Agreement”), a copy of which is attached hereto as Exhibit “A” and incorporated herein by reference; and

WHEREAS, upon full review and consideration of the Agreement, and all matters attendant and related thereto, the Town Council is of the opinion that the terms and conditions thereof should be approved, and that the Mayor Pro Tem shall be authorized to execute it on behalf of the Town of Hickory Creek.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Hickory Creek, Texas:

Section 1: That the Mayor Pro Tem of the Town of Hickory Creek, Texas, is hereby authorized to execute on behalf of the Town of Hickory Creek, Texas, the Agreement attached hereto as Exhibit A.

Section 2: This Resolution shall take effect immediately upon its passage.

PASSED AND APPROVED by the Town Council of the Town of Hickory Creek, Texas this 8th day of August, 2017.

Paul Kenney, Mayor Pro Tem

ATTEST:

Kristi Rogers, Town Secretary

APPROVED AS TO FORM:

Town Attorney
Town of Hickory Creek, Texas

STATE OF TEXAS §
 §
COUNTY OF DENTON §

**INTERLOCAL COOPERATION AGREEMENT FOR
PUBLIC SAFETY APPLICATION SUPPORT AND MAINTENANCE**

This Interlocal Cooperation Agreement for Public Safety Application Support and Maintenance, hereinafter referred to as “Agreement”, is made by and between Denton County, a political subdivision of the State of Texas, hereinafter referred to as the “County”, and

Name of Agency: Hickory Creek PD

hereinafter referred to as “Agency”.

WHEREAS, County is a duly organized political subdivision of the State of Texas engaged in the administration of county government and related services for the benefit of the citizens of Denton County, Texas; and

WHEREAS, Agency is duly organized and operating under the laws of the State of Texas engaged in the provision of municipal government and/or related services for the benefit of the citizens of Agency; and

WHEREAS, County and Agency agree that the utilization of combined support and maintenance of public safety systems will be in the best interests of both County and Agency,

WHEREAS, County and Agency desire to maximize the value in the utilized public safety applications to improve public safety and law enforcement throughout Denton County,

WHEREAS, County and Agency mutually desire to be subject to the provisions of the Interlocal Cooperation Act of the V.T.C.A. Government Code, Chapter 791; and

NOW THEREFORE, County and Agency, for the mutual consideration hereinafter stated, agree and understand as follows:

1. **PURPOSE.** The Denton County Department of Technology Services has the resources to provide public safety application support service throughout Denton County. Agency wishes to utilize County’s available public safety application support services (“Services”) during the term of this agreement.

2. **TERM OF AGREEMENT.** The term of this Agreement shall be for a one year period beginning **October 1, 2017** and ending on **September 30, 2018**. Agency may select the desired level of support (either Basic or Enhanced) for each term of Agreement.

3. **TERMINATION OF AGREEMENT.** Either party may terminate this agreement, with or without cause, after providing sixty (60) days written notice to the other party.

4. **BASIC SUPPORT.** Each Agency that participates in the Denton County Shared Governance Communications & Dispatch Services System shall be eligible to receive basic support (as defined in Exhibit “A” – Service Level Agreement) from County at no additional cost.

5. **ENHANCED SUPPORT.** Each Agency that participates in the Denton County Shared Governance Communications & Dispatch Services System shall be eligible to select optional enhanced support (as defined in Exhibit “A” – Service Level Agreement) from County.

5.1 If this Agreement is terminated prior to the expiration of the term of Agreement, County shall send a pro-rated refund of the optional enhanced support fees back to Agency based on the amount of time left on the original agreement term.

5.2 Agency shall pay to County the Total Amount more fully described on Exhibit “B”.

6. **SOFTWARE LICENSES AND MAINTENANCE.** “Software” shall be defined as supported applications as described in Exhibit “A” – Service Level Agreement. Each Agency that participates in the Denton County Shared Governance Communications & Dispatch Services System shall be responsible for its own Software licenses and maintenance.

6.1. Agency is responsible for purchasing any new Software licenses required by Agency.

6.2. Agency is responsible for payment of all maintenance fees on Software currently in use by Agency. Payment may be made either directly to the software manufacturer or as a reimbursement to County for maintenance paid on Agency’s behalf. Maintenance fees that are paid by County on behalf of Agency are described in Exhibit “B”. County will work with Agency and software manufacturer to transfer Agency specific maintenance costs to bill directly to Agency (instead of billing to County and requiring reimbursement from Agency).

6.3 If this Agreement is terminated prior to the expiration of the term of Agreement, maintenance fees already paid to the software manufacturer are not eligible for refund.

7. **COUNTY SERVICES AND RESPONSIBILITIES.** County agrees to provide the following services and responsibilities:

7.1 County shall provide either Basic Support Services or Enhanced Support Services as more fully described on Exhibit “A” based on Agency’s selection.

7.2 If applicable, County shall provide any mutually agreed Additional Agency Specific Services as more fully described on Exhibit “A”.

7.3 County shall have the sole discretion as to the method of providing the Services and shall be the sole judge as to the most expeditious and effective manner of handling and responding to service requests. County will devote sufficient time to insure the performance of all duties and obligations set forth herein.

8. **AGENCY RESPONSIBILITIES.** Agency agrees to the following responsibilities:

- 8.1 Furnish County with a current list of key contacts including an IT coordinator contact on page 1 of Exhibit "A".
- 8.2 Except as otherwise specifically provided by County Services and Responsibilities (in section 7 above), Agency is responsible for the costs and upgrades associated with maintaining all Agency computer equipment, network equipment, and software.
- 8.3 Agency agrees to abide by all laws of the United States and the State of Texas and all present or hereafter approved rules, policies and procedures of TLETS, NLETS, TCIC, NCIC and any other system now or in the future associated with TLETS concerning the collection, storage, processing, retrieval, dissemination and exchange of information for criminal justice purposes.
- 8.4 Agency shall select the desired level of support (either Basic or Enhanced) on the signature page to this Agreement.
- 8.5 Agency is responsible for sending payments to County (Denton County Auditor, Attn: Public Safety Application Support & Maintenance, 401 W. Hickory St, Ste 423, Denton, TX 76201) as more fully described in Exhibit "B" to this Agreement within 30 calendar days of approval of Agreement.

9. **AGREEMENT.** The parties acknowledge they have read and understand and intend to be bound by the terms and conditions of this Agreement. This Agreement contains the entire understanding between the parties concerning the subject matter hereof. No prior understandings, whether verbal or written, between the parties or their agents are enforceable unless included in writing in this agreement. This Agreement may be amended only by written instrument signed by both parties.

10. **AGREEMENT LIASONS.** Each party to this agreement shall designate a Liaison to insure the performance of all duties and obligations of the parties. The Liaison for each party shall devote sufficient time and attention to the execution of said duties on behalf of the Party to ensure full compliance with the terms and conditions of this Agreement.

11. **ASSIGNMENT.** Neither party shall assign, transfer, or sub-contract any of its rights, burdens, duties, or obligations under this Agreement without the prior written permission of the other party to this Agreement.

12. **AGENCY LIABILITY.** Agency understands and agrees that Agency, its employees, servants, agents, and representatives shall at no time represent themselves to be employees, servants, agents, or representatives of County. Agency shall not be required to indemnify nor defend County for any liability arising out of the wrongful acts of employees or agents of County to the extent allowed by Texas law.

13. **COUNTY LIABILITY.** County understands and agrees that County, its employees, servants, agents, and representatives shall at no time represent themselves to be employees, servants, agents, or representatives of Agency. County shall not be required to indemnify nor defend Agency for any liability arising out of the wrongful acts of employees or agents of Agency to the extent allowed by Texas law.

14. **DISPUTES/RECOURSE.** County and Agency agree that any disputes or disagreements that may arise which are not resolved at the staff level by the parties should be referred to the Appointed Liaisons for each entity. Any further disputes arising from the failure of either Agency or County to perform shall be submitted to mediation, with the parties splitting the mediation fees equally. It is further agreed and understood that the scope of matters to be submitted to dispute mediation as referenced above is limited to disputes concerning sufficiency of performance and duty to pay or entitlement, if any, to any reduced fee or compensation. Any other disputes or conflicts involving damages or claimed remedies outside the scope of sufficiency of performance and compensation adjustment shall be referred to a court of competent jurisdiction in Denton County, Texas.

15. **EXHIBITS.** Attached hereto, and referred to elsewhere in this Agreement are the following Exhibits, which are hereby incorporated by reference.

Exhibit A	Service Level Agreement v1.0
Exhibit B	Cost Schedule for Maintenance and Enhanced Support

16. **MULTIPLE ORIGINALS.** It is understood and agreed that this Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

17. **NOTICES.** All notices, demands or other writings may be delivered by either party by U.S. First Class Mail or by other reliable courier to the parties at the following addresses:

County:	1	Denton County Judge Denton County Commissioners Court 110 West Hickory, Room #207 Denton, Texas 76201
	2	Chief Information Officer (CIO) Denton County Technology Services 701 Kimberly Drive, Suite 285 Denton, Texas 76208
	3	Assistant District Attorney Denton County Criminal District Attorney's Office 1450 E. McKinney Street, 3 rd Floor PO Box 2344 Denton, Texas 76202

Name of Agency:	Hickory Creek PD
Contact Person	Chief Carey Dunn
Address	1075 Ronald Reagan Ave
City, State, Zip	Hickory Creek, TX 75065
Telephone	9404973520

18. **SEVERABILITY.** The validity of this Agreement and any of its terms or provisions, as well as the rights and duties of the parties hereto, shall be governed by the laws of the State of Texas. Further, this Agreement shall be performed and all compensation payable in Denton County, Texas. In the event that any portion of this Agreement shall be found to be contrary to law, it is the intent of the parties hereto that the remaining portions shall remain valid and in full force and effect to the extent possible.

19. **THIRD PARTY.** This Agreement is made for the express purpose of providing public safety application support and maintenance services, which both parties recognize to be a governmental function. Except as provided in this Agreement, neither party assumes any liability beyond that provided by law. This Agreement is not intended to create any liability for the benefit of third parties.

20. **VENUE.** This agreement will be governed and construed according to the laws of the State of Texas. This agreement shall be performed in Denton County, Texas.

21. **WAIVER.** The failure of County or Agency to insist upon the performance of any term or provision of this Agreement or to exercise or enforce any right herein conferred, or the waiver of a breach of any provision of this Agreement by either party, shall not be construed as a waiver or relinquishment to any extent of either party's right to assert or rely upon any such term or right, or future breach of such provision, on any future occasion.

22. **AUTHORIZED OFFICIALS.** Each party has the full power and authority to enter into and perform this Agreement. The persons executing this Agreement represent they have been properly authorized to sign on behalf of their governmental entity.

23. **CURRENT FUNDS.** All payments made by Agency to County pursuant to this Agreement shall be from current revenues available to Agency.

DENTON COUNTY, TEXAS

AGENCY

Please select the desired support level:

☐ Basic Support

~or~

☐ Enhanced Support

Mary Horn, County Judge
Denton County Commissioners Court
110 West Hickory, Room #207
Denton, Texas 76201
(940)349-2820

Signature

EXECUTED duplicate originals on this

Date:_____

EXECUTED duplicate originals on this

Date:_____

Approved as to form:

Approved as to form:

Assistant District Attorney
Denton County Criminal District
Attorney's Office

Attorney for Agency



Version

Version	Date	Revision / Description
1.0	10/1/2014	Initial Version

Name of “Agency”

Hickory Creek PD

Agency Locations

1075 Ronald Reagan Ave, Hickory Creek, TX 75065

Agency Contacts

Title	Name	Email	Phone
Agreement Liason	Chief Carey Dunn	carey.dunn@hickorycreek-tx.gov	9404973520
IT Coordinator			

Additional Agency Specific Services

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County Contacts

Title	Name	Email	Phone
Agreement Liason & Application Support Manager	Tommy Hutson	Tommy.Hutson@dentoncounty.com	940-349-4357
Chief Information Officer	Kevin Carr	Kevin.Carr@dentoncounty.com	940-349-4500
Deputy Chief Information Officer	Brian King	Brian.King@dentoncounty.com	940-349-4500
Technical Services Manager	Damian Van Zile	Damian.VanZile@dentoncounty.com	940-349-4357
Desktop Operations Manager	Shawn Buchanan	Shawn.Buchanan@dentoncounty.com	940-349-4357
Server Operations Manager	Ray Rose	Ray.Rose@dentoncounty.com	940-349-4357
Network Operations Manager	Don Click	Don.Click@dentoncounty.com	940-349-4357
HELP DESK		HelpDesk@dentoncounty.com	940-349-4357



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1. Service Overview

This is a Service Level Agreement (“SLA”) between the Agency and the Denton County Department of Technology Services (“DTS”) to document:

- the technical services provided to the Agency;
- the general levels of response, availability, and maintenance associated with these services;
- the responsibilities of DTS as a provider of these services and of Agency users receiving services; and
- processes for requesting services.

2. Service Description

2.1 Assumptions

- An “Incident” is defined as any interruption in the normal functioning of a supported service or system. Incidents that cannot be legitimately resolved within the timeframe of this SLA or that do not have an available workaround, will become part of a Problem Management process.
- A “Request” is defined as any new service, a change to an existing service, or removal of an existing service.
- An “Inquiry” is defined as a request for information.
- Services will be provided in adherence to any related policies, processes and procedures.

2.2 Supported Applications

The following software applications will be supported:

- SunGard MCT/MFR
- ONESolution RMS
- OpCenter
- Police2Police, Police2Citizen
- Any additional SunGard applications purchased under the Denton County contract and made available to other agencies.
- FIREHOUSE Software



2.3 Available Services

Basic Support Services: Agencies that choose the Basic Support option will be provided the following services:

- Client support services will be provided through the software vendor.
- Remote access to county hosted systems for supported applications.
- Password resets during normal business hours.
- Software update notifications for supported applications.
- Maintenance and support of Site-to-Site connections for County owned equipment only.
- Participation in the Denton County Law Enforcement Portal (p2c.dentoncounty.com).
- Access to the OpCenter web site.

Enhanced Support Services: Agencies that choose the Enhanced Support option will be provided the following services:

- All services provided under Basic Support Services.
- Access to Help Desk after-hours support for critical business issues.
- Software update assistance for supported applications.
- Maintenance and support of the Site-to-Site connection for both County and Agency equipment.
- Access to Training classes for the supported applications provided by DTS as well as other DTS training services.

Additional Services: Agencies may negotiate additional services specific to their own agency. Additional agency specific services are included on the first page of this SLA in the “Additional Agency Specific Services” section.

3. Roles and Responsibilities

3.1 County Responsibility

County responsibilities and/or requirements in support of this Agreement include:

- Making best efforts to resolve problems (or find workarounds) within the expected completion times based on the priority for all incidents and requests. Completion times depend on a number of factors including complexity, the availability of the user, access to external resources such as software fixes, and the existence of a solution.
- Providing assistance with basic installation of software relating to the listed applications.
- Acting as the liaison with vendors or external resources for supported services.
- Maintaining and updating all county owned software and hardware required to provide Services for the Supported Applications.
- Generating annual reports on service level performance.
- Notifying agencies of all scheduled and unscheduled maintenance via e-mail notifications from the DTS Help Desk.
- The County is responsible for the costs and maintenance of all County computer equipment, network equipment, and software.
- Ensuring the security of the County computer systems and network.



- Preventing unauthorized access to Agency information.
- Maintaining regular backups of files and data stored on county owned equipment.

3.2 Agency Responsibility

Agency responsibilities and/or requirements in support of this Agreement include:

- Payment of all maintenance fees on software currently in use by the Agency.
- Payment of all support services selected by the Agency.
- Notifying the County of personnel changes in a timely manner.
- Making best effort for availability of user(s) when resolving a service related incident or request.
- Submitting requests for service to the Denton County Help Desk.
- Communicating plans, changes of needs, and problems to the County in a timely manner.
- Except as otherwise specifically provided by this SLA, the Agency is responsible for the costs and maintenance of all Agency computer equipment, network equipment, and software.
- Ensuring all Agency owned systems meet minimum requirements for the Supported Applications.
- Ensuring the security of the Agency computer systems and network.
- Preventing unauthorized access to County information.
- Maintaining regular backups of files and data stored on agency owned equipment.
- Designating an “Information Technology (IT) Coordinator” to ensure that these responsibilities are carried out and to serve as the primary contact person between the agency and DTS. For Agencies who use the SunGard RMS and/or have a Site-to-Site connection, the IT Coordinator will also be responsible for resetting user passwords for their agency utilizing the SMS application. Because agencies have different needs, IT resources, and levels of internal expertise, the needs and resources of a given agency may not require the IT Coordinator to have an extensive technical background.



4. Service Support

4.1 Requesting Service

- Contact the Denton County Help Desk by one of the options below. In order to ensure the fastest possible service, please do not send requests to a specific County employee. Except for emergencies, drop-ins should be scheduled through the Help Desk.
- Phone – Call 940-349-HELP (4357)
Phone service is available during normal hours of operation. Messages left outside of normal hours will be processed the next business day. An on-call technician will be available outside of normal hours for emergency calls only.
- Email - Helpdesk@dentoncounty.com
E-mail requests will be processed during regular business hours. Email requests can be sent 24 hours a day, 7 days a week.
- Information Technology (IT) Coordinator
Please contact your IT Coordinator for services not listed.

4.2 Hours of Coverage

Service is available during standard operating hours of 8:00am – 5:00pm Monday – Friday, except on County holidays.

4.3 Incident and Request Response and Prioritization

- Incoming Service Requests will fall into priority levels of 'Critical', 'Urgent', 'High', 'Medium', 'Normal' and 'Low'. These levels will be identified by type (incident, request for service or inquiry), urgency and impact of the Service Request. If the incident cannot be resolved during the initial call, a DTS technician will be contacted to further research the issue. For responses to Service Requests, the goal for DTS is to respond in a timely manner.

4.4 Resolution

- DTS will use reasonable efforts to resolve Service Requests that are within the control of DTS responsibilities. Circumstances beyond DTS control (waiting for parts, response from user, or third party involvement) will constitute a temporary suspension of the SLA clock until appropriate response, replacement parts or services have been received.

4.5 Service Escalation

- If you are not satisfied with the level of service on a request, contact your IT Coordinator or the Technical Services Manager of DTS. They will respond to you with the action taken or to develop a solution that meets your needs.



4.6 Priority Levels

- DTS provides service based on the following Priority Levels.

Priority Level Characteristics

Priority Level	Expected Completion Time	Description
Incident Levels (Standard Business Hours 8am – 5pm, Monday through Friday)		
Critical	8 hours 80% of the time. (Continued repair until operational)	<ul style="list-style-type: none">An incident where systems are down or seriously impacted and/or products/services are unavailable.Normally a global issue or a large number of Agency users are being affected.There is no acceptable workaround to the problem (i.e., the job cannot be performed in any other way). <p>The commitment of incident management resources is critical.</p>
Urgent	1 business day 80% of the time.	<ul style="list-style-type: none">Issues affecting a large number of usersRequests that require immediate attention
High	2 business days 80% of the time.	<ul style="list-style-type: none">The issue causes any Agency user to be unable to work or perform some significant portion of their job.Incidents where systems are degraded/unreliable; performance and/or legal agreements are at risk.There is an acceptable and implemented workaround to the problem (i.e., the job can be performed in some other way). <p>The commitment of incident management resources is high.</p>
Medium	3 business days 80% of the time.	<ul style="list-style-type: none">An incident where performance and/or legal agreements may be degraded. The actual and potential business impact is low in terms of the user. (a few or less users are affected)The issue causes a Agency user to be unable to perform some small portion of their job, but they are still able to complete most other tasks. May also include questions and requests for information.



		<ul style="list-style-type: none"> A temporary workaround, alternative, or circumvention is available. <p>There is no commitment of incident management resources outside of business as usual.</p>
Normal	5 business days 80% of the time.	<ul style="list-style-type: none"> An incident where performance and/or legal agreements are not at risk. The actual and potential business impact is minimal in terms of the user.
Low	10 days 80% of the time.	<ul style="list-style-type: none"> The customer has requested a new service or information pertaining to a feature, system or service.

4.7 Priority level Determination

- Priority levels will be automatically determined by:
 - Service Request Type (incident, request for service or inquiry).
 - Impact (Single user, 2 -9 users or 10 or more users).
 - Urgency (**High** – User(s) is unable to work, **Medium** – User’s work is impacted, **Low** – A workaround can be implemented or a user’s ability to work is not greatly impacted.)

Priority Levels (Incidents)

	Single User	2 – 9 users	10+ Users
High	High	High	Urgent
Medium	Medium	High	High
Low	Normal	Medium	Medium

4.8 Service Level Measurements

- Service levels will be measured based on the overall service level targets for each agency broken out by Priority Levels (Critical, Urgent, High, Medium, Normal, Low). These targets are based on each priority’s expected completion times. Service level reports will be run on a yearly basis and reviewed by DTS and Agencies at that time. The minimum number of total Service Requests required to meet the SLA percentage for a given Priority Level will be 12 or more. If an agency has less than 12 SR’s in any given priority level then the overall weighted percentage will apply to that priority.

4.9 Scheduled Maintenance

- DTS plans scheduled maintenance windows each week (usually on Thursday evenings, starting at 7 p.m. until 7a.m., the next day) to maintain and increase the security, availability, and performance of the network and supported applications. DTS works to minimize or avoid any disruption to public safety agencies during the maintenance windows. Agencies will be notified if we are aware of an anticipated interruption to public safety systems. A notification reminder will be sent out the morning of the scheduled maintenance day with information about the maintenance being performed.

4.10 Unscheduled Maintenance



- Occasionally DTS may be required to interrupt services to Agency users due to unpredictable maintenance requirements that had not been previously planned but require prompt attention and must have action taken to allow for system restoration and protection of county resources. When possible, email notification will be sent 24 hours, or more, prior to maintenance specifying the work to be performed.

5. Customer Service Survey

5.1 Survey Form

- Upon closure of a Service Request, Agency employees will receive a link to the Customer Satisfaction Survey. These surveys are important in gauging work quality within DTS and help improve customer service.

5.2 Customer Satisfaction Survey Ratings – Detailed Definitions

Technician went beyond what was required

- Quality of work is exceptional; performance far exceeds the needed requirement to fulfill the request.
- Quick to respond. Receptive to needs and was able to understand the request with informative questioning.
- The resolution was much faster than expected.
- Communication was frequent throughout the entire process and updates during the progress and upon finding a solution were completely understandable.
- Actions were taken quickly and an optimal solution was found.
- Technician showed an ability to quickly understand the request and utilized their skills to the fullest.
- Technician went out of their way in providing support.

Excellent

- Quality of work is excellent and an extra effort was taken in fulfilling the request.
- Quick response in initial contact. Receptive and willing to help.
- The resolution was faster than expected.
- Technician made sure to communicate status as well as inform user of solution.
- Technician went out of their way to properly resolve the issue.
- Technician came up with a solution to allow minimal interruption to the user.
- Technician took a complete interest in helping.

Satisfied

- Quality of work is acceptable.
- Initial contact was cordial and responsive to my needs.
- Has demonstrated the ability to handle the Service Request within an appropriate timeframe.
- Communicated the status as well as resolution.
- Solution met the requirement needed to resolve the issue.
- Performed the task with the proper technical skills and expertise.
- Technician was thorough in taking care of the Service Request.

Needs Improvement

- Quality of work is poor.



-
- Access to help was time consuming.
 - Technician did not demonstrate the ability to handle issue within an appropriate timeframe.
 - Poor communication. Issues were not explained or understood.
 - Questionable resolution.
 - Technician seemed unconfident with ability.
 - Lack of interest, only helpful enough to get the task completed.

Dissatisfied

- Failed to meet expectations.
- Little or no response to requests.
- Issue persists.
- Little or no communication during work being done.
- No progress was made in response to corrective action.
- There is a definite lack of ability and/or willingness.
- Technician was rude.

Not Applicable

- Question being asked does not pertain to the request.

**FY2018 Cost Schedule for Maintenance and Optional Enhanced Support for
Hickory Creek Police Department**

Application	Maint Amt	Qty	Total
OSSI MCT Client for Digital Dispatch	\$ 127.91	6	\$ 767.43
OSSI Mobile Client Maps	\$ 25.78	6	\$ 154.69
OSSI Client AVL Mobile License	\$ 19.28	6	\$ 115.69
OSSI - MFR Client - Racial Profiling	\$ 25.78	6	\$ 154.69
OSSI - MFR Client- Base Incident/Offense	\$ 127.91	6	\$ 767.43
OSSI Mobile Arrest Module	\$ 51.16	6	\$ 306.96
OSSI Accident Wizard Workstation License Client	\$ 29.50	6	\$ 177.00
OSSI - MFR Client Citation	\$ 85.20	6	\$ 511.21
OSSI - MFR Client - Accident Reporting	\$ 85.20	6	\$ 511.21
OSSI Client Base Records Management System	\$ 1,256.93	1	\$ 1,256.93
Upgrade to Site License for the following modules: Records Mgmt System, RMS Maps, Notifications, Accident Module, and Mugshot Display			
	\$ 1,902.55	1	\$ 1,902.55
OSSI - Link Analysis Module	\$ 344.37	1	\$ 344.37
OSSI RMS Map Display and Pin Mapping License - Site License	\$ 196.78	1	\$ 196.78
OSSI Multi-Jurisdictional RMS Option	\$ 54.11	1	\$ 54.11
OSSI Notification Module	\$ 221.38	1	\$ 221.38
OSSI Racial Profiling Module-Site	\$ 49.19	1	\$ 49.19
OSSI Sex Offender Module	\$ 147.59	1	\$ 147.59
OSSI Crime Analysis Module - Site License	\$ 122.99	1	\$ 122.99
OSSI Base Mobile Server Software Client - up to 250 workstations	\$ 537.95	1	\$ 537.95
OSSI AVL Server Host License	\$ 387.41	1	\$ 387.41
OSSI Residential Security Watch Module	\$ 23.88	1	\$ 23.88
OSSI Review Module for Field Reporting	\$ 397.99	1	\$ 397.99
OSSI's Integrated Messaging Software Switch	\$ 221.38	1	\$ 221.38
Total Maintenance Fees to be reimbursed to County			\$ 9,330.79
Optional Enhanced Support			\$ 3,732.32
Total Maintenance + Optional Enhanced Support			\$ 13,063.11



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. D.1

Presentation regarding bond issuance and annexation pertaining to Hickory Creek Public Improvement District No. 1.

Hickory Creek Public Improvement District No. 1

Proposed Financing / Annexation

Disclosure

FMS ROLE AS UNDERWRITER AND NOT FINANCIAL ADVISOR

FMSbonds, Inc., is providing the information contained in this document for discussion purposes only in anticipation of serving as underwriter to the “Issuer”. The primary role of FMSbonds, Inc., (“FMS”) as an underwriter, is to purchase securities, for resale to investors, in an arm’s-length commercial transaction between the Issuer and FMS. FMS may have financial and other interests that differ from those of the Issuer. FMS is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer or any other person or entity. The information provided is not intended to be and should not be construed as “advice” within the meaning of Section 15B of the Securities Exchange Act of 1934. The Issuer should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. The Issuer should consider whether to engage an advisor to act in a fiduciary capacity on its behalf in connection with this transaction.

Securities offered by FMSbonds, Inc, including annuities, are not insured by the FDIC or any government agency; are not deposits or other obligations of or guaranteed by FMSbonds, Inc. or any of its affiliates; and are subject to investment risks, including possible loss of the principal invested. FMSbonds, Inc. is a broker/dealer, member FINRA/SIPC.

FMS has a policy that is designed to comply with the disclosure requirements under revised MSRB Rule G-23. In conjunction with these requirements, we are providing the following disclosure to all of our municipal underwriting clients.

Hickory Creek Public Improvement District No. 1

Development Using Public Improvement Districts

What are Public Improvement Districts?

Public Improvement Districts (PID) are economic tools available to cities / counties to fund public improvements that benefit the area within the PID boundaries. Landowners within the PID are assessed for the benefits, instead of burdening the general tax base or having to consent to the formation of an independent political subdivision.

Creation: Landowners can petition a city / county to establish a PID. PIDs are then created by the city / county.

Resources: The financial resources of PIDs are assessments levied on property owners within the PID. The assessments are based on a percentage of benefited property.

Financings: A PID (City or County) sells assessment revenue bonds and / or can generate annual revenues.

Governance: Appointed by the city council or commissioner's court (dependent district).

Eligible Costs: PIDs can finance a wide array of public infrastructure and development items, including:

- landscaping; erection of fountains, distinctive lighting, and signs;
- acquiring, constructing, improving, widening, narrowing streets/roadways or rights-of-way;
- construction or improvement of pedestrian malls;
- acquisition, construction or improvement of libraries;
- acquisition, construction or improvement of off-street parking facilities;
- acquisition, construction, improvement or rerouting of mass transportation facilities;
- acquisition, construction, or improvements of water, wastewater or drainage improvements;
- the establishment or improvement of parks;
- acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- special supplemental services for improvement and promotion of the district; and
- payment of expenses incurred in the establishment, administration, and operation of the district.

Hickory Creek Public Improvement District No. 1

History of the District

The Public Improvement District was created March 27, 2012

The District was used to fund construction of streets, water, sewer, and drainage infrastructure

A “Reimbursement Agreement” was signed April 24, 2012 by Town and Developer

- The agreement requires the Developer to make the public improvements
- The agreement requires the Town to reimburse the Developer for the public improvements
- Terms of the Reimbursement Agreement provides for 6% interest rate on unpaid principal balance

Pursuant to the Service and Assessment Plan(s), there are two “assessments”

- The “capital assessment” per lot equals \$28,176
- The annual “maintenance and service assessment” is approximately \$540 per year.

The Developer is requesting that the Town issue bonds to refund the Reimbursement Agreement

The revenue used to pay debt service on the bonds are existing assessments on the property, NOT Town taxes

Hickory Creek Public Improvement District No. 1

Current Situation

\$28,176 Assessment per Lot; 6% interest is charged on unpaid principal balance.

Capital & Maintenance Assessments

To date, annual installments have been interest only. The annual installment due 1/31/17 = \$2,419 per lot

Once principal begins being collected, the annual installment will increase to \$2,775.

	Interest Only	Principal & Interest
Outstanding Assessment	\$28,176	\$28,176
Interest Rate	6.00%	6.00%
<u>Annual Payments (Capital)</u>		
P&I	\$1,691	\$2,047
Collection Cost	\$50	\$50
Administrative Costs	<u>\$141</u>	<u>\$141</u>
	\$1,881	\$2,238
<u>Annual Payments (Maintenance)</u>		
Maintenance	\$81	\$81
Safety	\$406	\$406
Collection Costs	<u>\$50</u>	<u>\$50</u>
	\$538	\$538
TOTAL ANNUAL INSTALLMENT	\$2,419	\$2,775

Hickory Creek Public Improvement District No. 1

Proposed Bond Issue / Annexation

	Current	Proposed
1) Issue bonds, reduce interest rate to < 4.00%	Outstanding Assessment Interest Rate	\$28,176 6.00%
2) Annex into Town of Hickory Creek	Annual Payments (Capital)	\$27,384 3.94% ₍₁₎
3) Maintenance assessment is eliminated	P&I Collection Cost Administrative Costs	\$2,047 \$50 \$141
4) Town property tax is added		\$53
5) \$5 annual decrease over current situation	Annual Payments (Maintenance)	\$2,238 \$1,626
6) \$1,144 in new annual income tax deductions compared to current situation	Maintenance Safety Collection Costs	\$81 \$406 \$50
		\$538 \$0
	Town Property Tax	
	Town Tax Rate (per \$100/AV)	\$0 \$0.387319
	Average Home Value	\$295,300 \$295,300
		N/A \$1,144
	Total PID + City Taxes	\$2,775 \$2,770
	Tax Deductible	\$0 \$1,144
	Non-Tax Deductible	\$2,775 \$1,626

(1) Indicative rate as of July 24, 2017 – assumes an investment grade rating and municipal bond insurance – subject to final credit review and market conditions

Hickory Creek Public Improvement District No. 1

Benefits of Proposed Bond Issuance and Annexation

Estimated \$5 annual expense decrease to the residents

Estimated \$1,144 in new tax deductions

Residents will have Animal Services

Residents will benefit from Code Enforcement

Residents will receive Town Police Enforcement (TOHC officers dispatched not Denton County Sheriff Office)

Residents will have benefits of Public Works

Residents can serve on volunteer boards and file an application for place on ballot for general elections

Residents may vote in Town of Hickory Creek general elections

Town no longer obligated under Reimbursement Agreement with Developer



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. D.2

Consider and act on a resolution approving the form and authorizing the distribution of a preliminary official statement for "TOWN OF HICKORY CREEK, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2017 (PUBLIC IMPROVEMENT DISTRICT NO. 1).

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS
COUNTY OF DENTON
TOWN OF HICKORY CREEK

I, the undersigned officer of said Town, hereby certify as follows:

1. The Town Council of said Town convened in regular meeting on August 8, 2017, at the Town Hall, and the roll was called of the duly constituted officers and members of said Town Council, to-wit:

Mayor - Lynn Clark
Mayor Pro Tem - Paul Kenney
Place 1 - Tracee Elrod
Place 2 - Richard Dupree
Place 3 - Chris Gordon
Place 5 - Ian Theodore

and all of said persons were present except Mayor Lynn Clark, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written resolution entitled

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE
DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT FOR "TOWN OF
HICKORY CREEK, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES
2017 (PUBLIC IMPROVEMENT DISTRICT NO. 1)"

was duly introduced for the consideration of said Town Council. It was then duly moved and seconded that said Resolution be adopted and, after due discussion, said motion, carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

AYES: 5

NOES: 0

ABSTENTIONS: 0

2. That a true, full and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Town Council's minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Town Council's minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Town Council as indicated therein; that each of the officers and members of said Town Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for adoption at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose, and that said Meeting was open to the public and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED ON AUGUST 8, 2017.

Town Secretary
Town of Hickory Creek, Texas

(TOWN SEAL)

TOWN OF HICKORY CREEK, TEXAS

RESOLUTION NO. 2017-0808-2

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT FOR "TOWN OF HICKORY CREEK, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2017 (PUBLIC IMPROVEMENT DISTRICT NO. 1)"

WHEREAS, this Town Council (the "Council") has adopted a resolution authorizing the creation of the Public Improvement District No. 1 (the "District"); and

WHEREAS, this Council intends to issue "Town of Hickory Creek, Texas, Special Assessment Revenue Bonds, Series 2017 (Public Improvement District No. 1)" (the "Bonds"), to fund public improvements within the District; and

WHEREAS, there has been presented to this Council a Preliminary Official Statement relating to the Bonds (the "Offering Document") as attached hereto as ***Exhibit A***; and

WHEREAS, this Council finds and determines that it is necessary and in the best interests of the Town of Hickory Creek, Texas (the "Town") to approve the form and content of the Offering Document and authorize the use of the Offering Document in the offering and sale of the Bonds by the Underwriter of the Bonds, FMSbonds, Inc.;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF HICKORY CREEK, TEXAS, THAT:

Section 1. The form and content of the Offering Document is hereby approved and deemed final, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, with such changes, addenda, supplements or amendments as may be approved by the Mayor or Town Administrator. The Town hereby authorizes the Offering Document to be used by the Underwriter in connection with the marketing and sale of the Bonds.

Section 2. This Resolution shall be effective immediately upon its adoption.

PASSED, APPROVED AND EFFECTIVE this August 8, 2017.

Mayor Pro Tem, Town of Hickory Creek, Texas

ATTEST:

Town Secretary, Town of Hickory Creek, Texas

[TOWN SEAL]

EXHIBIT A
OFFERING DOCUMENT

See attached

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST [], 2017

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for purposes of federal income taxation under existing law, subject to the matters described under “TAX MATTERS” herein. See “TAX MATTERS – Tax Exemption” herein for a discussion of Bond Counsel’s opinion, including a description of certain alternative minimum tax consequences for corporations.

THE BONDS WILL BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS.**\$4,135,000*****TOWN OF HICKORY CREEK, TEXAS****(a municipal corporation of the State of Texas located in Denton County)****SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2017****(HICKORY CREEK PUBLIC IMPROVEMENT DISTRICT NO. 1)****Dated Date: August 15, 2017****Due: September 1, as shown on the inside cover****Interest to Accrue from Date of Delivery**

The Town of Hickory Creek, Texas, Special Assessment Revenue Bonds, Series 2017 (Hickory Creek Public Improvement District No. 1) (the “Bonds”), are being issued by the Town of Hickory Creek, Texas (the “Town”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal amount and any integral multiple of \$5,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 1 and September 1, commencing March 1, 2018, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by U.S. Bank National Association, Dallas, Texas, as trustee (the “Trustee”), to Cede & Co. as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are being issued by the Town pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the Town Council of the Town (the “Town Council”) on August 15, 2017, and an Indenture of Trust, dated as of August 15, 2017, (the “Indenture”), by and between the Town and the Trustee.

Proceeds of the Bonds will be used to provide funds for (i) paying or reimbursing all or a portion of the costs of the Authorized Improvements (as defined herein), (ii) funding a reserve fund for payment of principal and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District, and (iv) paying the costs of issuance of the Bonds. See “THE AUTHORIZED IMPROVEMENTS” and “APPENDIX B — Form of Indenture.” Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

The Bonds, when issued and delivered, will constitute valid and binding special obligations of the Town payable solely from and secured by the Pledged Revenues (as defined herein), consisting primarily of Assessments (as defined herein) levied against assessable properties in the District in accordance with a Service and Assessment Plan (as defined herein), all to the extent and upon the conditions described herein. **The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE BONDS.”**

The Bonds are subject to redemption at the times, in the amounts, and at the redemption prices more fully described herein under the subcaption “DESCRIPTION OF THE BONDS — Redemption Provisions.”

The Bonds involve a significant degree of risk and are not suitable for all investors. See “BONDHOLDERS RISKS” and “SUITABILITY FOR INVESTMENT.” Prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should consult with their legal and financial advisors before considering a purchase of the Bonds, and should be willing to bear the risks of loss of their investment in the Bonds.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE TOWN PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE TOWN AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE TOWN OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE TOWN’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE TOWN SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE TOWN OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE “SECURITY FOR THE BONDS.”

This cover page contains certain information for quick reference only. It is not a summary of the Bonds. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered for delivery when, as, and if issued by the Town and accepted by the Underwriter, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Andrews Kurth Kenyon LLP, and for the Developer by its counsel, Miklos Law, PLLC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about September 6, 2017.

FMSbonds, Inc.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, YIELDS,
AND CUSIP NUMBERS**

CUSIP Prefix: _____^(a)

\$4,135,000*

TOWN OF HICKORY CREEK, TEXAS

(a municipal corporation of the State of Texas located in Denton County)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2017

(HICKORY CREEK PUBLIC IMPROVEMENT DISTRICT NO. 1)

\$890,000 Serial Bonds

Year (September 1) ^(b)	Principal Amount	Interest Rate %	Initial Yield %	CUSIP No. ^(a)
2018	\$ 75,000			
2019	80,000			
2020	80,000			
2021	85,000			
2022	85,000			
2023	90,000			
2024	95,000			
2025	95,000			
2026	100,000			
2027	105,000			

\$3,245,000 Term Bonds

\$1,320,000 _____% Term Bonds, Due September 1, 2037, Priced to Yield _____%; CUSIP _____^{(a) (b) (c)}

\$1,925,000 _____% Term Bonds, Due September 1, 2047, Priced to Yield _____%; CUSIP _____^{(a) (b) (c)}

* Preliminary; subject to change.

(a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the Town, the Town's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.

(b) The Bonds are subject to redemption, in whole or in part, prior to stated maturity, at the option of the Town, on any date on or after September 1, 2027, at the redemption price of 100% of the principal amount plus accrued interest to the date of redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions." Preliminary; subject to change.

(c) The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

**TOWN OF HICKORY CREEK, TEXAS
TOWN COUNCIL**

<u>Name</u>	<u>Place</u>	<u>Term Expires (May)</u>
Lynn Clark	Mayor	2018
Paul Kenney	Place 4, Mayor Pro Tem	2018
Tracee Elrod	Place 1	2019
Richard DuPree	Place 2	2018
Chris Gordon	Place 3	2019
Ian Theodore	Place 5	2019

TOWN ADMINISTRATOR	TOWN SECRETARY
John Smith	Kristi Rogers

PID ADMINISTRATOR
PIDWorks, LLC

FINANCIAL ADVISOR TO THE TOWN
Hilltop Securities, Inc.

BOND COUNSEL
McCall, Parkhurst & Horton L.L.P.

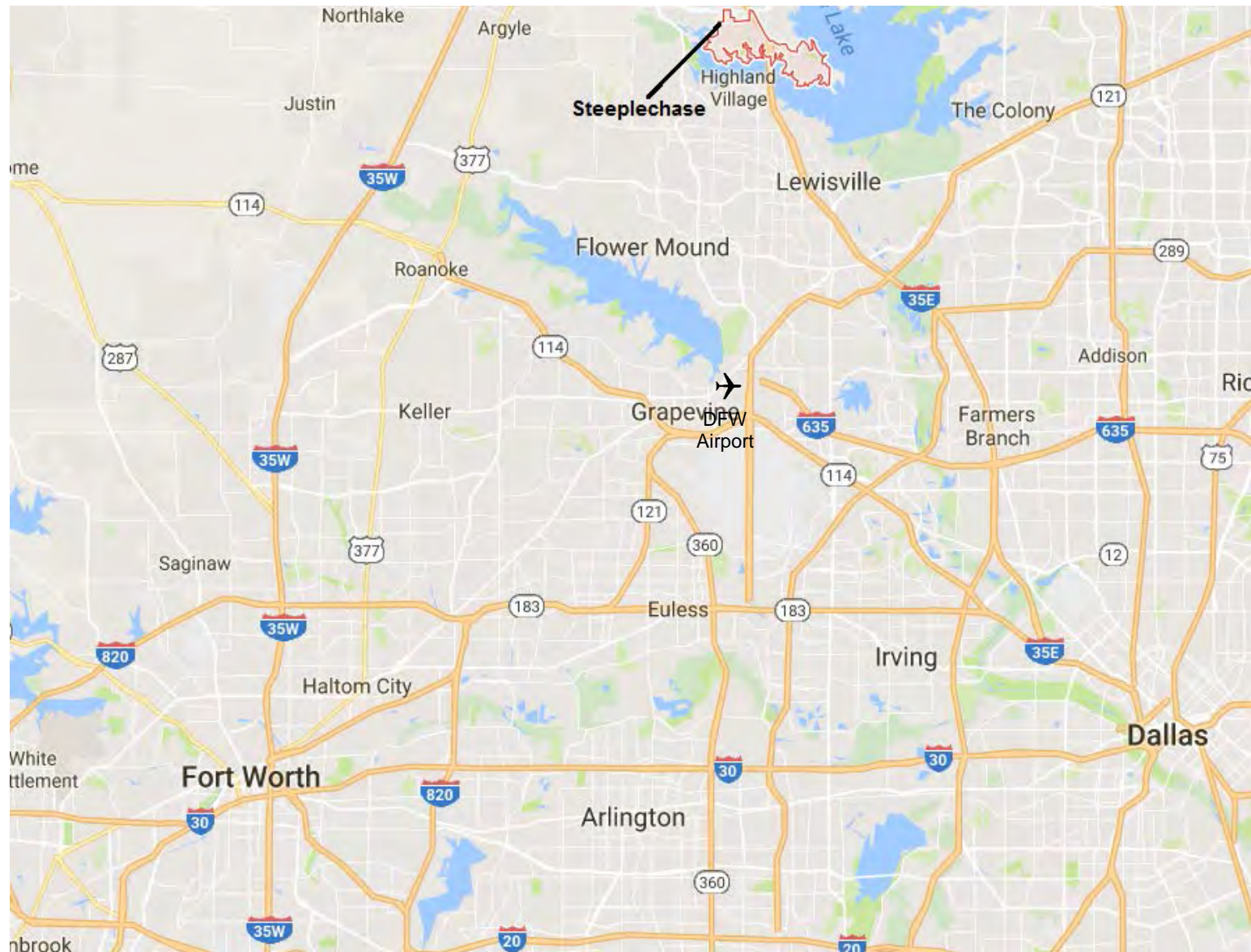
UNDERWRITER'S COUNSEL
Andrews Kurth Kenyon LLP

For additional information regarding the Town, please contact:

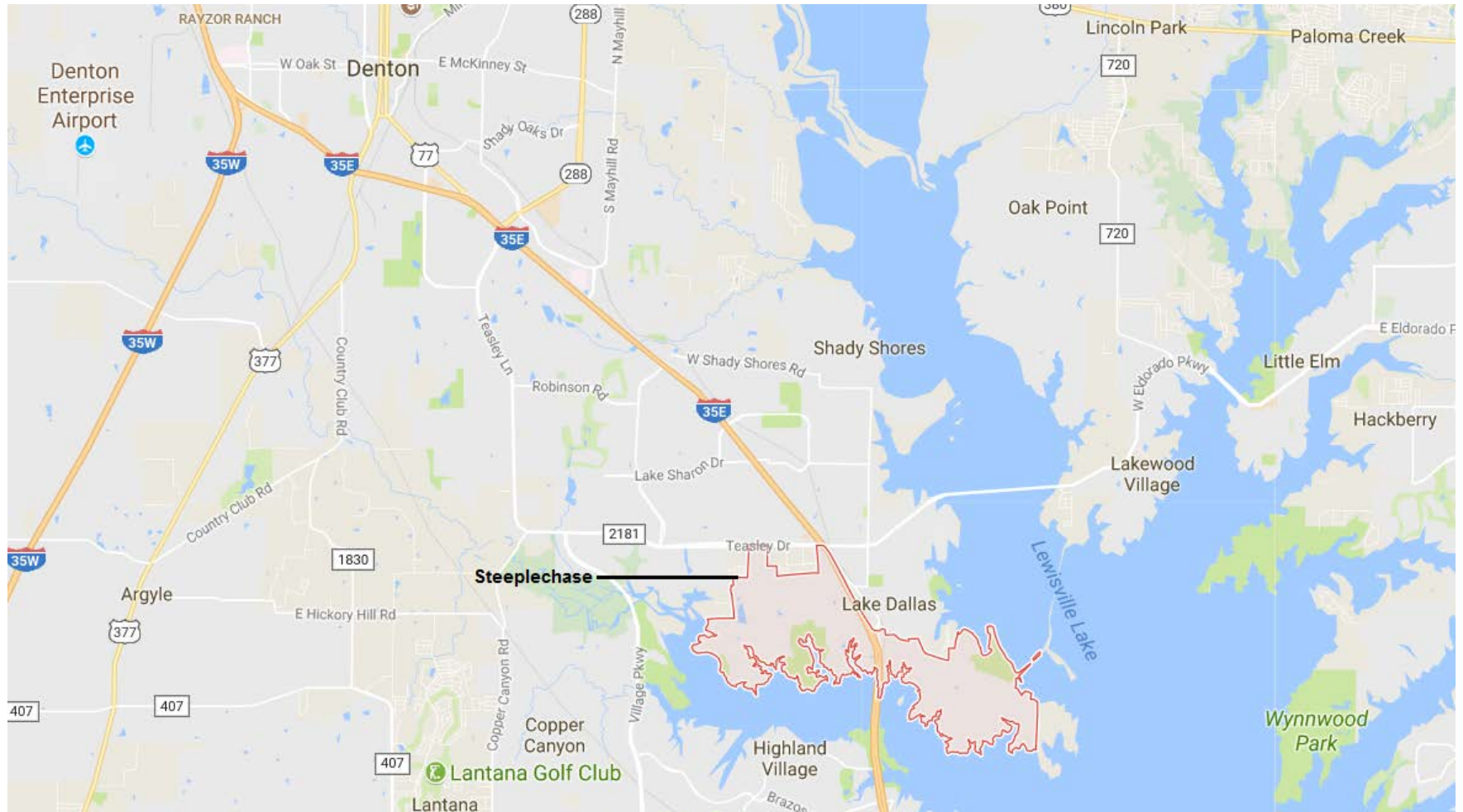
John Smith
Town Administrator
Town of Hickory Creek, Texas
1075 Ronald Reagan Drive
Hickory Creek, Texas 75065
(940) 497-2528
john.smith@hickorycreek-tx.gov

John Martin
Managing Director
Hilltop Securities Inc.
1201 Elm Street, Suite 3500
Dallas, Texas 75270
(214) 859-9447
john.martin@hilltopsecurities.com

REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAP OF THE DISTRICT



LAKE SHARON

PARKRIDGE

TOWER RIDGE

CLIFF OAK

HARBOR

SYCAMORE BEND

HICKORY CREEK

TURBEVILLE

CORINTH CITY LIMIT

DALLAS CITY LIMIT

SWISHER

LAKE HAVEN

WILDWOOD

LAKE

35E

77

2181

NORTH

SITE

**PICTURE OF COMPLETED MODEL HOME
IN THE DISTRICT**



FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION AS AMENDED AND IN EFFECT ON THE DATE OF THIS PRELIMINARY OFFICIAL STATEMENT, THIS DOCUMENT CONSTITUTES AN "OFFICIAL STATEMENT" OF THE TOWN WITH RESPECT TO THE BONDS THAT HAS BEEN "DEEMED FINAL" BY THE TOWN AS OF ITS DATE EXCEPT FOR THE OMISSION OF NO MORE THAN THE INFORMATION PERMITTED BY RULE 15C2-12.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE TOWN OR THE UNDERWRITER TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY EITHER OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY AND THERE SHALL BE NO OFFER, SOLICITATION OR SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE UNITED STATES FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION. THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE TOWN AND OBTAINED FROM SOURCES, INCLUDING THE DEVELOPER, WHICH ARE BELIEVED BY THE TOWN AND THE UNDERWRITER TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF THE UNDERWRITER. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT, NOR ANY SALE MADE HEREUNDER, SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE TOWN OR THE DEVELOPER SINCE THE DATE HEREOF.

NEITHER THE TOWN NOR THE UNDERWRITER MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY FOR USE IN THIS OFFICIAL STATEMENT.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH LAWS. THE REGISTRATION OR QUALIFICATION OF THE BONDS UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THEY MAY HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF SUCH JURISDICTIONS, OR ANY OF THEIR AGENCIES, HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS "PLAN," "EXPECT," "ESTIMATE," "PROJECT," "ANTICIPATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE TOWN DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

THE TRUSTEE HAS NOT PARTICIPATED IN THE PREPARATION OF THIS OFFICIAL STATEMENT AND ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT OR THE RELATED TRANSACTIONS AND DOCUMENTS OR FOR ANY FAILURE BY ANY PARTY TO DISCLOSE EVENTS THAT MAY HAVE OCCURRED AND MAY AFFECT THE SIGNIFICANCE OR ACCURACY OF SUCH INFORMATION.

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APPENDIX D	Form of Opinion of Bond Counsel
APPENDIX E	Form of Disclosure Agreement of Issuer

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PRELIMINARY OFFICIAL STATEMENT

\$4,135,000*

TOWN OF HICKORY CREEK, TEXAS

(a municipal corporation of the State of Texas located in Denton County)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2017

(HICKORY CREEK PUBLIC IMPROVEMENT DISTRICT NO. 1)

INTRODUCTION

The purpose of this Official Statement, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the Town of Hickory Creek, Texas (the "Town"), of its \$4,135,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2017 (Hickory Creek Public Improvement District No. 1) (the "Bonds").

PROSPECTIVE INVESTORS SHOULD BE AWARE OF CERTAIN RISK FACTORS, ANY OF WHICH, IF MATERIALIZED TO A SUFFICIENT DEGREE, COULD DELAY OR PREVENT PAYMENT OF PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND/OR INTEREST ON THE BONDS. THE BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. See "SUITABILITY FOR INVESTMENT" and "BONDHOLDERS' RISKS."

The Bonds are being issued by the Town pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), the ordinance authorizing the issuance of the Bonds is expected to be adopted by the Town Council of the Town (the "Town Council") on August 15, 2017 (the "Bond Ordinance"), and an Indenture of Trust, dated as of August 15, 2017, (the "Indenture"), entered into by and between the Town and U.S. Bank National Association, as trustee (the "Trustee"). The Bonds will be secured by Assessments ("Assessments") levied against assessable property located within the Hickory Creek Public Improvement District No. 1 (the "District") pursuant to a separate ordinance adopted by the Town Council on April 24, 2012 (the "Assessment Ordinance").

Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Bonds. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings set forth in the Indenture. See "APPENDIX B — Form of Indenture."

Set forth herein are brief descriptions of the Town, the District, the Developer (as defined herein), the PID Administrator (as defined herein), the Creation Resolution (as defined herein), the Assessment Ordinance, the Bond Ordinance, the Form of Service and Assessment Plan, As Updated (as defined herein), and the PID Reimbursement Agreement (as defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 100 Crescent Court, Suite 700, Dallas, Texas 75201, telephone number (214) 302-2246. The form of the Indenture appears in APPENDIX B and the Form of Service and Assessment Plan, As Updated appears as APPENDIX C. The information provided under this caption "INTRODUCTION" is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

* Preliminary; subject to change.

PLAN OF FINANCE

Completed Development

In connection with the development of real property within the District as a portion of a master-planned residential community commonly known as “Steeplechase” (the “Development”), the Town created (i) the District (commonly known as “Steeplechase North”) on March 31, 2012 pursuant to the Creation Resolution (as defined herein) to finance the Authorized Improvements (as defined herein) as public improvements benefitting property owners within the District and (ii) the Hickory Creek Public Improvement District No. 2 (“PID No. 2” and commonly known as “Steeplechase South”) on September 18, 2012 pursuant to a resolution of the Town dated September 18, 2012 creating PID No. 2 to finance certain public improvements benefitting property owners within PID No. 2.

On April 24, 2012, the Town and CTMGT Turbeville, LLC, a Texas limited liability company (the “Developer”) and an affiliate of Centurion American Custom Homes Inc. d/b/a Centurion American Development Group Inc. (“Centurion”), entered into a reimbursement agreement relating to the District (the “PID Reimbursement Agreement”). The PID Reimbursement Agreement provides, in part, for the proceeds of the Bonds and/or Assessments to be used for the payment of the costs of the Authorized Improvements (including the reimbursement of qualifying costs incurred in constructing the Authorized Improvements) and the costs of issuance of the Bonds.

The Developer completed development of the District in 2016. Pursuant to the PID Reimbursement Agreement, the Developer advanced funds for the costs of the Authorized Improvements, and the Town agreed to reimburse the Developer for such costs. Pursuant to the D.R. Horton Sales Contract (as defined herein), the Developer sold the property within the District in April 2012 to D.R. Horton-Texas, Ltd., a Texas limited partnership and an affiliate of D.R. Horton, Inc., a Delaware corporation (“D.R. Horton”), and the Developer retained the right to reimbursement of the costs of the Authorized Improvements from the Town. Pursuant to the D.R. Horton Agreement (as defined herein), the Developer constructed most of the Authorized Improvements, and D.R. Horton constructed a portion of the Authorized Improvements and paid for most of the Authorized Improvements on behalf of the Developer as part of the consideration paid by D.R. Horton under the D.R. Horton Sales Contract. See “THE AUTHORIZED IMPROVEMENTS — General,” and “THE DEVELOPER — History and Financing of the District.”

The Developer and D.R. Horton commenced construction of the Authorized Improvements in 2013 and completed construction of the Authorized Improvements in 2016. All of the Authorized Improvements have been dedicated to and accepted by the Town and the Lake Cities Municipal Utility Authority (“LCMUA”), as applicable, through the recording of subdivision plats in the real property records of Denton County. Individual homeowners purchased the completed homes within the Development beginning in October 2014. See “THE DEVELOPMENT — Completed Development.” Development of the District is complete, and D.R. Horton has completed construction of all 151 single family residential lots in the District and has sold (either placed under contract or closed) all such lots to individual homeowners. See “THE DEVELOPMENT” and “THE AUTHORIZED IMPROVEMENTS” herein.

The boundaries of the District are shown in the “MAP SHOWING BOUNDARIES OF THE DISTRICT” on page v hereof. The District is located entirely within the extraterritorial jurisdiction of the Town. After delivery of the Bonds, the Town intends to annex the District into the corporate limits of the Town. See “THE DISTRICT — Powers and Authority.”

Pursuant to the PID Reimbursement Agreement, the Developer has requested that the Town issue the Bonds, the proceeds of such Bonds to be used to provide funds for (i) paying or reimbursing all or a portion of the costs of the Authorized Improvements, (ii) funding a reserve fund for payment of principal and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District, and (iv) paying the costs of issuance of the Bonds. A portion of the proceeds of the Bonds will be used to reimburse the Developer for qualifying costs of the Authorized Improvements in accordance with the PID Reimbursement Agreement. The Bonds will be secured by the Trust Estate, including primarily Assessments on property within the District. See “THE AUTHORIZED IMPROVEMENTS” and “SECURITY FOR THE BONDS.”

The Developer and D.R. Horton together incurred total actual costs in the amount of \$3,680,024.98 to construct the Authorized Improvements. Pursuant to the PID Reimbursement Agreement, such costs will be reimbursed to the Developer from the proceeds of the Bonds. Upon issuance of the Bonds and reimbursement of the Developer from proceeds of the Bonds, the Developer will not be entitled to any further reimbursement from Assessments. See "THE AUTHORIZED IMPROVEMENTS."

The Bonds

Proceeds of the Bonds will be used to provide funds for (i) paying or reimbursing all or a portion of the costs of the Authorized Improvements, (ii) funding a reserve fund for payment of principal and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District, and (iv) paying the costs of issuance of the Bonds. To the extent that a portion of the proceeds of the Bonds is allocated for the payment of the costs of issuance of the Bonds and less than all of such amount is used to pay such costs, the excess amount may, at the option of the Town, be transferred to the Principal and Interest Account of the Bond Fund to pay interest on the Bonds. See "THE AUTHORIZED IMPROVEMENTS," "APPENDIX B – Form of Indenture" and "SOURCES AND USES OF FUNDS."

Payment of the Bonds is secured by a pledge of and a lien upon the Pledged Revenues (as defined herein), consisting primarily of Assessments to be levied against the assessable parcels or lots within the District, all to the extent and upon the conditions described herein and in the Indenture. See "SECURITY FOR THE BONDS" and "ASSESSMENT PROCEDURES."

The Bonds shall never constitute an indebtedness or general obligation of the Town, the State or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the Town payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the Town, the State or any other political subdivision of the State is pledged to the payment of the Bonds.

[The Town has made an application to municipal bond insurance companies to have the payment of the principal of and interest on the Bonds insured by a municipal bond insurance policy. No representation is hereby made that the Town will purchase municipal bond insurance in connection with the Bonds. See "BOND INSURANCE."]

According to the Denton Central Appraisal District, the 2017 net taxable assessed value of property located within the District is \$44,972,183. See "OVERLAPPING TAXES AND DEBT."

DESCRIPTION OF THE BONDS

General Description

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Official Statement. Interest on the Bonds will accrue from their date of delivery to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on each March 1 and September 1, commencing March 1, 2018 (each an "Interest Payment Date"), until maturity or prior redemption. U.S. Bank National Association, Dallas, Texas, is the initial Trustee, and will also serve in the capacity of Paying Agent and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal and any integral multiple of \$5,000 in excess thereof ("Authorized Denominations"). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See "BOOK-ENTRY ONLY SYSTEM" and "SUITABILITY FOR INVESTMENT."

Redemption Provisions

Optional Redemption. The Town reserves the right and option to redeem the Bonds before their scheduled maturity dates, in whole or in part, on any date on or after September 1, 2027*, such redemption date or dates to be fixed by the Town, at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

Extraordinary Optional Redemption. The Town reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on the fifteenth day of any month, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund from the accounts in the Reserve Fund as provided in the Indenture) or any other transfers to the Redemption Fund under the terms of the Indenture. See "ASSESSMENT PROCEDURES — Prepayment of Assessments" for the definition and description of Prepayments."

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, _____ and September 1, _____ (collectively, the "Term Bonds"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the Town in part at the redemption price equal to the principal amount of the Term Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

\$ _____ Term Bonds Maturing September 1, _____ *

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
_____, 20__	\$ _____
_____, 20__†	

\$ _____ Term Bonds Maturing September 1, _____ *

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
_____, 20__	\$ _____
_____, 20__†	

* Preliminary, subject to change.

† Stated maturity.

At thirty (30) days prior to each mandatory sinking fund redemption date, the Trustee will select a principal amount of Term Bonds equal to the Sinking Fund Installment for such date of such maturity of Term Bonds to be redeemed, will call such Term Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to the mandatory sinking fund redemption described above shall be reduced, at the option of the Town, by the principal amount of any Term Bonds of such maturity which, at least thirty (30) days prior to the sinking fund redemption date shall have been acquired by the Town at a price not exceeding the principal amount of such Term Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Term Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Term Bonds which, at least thirty (30) days prior to the mandatory sinking fund redemption date, shall have been

* Preliminary; subject to change.

redeemed pursuant to the optional redemption or extraordinary optional redemption provisions of the Indenture and not previously credited to a mandatory sinking fund redemption.

Notice of Redemption. The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable. Any such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice of redemption having been given as provided in the Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the redemption price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

The Town has the right to rescind any optional redemption or extraordinary optional redemption by written notice to the Trustee prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

Additional Provisions with Respect to Redemption. If less than all of the Bonds are to be redeemed, Bonds shall be redeemed in increments of \$5,000 by lot or any other customary method that results in a random selection, provided that no redemption shall cause the principal amount of any Bond to be less than the minimum Authorized Denomination for such Bond. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination for such Bond.

Upon surrender of any Bond in part, the Trustee, in accordance with the provisions of the Indenture, shall authenticate and deliver in exchange thereof a Bond or Bonds of like tenor, maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond or Bonds so surrendered, such exchange being without charge.

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Town and the Underwriter believe the source of such information to be reliable, but neither the Town nor the Underwriter takes responsibility for the accuracy or completeness thereof.

The Town cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all Bonds of the same maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant of such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and all other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or Paying Agent/Registrar, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the Paying Agent/Registrar, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and all other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, also acting as the Paying Agent/Registrar, or the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered. Thereafter, Bond certificates may be transferred and exchanged as described in the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but none of the Town, the Town's Financial Advisor or the Underwriter take any responsibility for the accuracy thereof.

NONE OF THE TOWN, THE TRUSTEE, THE TOWN'S FINANCIAL ADVISOR OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SECURITY FOR THE BONDS

General

THE BONDS ARE SPECIAL OBLIGATIONS OF THE TOWN PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE TOWN AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE TOWN OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE TOWN'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE TOWN SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE TOWN OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE.

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the pledged revenues (the “Pledged Revenues”), consisting primarily of Assessments levied against the assessable parcels or lots within the District and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. See “APPENDIX B -- Form of Indenture.” The District contains approximately 38.9197 acres. Other than land that has been dedicated to the Town, the LCMUA or the HOA (as defined herein), all the property within the District has been assessed. In accordance with the PID Act, the Town has caused the preparation of a Service and Assessment Plan (as updated, amended, supplemented, or restated, the “Service and Assessment Plan”), which describes the special benefit received by the property within the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of the assessments (including Assessments), and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due in a given year. A form of the Service and Assessment Plan, as updated for calendar year 2017, is included in APPENDIX C hereto. Such update of the Service and Assessment Plan amends and restates the original Service and Assessment Plan adopted by the Town on April 24, 2012. The determination by the Town of the Assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the Town Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See “APPENDIX C — Form of Service and Assessment Plan, As Updated.”

Pledged Revenues

The Town is authorized by the PID Act, the Assessment Ordinance and other provisions of law to finance the Authorized Improvements by levying Assessments upon properties in the District benefitted thereby. For a description of the Assessment methodology and the amounts of Assessments anticipated to be levied in the District, see “ASSESSMENT PROCEDURES” and “APPENDIX C — Form of Service and Assessment Plan, As Updated.”

Under the Indenture, “Pledged Revenues” means, collectively, the (i) Assessment Revenues (excluding the portion of the Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs, as set forth in the Service and Assessment Plan), (ii) the moneys held in any of the Pledged Funds and (iii) any additional revenues that the Town may pledge to the payment of the Bonds. “Assessment Revenues” means the revenues received by the Town from the collection of Assessments, including Prepayments, Annual Installments and Foreclosure Proceeds. “Annual Installment” means the annual installment payments of an Assessment, including (1) principal, (2) interest, (3) Administrative Expenses, and (4) Additional Interest (as defined herein) that funds the Delinquency and Prepayment Reserve Account. “Assessment” means an assessment levied against a Parcel pursuant to the PID Act and “Assessment Revenues” means the revenues received by the Town from the collection of Assessments, including Prepayments, Annual Installments and Foreclosure Proceeds, all as defined in the Indenture.

The Town will covenant in the Indenture that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously. See “— Pledged Revenue Fund,” “APPENDIX B — Form of Indenture” and “APPENDIX C — Form of Service and Assessment Plan, As Updated.”

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney’s fees, if incurred) are a first and prior lien (the “Assessment Lien”) against the property assessed, superior to all other liens and claims, except liens or claims for State of Texas (the “State”), county, school district, or municipality ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Assessments are paid (or otherwise discharged), and is enforceable by the Town Council in the same manner that an ad valorem property tax levied against real property may be enforced by the Town Council. See “ASSESSMENT PROCEDURES” herein.

Collection and Deposit of Assessments

The Assessments shown on the Assessment Roll, together with the interest thereon, shall first be applied to the payment of the principal of and interest on the Bonds as and to the extent provided in the Service and Assessment Plan and the Indenture.

The Assessments assessed to pay debt service on the Bonds, together with interest thereon, are payable in Annual Installments established by the Assessment Ordinance and the Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Bonds. An Annual Installment of an Assessment has been made payable in the Assessment Ordinance in each fiscal year of the Town commencing on the applicable Trigger Date (defined herein) and preceding the date of final maturity of the Bonds which, if collected, will be sufficient to first pay debt service requirements attributable to Assessments in the Service and Assessment Plan. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

A record of the Assessments on each parcel, tract or lot which are to be collected in each year during the term of the Bonds is shown on the Assessment Roll. Sums received from the collection of the Assessments to pay the debt service requirements (including delinquent installments, Foreclosure Proceeds and penalties) and of the interest thereon shall be deposited into the Bond Pledged Revenue Account of the Pledged Revenue Fund. Promptly after the deposit of Foreclosure Proceeds into the Pledged Revenue Fund, the Trustee shall transfer such Foreclosure Proceeds first to the Reserve Fund to restore any transfers from the Reserve Fund made with respect to the particular assessed property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund, as follows. After deposit of Foreclosure Proceeds into the Reserve Fund, the Trustee shall deposit such Foreclosure Proceeds first into the Reserve Account if the Reserve Account does not contain the Reserve Account Requirement and if it does contain the Reserve Account Requirement, such Foreclosure Proceeds shall be deposited into the Delinquency and Prepayment Reserve Account. If both the Reserve Account and Delinquency and Prepayment Reserve Account contain their respective amounts required to be on deposit, the Trustee shall transfer such Foreclosure Proceeds to the Redemption Fund. See "SECURITY FOR THE BONDS — Pledged Revenue Fund" and APPENDIX B — Form of Indenture.

The portions of the Annual Installments of Assessments collected to pay Administrative Expenses and Delinquent Collection Costs shall be deposited in the Administrative Fund and shall not constitute Pledged Revenues.

Unconditional Levy of Assessments

The Town imposed Assessments on the property within the District to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Assessments are effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments for each lot within the District began to accrue on the date specified in the Service and Assessment Plan and, prior to issuance of the Bonds, is calculated at a rate specified in the Assessment Ordinance. After issuance of the Bonds, interest on the Assessments for each lot within the District will accrue at a rate specified in the Assessment Ordinance, but may not exceed the interest rate on the Bonds plus the 0.50% additional interest charged on Assessments pursuant to Section 372.018 of the Act ("Additional Interest"). Such interest rates may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated annually and shall be due on October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.018(b) of the PID Act, the Town has levied, assessed, and will continue to collect, each year while the Bonds are Outstanding and unpaid, a portion of each Annual Installment to pay the annual costs incurred by the Town in the administration and operation of the District. The portion of each Annual Installment used to pay such annual costs shall remain in effect from year to year until all Bonds are finally paid or until the Town adjusts the amount of the levy after an annual review in any year pursuant to Section 372.013 of the PID Act. The assessments to pay Administrative Expenses shall be due in the manner set forth in the Assessment

Ordinance on October 1 of each year and shall be delinquent if not paid by February 1 of the following year. Such assessments to pay Administrative Expenses do not secure repayment of the Bonds.

There is no discount for the early payment of Assessments.

Assessments, together with interest, penalties, and expense of collection and reasonable attorneys' fees, as permitted by the Texas Tax Code, shall be a first and prior lien against the property assessed, superior to all other liens and claims, except liens or claims for State, county, school district or municipality ad valorem taxes and shall be a personal liability of and charge against the owner of the property regardless of whether the owners are named. The lien for Assessments and penalties and interest begins on the effective date of the Assessment Ordinance and continues until the Assessments are paid or until all Bonds are finally paid.

Failure to pay an Annual Installment when due will not accelerate the payment of the remaining Annual Installments of the Assessments and such remaining Annual Installments (including interest) shall continue to be due and payable at the same time and in the same amount and manner as if such default had not occurred.

Perfected Security Interest

The lien on and pledge of the Pledged Revenues shall be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Pledged Revenues, the filing of the Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the Town under the Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Pledged Revenues granted by the Town under the Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Town agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur. See "APPENDIX B — Form of Indenture."

Pledged Revenue Fund

Immediately upon receipt thereof, the Town shall transfer to the Trustee for deposit to the Pledged Revenue Fund the Annual Installments (other than the portion of the Annual Installments allocated to the payment of Administrative Expenses and Delinquent Collection Costs, which shall be deposited to the Administrative Fund), as set forth in the Service and Assessment Plan. Specifically, the Town shall deposit or cause to be deposited Assessment Revenues (i) *first*, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due, (ii) *second*, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, and (iii) *third*, to pay other costs permitted by the PID Act. Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the deposits required by (i) and (ii) above are made, the Town shall have the option, in its sole and absolute discretion, to deposit such excess funds into the Redemption Fund to redeem Bonds as provided in the Indenture. Notwithstanding the foregoing, the Additional Interest shall only be utilized for the purposes set forth in the Indenture and, immediately following the initial deposit to the Pledged Revenue Fund, the Additional Interest will be deposited into the Delinquency and Prepayment Reserve Account and/or the Redemption Fund, as applicable.

From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Pledged Revenue Fund and transfer to the Principal and Interest Account of the Bond Fund, an amount, taking into account any amounts then on deposit in such Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

If, after the foregoing transfers and any transfer from the Reserve Fund (as described under the subcaption “Reserve Fund” below), there are insufficient funds to make the payments to the Principal and Interest Account of the Bond Fund described above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

The Trustee shall transfer Prepayments to the Redemption Fund promptly after deposit of such amounts into the Pledged Revenue Fund.

The Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and promptly after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund to restore any transfers from the Reserve Fund made with respect to the particular Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund.

After satisfaction of the requirement to provide for the final payment of the principal and interest on the Bonds and to fund any deficiency that may exist in the Reserve Fund, the Trustee shall transfer any Pledged Revenues remaining in the Pledged Revenue Fund to the Town, which monies may be used for any lawful purpose for which Assessments may be used under the PID Act.

Bond Fund

On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and/or interest then due and payable on the Bonds. If amounts in the Principal and Interest Account are insufficient to pay the amounts due on the Bonds on an Interest Payment Date, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency pursuant to the Indenture. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

Project Fund

Money on deposit in the Project Fund shall be used for the following purposes as specified in the Indenture: (i) paying or reimbursing all or a portion of the costs of the Authorized Improvements, (ii) funding a reserve fund for payment of principal and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District, and (iv) paying the costs of issuance of the Bonds. Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more Town Certificates. Disbursements from the Improvement Account of the Project Fund to pay Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certificate for Payment.

Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund, held by the Trustee for the benefit of the Bonds, and initially funded with proceeds of the Bonds in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the “Reserve Account Requirement” for the Bonds shall be \$_____, which is an amount equal to 50% of the Maximum Annual Debt Service on the Bonds as of their date of issuance; provided, however, that such amount shall be reduced by the amount of any transfers made to the Redemption Fund as a result of Prepayments; and provided further that as a result of (1) a mandatory sinking fund redemption, (2) an optional redemption or (3) an extraordinary optional redemption, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds redeemed by such redemption divided by the total principal amount of the Outstanding Bonds prior to such redemption.

Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer first from the Delinquency and Prepayment Reserve Account of the Reserve Fund (described below) and second from the Reserve Account of the Reserve Fund to the Bond Fund the amount necessary to cure such deficiency.

Whenever, on any Interest Payment Date, or on any other date at the request of a Town Representative, the value of cash and Value of Investment Securities on deposit in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the Town of the amount of the excess, and the Trustee shall transfer such excess pursuant to the Indenture.

In the event of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment, the Trustee, pursuant to written directions from the Town, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such directions, which shall be an amount equal to the principal amount of Bonds to be redeemed multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

Delinquency and Prepayment Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Delinquency and Prepayment Reserve Account will be created within the Reserve Fund, held by the Trustee for the benefit of the Bonds, and initially funded with proceeds of the Bonds in the amount of the Delinquency and Prepayment Reserve Requirement. The “Delinquency and Prepayment Reserve Requirement” means an amount equal to 3% of the principal amount of the then Outstanding Bonds. The Town has allocated the Additional Interest authorized by the PID Act for this purpose.

The Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency and Prepayment Reserve Account on March 15 of each year, commencing March 15, 2018, an amount equal to the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account. At any time the amount on deposit in the Delinquency and Prepayment Reserve Account is less than Delinquency and Prepayment Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been met. If the Delinquency and Prepayment Reserve Account contains the Delinquency and Prepayment Reserve Requirement, but the Reserve Account does not contain the Reserve Account Requirement, deposits of Additional Interest shall be made to the Reserve Account until it contains the Reserve Account Requirement. Collection of the Additional Interest may cease until such time that the Reserve Account or the Delinquency and Prepayment Reserve Account again has less than the Reserve Account Requirement or Delinquency and Prepayment Reserve Requirement, respectively.

Upon an extraordinary optional redemption of Bonds due to Prepayments, after transferring funds from the Reserve Fund to the Redemption Fund, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

Whenever, on any Interest Payment Date, or on any other date at the written request of the Town, the amounts on deposit in the Delinquency and Prepayment Reserve Account exceed the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the Town of the amount of the excess, and such excess shall be transferred, at the direction of the Town, to the Administrative Fund for the payment of Administrative Expenses or to the Redemption Fund.

Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer first from the Delinquency and Prepayment Reserve Account of the Reserve Fund and second from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency. Additional Interest shall be used to replenish first the Delinquency and Prepayment Reserve Account of the Reserve Fund and second the Reserve Account of the Reserve Fund.

[Application for Bond Insurance]

[The Town has made an application to municipal bond insurance companies to have the payment of the principal of and interest on the Bonds insured by a municipal bond insurance policy. No representation is hereby made that the Town will purchase municipal bond insurance in connection with the Bonds. See “BOND INSURANCE” herein.]

Administrative Fund

The Town has created under the Indenture an Administrative Fund held by the Trustee. Immediately upon receipt thereof, the Town shall deposit or cause to be deposited to the Administrative Fund the portion of the Annual Installments allocated to the payment of Administrative Expenses and Delinquent Collection Costs, as set forth in the Service and Assessment Plan. Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered under the Indenture and used as directed by a Town Order solely for the purposes set forth in the Service and Assessment Plan, including payment of Administrative Expenses and Delinquent Collection Costs. See “APPENDIX C — Form of Service and Assessment Plan, As Updated.”

THE ADMINISTRATIVE FUND IS NOT PART OF THE TRUST ESTATE AND IS NOT SECURITY FOR THE BONDS.

Defeasance

All Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and to no longer be deemed Outstanding within the meaning of the Indenture (a “Defeased Debt”), when payment of the principal of, premium, if any, on such Defeased Debt, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, upon redemption, or otherwise), either (i) shall have been made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust, and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payment or (B) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amount and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for. Neither Defeasance Securities nor moneys deposited with the Trustee nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed by the Town maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; and are, at the time made, included in and authorized by the Town’s official investment policy as approved by the Town Council from time to time. Under current State law, Investment Securities that are authorized for the investment of funds to defease public securities are (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, and that, on the date the governing body of the Town adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Town adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Indenture does not contractually limit such investments, Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

Events of Default

Each of the following occurrences or events constitutes an “Event of Default” under the Indenture:

- (i) The failure of the Town to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) The failure of the Town to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;
- (iii) Default in the performance or observance of any covenant, agreement or obligation of the Town under the Indenture, other than a default under (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the Town by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Owners of not less than fifty-one percent (51%) in principal amount of the Bonds then Outstanding; provided, however, if the default stated in the notice is capable of cure but cannot reasonably be cured within the applicable period, the Town shall be entitled to a further extension of time reasonably necessary to remedy such default so long as corrective action is instituted by the Town within the applicable period and is diligently pursued until such failure is corrected, but in no event for a period of time of more than one hundred eighty (180) days after such notice; and
- (iv) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days thereafter.

Remedies in Event of Default

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than fifty-one percent (51%) in principal amount of the Bonds then Outstanding under the Indenture shall proceed to protect and enforce the rights of the Owners under the Indenture by action seeking mandamus or by other suit, action, or special proceeding in equity or at law in any court of competent jurisdiction for any relief to the extent permitted by Applicable Laws including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the Town may be sought or shall be permitted.

THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due in an Event of Default, the Town shall determine, in its absolute discretion, and shall instruct the Trustee by Town Order, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the Town shall fail to deliver to the Trustee such Town Order, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and the Trustee shall not be liable to any Owner, or other Person, or the Town by reason of the following selection process, liquidation or sale.

Whenever moneys are to be applied pursuant to the Indenture, irrespective of and whether other remedies authorized under the Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee shall sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more

parts, according to the following method and as may be required by law and apply the proceeds thereof in accordance with the provisions of the Indenture. The Trustee shall sell Trust Estate assets, according to the appraised value thereof, beginning with the asset of the highest value and continuing such sales in the order of next succeeding most valuable asset until satisfaction of debts pertaining to the Outstanding Bonds. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the Town, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the Town shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has received prior notice in writing, (ii) such default has become an Event of Default and the Owners of not less than fifty-one percent (51%) of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee directing the Trustee to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in the Indenture, (iv) the Trustee has for sixty (60) days after such prior written notice failed or refused to exercise the powers granted in the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of not less than fifty-one percent (51%) of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

Subject to provisions of the Indenture with respect to certain liabilities of the Town, nothing in the Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the Town to pay each Bond issued thereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed therein and in the Bonds.

In case the Trustee or any Owners shall have proceeded to enforce any right under the Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the Town, the Trustee and the Owners shall be restored to their former positions and rights thereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Application of Revenues and Other Moneys After Event of Default

All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture with respect to Events of Default shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including Trustee's counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture, be applied by the Trustee, on behalf of the Town, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

- (i) **FIRST:** To the payment to the Owners entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount available shall not be sufficient to

pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any discrimination or preference; and

(ii) **SECOND:** To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the Owners entitled thereto, without any discrimination or preference.

Within thirty (30) days of receipt of such good and available funds, the Trustee, at the direction of the Town, shall fix a record and payment date for any payment to be made to Owners.

In the event funds are not adequate to cure any of the Events of Default described above, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of the Indenture.

The restoration of the Town to its prior position after any and all defaults have been cured, as provided above, shall not extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

Investment or Deposit of Funds

Money in any Fund or Account established pursuant to the Indenture, other than the Reserve Fund, shall be invested by the Trustee as directed by the Town pursuant to a Town Order filed with the Trustee in Investment Securities; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Fund shall be invested in such Investment Securities as directed by the Town pursuant to a Town Order filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days.

Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of the Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in the Indenture any moneys are required to be transferred by the Town to the Trustee, such transfer may be accomplished by transferring a like amount of Investment Securities.

Against Encumbrances

Other than Refunding Bonds issued to refund all or a portion of the Bonds, the Town shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues or upon any other property pledged under the Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

So long as Bonds are Outstanding under the Indenture, the Town shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Refunding Bonds issued to refund all or a portion of the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

No Additional Obligations

The Town reserves the right to issue obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

The Town is not authorized to issue additional bonds secured by the Pledged Revenues on parity with the Bonds other than Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds and to pay all costs incident to the issuance of such Refunding Bonds.

The Town may issue bonds secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds.

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SOURCES AND USES OF FUNDS*

The table that follows summarizes the expected sources and uses of proceeds of the Bonds:

Sources of Funds:

Principal Amount	\$
Premium	
Transfer of previously collected Assessments	
TOTAL SOURCES	\$

Use of Funds:

Deposit to Improvement Account of Project Fund	\$
Deposit to Reserve Account of the Reserve Fund	
Deposit to Delinquency and Prepayment Reserve Account of the Reserve Fund	
Deposit to Costs of Issuance Account of the Project Fund ⁽¹⁾	
TOTAL USES	\$

* Preliminary; subject to change.

⁽¹⁾ Includes District establishment costs, Underwriter's discount, [bond insurance premium,] and other costs of issuance.

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DEBT SERVICE REQUIREMENTS*

The following table sets forth the anticipated debt service requirements for the Bonds:

<u>Year Ending (September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 75,000	\$	\$
2019	80,000		
2020	80,000		
2021	85,000		
2022	85,000		
2023	90,000		
2024	95,000		
2025	95,000		
2026	100,000		
2027	105,000		
2028	110,000		
2029	115,000		
2030	120,000		
2031	125,000		
2032	130,000		
2033	130,000		
2034	140,000		
2035	145,000		
2036	150,000		
2037	155,000		
2038	160,000		
2039	165,000		
2040	175,000		
2041	180,000		
2042	185,000		
2043	195,000		
2044	205,000		
2045	210,000		
2046	220,000		
2047	230,000		
Total	<u>\$ 4,135,000</u>	<u>\$-----</u>	<u>\$-----</u>

* Preliminary; subject to change.

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OVERLAPPING TAXES AND DEBT

The land within the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the Town. Such taxes are payable in addition to the Assessments.

In addition to the Assessments described above, each lot owner in the District must pay a property owner's association assessment to a homeowner's association (the "HOA") which has been formed by the Developer. Additionally, Denton County and the Lake Dallas Independent School District may each levy ad valorem taxes upon land in the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The Town has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities. The following table reflects the overlapping ad valorem tax rates currently levied on property located in the District. The District is currently located entirely within the extraterritorial jurisdiction of the Town and within the boundaries of Denton County and Lake Dallas Independent School District.

OVERLAPPING TAX RATES (PRIOR TO ANNEXATION AND THE BONDS)

<u>Taxing Entity</u>	<u>Ad Valorem Tax Rate⁽¹⁾</u>
Denton County	\$ 0.248409
Lake Dallas Independent School District	<u>1.670000</u>
Total Existing Tax Rate	<u>\$ 1.918409</u>
Estimated Average Annual Installment in the District (Per Lot) as a Tax Rate Equivalent⁽²⁾	<u>\$ 0.711923</u>
Estimated Total Tax Rate and Average Annual Installment in the District (Per Lot) as a Tax Rate Equivalent	<u>\$ 2.630332</u>

⁽¹⁾ As reported by the taxing entities. Per \$100 taxable appraised value.

⁽²⁾ Includes Assessments initially levied for payment of the Bonds and a separate levy of Assessments for maintenance and operations costs of the Authorized Improvements pursuant to a separate M&O SAP (as defined herein). See "THE AUTHORIZED IMPROVEMENTS — Ownership and Maintenance of the Improvements" and "APPENDIX C — Form of Service and Assessment Plan, As Updated."

Source: Denton Central Appraisal District, the Town and the PID Administrator.

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According to the Denton Central Appraisal District, the 2017 net taxable assessed value of property located within the District is \$44,972,183. As noted above, the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within the District, as well as Town debt secured by the Assessments, as of July 1, 2017.

OVERLAPPING DEBT (PRIOR TO ANNEXATION AND THE BONDS)

<u>Taxing or Assessing Entity</u>	<u>Total Outstanding Debt</u>	<u>Estimated % Applicable⁽¹⁾</u>	<u>Direct and Estimated Overlapping Debt⁽¹⁾</u>
The Town (Assessments - PID Reimbursement Agreement)	\$4,135,000	100.00%	\$4,135,000
The Town (Assessments - Maintenance/Services) ⁽²⁾	-	100.00%	-
Denton County	605,835,000	0.05%	308,451
Lake Dallas Independent School District	<u>82,662,581</u>	2.54%	<u>2,103,385</u>
	<u>\$692,632,581</u>		<u>\$6,546,836</u>

⁽¹⁾ Based on the tax year 2016 net taxable assessed valuations for the District and the taxing entities listed.

⁽²⁾ Represents a separate levy of Assessments for maintenance and operations costs of the Authorized Improvements pursuant to a separate M&O SAP. See "THE AUTHORIZED IMPROVEMENTS — Ownership and Maintenance of the Improvements" and "APPENDIX C — Form of Service and Assessment Plan, As Updated."

Source: Municipal Advisory Council of Texas and the Town.

After delivery of the Bonds, the Town intends to annex the District into the corporate limits of the Town. See "THE DISTRICT — Powers and Authority." The following tables reflects the estimated overlapping ad valorem tax rates and overlapping indebtedness payable from ad valorem taxes with respect to property within the District, as well as Town debt secured by the Assessments, after delivery of the Bonds and the Town's annexation of the District.

OVERLAPPING TAX RATES (AFTER ANNEXATION AND THE BONDS)*

<u>Taxing Entity</u>	<u>Ad Valorem Tax Rate⁽¹⁾</u>
The Town	\$ 0.387319
Denton County	0.248409
Lake Dallas Independent School District	<u>1.670000</u>
Total Tax Rate	<u>\$ 2.305728</u>
Estimated Average Annual Installment in the District (Per Lot) as a Tax Rate Equivalent⁽²⁾	<u>\$ 0.552124</u>
Estimated Total Tax Rate and Average Annual Installment in the District (Per Lot) as a Tax Rate Equivalent	<u>\$ 2.857852</u>

* Preliminary; subject to change.

⁽¹⁾ As reported by the taxing entities. Per \$100 taxable appraised value.

⁽²⁾ Upon annexation of the District by the Town, the levy of Assessments for maintenance and operations costs of the Authorized Improvements pursuant to a separate M&O SAP will be terminated. See "THE DISTRICT — Powers and Authority" and "THE DEVELOPMENT — Assessments in the District."

Source: Municipal Advisory Council of Texas, the Town and the PID Administrator.

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OVERLAPPING DEBT (AFTER ANNEXATION AND THE BONDS)*

<u>Taxing or Assessing Entity</u>	<u>Total Outstanding Debt</u>	<u>Estimated % Applicable⁽¹⁾</u>	<u>Direct and Estimated Overlapping Debt⁽¹⁾</u>
The Town (Assessments - Bonds) ⁽²⁾	\$ 4,135,000*	100.00%	\$4,135,000*
The Town (Ad Valorem Tax-Supported Debt)	8,945,000	8.71%	779,343
Denton County	605,835,000	0.05%	308,294
Lake Dallas Independent School District	<u>82,662,581</u>	2.48%	<u>2,051,192</u>
	<u>\$701,577,581</u>		<u>\$7,273,829</u>

* Preliminary; subject to change.

(1) Based on the tax year 2016 net taxable assessed valuations for the District and the taxing entities listed.

(2) Upon annexation of the District by the Town, the levy of Assessments for maintenance and operations costs of the Authorized Improvements pursuant to a separate M&O SAP will be terminated. See "THE DISTRICT — Powers and Authority" and "THE DEVELOPMENT — Assessments in the District."

Source: Municipal Advisory Council of Texas and the Town.

If land is devoted principally to agricultural use, a landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land's agricultural use valuation with respect to its ad valorem taxes. No property in the District is currently subject to an agricultural use valuation with respect to its ad valorem taxes. Agricultural use includes production of crops or livestock, and may also include leaving the land idle for a government program or for normal crop or livestock rotation.

If land qualified for an agricultural valuation but the land use changes to a non-agricultural use, "rollback taxes" are assessed for each of the previous 5 years in which the land received the lower agricultural valuation. The rollback tax is the difference between taxes paid on land's agricultural value and the taxes that the land owner would have paid if the land had been taxed on a higher market value plus interest charged for each year from the date on which taxes would have been due. If the land use changes to a non-agricultural use on only a portion of a larger tract, the land owner can fence off the remaining land and maintain the agricultural valuation on the remaining land. In this scenario, the land owner would only be responsible for rollback taxes on that portion of the land for which use changed and not for the entire tract. Rollback taxes have been paid by the Developer or purchasers from the Developer during development of the District and prior to purchase of parcels or lots by homeowners.

ASSESSMENT PROCEDURES

General

Capitalized terms used under this caption and not otherwise defined in the Official Statement shall have the meanings given to such terms in the Service and Assessment Plan. As required by the PID Act, when the Town determines to defray a portion of the costs of the Authorized Improvements through Assessments, it must adopt a resolution generally describing the Authorized Improvements and the land within the District to be subject to Assessments to pay the cost therefor. The Town caused an assessment roll to be prepared (the "Assessment Roll"), which Assessment Roll shows the land within the District to be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll was filed with the Town Secretary and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Authorized Improvements and funding a portion of the same with Assessments. The Town levied the Assessments through the Town Council's adoption of the Assessment Ordinance and the original Service and Assessment Plan on April 24, 2012. Upon such adoption, the Assessments became legal, valid and binding liens upon the property against which the Assessments are made. However, Annual Installments of the Assessments are not due and payable until the "Trigger Date", which is described in the original Service and Assessment Plan, with respect to each lot within the District, as the first January 31st to occur after the earlier of (i) the date the Town issues a building permit for the lot, or (ii) the fourth anniversary of the date of recording of the final subdivision plat that includes the lot in the real property

records of Denton County. The Trigger Dates for collection of all Assessments have already occurred. See “ — Assessment Collections” below.

Under the PID Act, the costs of Authorized Improvements may be assessed by the Town against the assessable property in the District so long as the special benefit conferred upon the assessed property by the Authorized Improvements equals or exceeds the Assessments. The costs of the Authorized Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on assessed property similarly benefited. The allocation of benefits and assessments to the benefitted land within the District is set forth in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX C — Form of Service and Assessment Plan, As Updated.”

Assessment Methodology

The Service and Assessment Plan describes the special benefit received by each parcel of assessable property as a result of the Authorized Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the Town allocates the special benefit of the Authorized Improvements to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, the costs of the Authorized Improvements is being funded with proceeds of the Bonds (either directly or through reimbursement to the Developer for qualifying costs incurred to construct any Authorized Improvements, pursuant to the PID Reimbursement Agreement). The Bonds are payable from and secured by Pledged Revenues. As further set forth in the Service and Assessment Plan, the benefits received by the Authorized Improvements are currently spread among the existing Lots in the District (the “Assessed Property”) based on a uniform per Lot Assessment of \$27,384.11 for each Lot which results in an equal share of the Assessments allocated to each Lot. If any Lots are subsequently divided, the Assessments are further apportioned pro rata based on the initial Assessment for such subdivided Lot.

The following table provides additional information with respect to Assessment methodology. The information in the table was obtained from and calculated using information provided in the Service and Assessment Plan and the appraised value of property located within the District as determined by the Denton Central Appraisal District. See “APPENDIX C — Form of Service and Assessment Plan, As Updated.”

ASSESSMENT ALLOCATION - TAX RATE PER LOT TYPE^{*(1)}

No. of Lots	Estimated Home Value (Per Lot)	Average Annual Installment (Per Lot)	Tax Rate Equivalent (Per Lot)
151	\$295,300	\$1,626	\$0.552124

^{*} Preliminary; subject to change.

(1) Assumes the Town’s annexation of the District after delivery of the Bonds. See “THE DISTRICT — Powers and Authority.”

The Assessments allocated to the Assessed Property within the District do not include any allocation of Assessments to the property owned by the HOA (the “HOA Property”). The Service and Assessment Plan designates the HOA Property as non-benefitted property within the District that does not receive a special benefit of the Authorized Improvements separately from the HOA members.

The Town has determined that the foregoing method of allocation will result in the imposition of equal shares of the Assessments on parcels similarly situated within the District. The Assessments and interest thereon are paid in Annual Installments as described above. The determination by the Town of the Assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the Town Council of its legislative authority and governmental powers and is conclusive and binding on the Developer, all other current owners of property within the District, and all future owners and developers within the District. See “APPENDIX C — Form of Service and Assessment Plan, As Updated.”

Collection and Enforcement of Assessment Amounts

Under the PID Act, the Annual Installments may be collected in the same manner and at the same time as ad valorem taxes of the Town. The Assessments may be enforced by the Town in the same manner that an ad valorem tax lien against real property is enforced. Delinquent installments of the Assessments incur interest, penalties and attorney's fees and run with the land in the same manner as delinquent ad valorem taxes. Under the PID Act, the Assessment Lien is a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for State, county, school district or municipality ad valorem taxes. See "BONDHOLDERS' RISKS — Assessment Limitations" herein. According to the Denton Central Appraisal District, the 2017 net taxable assessed value of property located within the District is \$44,972,183.

In the Indenture, the Town will covenant to collect, or cause to be collected, Assessments as provided in the Assessment Ordinance. No less frequently than annually, Town staff or a designee of the Town shall prepare, and the Town Council shall approve, an update to the Service and Assessment Plan (an "Annual Service Plan Update") to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and a calculation of the Annual Installment for each Parcel. Assessments for Administrative Expenses shall be allocated among all Parcels in proportion to the amount of the Annual Installments for the Parcels.

In the Indenture, the Town will covenant, agree and warrant that, for so long as any Bonds are Outstanding, that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments.

To the extent permitted by law, notice of the Annual Installments are sent by, or on behalf of the Town, to the affected property owners on the same statement or such other mechanism that is used by the Town, so that such Annual Installments are collected simultaneously with 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 Town.

The Town will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the Town will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the Town shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property.

The Town will implement the basic timeline and procedures for Assessment collections and pursuit of delinquencies set forth in Exhibit C of the Town's Continuing Disclosure Agreement of the Issuer set forth in APPENDIX E and to comply therewith to the extent that the Town reasonably determines that such compliance is the most appropriate timeline and procedures for enforcing the payment of delinquent Assessments.

The Town shall not be required under any circumstances to expend any funds for delinquent collection costs in connection with its covenants and agreements under the Indenture or otherwise other than funds on deposit in the Administrative Fund.

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Annual Installments are paid to the Town or its agent. Annual Installments are due on October 1 of each year, and become delinquent on February 1 of the following year. In the event Assessments are not timely paid, there are penalties and interest as set forth below:

<u>Date Payment</u> <u>Received</u>	<u>Cumulative</u> <u>Penalty</u>	<u>Cumulative</u> <u>Interest</u>	<u>Total</u>
February	6%	1%	7%
March	7%	2%	9%
April	8%	3%	11%
May	9%	4%	13%
June	10%	5%	15%
July	12%	6%	18%

After July, the penalty remains at 12%, and interest accrues at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee may be added to the total penalty and interest charge. In general, property subject to lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. An automatic stay by creditors or other entities, including governmental units, could prevent governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In most cases, post-petition Assessments are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Assessment Amounts

Assessment Amounts. The maximum amounts of the Assessments are established by the methodology described in the Service and Assessment Plan. The Assessment Roll sets forth for each year the "Annual Installment" for each Parcel consisting of (1) principal; (2) interest; (3) Administrative Expenses; and (4) the Additional Interest that funds the Delinquency and Prepayment Reserve Account. The Annual Installments for the District may not exceed the amounts shown on the Assessment Roll. The Assessments are levied against the parcels comprising the Assessed Property as indicated on the Assessment Roll. See "APPENDIX C — Form of Service and Assessment Plan, As Updated."

The Annual Installments shown on the Assessment Roll will be reduced to equal the actual costs of repaying the Bonds (which amount will include Administrative Expenses and the Additional Interest component of the interest cost), taking into consideration any other available funds for these costs, such as interest income on account balances.

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the Town Council has determined that the Assessments shall be initially allocated to Assessed Property within the District based on a uniform per lot Assessment for each lot which results in an equal share of the Assessments allocated to each lot. If any lots are subsequently divided, the Assessments are further apportioned pro rata based on the initial Assessment for such subdivided lot. See "APPENDIX C — Form of Service and Assessment Plan, As Updated." See "ASSESSMENT PROCEDURES — Assessment Methodology." The Bonds are secured by a first lien on and pledge of Pledged Revenues, including the Assessments. See "SECURITY FOR THE BONDS" and "APPENDIX C — Form of Service and Assessment Plan, As Updated."

Assessment Collections

Collection of the Annual Installment of Assessments with respect to each parcel commences on the "Trigger Date", which is described in the original Service and Assessment Plan, with respect to each lot within the District, as the first January 31st to occur after the earlier of (i) the date the Town issues a building permit for the lot, or (ii) the fourth anniversary of the date of recording of the final subdivision plat that includes the lot in the real property records of Denton County. The Trigger Dates for collection of all Assessments have already occurred.

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The following table sets forth the Annual Installments billed and collected for the Town's fiscal years 2015, 2016, and 2017.

<u>Fiscal Year Ended</u> <u>September 30</u>	<u>Total Annual</u> <u>Installments Billed</u> ⁽¹⁾	<u>Total Annual</u> <u>Installments Collected</u> ⁽²⁾	<u>Collection Rate</u>
2015	\$ 27,989.19	\$ 27,989.07	100.00%
2016	110,738.63	110,738.58	100.00%
2017	224,182.15	223,711.75 ⁽³⁾	99.79%

⁽¹⁾ The Annual Installment billed consisted of interest (at a rate of 6% per annum) and Administrative Expenses.

⁽²⁾ The Installment Payment Date is October 1 of each fiscal year presented. Each Annual Installment is delinquent if not paid prior to February 1 of the calendar year immediately following the Installment Payment Date.

⁽³⁾ Collected through May 31, 2017.

Source: The PID Administrator

Prepayment of Assessments

Pursuant to the PID Act and the Indenture, the owner of any property assessed may voluntarily prepay (a "Prepayment") all or part of any Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time. Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as payment of regularly scheduled Assessments.

Priority of Lien

The Assessments or any reassessment, the expense of collection, and reasonable attorney's fees, if incurred, constitute a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for the State, county, school district or municipality ad valorem taxes, and are a personal liability of and charge against the owners of the property regardless of whether the owners are named. The lien is effective from the date of the Assessment Ordinance until the Assessment is paid, and may be enforced by the Town in the same manner as an ad valorem tax levied against real property may be enforced by the Town. The owner of any property assessed may pay the entire Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time.

Foreclosure Proceedings

The lien associated with the Assessments attached prior to the date any property within the District became a homestead. In the event of delinquency in the payment of any Annual Installment, the Town is empowered to order institution of an action in state district court to foreclose the lien of such delinquent Annual Installment. In such foreclosure action, the real property subject to the delinquent Annual Installments may be sold at judicial foreclosure sale for the amount of such delinquent Annual Installments, plus penalties and interest.

Any sale of property for nonpayment of an installment or installments of an Assessment will be subject to the lien established for remaining unpaid installments of the Assessment 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 installments of the Assessments against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the Town of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event there could be an additional delay in payment of the principal of and interest on Bonds or such payment may not be made in full. The Town is not required under any circumstance to purchase the property or to pay the delinquent Assessment on the corresponding Assessed Property.

In the Indenture the Town will covenant to take and pursue all reasonable actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner

and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Assessments, provided that the Town is not required to expend any funds for collection and enforcement of Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the Town and distributed in accordance with the Indenture. See “APPENDIX B – Form of Indenture. “ See also “APPENDIX E – Form of Disclosure Agreement of Issuer” for a description of the expected timing of certain events with respect to collection of the delinquent Assessments.

In the Indenture, the Town will create the Delinquency and Prepayment Reserve Account of the Reserve Fund and will fund such account as provided in the Indenture. The Town will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If Pledged Revenues are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See “SECURITY FOR THE BONDS – Delinquency and Prepayment Reserve Account of the Reserve Fund,” “APPENDIX B – Form of Indenture” and “APPENDIX C – Form of Service and Assessment Plan, As Updated.”

THE TOWN

Background

The Town of Hickory Creek (the “Town”) is a residential area located in Denton County on the shores of Lake Lewisville, approximately 26 miles northwest of Dallas occupying a land area of 4.6 square miles.

Denton County (the “County”) is located in north central Texas and is the ninth most populous county in the state. The economy is diversified by manufacturing, state supported institutions, and agriculture. Minerals produced in the County include natural gas and clay. Denton County is the 9th largest gas producing county in Texas. Institutions of higher education within Denton County include the University of North Texas and Texas Women’s University. Alliance Airport (the largest industrial airport in the world), Texas Motor Speedway (a major NASCAR race track) and a major Wal-Mart distribution center are also located in Denton County.

Town Government

The Town is a Type A general law municipal corporation governed by a mayor and a five-member council. The Mayor is elected at-large and five council members are elected by place number for two-year staggered terms.

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The current members of the Town Council and their respective expiration of terms of office are as follows:

<u>Council Member</u>	<u>Term Expires</u> <u>(May)</u>
Lynn Clark, Mayor	2018
Paul Kenney, Mayor Pro Tem	2018
Tracee Elrod	2019
Richard DuPree	2018
Chris Gordon	2019
Ian Theodore	2019

The principal administrators of the Town include the following:

<u>Name</u>	<u>Position</u>
John Smith	Town Administrator
Kristi Rogers	Town Secretary

General information regarding the Town and the surrounding area can be found in “APPENDIX A - General Information Regarding the Town and Surrounding Area.”

THE DISTRICT

General

The PID Act authorizes municipalities, such as the Town, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement districts to pay for certain improvements. The District contains approximately 38.9197 acres and was created by Resolution No. 2012-0327-1 of the Town adopted on March 27, 2012 in accordance with the PID Act (the “Creation Resolution”) for the purpose of undertaking and financing the costs of certain public improvements within the District, including the Authorized Improvements, authorized by the PID Act and approved by the Town Council that confer a special benefit on the District property. The District is not a separate political subdivision of the State and is governed by the Town Council. A map of the property within the District is included on page v hereof.

Powers and Authority

Pursuant to the PID Act, the Town may establish and create the District and undertake, or reimburse a developer for the costs of, improvement projects that confer a special benefit on property located within the District, whether located within the Town limits or the Town’s extraterritorial jurisdiction. The District is located entirely within the extraterritorial jurisdiction of the Town. After delivery of the Bonds, the Town intends to annex the District into the corporate limits of the Town. The PID Act provides that the Town may levy and collect Assessments on property in the District, or portions thereof, payable in full or periodic installments based on the benefit conferred by an improvement project to pay all or part of its cost.

Pursuant to the PID Act and the Creation Resolution, the Town has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction or improvement of the Authorized Improvements. See “THE AUTHORIZED IMPROVEMENTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the Town entered into the PID Reimbursement Agreement for the purpose of reimbursing the Developer for the costs of construction, acquisition or purchase of certain road, water, sanitary sewer, and drainage public improvements within the District and outside of the District comprising the Authorized Improvements, and to finance its reimbursement obligation under the PID Reimbursement Agreement through the issuance of the Bonds. The Town has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See “ASSESSMENT PROCEDURES” herein and “APPENDIX C — Form of Service and Assessment Plan, As Updated.”

THE AUTHORIZED IMPROVEMENTS

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the Town, the Town's representatives and professional providers, the Town's Financial Advisor and the Underwriter, and none of the Town, the Town's Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information. The Developer has reviewed this Official Statement and warrants and represents that neither (i) the information under the caption "THE AUTHORIZED IMPROVEMENTS" nor (ii) the information relating to the Authorized Improvements under the caption "BONDHOLDERS' RISKS" contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the Town and the Underwriter.

General

The costs of construction of the Authorized Improvements will be refinanced with proceeds of the Bonds. The Authorized Improvements have been dedicated to the Town and the Lake Cities Municipal Utility Authority ("LCMUA"), as applicable, through the recording of subdivision plats in the real property records of Denton County. The Developer was responsible for the completion of the construction, acquisition or purchase of the Authorized Improvements. See "THE AUTHORIZED IMPROVEMENTS — General" and "THE DEVELOPMENT — Completed Development." In connection with the Developer's sale of the property within the District in April 2012 to D.R. Horton pursuant to the D.R. Horton Sales Contract, the Developer and D.R. Horton executed a Residential Development Agreement (the "D.R. Horton Agreement") dated effective on or about November 15, 2012, which provided for D.R. Horton to pay for most of the Authorized Improvements on behalf of the Developer as part of the consideration paid by D.R. Horton under the D.R. Horton Sales Contract. See "THE DEVELOPER — History and Financing of the District." The Developer constructed most of the Authorized Improvements, and D.R. Horton constructed a portion of the Authorized Improvements. The Developer and D.R. Horton commenced construction of the Authorized Improvements in 2013 and completed construction of the Authorized Improvements in 2016. All of the Authorized Improvements have been dedicated to and accepted by the Town and LCMUA, as applicable and as described herein, through the recording of subdivision plats in the real property records of Denton County. Individual homeowners purchased completed homes within the Development beginning in October 2014. Development of the District is complete, and D.R. Horton has completed construction of all 151 single family residential lots in the District and has sold (either placed under contract or closed) all such lots to individual homeowners. See "THE DEVELOPMENT — Completed Development" below.

The Developer and D.R. Horton together incurred total actual costs in the amount of \$3,680,024.98 to construct the Authorized Improvements. Pursuant to the PID Reimbursement Agreement, such total actual costs will be reimbursed to the Developer from the proceeds of the Bonds. See "SOURCES AND USES OF FUNDS." After reimbursement of the Developer from proceeds of the Bonds, the Developer will not be entitled to any further reimbursement from Assessments.

Authorized Improvements. The Authorized Improvements, the construction of which are being refinanced with proceeds of the Bonds, include road, water, sanitary sewer, and drainage public improvements (collectively, the "Authorized Improvements") benefitting the District. The Authorized Improvements are further described in Exhibit B to the Service and Assessment Plan. See "APPENDIX C — Form of Service and Assessment Plan, As Updated." All road improvements and storm drainage improvements have been designed and constructed in accordance with Town standards and specifications and are currently owned and operated by the Town. All water distribution system improvements and sanitary sewer improvements have been designed and constructed in accordance with LCMUA standards and specifications and are currently owned and operated by LCMUA.

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The Developer and D.R. Horton together incurred total actual costs in the amount of \$3,680,024.98 to construct the Authorized Improvements. Pursuant to the PID Reimbursement Agreement, such total actual costs will be reimbursed to the Developer from the proceeds of the Bonds. For further information regarding the Authorized Improvements, see “APPENDIX C — Form of Service and Assessment Plan, As Updated.” The following table describes the total actual costs of each category of the Authorized Improvements.

Authorized Improvements	Actual Cost
Road Improvements	\$ 1,131,706.82
Water Distribution System, Sanitary Sewer and Storm Drainage Improvements	2,183,237.21
Other soft, Contingency and Miscellaneous Costs	365,080.95
Total Actual Cost of Authorized Improvements	\$ 3,680,024.98

Additionally, the Developer constructed certain private improvements located within the boundaries of PID No. 2 and consisting of an approximately 2,200 sq. ft. pool and related facilities and equestrian stables with 20 stalls (collectively, the “Private Improvements”) to serve homeowners within both the District and PID No. 2, who both enjoy access to the Private Improvements. The costs of such Private Improvements were paid entirely by the Developer without reimbursement by the Town.

The Development Agreement dated as of November 15, 2011 between the Town and AS Gold, L.P., as assigned by AS Gold, L.P. to the Developer pursuant to an Assignment of Development Agreement dated December 19, 2011, the Facilities Agreement dated as of November 15, 2011 between the Town and Centurion Acquisitions, LP, an affiliate of the Developer (collectively, the “Development Agreement”), and the LCMUA Facilities Agreement (as defined herein) collectively provide for design and construction of the Authorized Improvements in accordance with applicable ordinances and regulations of the Town and the LCMUA, as applicable. Additionally, these agreements outline each party’s rights and obligations related to development of the property within the District. As the property within the District is currently located in the extraterritorial jurisdiction of the Town, the Authorized Improvements were constructed pursuant to the Development Agreement (the “Development Regulations”). See “THE DEVELOPMENT – Zoning/Permitting.”

Ownership and Maintenance of the Improvements

The Authorized Improvements consisting of road improvements and storm drainage improvements have been dedicated to and accepted by the Town and constitute a portion of the Town’s infrastructure improvements. The Town will provide for the ongoing operation, maintenance and repair of the road and storm drainage portions of the Authorized Improvements constructed and conveyed.

Pursuant to a Facilities Agreement dated January 20, 2015 by and among the Town, D.R. Horton, and LCMUA (the “LCMUA Facilities Agreement”), the Authorized Improvements consisting of water distribution system improvements and sanitary sewer improvements have been dedicated to and accepted by LCMUA and constitute a portion of LCMUA’s infrastructure improvements. LCMUA will provide for the ongoing operation, maintenance and repair of the water and sanitary sewer portions of the Authorized Improvements constructed and conveyed, as outlined in the LCMUA Facilities Agreement.

The Private Improvements (not owned by a private utility company or a lot owner within the District) have been dedicated to and accepted by the HOA. The HOA will provide for the ongoing operation, maintenance and repair of the Private Improvements through the administration of a maintenance and operation fee and/or a property owner’s association fee to be paid by each lot owner within the District.

The Assessment Ordinance provided for a separate levy of Assessments for the maintenance and operations costs of the Authorized Improvements pursuant to a Maintenance/Services Service and Assessment Plan adopted by the Town effective April 24, 2012 (the “M&O SAP”). After delivery of the Bonds, the Town intends to annex the District into the corporate limits of the Town. See “THE DISTRICT — Powers and Authority.” In connection with

the Town’s annexation of the District, Assessments levied pursuant to the M&O SAP will be terminated. However, upon annexation, each residential lot within the District will be subject to Town ad valorem taxes. See “OVERLAPPING TAXES AND DEBT” and “THE DEVELOPMENT — Assessments in the District.”

THE DEVELOPMENT

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the Town, the Town’s representatives and professional providers, the Town’s Financial Advisor, and the Underwriter, and none of the Town, the Town’s Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information. The Developer has reviewed this Official Statement and warrants and represents that neither (i) the information under the caption “THE DEVELOPMENT” nor (ii) the information relating to the status of the Development under the caption “BONDHOLDERS’ RISKS” contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the Town and the Underwriter.

Completed Development

The Development, commonly known as “Steeplechase”, is a master-planned residential community consisting of approximately 150 acres, of which approximately 38.9197 acres of the Development are located within the District (commonly known as “Steeplechase North”) and wholly within the extraterritorial jurisdiction of the Town. The remaining 111.424 acres of the Development are contained within PID No. 2 (commonly known as “Steeplechase South”). After delivery of the Bonds, the Town intends to annex the District into the corporate limits of the Town. See “THE DISTRICT — Powers and Authority.”

The Development is located near the intersection of Parkridge Drive/Sycamore Bend Road and Turbeville Road. The Town is located in the north-central region of the Dallas-Fort Worth-Arlington TX Metropolitan Statistical Area (the “DFW MSA”). The Town and the surrounding area are poised for growth as the overall DFW MSA continues its growth trajectory. The Development is primarily located within the Lake Dallas Independent School District.

Pursuant to the D.R. Horton Agreement, D.R. Horton paid for most of the Authorized Improvements on behalf of the Developer as part of the consideration paid by D.R. Horton under the D.R. Horton Sales Contract. See “THE AUTHORIZED IMPROVEMENTS — General” and “THE DEVELOPER — History and Financing of the District.” The Developer constructed most of the Authorized Improvements, and D.R. Horton constructed a portion of the Authorized Improvements on behalf of the Developer. Development of the District is complete, and D.R. Horton has completed construction of all 151 single family residential lots in the District and has sold (either placed under contract or closed) all such lots to individual homeowners.

Actual home prices in the District are as follows:

HOME PRICES IN THE DISTRICT

<u>Number of</u> <u>Lots</u>	<u>Base Lot</u> <u>Price</u>	<u>Average Base</u> <u>Home Price</u> ⁽¹⁾
151	\$50,000	\$300,000

⁽¹⁾ The values provide as the Average Base Home Prices represent that average selling price of homes sold within the District to date.

Source: The Developer

Assessments in the District

Each residential lot in the District is currently assessed approximately \$2,238, annually, which amounts are used to pay the Town’s reimbursement obligation under the PID Reimbursement Agreement, and for the Town’s

fiscal year ended September 30, 2016, each lot was assessed \$538 for operation and maintenance assessments, resulting in a total annual assessment of \$2,775. After delivery of the Bonds and annexation of the District into the Town, the total required Annual Installment will be approximately \$1,626*, resulting in an approximate \$1,149* decrease in the total annual assessment for each lot. However, once annexation of the District is completed, each residential lot within the District will be subject to Town ad valorem taxes, which average approximately \$1,144 per lot/per year. See “THE DISTRICT — Powers and Authority.” Regardless, delivery of the Bonds and annexation of the District is expected to result in a net effective benefit to each residential lot.

Assessed Value in the District

According to the Denton Central Appraisal District, the 2017 net taxable assessed value of property located within the District is \$44,972,183. Based on the total proposed debt after issuance of the Bonds of \$4,135,000*, the estimated value-to-lien ratio of lots in the District is approximately 10.88* to 1 on average. The top ten taxpayers in the District are expected to account for approximately 6.00% of the annual Assessments securing the Bonds.

Zoning/Permitting

As the property within the District is currently located in the extraterritorial jurisdiction of the Town, the Authorized Improvements were constructed pursuant to the Development Regulations. The Town will adopt the Development Regulations as a planned development district upon the Town’s annexation of the District into the corporate limits of the Town. See “THE DISTRICT — Powers and Authority.” Upon annexation, the Town’s zoning and subdivision regulations will provide specific land use rules and regulations for any future modification or renovation of property within the District.

Existing Mineral Rights, Easements and Other Third Party Property Rights

The County is located within the Barnett Shale, a natural gas shale “play” overlying a portion of the Dallas-Fort Worth Metroplex, in which proven reserves of oil and natural gas have been subject to substantial development activity in the past decade due in part to advancements in drilling technology such as fracking.

Third parties hold title to certain rights applicable to real property within and around the District, including reservations of mineral rights and royalty interests and easements (collectively, the “Third Party Rights”) pursuant to various instruments in the chain of title for various tracts of land within and immediately adjacent to the District. Certain of the Third Party Rights provide mineral rights owners a right to enter onto the surface of the District and use the surface to explore, develop, drill, produce or extract minerals within the District. In particular, pad sites containing active oil and gas wells are located in tracts of land immediately adjacent to the District. The Developer expects such development activity to continue. Certain state and local laws, including rules and regulations of the Texas Railroad Commission, may substantially restrict the ability of mineral rights owners to explore, develop or otherwise exercise their Third Party Rights.

Although the Developer does not expect the above-described Third Party Rights, or the exercise of such rights or any other third party real property rights in or around the District, to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments, the Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS — Exercise of Third Party Property Rights.”

Environmental

[Note]: Phase One ESA to come from Developer (ordered by Developer as of 8/1/2017; Phase One ESA ordered by DR Horton and completed prior to development of District showed no material environmental concerns] A Phase One Environmental Site Assessment (a “Phase I ESA”) on approximately [_____] acres, which acres included the property within the District, was completed on [_____]. Based on the information presented in the Phase I ESA, there was no evidence that the Development was under environmental regulatory review or

* Preliminary; subject to change.

enforcement action. The site reconnaissance, regulatory database review and historical source review revealed no evidence of recognized environmental conditions in connection with the site.

According to the website for the United States Fish and Wildlife Service, the Least Tern is an endangered species in Denton County. The Developer is not aware of any endangered species located on District property.

Utilities

LCMUA provides both water and wastewater retail service to the property in the District. LCMUA purchases its water wholesale from the Upper Trinity Regional Water District, and LCMUA maintains its own water distribution system and wastewater collection and treatment system.

Additional utilities are provided to property owners within the District by: (1) Phone/Data – Century Link; (2) Electric – Oncor; (3) Cable - Century Link; and (4) Natural Gas - Atmos Energy.

THE DEVELOPER

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the Town, the Town's Financial Advisor and the Underwriter, and none of the Town, the Town's Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information. The Developer has reviewed this Official Statement and warrants and represents that neither (i) the information herein under the caption "THE DEVELOPER" nor (ii) the information relating to the Developer under the subcaption "BONDHOLDERS' RISKS" contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading.

General

In general, the activities of a developer in a development such as the District include purchasing the land, designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities, as well as telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of the revenue bonds, such as the Bonds, issued by a public improvement district. A developer is generally under no obligation to a public improvement district, such as the District, to develop the property which it owns in a development. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a development. In addition, a developer is ordinarily the major tax and assessment payer within a district during its development.

Description of the Developer

The Developer is an affiliate of Centurion American Custom Homes Inc. d/b/a Centurion American Development Group Inc. ("Centurion") and was created by Centurion for the purpose of developing, managing and ultimately conveying property in the District to third parties, as described under the caption "THE DEVELOPMENT." Mr. Mehrdad Moayed ("Mr. Moayed") has ultimate control of Centurion, the Developer, and all of the Developer's affiliates.

Since 1990, Centurion has developed over 10,000 single-family lots in dozens of communities surrounding North Texas. It has worked closely with investors, land-owners, financial institutions, and vendors to acquire over 15,000 acres of land inventory for a diverse mix of developments in size and scope. Centurion's communities include amenities such as parks, golf courses, water parks themes, and hiking and biking trails. Over the past twenty years, Centurion has demonstrated the ability to successfully deliver master-planned communities that have been recognized in the real estate industry. Centurion maintains a staff of approximately 25 employees. Centurion

creates single-asset limited liability companies to own development sites and contracts with developers and other professionals in the delivery of its communities.

Description of D.R. Horton

D.R. Horton is a public company subject to the information requirements of the Securities and Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the Securities Exchange Commission (“SEC”). Reports, proxy statements and other information filed by D.R. Horton can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Regional Office of the SEC located at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W. Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

In addition, D.R. Horton makes available on its web site <http://www.drhorton.com> its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports from Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have electronically filed with the SEC as well as other financial institutions. **Unless otherwise specified, information contained on D.R. Horton’s website, available by hyperlink from D.R. Horton’s website or on the SEC’s website, is not incorporated into this Official Statement.**

History and Financing of the District

Acquisition and Sale. The Developer purchased the property within the District on December 19, 2011 from AS Gold, L.P. The Developer sold the property within the District to D.R. Horton pursuant to a Contract for Sale dated April 26, 2012 (the “D.R. Horton Sales Contract”). In addition to the monetary purchase price of \$3,000,000, part of the consideration paid by D.R. Horton under the D.R. Horton Sales Contract included D.R. Horton’s agreement to pay for most of the Authorized Improvements and construct a portion of the Authorized Improvements on behalf of the Developer pursuant to the D.R. Horton Agreement. In the D.R. Horton Sales Contract, the Developer reserved the right to reimbursement for the costs of the Authorized Improvements incurred pursuant to the Development Agreement, including the reimbursement rights pursuant to the PID Reimbursement Agreement. See “THE AUTHORIZED IMPROVEMENTS — General.”

Acquisition and Development Financing. In connection with acquisition and development of property within the District and PID No. 2, including construction of most of the Authorized Improvements, the Developer financed its activities with various loans (the “Acquisition and Development Loans”) secured by senior and subordinate liens on property within the District. Prior to the Developer’s sale of all of the property within the District to D.R. Horton pursuant to the D.R. Horton Sales Contract, which did not provide that such conveyance was made subject to the liens on property within the District securing the Acquisition and Development Loans (the “Lender Liens”), the Developer secured releases of the Lender Liens. D.R. Horton’s acquisition of all of the property within the District from the Developer was made on a cash basis and no third-party financing was used by D.R. Horton to acquire or develop the property within the District. Thus, there are currently no liens on the property within the District (with the exception of the Assessment Lien). The PID Act provides that the Assessment Lien is a first and prior lien against the assessed property within the District and is superior to all other liens and claims except liens or claims for state, county, school district, or municipality ad valorem taxes.

Assignment of Reimbursement Rights. In connection with acquisition and development of property within the District and PID No. 2, including construction of most of the Authorized Improvements and the Developer’s incurrence of the Acquisition and Development Loans, the Developer assigned and/or pledged its right to reimbursement (the “Assigned Reimbursement Rights”) of a portion of the costs of the Authorized Improvements to third parties. After reimbursement of the Developer from proceeds of the Bonds pursuant to the PID Reimbursement Agreement, the Town and the Trustee will have no further obligation to reimburse the Developer, and the Assigned Reimbursement Rights have no effect on the Town’s obligation to reimburse the Developer from proceeds of the Bonds. The Developer does not expect the existence or exercise of the Assigned Reimbursement

Rights to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments. However, none of the District, the Town's Financial Advisor, the Underwriter, the Developer or PIDWorks, LLC provide any assurances as to such Developer expectations.

THE PID ADMINISTRATOR

The Town has entered into an agreement for administration of the District (the "PIDWorks Agreement") with PIDWorks, LLC as the "PID Administrator" to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The PIDWorks Agreement includes seven general types of services provided by PIDWorks, LLC: (i) administrative support services related to the Assessments, (ii) delinquency management, (iii) prepayment of Assessments, (iv) continuing disclosure services, and (v) accounting and audit coordination.

The information regarding the Service and Assessment Plan in this Official Statement has been provided by the PID Administrator as the PID Administrator for the Town, and has been included in reliance upon the authority of such firm as an expert in the field of development planning and finance.

BONDHOLDERS' RISKS

Before purchasing any of the Bonds, prospective investors and their professional advisors should carefully consider all of the risk factors described below which may create possibilities wherein interest may not be paid when due or that the Bonds may not be paid at maturity or otherwise as scheduled, or, if paid, without premium, if applicable. The following risk factors (which are not intended to be an exhaustive listing of all possible risks associated with an investment in the Bonds) should be carefully considered prior to purchasing any of the Bonds. Moreover, the order of presentation of the risks summarized below does not necessarily reflect the significance of such investment risks.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE TOWN PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE TOWN AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE TOWN OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE TOWN'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE TOWN SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE TOWN OTHER THAN THE PLEDGED REVENUES, AND OTHER FUNDS COMPRISING THE TRUST ESTATE.

The ability of the Town to pay debt service on the Bonds as due is subject to various factors that are beyond the Town's control. These factors include, among others, (a) the ability or willingness of property owners within the District to pay Assessments levied by the Town, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within the District, and (c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects.

The Underwriter is not obligated to make a market in or repurchase any of the Bonds, and no representation is made by the Underwriter, the Town or the Town's Financial Advisor that a market for the Bonds will develop and be maintained in the future. If a market does develop, no assurance can be given regarding future price maintenance of the Bonds.

Assessment Limitations

Annual Installments of Assessments are billed to property owners in the District. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as for ad valorem taxes as set forth under “ASSESSMENT PROCEDURES” herein. Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year and the Administrative Expenses for such year. See “ASSESSMENT PROCEDURES” herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Assessment payments in the future.

In order to pay debt service on the Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in the District, the Town has established a Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The Annual Installments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Account and delay in payments of debt service on the Bonds. See “BONDHOLDERS’ RISKS — Remedies and Bankruptcy” herein.

Upon an ad valorem tax lien foreclosure event of a property within the District, any lien securing an Assessment that is delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Assessments, the liens securing such delinquent ad valorem taxes and delinquent Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Assessments would then be an unsecured personal liability of the original property owner.

Based upon the language of Texas Local Government Code, § 372.017(b), case law relating to other types of assessment liens and opinions of the Texas Attorney General, the Assessment Lien as it relates to installment payments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future installment payments not being accelerated. Texas Local Government Code § 372.018(d) supports this position, stating that an Assessment Lien runs with the land and the portion of an assessment payment that has not yet come due is not eliminated by foreclosure of an ad valorem tax lien.

The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance (“Pre-existing Homestead Rights”) for as long as such rights are maintained on the property. It is unclear under Texas law whether or not Pre-existing Homestead Rights would prevent the Assessment Lien from attaching to such homestead property or instead cause the Assessment Lien to attach, but remain subject to, the Pre-existing Homestead Rights.

Under Texas law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights had been claimed. Furthermore, the Developer is not eligible to claim homestead rights and the Developer has represented that it owned all property within the District as of the date of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the Town.

Failure by owners of the parcels to pay Annual Installments when due, depletion of the accounts within the Reserve Fund, delay in foreclosure proceedings, or inability of the Town to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Assessments levied against such parcels may result in the inability of the Town to make full or punctual payments of debt service on the Bonds.

THE ASSESSMENTS CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE PROPERTY ASSESSED, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS OR CLAIMS FOR STATE, COUNTY, SCHOOL DISTRICT OR MUNICIPALITY AD VALOREM TAXES AND ARE PERSONAL OBLIGATIONS OF AND CHARGES AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN THE DISTRICT.

Risks Related to the Current Real Estate Market

In the past, the real estate market experienced significant slowing of new home sales and new home closings due in part to the subprime mortgage crisis involving adjustable rate mortgages and other creative mortgage financing tools that allowed persons with higher credit risk to buy homes. The economic crisis that resulted from higher interest rates, at a time when many subprime mortgages were due to reset their interest rates, has served to reduce the availability of mortgages to many potential home buyers, making entry into the real estate market difficult. These downturns in the real estate market and other factors beyond the control of the Developer, including general economic conditions, may impact the value of assessed property within the District and the timing of lot and home sales within the District by the Developer, homebuilders, and individual homeowners.

Competition

The housing industry in the Dallas-Fort Worth area is very competitive, and such competition may impact the value of assessed property within the District and the timing of lot and home sales within the District by the Developer, homebuilders, and individual homeowners.

Loss of Tax Exemption

The Indenture contains covenants by the Town intended to preserve the exclusion from gross income of interest on the Bonds for federal income tax purposes. As discussed under the caption “TAX MATTERS” herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Town in violation of its covenants in the Indenture.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Bankruptcy

The payment of Assessments and the ability of the Town to foreclose on the lien of a delinquent unpaid Assessment may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Assessments to become extinguished, bankruptcy of a property owner in all likelihood would result in a delay in prosecuting foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds, and the possibility that delinquent Assessments might not be paid in full.

Direct and Overlapping Indebtedness, Assessments and Taxes

The ability of an owner of property within the District to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of the District currently impose ad valorem taxes on the property within the District and will likely do so in the future. Such entities could also impose assessment liens on the property within the District. The imposition of additional liens, or for private financing, may reduce the ability or willingness of the landowners to pay the Assessments. See “OVERLAPPING TAXES AND DEBT” herein.

Depletion of Reserve Accounts of the Reserve Fund

Failure of the owners of property within the District to pay the Assessments when due could result in the rapid, total depletion of the Reserve Account or the Delinquency and Prepayment Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Account of the Reserve Fund. The Indenture provides that if, after a withdrawal from the Reserve Account of the Reserve Fund, the amount in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE BONDS — Reserve Account of the Reserve Fund” herein.

Hazardous Substance

While governmental taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to the assessment is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or “Superfund Act,” is the most well-known and widely applicable of these laws. It is likely that, should any of the parcels of land located in the District be affected by a hazardous substance, the marketability and value of such parcels would be reduced by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The value of the land within the District does not take into account the possible liability of the Developer for the remediation of a hazardous substance condition on the property in the District. The Town has not independently verified, and is not aware, that the Developer has such a current liability with respect to its property; however, it is possible that such liabilities do currently exist and that the Town is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. The actual occurrence of any of these possibilities could significantly negatively affect the value of a parcel that is realizable upon a foreclosure.

See “THE DEVELOPMENT – Environmental” for discussion of the Phase I ESA performed on property within the District.

Regulation

Development within the District may be subject to future federal, state and local regulations. Approval may be required from various agencies from time to time in connection with the layout and design of development in the District, the nature and extent of public improvements, land use, zoning and other matters. Failure to meet any such regulations or obtain any such approvals in a timely manner could delay or adversely affect development in the District and property values.

100-Year Flood Plain

Approximately 3.48 acres of the District are located within an official FEMA 100 year flood plain as shown on the Federal Emergency Management Agency’s Flood Insurance Rate Map Nos. 48121C0535G and 48121C0395G, dated April 18, 2011 (the “Flood Plain”). All such acreage in the District that lies within the Flood Plain boundaries is located within dedicated open space, park or drainage easements.

Bondholders' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may proceed, and upon the written request of the owners of not less than fifty-one percent (51%) in principal amount of the Bonds then Outstanding shall proceed, to protect and enforce the rights of the owners of the Bonds under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by applicable laws, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the Town may be sought or shall be permitted. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Town's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the Town. In this regard, should the Town file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the Town to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Bankruptcy Limitation to Bondholders' Rights" herein.

Any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a property owner within the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the Town to collect delinquent Assessments, or delinquent ad valorem taxes, against such property owner.

In addition, in 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued", in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities.

Because it is unclear whether the Texas Legislature has effectively waived the Town's sovereign immunity from a suit for money damages in the absence of Town action, the Trustee or the owners of the Bonds may not be able to bring such a suit against the Town for breach of the Bonds or the Indenture covenants. As noted above, the Indenture provides that owners of the Bonds may exercise the remedy of mandamus to enforce the obligations of the Town under the Indenture. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of moneys due under a contract).

No Acceleration

The Indenture does not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture.

Bankruptcy Limitation to Bondholders' Rights

The enforceability of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the Town. The Town is authorized under Texas law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946. The Town may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

If the Town decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the Town would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the Town is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under Texas law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the owners of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the Town's debt.

Exercise of Third Party Property Rights

As described herein under "THE DEVELOPMENT — Existing Mineral Rights, Easements and Other Third Party Property Rights", third parties hold title to certain Third Party Rights applicable to real property within and around the District, including reservations of mineral rights and royalty interests and easements, pursuant to various instruments in the chain of title for various tracts of land within and around the District.

The Developer does not expect the existence or exercise of such Third Party Property Rights or other third party real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments. However, none of the District, the Town's Financial Advisor, the Underwriter, the Developer or PIDWorks, LLC provide any assurances as to such Developer expectations.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the Town, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the Town will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX D – FORM OF OPINION OF BOND COUNSEL."

In rendering its opinion, Bond Counsel to the Town will rely upon (a) certain information and representations of the Town, including information and representations contained in the Town's federal tax certificate, and (b) covenants of the Town contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the Town to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable

from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the Town is conditioned on compliance by the Town with such requirements, and Bond Counsel to the Town has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Town with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Town as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be

determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for “adjusted current earnings” to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local And Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted

cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a "bank," as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The Town expects to designate the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the Town will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Bonds would not be "qualified tax-exempt obligations."

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by (i) the unqualified approving legal opinion of the Attorney General to the effect that the Bonds are valid and legally binding obligations of the Town under the Constitution and laws of the State, payable from the Trust Estate and, (ii) based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect.

McCall, Parkhurst & Horton L.L.P. serves as Bond Counsel to the Town. Andrews Kurth Kenyon LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Legal Opinions

The Town will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special obligations of the Town. The Town will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special obligations of the Town under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal thereof and interest thereon, are payable from and secured by a pledge of and lien on the Pledged Revenues. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS," including the

alternative minimum tax consequences for corporations. A copy of the opinion of Bond Counsel is attached hereto as “APPENDIX D —Form of Opinion of Bond Counsel.”

Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement under the captions or subcaptions “PLAN OF FINANCE — The Bonds”, “DESCRIPTION OF THE BONDS,” “SECURITY FOR THE BONDS”, “ASSESSMENT PROCEDURES” (except for the subcaptions “Assessment Methodology” and “Assessment Collections”), “THE DISTRICT,” “TAX MATTERS,” “LEGAL MATTERS — Legal Proceedings,” “LEGAL MATTERS — Legal Opinions,” “SUITABILITY FOR INVESTMENT,” “CONTINUING DISCLOSURE” (except for the subcaption “Compliance with Prior Undertakings”), “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE,” “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS” and APPENDIX B and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation — The Town

At the time of delivery and payment for the Bonds, the Town will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or overtly threatened against the Town affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Ordinance, the Indenture, any action of the Town contemplated by any of the said documents, or the collection or application of the Pledged Revenues, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Town or its authority with respect to the Bonds or any action of the Town contemplated by any documents relating to the Bonds.

Litigation — The Developer

At the time of delivery and payment for the Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its officers or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the PID Reimbursement Agreement, or the Bond Purchase Agreement, or otherwise described in this Official Statement, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”). Additionally, Mr. Moayedi, Centurion, and entities affiliated with Mr. Moayedi and Centurion have been and are parties to pending and threatened litigation related to their commercial and real estate development activities. Such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

SUITABILITY FOR INVESTMENT

Investment in the Bonds poses certain economic risks. See “BONDHOLDERS’ RISKS.” No dealer, broker, salesman or other person has been authorized by the Town or the Underwriter to give any information or

make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Additional information will be made available to each prospective investor, including the benefit of a site visit to the Town and the opportunity to ask questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See “BONDHOLDERS’ RISKS — Remedies and Bankruptcy.” Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery.

RATING

The Bonds are rated “___” by S&P Global Ratings, a division of S&P Global, Inc. (“S&P”), based upon the Municipal Bond Insurance Policy issued by _____. The underlying, unenhanced rating on the Bonds is “___” by S&P.] An explanation of the significance of such ratings may be obtained from such rating agency. The rating reflects only the view of such rating agency and the Town makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Neither the Underwriter nor the Town has undertaken any responsibility to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of the rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the Bonds.

[BOND INSURANCE]

[The Town has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The Town has yet to determine whether an insurance policy will be purchased to provide for a guarantee of scheduled debt service on the Bonds. If an insurance policy is purchased, the bond purchase agreement for the Bonds will direct the purchase of the insurance policy.

Bond Insurance Risk Factors

If the Town purchases a bond insurance policy, the following are risk factors relating to bond insurance. In the event of default of payment of principal or interest, when all or some becomes due, any owner of the Bonds shall have a claim under the bond insurance policy (the “Policy”) for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the Town which is recovered by the Town from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the bond insurer at such time and in such amounts as would have been due absent such prepayment by the Town unless the bond insurer chooses to pay such amounts at an earlier date. Under no circumstances does default of payment obligate acceleration of the Bonds of the bond insurer without their consent, so long as the bond insurer performs its obligations under the Policy.

In the event the bond insurer is unable to make payment of principal and interest of the Bonds as such payments become due under the Policy, the Bonds are payable solely from a continuing direct annual ad valorem tax levied by the Town, within the limits prescribed by law, sufficient to provide for the payment of principal and interest on the Bonds. In the event the bond insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

In the event bond insurance is purchased, the long-term rating on the Bonds will be dependent in part on the financial strength of the bond insurer and its claims paying ability. The bond insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the bond insurer and of the Bonds insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "RATING" herein for a description of the rating.

The obligations of the bond insurer will be general obligations of the bond insurer and in an event of default by the bond insurer the remedies may be limited by applicable bankruptcy law. None of the Town, the Financial Advisor nor the Underwriter has made an independent investigation into the claims paying ability of any potential bond insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential bond insurer is given.]

CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the Town and FSC Continuing Disclosure Services, a Division of Hilltop Securities Inc. (in such capacity, the "Dissemination Agent") have entered into a Continuing Disclosure Agreement (the "Disclosure Agreement of the Issuer") for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of the Issuer, certain financial information and operating data relating to the Town (collectively, the "Town Reports"). The specific nature of the information to be contained in the Town Reports is set forth in "APPENDIX E — Form of Disclosure Agreement of Issuer." Under certain circumstances, the failure of the Town to comply with its obligations under the Disclosure Agreement of the Issuer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of the Issuer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The Town has agreed to update information and to provide notices of certain specified events only as provided in the Disclosure Agreement of the Issuer. The Town has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Official Statement, except as provided in the Disclosure Agreement of the Issuer. The Town makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The Town disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of the Issuer or from any statement made pursuant to the Disclosure Agreement of the Issuer.

Compliance with Prior Undertakings

Except as hereinafter described, during the last five years, the Town has complied in all material respects with its continuing disclosure agreements made in accordance with the Rule.

The ratings on municipal bond insurers have changed with frequency at various times in recent years and information about such changes has been publicly reported. While notices of certain rating changes of bond insurers were filed by the Town on EMMA, no assurances can be made that all Town filings with respect to changes in the ratings of municipal bond insurers have been made as required by the Rule or the Town's prior continuing disclosure undertakings.

The Town has implemented additional policies and procedures to ensure that in the future it fully complies with its continuing disclosure undertakings made under the Rule.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the Town at a purchase price of \$_____ (the par amount of the Bonds, less a reoffering discount of \$_____ less an underwriting

discount of \$_____, which includes Underwriter's Counsel's fee of \$_____). The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The Town assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

The PID Act and Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provide that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "RATING" above. In addition, the PID Act and various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits to the extent of their market value. No review by the Town has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

The Town made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes.

INVESTMENTS

The Town invests its funds in investments authorized by Texas law in accordance with investment policies approved by the Town Council. Both Texas law and the Town's investment policies are subject to change.

Under Texas law, the Town is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letter of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) certificates of deposit and share certificates meeting the requirements of the PFIA that are issued by or through an institution that either has its main office or a branch office in Texas, and are guaranteed or insured by the Federal

Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (7) or in any other manner and amount provided by law for Town deposits, or are invested by the Town through a broker or depository institution that has its main office or a branch office in the State and otherwise meet the requirements of the PFIA, (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State, (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-load money market mutual funds registered with and regulated by the SEC and complies with SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), and (13) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. If specifically authorized in the authorizing document, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The Town may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The Town may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the Town retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the Town must do so by order, ordinance, or resolution. The Town is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Political subdivisions such as the Town are authorized to implement securities lending programs if (i) the value of the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (7) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (7) and (11) through (13) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the Town or a third party designated by the Town; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

An eligible political subdivision such as the Town may enter into hedging transactions, including hedging contracts, related security, credit, and insurance agreements in connection with commodities used the political subdivision in its general operations, with the acquisition or construction of a capital project, or with an eligible project. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the SEC. The political subdivision may pledge to such contracts or agreements any general or special revenues or funds it is authorized by law to pledge to the payment of any other obligations. The political subdivision's cost under such contract or agreement may be considered an operations and maintenance expense, an acquisition costs, a project cost, or a construction expense.

Under Texas law, the Town is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for Town funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All Town funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, Town investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the Town shall submit an investment report detailing: (1) the investment position of the Town, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest Town funds without express written authority from the Town Council.

Under Texas law the Town is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the Town to disclose the relationship and file a statement with the Texas Ethics Commission and the Town Council; (4) require the registered principal of firms seeking to sell securities to the Town to: (a) receive and review the Town's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the Town and the business organization that are not authorized by the Town's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the Town's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the Town's investment policy; (6) provide specific investment training for the officers of the Town; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the entity's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Town.

INFORMATION RELATING TO THE TRUSTEE

The Town has appointed U.S. Bank National Association, a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Town of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds by the Town. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the project, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Trustee may be found at its website at www.usbank.com. Neither the information on the Trustee's website, nor any links from that website, is a part of this Official Statement, nor should any such information be relied upon to make investment decisions regarding the Bonds.

SOURCES OF INFORMATION

General

The information contained in this Official Statement has been obtained primarily from the Town's records, the Developer and its representatives and other sources believed to be reliable. In accordance with its responsibilities under the federal securities law, the Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement or any sale hereunder will create any implication that there has been no change in the financial condition or operations of the Town or the Developer described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized. The summaries of the statutes, resolutions, ordinances, indentures and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Source of Certain Information

The information contained in this Official Statement relating to the description of the Authorized Improvements, the Development and the Developer generally and, in particular, the information included in the sections captioned "PLAN OF FINANCE — Completed Development," "THE AUTHORIZED IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS," (only as it pertains to the Developer, the Authorized Improvements and the Development), and "LEGAL MATTERS — Litigation — The Developer," has been provided by the Developer.

Experts

The information regarding the Service and Assessment Plan and current and anticipated Assessments in this Official Statement has been provided by PIDWorks, LLC and has been included in reliance upon the authority of such firm as experts in the field of development planning and finance.

Updating of Official Statement

If, subsequent to the date of the Official Statement, the Town learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the Town will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the Town to so amend or supplement the Official Statement will terminate when the Town delivers the Bonds to the Underwriter, unless the Underwriter notifies the Town on or before such

date that less than all of the Bonds have been sold to ultimate customers; in which case the Town's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the Town delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21e of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "anticipate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED HEREIN TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE TOWN DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

AUTHORIZATION AND APPROVAL

By resolution, the Town Council approved the form and content this Preliminary Official Statement, and the Town Council authorized this Official Statement to be used by the Underwriter in connection with the marketing and sale of the Bonds.

TOWN OF HICKORY CREEK, TEXAS

Mayor

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APPENDIX A

GENERAL INFORMATION REGARDING THE TOWN AND SURROUNDING AREA

The following information has been provided for informational purposes only.

Historical Employment in Denton County (Average Annual)⁽¹⁾

	Average Annual				
	2017 ⁽²⁾	2016	2015	2014	2013
Civilian Labor Force	455,082	450,804	432,870	414,631	458,845
Total Employed	438,265	435,772	419,146	399,936	432,890
Total Unemployed	16,817	15,032	13,724	14,695	25,955
Unemployment Rate	3.7%	3.3%	3.2%	3.5%	5.7%

⁽¹⁾ Source: Texas Workforce Commission.

⁽²⁾ Data through June 2017.

Major Employers in Surrounding Area

The major employers in the City of Denton, Texas (approximately 9 miles from the Town) are set forth in the table below.

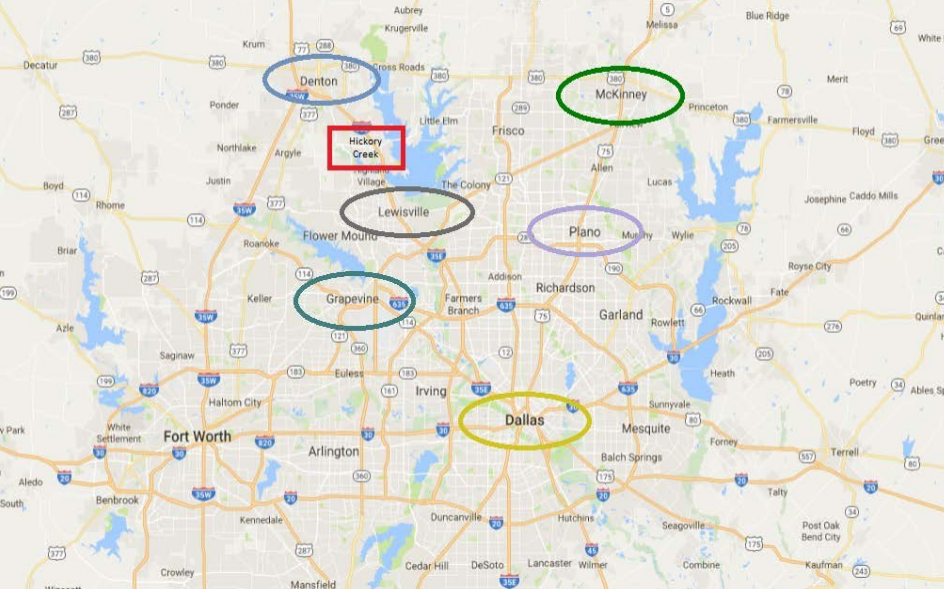
<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
University of North Texas	Higher Education	8,738
Denton ISD	Education	4,417
Peterbilt Motors Company	Manufacturer	2,314
Denton State Living Center	MHMR Facility	1,700
Texas Woman's University	Higher Education	1,672
Denton County	Government	1,581
City of Denton	Government	1,383
Texas Health Presbyterian	Healthcare	1,076
Denton Regional Medical	Healthcare	950
Sally Beauty Holdings, Inc.	Distribution	950

Source: Denton Economic Development Partnership

Surrounding Economic Activity

The major employers in municipalities surrounding the Town are set forth in the table below.

City of McKinney, TX Approximately 25 Miles from Hickory Creek		City of Dallas, TX Approximately 30 Miles from Hickory Creek		City of Plano, TX Approximately 20 Miles from Hickory Creek		City of Denton, TX Approximately 9 Miles from Hickory Creek	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
Raytheon Space & Airborne Systems	3,600	Wal Mart Stores	25,000	Capital One Finance	5,500	University of North Texas	8,738
McKinney ISD	3,147	American Airlines	25,000	Bank of America Home Loans	3,400	Denton ISD	4,417
Collin County	1,823	Dallas ISD	20,000	HP Enterprise Services	3,250	Peterbilt Motors	2,314
Medical Center of McKinney	1,071	Texas Health Resources	19,100	Ericsson	3,020	Denton State School	1,700
Encore Wire Corp.	1,050	Baylor Health Care System	16,900	Frito-Lay	2,500	Texas Woman's University	1,672
City of McKinney	975	Bank of America	14,500	J.C. Penny Co., Inc.	2,420	Denton County	1,581
Torchmark/United American	860	Lockheed Martin	13,700	Dell	2,250	City of Denton	1,566
Watson & Chalin	800	Texas Instruments Inc.	13,000	Texas Health Presbyterian Hosp.	1,680	Federal Emergency Management Agency	1,100
Baylor Medical Center	575	City of Dallas	13,000	Medical Center of Plano	1,600	Presbyterian Hospital of Denton	1,076
Collin College	555	JPMorgan Chase	12,600	PepsiCo	1,340	Denton Regional Medical Center	950



City of Lewisville, TX Approximately 5 Miles from Hickory Creek	
Employer	Employees
JP Morgan Chase	3,478
Lewisville I SD	2,919
Vista Ridge Mall	1,500
Wal-Mart	900
Xerox	823
Medical Center of Lewisville	815
City of Lewisville	763
TIAA-CREF	600
SYSCO	563
Med-Fusion	483

City of Grapevine, TX Approximately 15 Miles from Hickory Creek	
Employer	Employees
DFW International Airport	60,000
Gamestop Corp.	2,400
United Parcel Service	2,000
Grapevine-Colleyville ISD	1,800
Gaylord Texas Resort	1,800
Baylor Medical Center	1,100
Great Wolf Lodge	600
City of Grapevine	600
Hilton DFW-Lakes	400
Pavestone Mfg.	400

Source: Municipal Advisory Council of Texas

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APPENDIX B
FORM OF INDENTURE

INDENTURE OF TRUST

By and Between

TOWN OF HICKORY CREEK, TEXAS

and

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

DATED AS OF AUGUST 15, 2017

SECURING

[\$4,135,000]

**TOWN OF HICKORY CREEK, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2017
(HICKORY CREEK PUBLIC IMPROVEMENT DISTRICT NO. 1)**

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INDENTURE OF TRUST

THIS INDENTURE, dated as of August 15, 2017, is by and between the TOWN OF HICKORY CREEK, TEXAS (the "*Town*"), and U.S. Bank National Association, as trustee (together with any successors, the "*Trustee*"). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition was submitted and filed with the Town Secretary of the Town (the "*Town Secretary*") pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "*Act*" or "*PID Act*"), requesting the creation of a public improvement district located within the corporate limits of the Town to be known as Hickory Creek Public Improvement District No. 1 (the "*District*" or "*PID*"); and

WHEREAS, the petition contained the signatures of the owners of taxable real 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 the Denton Central Appraisal District, and the signatures of record property owners who own taxable real property that constitutes more than fifty percent of the area of all taxable property that is liable for assessment by the District; and

WHEREAS, on March 27, 2012, after due notice, the Town Council of the Town (the "*Town Council*") held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act and on March 27, 2012, the Town Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution 2012-0327-1, adopted by a majority of the members of the Town Council, authorized the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, following the adoption of Resolution 2012-0327-1, the Town published notice of its authorization of the District in a newspaper of general circulation in the Town; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the Town Secretary within 20 days after the date of publication of such notice; and

WHEREAS, on April 3, 2012, the Town Council by Resolution No. 2012-0403-01 made findings and determinations relating to the Costs of certain Authorized Improvements, received and accepted a preliminary service and assessment plan and proposed assessment roll, called a public hearing for April 24, 2012, and directed Town staff to (i) file said proposed assessment roll with the Town Secretary and to make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish such notice as required by Section 372.016(b) of the PID Act relating to the April 24, 2012 hearing; and

WHEREAS, the Town, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing in a newspaper of general circulation in the Town to consider the proposed "*Assessment Roll*" and the "*Service and Assessment Plan*" and the levy of the "*Assessments*" on property in the District; and

WHEREAS, the Town, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Assessment Roll and the Service and Assessment Plan and the levy of Assessments on property in the District to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, the Town Council convened the public hearing on April 24, 2012, 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 Service and Assessment Plan, the Assessment Roll, and the Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of Costs, the purposes of the Assessments, the special benefits of the Assessments, and the penalties and interest on Annual Installments and on delinquent Annual Installments of the Assessments; and

WHEREAS, at the April 24, 2012 public hearing referenced above, there were no written objections or evidence submitted to the Town Secretary in opposition to the Service and Assessment Plan, the allocation of Costs, the Assessment Roll, or the levy of the Assessments; and

WHEREAS, the Town Council closed the public hearing and, after considering all written and documentary evidence presented at the public hearing, including all written comments and statements filed with the Town, at a meeting held on April 24, 2012, approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance, which Assessment Ordinance approved the Assessment Roll and levied the Assessments; and

WHEREAS, the Town Council is authorized by the PID Act to issue revenue bonds payable from the Assessments for the purpose of (i) paying the Costs, (ii) funding a reserve fund for payment of principal and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District and (iv) paying the costs of issuance of the Bonds; and

WHEREAS, the Town Council now desires to issue its revenue bonds, in accordance with the PID Act, such bonds to be entitled "Town of Hickory Creek, Texas, Special Assessment Revenue Bonds, Series 2017 (Hickory Creek Public Improvement District No. 1)" (the "*Bonds*"), such Bonds being payable solely from the Assessments and other funds pledged under this Indenture to the payment of the Bonds and for the purposes set forth in this preamble; and

WHEREAS, the Trustee has agreed to accept the trusts herein created upon the terms set forth in this Indenture;

NOW, THEREFORE, the Town, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the "*Trust Estate*");

FIRST GRANTING CLAUSE

The Pledged Revenues, as herein defined, including all moneys and investments held in the Pledged Funds, including any contract or any evidence of indebtedness related thereto or other rights of the Town to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and

SECOND GRANTING CLAUSE

Any and all other property or money of every name and nature which is, from time to time hereafter by delivery or by writing of any kind, conveyed, pledged, assigned or transferred, to the Trustee as additional security hereunder by the Town or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property or money at any and all times and to hold and apply the same subject to the terms thereof; and

THIRD GRANTING CLAUSE

Any and all proceeds of the foregoing property and proceeds from the investment of the foregoing property;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors or assigns;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the benefit of all present and future Owners of the Bonds from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Indenture;

PROVIDED, HOWEVER, if the Town or its assigns shall well and truly pay, or cause to be paid, the principal or Redemption Price of and the interest on the Bonds at the times and in the manner stated in the Bonds, according to the true intent and meaning thereof, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and remain in full force and effect;

IN ADDITION, the Bonds are special obligations of the Town payable solely from the Pledged Revenues, as and to the extent provided in this Indenture. The Bonds do not give rise to a charge against the general credit or taxing powers of the Town and are not payable except as provided in this Indenture. Notwithstanding anything to the contrary herein, the Owners of the Bonds shall never have the right to demand payment thereof out of any funds of the Town other than the Pledged Revenues. The Town shall have no legal or moral obligation to pay for the Bonds out of any funds of the Town other than the Pledged Revenues.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and the Trust Estate hereby created, assigned, and pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the Town has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Bonds as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. **Definitions.**

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Indenture, the following terms shall have the meanings specified below:

"*Account*", in the singular, means any of the accounts established pursuant to Section 6.1 of this Indenture, and "*Accounts*", in the plural, means, collectively, all of the accounts established pursuant to Section 6.1 of this Indenture.

"*Additional Interest*" means the 0.50% additional interest charged on Assessments pursuant to Section 372.018 of the Act.

"*Administrative Expenses*" mean the actual or budgeted costs and expenses related to the creation and operation of the PID, the issuance and sale of Bonds, and the construction of the Authorized Improvements, including, but not limited to, costs and expenses for: (1) the Administrator; (2) legal counsel, engineers, accounts, financial advisors, and other consultants engaged by the Town; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Roll and Annual Service Plan Updates; (5) issuing, paying, and redeeming Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with the Service and Assessment Plan and the Act with respect to the issuance and sale of the Bonds, including continuing disclosure requirements; (8) the Paying Agent/Registrar, which initially is the Trustee, in connection with the Bonds, including their respective legal counsel; and (9) administering the construction of the Authorized Improvements. Administrative Expenses collected but not expended in any year shall be carried forward and applied to reduce Administrative Expenses for subsequent years.

"*Administrator*" means an employee or designee of the Town who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the Town related to the duties and responsibilities of the administration of the District.

"*Annual Debt Service*" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

"*Annual Installment*" means the annual installment payments of an Assessment calculated by the Administrator and approved by the Town Council, including (1) principal; (2) interest; (3) Administrative Expenses; and (4) Additional Interest that funds the Delinquency and Prepayment Reserve Account.

"*Annual Service Plan Update*" means the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

"*Applicable Laws*" means the PID Act, and all other laws or statutes, rules, or regulations, and any amendments thereto, of the State or of the United States of America, by which the Town and its powers, securities, operations, and procedures are, or may be, governed or from which its powers may be derived.

"*Assessed Property*" means any property on which Assessments have been imposed as shown in the Assessment Roll, as the Assessment Roll is updated each year by the Annual Service Plan Update. Assessed Property includes all Parcels within PID No. 1 other than Non-Benefited Property.

"*Assessment*" means an assessment levied against a Parcel pursuant to the PID Act.

"*Assessment Ordinance*" means Ordinance No. 2012-04-682 adopted by the Town Council on April 24, 2012, as may be amended or supplemented, that levied the Assessments on the Assessed Property.

"*Assessment Revenues*" means the revenues received by the Town from the collection of Assessments, including Prepayments, Annual Installments and Foreclosure Proceeds.

"*Assessment Roll*" means the document included in the Service and Assessment Plan as Exhibit D, as updated, modified or amended from time to time in accordance with the procedures set forth in the Service and Assessment Plan and in the PID Act.

"*Attorney General*" means the Attorney General of the State.

"*Authorized Denomination*" means \$25,000 and any integral multiple of \$5,000 in excess thereof.

"*Authorized Improvements*" mean those public improvements described in Exhibit B of the Service and Assessment Plan and Section 372.003 of the PID Act which are constructed pursuant to the Reimbursement Agreement, which are to be undertaken for the benefit of property in the District.

"*Authorized Improvement Costs*" mean the actual costs of all or any portion of the Authorized Improvements, as described in Exhibit B of the Service and Assessment Plan including, but not limited to, all costs paid or incurred in connection with the issuance of the Bonds, and including all costs otherwise paid or incurred in connection with the transaction that results in the issuance of Bonds (whether such costs are characterized as interest, costs of issuance, reserve fund, or other costs of the transaction).

"*Bond*" means any of the Bonds.

"*Bond Counsel*" means McCall, Parkhurst & Horton L.L.P. or any other attorney or firm of attorneys designated by the Town that are nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"*Bond Date*" means the date designated as the dated date of the Bonds by Section 3.2(a) of this Indenture.

"*Bond Fund*" means the Fund established pursuant to Section 6.1 and administered pursuant to Section 6.4.

"*Bond Ordinance*" means Ordinance No. [] adopted by the Town Council on August 15, 2017 authorizing the issuance of the Bonds pursuant to this Indenture.

"*Bond Pledged Revenue Account*" means the Account in the Pledged Revenue Fund established pursuant to Section 6.1 of this Indenture.

"*Bond Year*" means the one-year period beginning on September 1 in each year and ending on the day prior to September 1 in the following year.

"*Bonds*" means the Town's bonds authorized to be issued by Section 3.1 of this Indenture entitled "Town of Hickory Creek, Texas, Special Assessment Revenue Bonds, Series 2017 (Hickory Creek Public Improvement District No. 1)" and, in the event the Town issues Refunding Bonds pursuant to Section 13.2 hereof, the term "Bonds" shall include such Refunding Bonds.

"*Business Day*" means any day other than a Saturday, Sunday or legal holiday in the State observed as such by the Town or the Trustee or any national holiday observed by the Trustee.

"*Certificate for Payment*" means a certificate substantially in the form of Exhibit A hereto and executed by a Person approved by the Town Representative that is delivered to the Town Representative and the Trustee specifying the amount of work performed and the Costs thereof, and requesting payment for such Costs from money on deposit in the Project Fund as further described in Section 6.5 of this Indenture.

"*Closing Date*" means the date of the initial delivery of and payment for the Bonds.

"*Code*" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions.

"*Comptroller*" means the Comptroller of Public Accounts of the State.

"*Costs*" means the Authorized Improvement Costs (excluding Administrative Expenses, for the Authorized Improvements, as such amounts are set forth in the Service and Assessment Plan.

"*Costs of Issuance Account*" means the Account in the Project Fund established pursuant to Section 6.1 of this Indenture.

"*Defeasance Securities*" means Investment Securities then authorized by applicable law for the investment of funds to defease public securities.

"*Delinquency and Prepayment Reserve Account*" means the Account in the Reserve Fund established pursuant to Section 6.1 of this Indenture.

"*Delinquency and Prepayment Reserve Requirement*" means an amount equal to 3% of the principal amount of the then Outstanding Bonds.

"*Delinquent Collection Costs*" mean interest, penalties and expenses incurred or imposed with respect to any delinquent Annual Installments of an Assessment in accordance with §372.018(b) of the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorneys' fees.

"*Designated Payment/Transfer Office*" means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the Town and such successor.

"*Developer*" means CTMGT Turbeville, LLC, and any successor thereto.

"*DTC*" means The Depository Trust Company of New York, New York, or any successor securities depository.

"*DTC Participant*" means brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"*Foreclosure Proceeds*" means the proceeds, including interest and penalty interest, received by the Town from the enforcement of the Assessments against any Assessed Property, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

"*Fund*", in the singular, means any of the funds established pursuant to Section 6.1 of this Indenture, and "*Funds*", in the plural, means, collectively, all of the funds established pursuant to Section 6.1 of this Indenture.

"*Improvement Account*" means the Account in the Project Fund established pursuant to Section 6.1 of this Indenture for payment or reimbursement of Costs.

"*Indenture*" means this Indenture of Trust as originally executed or as it may be from time to time supplemented or amended by one or more indentures supplemental hereto and entered into pursuant to the applicable provisions hereof.

"*Independent Financial Consultant*" means any consultant or firm of such consultants appointed by the Town who, or each of whom: (i) is judged by the Town, as the case may be, to have experience in matters relating to the issuance and/or administration of the Bonds; (ii) is in fact independent and not under the domination of the Town; (iii) does not have any substantial interest, direct or indirect, with or in the Town, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the Town as an officer or employee of the Town, but who may be regularly retained to make reports to the Town.

"Initial Bonds" means the Initial Bonds authorized by Section 5.2 of this Indenture.

"Interest Payment Date" means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 1 and September 1 of each year, commencing March 1, 2018.

"Investment Securities" means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Government Code, as amended, which investments are, at the time made, included in and authorized by the Town's official investment policy as approved by the Town Council from time to time.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

"Outstanding" means, as of any particular date when used with reference to Bonds, all Bonds authenticated and delivered under this Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in Article IV, (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.10 and (iv) Bond alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in this Indenture.

"Owner" means the Person who is the registered owner of a Bond or Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.11.

"Parcel" or *"Parcels"* means a parcel or parcels within the District identified by either a tax map identification number assigned to the Parcel by the Denton Central Appraisal District for real property tax purposes or by lot and block number in a final subdivision plat recorded in the real property records of Denton County.

"Paying Agent/Registrar" means initially the Trustee, or any successor thereto as provided in this Indenture.

"Person" or *"Persons"* means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Pledged Funds" means, collectively, the Pledged Revenue Fund, the Bond Fund, the Project Fund, the Reserve Fund, and the Redemption Fund.

"Pledged Revenue Fund" means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.3.

"Pledged Revenues" means, collectively, the (i) Assessment Revenues (excluding the portion of Annual Installments collected for the payment of Administrative Expenses and

Delinquent Collection Costs, as set forth in the Service and Assessment Plan), (ii) the moneys held in any of the Pledged Funds and (iii) any additional revenues that the Town may pledge to the payment of the Bonds.

"*Prepayment*" means the payment of all or a portion of an Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Assessment.

"*Prepayment Costs*" means 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 Town as a result of any Prepayment.

"*Principal and Interest Account*" means the Account in the Bond Fund established pursuant to Section 6.1 of this Indenture.

"*Project Fund*" means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.5.

"*Purchaser*" means the initial purchaser of the Bonds.

"*Rebatable Arbitrage*" means rebatable arbitrage as defined in Section 1.148-3 of the Treasury Regulations.

"*Rebate Fund*" means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.8.

"*Record Date*" means the close of business on the last Business Day of the month next preceding an Interest Payment Date.

"*Redemption Fund*" means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.6.

"*Redemption Price*" means, when used with respect to any Bond or portion thereof, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Bond to the date fixed for redemption payable upon redemption thereof pursuant to this Indenture.

"*Refunding Bonds*" means bonds issued to refund all or any portion of the Outstanding Bonds and secured by a parity lien with the Outstanding Bonds on the Pledged Revenues, as more specifically described in the indenture authorizing such Refunding Bonds.

"*Register*" means the register specified in Article III of this Indenture.

"*Reimbursement Agreement*" means the Reimbursement Agreement by and between the Town and the Developer, dated as of April 24, 2012, as may be amended and/or supplemented from time to time.

"*Reserve Account*" means the Account in the Reserve Fund established pursuant to Section 6.1 of this Indenture.

"*Reserve Fund*" means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.7.

"*Reserve Fund Obligations*" means cash or Investment Securities.

"*Reserve Account Requirement*" means \$[___] which is equal to 50% of the Maximum Annual Debt Service on the Bonds as of the date of issuance; provided, however, that such amount shall be reduced by the amount of any transfers made pursuant to Section 6.7(c); and provided further that as a result of (1) a mandatory sinking fund redemption pursuant to Section 4.2, (2) an optional redemption pursuant to Section 4.3 or (3) an extraordinary optional redemption pursuant to Section 4.4, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds redeemed by such redemption divided by the total principal amount of the Outstanding Bonds prior to such redemption.

"*Service and Assessment Plan*" and "*SAP*" each mean the document, including the Assessment Roll, which is attached to the Assessment Ordinance, as may be updated in an annual updated or amended and supplemented from time to time.

"*Sinking Fund Installment*" means the amount of money to redeem or pay at maturity the principal of a Stated Maturity of Bonds payable from such installments at the times and in the amounts provided in Section 4.2.

"*Special Record Date*" has the meaning set forth in in the form of Bond included in Section 5.2 hereof.

"*State*" means the State of Texas.

"*Stated Maturity*" means the date the Bonds, or any portion of the Bonds, as applicable, are scheduled to mature without regard to any redemption or prepayment.

"*Supplemental Indenture*" means an indenture which has been duly executed by the Trustee and a Town Representative pursuant to an ordinance adopted by the Town Council and which indenture amends or supplements this Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

"*Town Certificate*" means a certificate signed by the Town Representative and delivered to the Trustee.

"*Town Order*" means written instructions by the Town, executed by a Town Representative.

"*Town Representative*" means that official or agent of the Town authorized by the Town Council to undertake the action referenced herein.

"*Treasury Regulations*" shall have the meaning assigned to such term in Section 7.5(c).

"*Trust Estate*" means the Trust Estate described in the granting clauses of this Indenture.

"*Trustee*" means U.S. Bank National Association located in Dallas, Texas and any successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

"*Value of Investment Securities*" means the amortized value of any Investment Securities, provided, however, that all United States of America, United States Treasury Obligations – State and Local Government Series shall be valued at par and those obligations which are redeemable at the option of the holder shall be valued at the price at which such obligations are then redeemable. The computations shall include accrued interest on the investment securities paid as a part of the purchase price thereof and not collected. For the purposes of this definition "amortized value," when used with respect to a security purchased at par means the purchase price of such security and when used with respect to a security purchased at a premium above or discount below par, means as of any subsequent date of valuation, the value obtained by dividing the total premium or discount by the number of interest payment dates remaining to maturity on any such security after such purchase and by multiplying the amount as calculated by the number of interest payment dates having passed since the date of purchase and (i) in the case of a security purchased at a premium, by deducting the product thus obtained from the purchase price, and (ii) in the case of a security purchased at a discount, by adding the product thus obtained to the purchase price.

Section 1.2. **Findings.**

The declarations, determinations and findings declared, made and found in the preamble to this Indenture are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.3. **Table of Contents, Titles and Headings.**

The table of contents, titles, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4. **Interpretation.**

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Words importing persons include any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

(c) Any reference to a particular Article or Section shall be to such Article or Section of this Indenture unless the context shall require otherwise.

(d) This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture.

ARTICLE II

THE BONDS

Section 2.1. Security for the Bonds.

(a) The Bonds, as to principal, interest and redemption premium, if any, are and shall be equally and ratably secured by and payable from a first lien on and pledge of the Trust Estate.

(b) The lien on and pledge of the Pledged Revenues shall be valid and binding and fully perfected from and after the Closing Date, which is the date of the delivery of this Indenture, without physical delivery or transfer of control of the Pledged Revenues, the filing of this Indenture or any other act; all as provided in Chapter 1208 of the Texas Government Code, as amended, which applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the Town under this Indenture, and such pledge is therefore valid, effective and perfected. If State law is amended at any time while the Bonds are Outstanding such that the pledge of the Pledged Revenues granted by the Town under this Indenture is to be subject to the filing requirements of Chapter 9, Business and Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Town agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 2.2. Limited Obligations.

The Bonds are special and limited obligations of the Town, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues; and the Bonds shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the Town.

Section 2.3. Authorization for Indenture.

The terms and provisions of this Indenture and the execution and delivery hereof by the Town to the Trustee have been duly authorized by official action of the Town Council. The Town has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful and/or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and/or convenient to carry out and effectuate the purposes herein described.

Section 2.4. Contract with Owners and Trustee.

(a) The purposes of this Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the authorization, issuance, execution and delivery of, the Bonds and to prescribe the rights of the Owners, and the rights and duties of the Town and the Trustee.

(b) In consideration of the purchase and acceptance of any or all of the Bonds by those who shall purchase and hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the Town with the Owner, and shall be deemed to be and shall constitute a contract among the Town, the Owners, and the Trustee.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State, including particularly the PID Act. The Bonds shall be issued in the aggregate principal amount of \$[4,135,000] for the purpose of (i) paying or reimbursing for all or a portion of the Costs, (ii) funding a reserve fund for payment of principal and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District, and (iv) paying the costs of issuance of the Bonds.

Section 3.2. Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds shall be dated August 15, 2017 (the "*Bond Date*") and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the Closing Date, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below, or on a date of earlier redemption, or otherwise provided for. Such interest shall be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2018, computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 1 in the years and in the principal amounts and shall bear interest at the rates set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Section 5.2.

Section 3.3. Conditions Precedent to Delivery of Bonds.

The Bonds shall be executed by the Town and delivered to the Trustee, whereupon the Trustee shall authenticate the Bonds and, upon payment of the purchase price of the Bonds, shall deliver the Bonds upon the order of the Town, but only upon delivery to the Trustee of:

- (a) a certified copy of the Assessment Ordinance;
- (b) a certified copy of the Bond Ordinance;
- (c) a copy of the executed Reimbursement Agreement with all executed amendments thereto;
- (d) a copy of this Indenture executed by the Trustee and the Town; and
- (e) an executed Town Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee.

Section 3.4. Medium, Method and Place of Payment.

- (a) Principal of and interest on the Bonds shall be paid in lawful money of the United States of America, as provided in this Section.
- (b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date or Special Record Date, as applicable.
- (c) Interest on the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

(d) The principal of each Bond shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the Town where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Indenture.

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State, any such payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the Town to be used for any lawful purpose. Thereafter, none of the Town, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State.

Section 3.5. Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the Town by the Mayor and Town Secretary, by their manual or facsimile signatures, and the official seal of the Town shall be impressed or placed in facsimile thereon such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the Town had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the Town whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or

by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General, is a valid and binding obligation of the Town, and has been registered by the Comptroller.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of all Bonds, payable in stated installments to the Purchaser, or its designee, executed with the manual or facsimile signatures of the Mayor and the Town Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of the Purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6. Ownership.

(a) The Town, the Trustee, including in its capacity as the Paying Agent/Registrar, and any other Person may treat the Person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not such Bond is overdue, and none of the Town, the Trustee, including in its capacity as the Paying Agent/Registrar, shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of any Bond shall be valid and effectual and shall discharge the liability of the Town, the Trustee, including in its capacity as the Paying Agent/Registrar, upon such Bond to the extent of the sums paid.

Section 3.7. Registration, Transfer and Exchange.

(a) So long as any Bond remains outstanding, the Town shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will maintain a copy of the Register, and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange. The Trustee is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) The Trustee is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each transferred Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the Town and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such transferred Bond is delivered.

(e) Each exchange Bond delivered in accordance with this Section shall constitute an original contractual obligation of the Town and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

(g) Neither the Town nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

Section 3.8. Cancellation.

All Bonds paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. Whenever in this Indenture provision is made for the cancellation by the Trustee of any Bonds, the Trustee shall dispose of cancelled Bonds in accordance with its record retention policies.

Section 3.9. Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the Town may execute and, upon the Town's request, the Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the Town executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Indenture.

(c) The Town, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10. **Replacement Bonds.**

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Trustee shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The Town or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Trustee, pursuant to the applicable laws of the State and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Trustee to save them and the Town harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Trustee, including in its capacity as the Paying Agent/Registrar, and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the Town and the Trustee.

(c) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the Town and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the Town, the Paying Agent/Registrar or the Trustee in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the Town and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.11. Book-Entry-Only System.

(a) The Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the letter of representations from the Town to DTC. On the Closing Date the definitive Bonds shall be issued in the form of a single typewritten certificate for each maturity thereof registered in the name of Cede & Co., as nominee for DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Town and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Town and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the Town and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the Town's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the Town to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the Record Date or Special Record Date, as applicable, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

Section 3.12. Successor Securities Depository: Transfer Outside Book-Entry-Only

System.

In the event that the Town determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the Town to DTC, the Town shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 3.13. Payments to Cede & Co.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the blanket letter of representations from the Town to DTC.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV.

Section 4.2. Mandatory Sinking Fund Redemption.

(a) The Bonds maturing on September 1, 2037 and September 1, 2047 (collectively, the "*Term Bonds*"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the Town in part at the redemption price equal to the principal amount of the Term Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Bonds maturing [____]	
<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>

* Stated Maturity.

(b) At least thirty (30) days prior to each sinking fund redemption date, the Trustee shall select a principal amount of Term Bonds of such maturity equal to the Sinking Fund Installment amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the Town, by the principal amount of any Term Bonds of such maturity which, at least 30 days prior to the sinking fund redemption date shall have been acquired by the Town at a price not exceeding the principal amount of such Term Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(d) The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Term Bonds which, at least 30 days prior to the sinking fund redemption date, shall have been redeemed pursuant to the optional redemption provisions in Section 4.3 hereof or the extraordinary optional redemption provisions in Section 4.4 hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3. Optional Redemption.

The Town reserves the right and option to redeem Bonds before their scheduled maturity date, in whole or in part, on any date on or after September 1, 2027, such redemption date or dates to be fixed by the Town, at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

Section 4.4. Extraordinary Optional Redemption.

The Town reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on the fifteenth day of any month, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in Sections 6.7(a) and 6.7(c)) or any other transfers to the Redemption Fund under the terms of this Indenture.

Section 4.5. Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to either Sections 4.2, 4.3 or 4.4, Bonds shall be redeemed in increments of \$5,000 by lot or any other customary method that results in a random selection, provided that no redemption shall cause the principal amount of any Bond to be less than the minimum Authorized Denomination for such Bond. Notwithstanding the foregoing, if any Bonds are to be partially redeemed and such redemption results in the redemption of a portion of a single Bond in an amount less than the Authorized Denomination in effect at that time, a Bond in the principal amount equal to the unredeemed portion, but not less than \$5,000, may be issued. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination for such Bond.

(b) Upon surrender of any Bond for redemption in part, the Trustee in accordance with Section 3.7 of this Indenture, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

Section 4.6. Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to Section 4.5, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) The Town has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.3 or 4.4 by written notice to the Trustee prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

Section 4.7. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or

otherwise received by the Trustee from the Town and shall use such funds solely for the purpose of paying the Redemption Price on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.8. Effect of Redemption.

Notice of redemption having been given as provided in Section 4.6 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

ARTICLE V

FORM OF THE BONDS

Section 5.1. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller, the Certificate of the Trustee, and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the Town or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General may be typewritten and photocopied or otherwise reproduced.

Section 5.2. **Form of the Bonds.**

(a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE TOWN, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

REGISTERED
NO. _____

United States of America
State of Texas

REGISTERED
\$_____

TOWN OF HICKORY CREEK, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2017
(HICKORY CREEK PUBLIC IMPROVEMENT DISTRICT
NO. 1)

INTEREST RATE	MATURITY DATE	DATE OF DELIVERY	CUSIP NUMBER
_____%	September 1, []	September 6, 2017	_____

The Town of Hickory Creek, Texas (the "*Town*"), for value received, hereby promises to pay, solely from the Pledged Revenues, to

or registered assigns, on the Maturity Date, as specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1 and September 1 of each year, commencing March 1, 2018.

Capitalized terms appearing herein that are defined terms in the Indenture (defined below) have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the "*Designated Payment/Transfer Office*"), of U.S. Bank National Association, as trustee and paying agent/registrar (the "*Trustee*"), or, with respect

to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the fifteenth Business Day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "*Special Record Date*") will be established by the Trustee, if and when funds for the payment of such interest have been received from the Town. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the Town in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the Town having the designation specified in its title (herein referred to as the "Bonds"), dated as of the Date of Delivery and issued in the aggregate principal amount of \$[4,135,000] and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of August 15, 2017 (the "*Indenture*"), by and between the Town and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the Town, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying or reimbursing for all or a portion of the Costs, (ii) funding a reserve fund for payment of principal and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District, and (iv) paying the costs of issuance of the Bonds.

The Bonds are limited obligations of the Town payable solely from the Pledged Revenues. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the Town, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

IN THE INDENTURE, THE TOWN HAS RESERVED THE RIGHT to issue Refunding Bonds payable from and secured by a lien on and pledge of the sources described above on a parity with this Bond.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the Town to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in denominations of \$25,000 and any multiple of \$5,000 in excess thereof ("*Authorized Denominations*"). The Town prohibits the breaking up or allocation of CUSIP numbers to any Bond or Bonds in denominations of less than \$25,000, and any attempt to do so will be void and of no effect.

The Bonds maturing on September 1 in the years [] (collectively, "*Term Bonds*"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the Town in part a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Bonds maturing September 1, []	
<u>Redemption Date</u>	<u>Sinking Fund Installment</u>

* Stated Maturity.

At least thirty (30) days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds of such maturity equal to the Sinking Fund Installments of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

The principal amount of Term Bonds required to be redeemed on any sinking fund redemption date shall be reduced, at the option of the Town, by the principal amount of any Term Bonds of such maturity which, at least 30 days prior to the sinking fund redemption date shall have been acquired by the Town at a price not exceeding the principal amount of such Term Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Term Bonds required to be redeemed on any sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the

principal amount of any Term Bonds which, at least 30 days prior to the sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

The Town reserves the right and option to redeem Bonds before their scheduled maturity date, in whole or in part, on any date on or after [], [], such redemption date or dates to be fixed by the Town, at the redemption price (expressed as a percentage of principal amount) applicable to the date of redemption falling within the applicable redemption period, as set forth in the following schedule, plus accrued interest to the date of redemption:

Redemption Period

Redemption Price

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on the fifteenth day of any month, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments or any other transfers to the Redemption Fund under the terms of the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

The Town has the right to rescind any optional redemption or extraordinary optional redemption described in the Indenture by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Town and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the Town with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of

this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the Town nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The Town, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the Town nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN, DENTON COUNTY, TEXAS OR THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the Town, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the Town Council of the Town has caused this Bond to be executed under the official seal of the Town.

Town Secretary

Mayor

[TOWN SEAL]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
THE STATE OF TEXAS §

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

U.S. Bank National Association, as Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (print or typewrite name and address, including zip code, of Transferee.)

(Social Security or other identifying number: _____) the within Bond and all rights hereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed by:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this section, except for the following alterations:

(i) immediately under the name of the Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date, as specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on [] in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
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(Information to be inserted from Section 3.2(b)); and

(iii) the Initial Bond shall be numbered T-1.

Section 5.3. CUSIP Registration.

The Town may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and none of the Town, the attorneys approving said Bonds as to legality or the Trustee are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. Any redemption notice may include a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Bondholders and that neither the Town nor the Trustee shall be liable for any inaccuracies in such numbers.

Section 5.4. Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Bond over the certification of the Town Secretary of the Town, which may be executed in facsimile.

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

(a) Creation of Funds. The following Funds are hereby created and established under this Indenture:

- (i) Pledged Revenue Fund;
- (ii) Bond Fund;
- (iii) Project Fund;
- (iv) Reserve Fund;
- (v) Redemption Fund;
- (vi) Rebate Fund; and
- (vii) Administrative Fund.

(b) Creation of Accounts.

(i) The following Accounts are hereby created and established under the Bond Fund:

- (A) Principal and Interest Account.

(ii) The following Accounts are hereby created and established under the Reserve Fund:

(A) Reserve Account; and

(B) Delinquency and Prepayment Reserve Account; and

(iii) The following Accounts are hereby created and established under the Project Fund:

(A) Improvement Account; and

(B) Costs of Issuance Account.

(iv) The following Account is hereby created and established under the Pledged Revenue Fund:

(A) Bond Pledged Revenue Account.

(c) Each Fund and each Account created within such Fund shall be maintained by the Trustee separate and apart from all other funds and accounts of the Town. The Pledged Funds shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Bonds. Amounts on deposit in the Funds and Accounts shall be used solely for the purposes set forth herein.

(d) Interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

Section 6.2. Initial Deposits to Funds and Accounts.

(a) The proceeds from the sale of the Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

(i) to the Reserve Account of the Reserve Fund: \$ [], which is equal to the initial Reserve Account Requirement;

(ii) to the Delinquency and Prepayment Reserve Account of the Reserve Fund: \$[] which amount is equal to the Delinquency and Prepayment Reserve Account Requirement;

(ii) to the Costs of Issuance Account of the Project Fund: \$ []; and

(iii) to the Improvement Account of the Project Fund: \$ [].

Section 6.3. **Pledged Revenue Fund.**

(a) Immediately upon receipt thereof, the Town shall transfer to the Trustee for deposit to the Pledged Revenue Fund the Assessments and Annual Installments (other than the portion of the Annual Installments allocated to the payment of Administrative Expenses, and Delinquent Collection Costs, which shall be deposited to the Administrative Fund pursuant to Section 6.9 hereof), as set forth in the Service and Assessment Plan. Specifically, the Town shall deposit or cause to be deposited the foregoing amounts as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, and (iii) third, to pay other costs permitted by the PID Act. Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the deposits required by (i) and (ii) above are made, the Town shall have the option, in its sole and absolute discretion, to deposit such excess funds into the Redemption Fund to redeem Bonds as provided in Article IV. Notwithstanding the foregoing, the Additional Interest shall only be utilized for the purposes set forth in Section 6.7 hereof and, immediately following the initial deposit to the Pledged Revenue Fund, the Additional Interest will be deposited into the Delinquency and Prepayment Reserve Account. In addition, in the event the Town owes Rebatable Arbitrage to the United States Government pursuant to Section 6.8 hereof, the Town shall cause the Trustee to transfer to the Rebate Fund, prior to any other transfer under this Section 6.3(a), the full amount of Rebatable Arbitrage owed by the Town, as further described in Section 6.10(f) hereof. Along with each transfer to the Trustee, the Town shall provide a certificate as to the funds, accounts and payments into which the amounts are to be deposited or paid.

(b) From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Pledged Revenue Fund and transfer to the Principal and Interest Account of the Bond Fund, an amount, taking into account any amounts then on deposit in such Principal and Interest Account such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

(c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

(d) The Trustee shall transfer Prepayments to the Redemption Fund promptly after deposit of such amounts into the Pledged Revenue Fund.

(e) Promptly after the deposit of Foreclosure Proceeds into the Pledged Revenue Fund, the Trustee shall transfer such Foreclosure Proceeds first to the Reserve Fund to restore any transfers from the Reserve Fund made with respect to the particular Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund as follows. After deposit of Foreclosure Proceeds into the Reserve Fund, the Trustee shall deposit such Foreclosure Proceeds first into the Reserve Account if the Reserve Account does not contain the

Reserve Account Requirement and if it does contain the Reserve Account Requirement, such Foreclosure Proceeds shall be deposited into the Delinquency and Prepayment Reserve Account. If both the Reserve Account and Delinquency and Prepayment Reserve Account contain their respective amounts required to be on deposit, the Trustee shall transfer such Foreclosure Proceeds to the Redemption Fund.

(f) After satisfaction of the requirement to provide for the final payment of the principal and interest on the Bonds and to fund any deficiency that may exist in the Reserve Fund, the Trustee shall transfer any Pledged Revenues remaining in the Pledged Revenue Fund to the Town, which monies may be used for any lawful purpose for which Assessments may be used under the PID Act.

Section 6.4. Bond Fund.

(a) On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency pursuant to Section 6.7(f). Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

Section 6.5. Project Fund.

(a) Money on deposit in the Project Fund shall be used for the purposes specified in Section 3.1.

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more Town Certificates. Disbursements from the Improvement Account of the Project Fund to pay Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certificate for Payment. All disbursements of funds pursuant to a Certificate for Payment shall be made from the Improvement Account. Each such Town Certificate shall include a list of the payees and the payments to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such Town Certificate or in the invoices submitted therewith and the Trustee is entitled to rely on such payment instructions with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein.

(c) Money on deposit in the Project Fund shall be used solely to pay Costs.

(d) After completion of all transfers, the Improvement Account of the Project Fund shall be closed.

(e) In making any determination pursuant to this Section, the Town Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

(f) Upon a determination by the Town Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Principal and Interest Account and used to pay interest on the Bonds, as directed in a Town Certificate filed with the Trustee.

Section 6.6. Redemption Fund.

The Trustee shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Bonds as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article IV.

Section 6.7. Reserve Fund.

(a) The Town agrees with the Owners of the Bonds to accumulate and, when accumulated, maintain in the Reserve Account, an amount equal to not less than the Reserve Account Requirement. All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund as provided in this Indenture.

(b) Subject to 6.3(a) herein, the Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency and Prepayment Reserve Account on March 15 of each year, commencing March 15, 2018, an amount equal to the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account. At any time the amount on deposit in the Delinquency and Prepayment Reserve Account is less than Delinquency and Prepayment Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been met. If the Delinquency and Prepayment Reserve Account contains the Delinquency and Prepayment Reserve Requirement, but the Reserve Account does not contain the Reserve Account Requirement, deposits of Additional Interest shall be made to the Reserve Account until it contains the Reserve Account Requirement. Collection of the Additional Interest may cease until such time that the Reserve Account or the Delinquency and Prepayment Reserve Account again has less than the Reserve Account Requirement or Delinquency and Prepayment Reserve Requirement, respectively. In calculating the amounts to be transferred pursuant to this Section, the Trustee is entitled to conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan unless it receives a Town Order specifying that a different amount be used.

(b) Whenever a transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Trustee shall provide written notice thereof to the Town, specifying the amount withdrawn and the source or account of said funds.

(c) In the event of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4, the Trustee, pursuant to written directions from the Town, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such directions, which shall be an amount equal to the principal amount of Bonds to be redeemed multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(d) Whenever, on any Interest Payment Date, or on any other date at the request of a Town Representative, the value of cash and Value of Investment Securities on deposit in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the Town Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with Section 6.4, unless within thirty days of such notice to the Town Representative, the Trustee receives a Town Order instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof or (ii) to the Administrative Fund in an amount not more than the Administrative Expenses for the Bonds.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of the Town Representative, the amounts on deposit in the Delinquency and Prepayment Reserve Account exceed the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the Town of the amount of the excess, and such excess shall be transferred, at the direction of the Town pursuant to a Town Order, to the Administrative Fund for the payment of Administrative Expenses or to the Redemption Fund. In the event that the Trustee does not receive a Town Order directing the transfer of such excess to the Administrative Fund within 45 days of providing notice to the Town of such excess, the Trustee shall transfer such excess to the Redemption Fund to redeem Bonds pursuant to Section 4.4 hereof.

(f) Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer first from the Delinquency and Prepayment Reserve Account of the Reserve Fund and second from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency. Additional Interest shall be used to replenish first the Delinquency and Prepayment Reserve Account of the Reserve Fund and second the Reserve Account of the Reserve Fund.

(g) Reserved.

(h) At the final maturity of the Bonds, the amount on deposit in the Reserve Account and the Delinquency and Prepayment Reserve Account shall be transferred to the Redemption Fund and applied to the payment of the principal of the Bonds.

(i) If, after a Reserve Account withdrawal, the amount on deposit in the Reserve Account is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account the amount of such deficiency, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

(j) If the amount held in the Reserve Fund together with the amount held in the Pledged Revenue Fund, the Bond Fund and Redemption Fund is sufficient to pay the principal amount and of all Outstanding Bonds on the next date the Bonds may be optionally redeemed by the Town at a redemption price of par, together with the unpaid interest accrued on such Bonds as of such date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds on such date.

Section 6.8. Rebate Fund: Rebatable Arbitrage.

(a) The Rebate Fund is to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and shall not be security for the Bonds.

(b) In order to assure that Rebatable Arbitrage is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made in accordance with the Code and the Tax Certificate.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and shall not be liable or responsible if it follows the instructions of the Town and shall not be required to take any action under this Section in the absence of instructions from the Town.

(d) If, on the date of each annual calculation, the amount on deposit in the Rebate Fund exceeds the amount of the Rebatable Arbitrage, the Town may direct the Trustee, pursuant to a Town Order, to transfer the amount in excess of the Rebatable Arbitrage to the Bond Fund.

Section 6.9. Administrative Fund.

(a) Immediately upon receipt thereof, the Town shall deposit or cause to be deposited to the Administrative Fund the portion of the Assessments and Annual Installments allocated to the payment of Administrative Expenses, and Delinquent Collection Costs, as set forth in the Service and Assessment Plan.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a Town Order solely for the purposes set forth in the Service and Assessment Plan, including payment of Administrative Expenses and Delinquent Collection Costs. The Administrative Fund shall not be part of the Trust Estate and shall not be security for the Bonds.

Section 6.10.

Investment of Funds.

(a) Money in any Fund or Account, other than the Reserve Fund, shall be invested by the Trustee as directed by the Town pursuant to a Town Order filed with the Trustee in Investment Securities; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Fund shall be invested in such Investment Securities as directed by the Town pursuant to a Town Order filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days. Each such Town Order shall be a certification, upon which the Trustee is entitled to conclusively rely without investigation or inquiry, that the investment directed therein constitutes an Investment Security and that such investments meet the maturity and average weighted maturity requirements set forth in the preceding sentence. Such investments shall be valued each year in terms of the Value of Investment Securities as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in the Funds and Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default under this Indenture. To ensure that cash on hand is invested, if the Town does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee may invest cash balances in investments authorized and permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time, so long as such investments constitute Investment Securities and the money required to be expended from any Fund will be available at the proper time or times.

(b) Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of this Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in this Indenture any moneys are required to be transferred by the Town to the Trustee, such transfer may be accomplished by transferring a like amount of Investment Securities.

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the legality of any investments.

(d) Investments in any and all Funds and Accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the Funds and Accounts to which they are credited and otherwise as provided in this Indenture.

(e) The Trustee will furnish to the Town, upon the Town's written request, periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Town. Upon the Town's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Town waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Town further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

(f) In the event it is found, after an annual calculation has been done pursuant to Section 6.8 hereof, that the Town owes Rebatale Arbitrage to the United States Government, the Town shall direct the Trustee, pursuant to a Town Order, to transfer to the Rebate Fund the investment earnings on funds on deposit in the Pledged Funds in an amount equal to the Rebatale Arbitrage owed by the Town. The Town Order shall specify the amount to be transferred and the Pledged Fund or Pledged Funds from which the investment earnings shall be transferred.

Section 6.11. Security of Funds.

All Funds heretofore created or reaffirmed, to the extent not invested as herein permitted, shall be secured in the manner and to the fullest extent required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Indenture.

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Assessments.

The Town hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Assessments against the Assessed Property from which the Assessment Revenues will be collected and received.

Section 7.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds are Outstanding, the Town covenants, agrees and warrants that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Assessments.

(b) To the extent permitted by law, notice of the Annual Installments shall be sent by, or on behalf of, the Town to the affected property owners on the same statement or such other mechanism that is used by the Town, so that such Annual Installments are collected

simultaneously with 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 Town.

(c) The Town will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the Town will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the Town shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessments or the corresponding particular Assessed Property.

(d) The Town shall not be required under any circumstances to expend any funds for Delinquent Collection Costs or Administrative Expenses in connection with its covenants and agreements under this Section or otherwise other than funds on deposit in the Administrative Fund.

Section 7.3. Against Encumbrances.

(a) Other than Refunding Bonds issued to refund all or a portion of the Bonds, the Town shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

(b) So long as Bonds are Outstanding hereunder, the Town shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds and Refunding Bonds issued to refund all or a portion of the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

Section 7.4. Records, Accounts, Accounting Reports.

The Town hereby covenants and agrees that so long as any Bonds are Outstanding, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the Town by the Trustee or duly authorized representative, as applicable. The Town shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the Town's regular business hours and on a mutually agreeable date not later than thirty days after the Town receives such request.

Section 7.5. Covenants Regarding Tax Exemption of Interest on Bonds.

(a) The Town covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Bonds as an obligation described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Town covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Town, with respect to such private business use, do not, under the terms of this Article or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Bonds being treated as a "private activity bond" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Bonds, other than investment property acquired with –

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of an advance refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Bonds is issued, and in the case of a current refunding bond, for a period of 90 days or less,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) In order to facilitate compliance with the above covenant (a)(8), the Rebate Fund is established by the Town pursuant to Section 6.1 for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered Owner. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) The Town understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the Town that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto (the "*Treasury Regulations*"). In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the Town will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the Town agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Town hereby authorizes and directs the Mayor to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Town, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) The Town covenants to account for the expenditure of sale proceeds and investment earnings to be used for Costs on its books and records in accordance with the requirements of the Code. The Town recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18

months of the later of the date that (1) the expenditure is made, or (2) the Authorized Improvements are completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Town recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds is retired. The Town agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Town shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) The Town covenants that the projects funded with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Town of cash or other compensation, unless the Town obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Town shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

ARTICLE VIII

LIABILITY OF TOWN

Section 8.1. Liability of Town.

(a) Neither the full faith and credit nor the general taxing power of the Town is pledged to the payment of the Bonds, and no Town taxes, fee or revenues from any source are pledged to the payment of, or available to pay any portion of, the Bonds or any other obligations relating to the District. The Town shall never be liable for any obligations relating to the Bonds or other obligations relating to the District, other than as specifically provided for in this Indenture.

(b) The Town shall not incur any responsibility in respect of the Bonds or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The Town shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The Town shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or event of default thereunder.

(c) In the absence of bad faith, the Town may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Town and conforming to the requirements of this Indenture. The Town shall not

be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

(d) No provision of this Indenture, the Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the "*Bond Documents*"), shall require the Town to expend or risk its own general funds or other funds or otherwise incur any financial liability (other than with respect to the Pledged Revenues) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the Town there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

(e) Neither the Owners nor any other Person shall have any claim against the Town or any of its officers, officials, agents, or employees for damages suffered as a result of the Town's failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the Town, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from Pledged Revenues. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the Town or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

(f) The Town may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Town may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever in the administration of its duties under this Indenture the Town shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Town, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or Town Manager or other person designated by the Town Council to so act on behalf of the Town, and such certificate shall be full warrant to the Town for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Town may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

(g) In order to perform its duties and obligations hereunder, the Town may employ such persons or entities as it deems necessary or advisable. The Town shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations, and directions of such persons or entities.

ARTICLE IX

THE TRUSTEE

Section 9.1. Acceptance of Trust; Trustee as Registrar and Paying Agent.

(a) The Trustee accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the terms and conditions and subject to the provisions of this Indenture to all of which the parties hereto and the respective Owners of the Bonds agree.

(b) The Trustee is hereby designated and agrees to act also in the capacity as Paying Agent/Registrar for and in respect to the Bonds.

Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction by the Owners against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, that in no event shall the Trustee request or require indemnification as a condition to making any deposits, payments or transfers when directed in writing and required hereunder, or to deliver any notice when directed in writing and required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else proper to be done by it as the Trustee, and in such case the Trustee may make transfers from the Pledged Revenue Fund and Administrative Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

(a) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the Town and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Bonds or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by the Trustee as consideration for serving in its capacity as Trustee; (iii) the application of any moneys paid to the Town or others in accordance with this Indenture, except as to the application of any moneys paid to the Trustee as consideration for serving in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code.

(b) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable for the performance of such duties and obligations as are specifically set forth in this Indenture, except for the Trustee's own negligence or willful misconduct. The Trustee will, prior to any Event of Default and after curing

of any Event of Default, perform such duties and only such duties as are specifically set forth herein. The Trustee will, during the existence of an Event of Default, exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs.

(c) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence or any actions or matters related to the District.

Section 9.4. Property Held in Trust.

All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 9.5. Trustee Protected in Relying on Certain Documents.

(a) The Trustee is entitled to rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained, the validity thereof, or matters referred to in any such instrument. Subject to Section 9.1 and 9.3, the Trustee may consult with counsel selected by the Trustee with due care, who may or may not be Bond Counsel, and any advice from such counsel with respect to compliance with the provisions of this Indenture shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder, reasonably and in good faith, in accordance with such advice.

(b) Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a Town Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such Town Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the Town to the Trustee shall be sufficiently executed if executed in the name of the Town by the Town Representative.

(c) The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 9.13.

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the Administrative Fund, from time to time, the previously agreed upon schedule of compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, all pursuant to a Town Order and subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by such Town Order, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the Town shall fail to make any payment required by this Section, the Trustee is entitled to make such payment from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 9.7. Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any Owner of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the Town or any committee formed to protect the rights of holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the holders of a majority of the Bonds.

Section 9.8. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 60 days' notice, specifying the date when such resignation shall take effect, to the Town and each Owner of any Outstanding Bond. Such resignation shall take effect upon the date provided in such notice.

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time by (i) the Owners of at least a majority of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the Town, or (ii) so long as the Town is not in default under this Indenture, the Town. Copies of each such instrument shall be delivered by the Town to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for

failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Town or the Owners of not less than 10% of the Bonds.

Section 9.10. Successor Trustee.

(a) If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

(b) If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least 25% of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the Town.

(c) Until such successor Trustee shall have been appointed by the Owners of the Bonds, the Town shall forthwith appoint a Trustee to act hereunder. Copies of any instrument of the Town providing for any such appointment shall be delivered by the Town to the Trustee so appointed. The Town shall mail notice of any such appointment to each Owner of any Outstanding Bonds within 30 days after such appointment. Any appointment of a successor Trustee made by the Town immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds.

(c) If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the Town shall be responsible for the costs of such appointment process.

(e) Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

(f) Each successor Trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds and each of the Owners of the Bonds.

Section 9.11. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.10 shall execute,

acknowledge, and deliver to its predecessor and the Town an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the Town or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the Town be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the Town.

Section 9.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. Trustee To File Continuation Statements.

If necessary, the Trustee shall file or cause to be filed, at the Town's expense, such continuation statements as may be delivered to the Trustee and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC. The Trustee is not responsible for the initial filing of any financing statements.

Section 9.14. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the Town, and the Owner or Owners of not less than 10% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

Section 9.15. Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds.

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

(a) This Indenture and the rights and obligations of the Town and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of the Bonds of at least fifty-one percent (51%) of the aggregate principal amount of the Bonds then Outstanding and Town approval of such modification or amendment. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Town to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the Town of any pledge or lien upon the Pledged Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by Applicable Laws or this Indenture), or reduce the percentage of Bonds required for the amendment hereof. Any such amendment shall not modify any of the rights or obligations of the Trustee without its prior written consent.

(b) This Indenture and the rights and obligations of the Town and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law, and only for anyone or more of the following purposes:

(i) to add to the covenants and agreements of the Town in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the Town;

(ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the Town and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds; and

(iv) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

Section 10.2. Owners' Meetings.

The Town may at any time call a meeting of the Owners of the Bonds. In such event the Town is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 10.3. Procedure for Amendment with Written Consent of Owners.

(a) The Town and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 10.1, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, if such consent is required pursuant to Section 10.1, shall be mailed by first class mail, by the Trustee to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

(b) Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 11.6. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(c) After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Town shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the Town and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 10.4. Procedure for Amendment Not Requiring Owner Consent.

(a) The Town and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 10.1, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a notice stating that the Supplemental Indenture does not require Owner consent, shall be mailed by first class mail by the Trustee to each Owner of

Bonds, but failure to mail copies of such Supplemental Indenture shall not affect the validity of the Supplemental Indenture. The Trustee shall retain the proof of its mailing of such notice. A record, consisting of the papers required by this Section 10.4, shall be proof of the matters therein stated until the contrary is proved.

(b) The Supplemental Indenture shall become effective upon the execution and delivery of such Supplemental Indenture by the Trustee and the Town, and the Supplemental Indenture shall be deemed conclusively binding upon the Town, the Trustee and the Owners of all Bonds as of the date of such execution and delivery.

Section 10.5. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the Town, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.6. Endorsement or Replacement of Bonds Issued After Amendments.

The Town may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the Town, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the designated office of the Trustee or at such other office as the Town may select and designate for that purpose, a suitable notation shall be made on such Bond. The Town may determine that new Bonds, so modified as in the opinion of the Town is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 10.7. Amendatory Endorsement of Bonds.

The provisions of this Article X shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 10.8. Waiver of Default.

With the written consent of at least a majority in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the Town with certain past defaults under this Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 10.9. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel

addressed and delivered to the Trustee and the Town stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.1. Events of Default.

Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

(i) The failure of the Town to deposit the Pledged Revenues to the Pledged Revenue Fund;

(ii) The failure of the Town to enforce the collection of the Assessments including the prosecution of foreclosure proceedings, in accordance with Section 7.2; and

(iii) Default in the performance or observance of any covenant, agreement or obligation of the Town under this Indenture, other than a default under (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the Town by the Trustee, which shall give such notice at the written request of the Owners of not less than fifty-one percent (51%) in principal amount of the Bonds then Outstanding; provided, however, if the default stated in the notice is capable of cure but cannot reasonably be cured within the applicable period, the Town shall be entitled to a further extension of time reasonably necessary to remedy such default so long as corrective action is instituted by the Town within the applicable period and is diligently pursued until such failure is corrected, but in no event for a period of time of more than one hundred eighty (180) days after such notice.

(iv) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days thereafter.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than fifty-one percent (51%) in principal amount of the Bonds then Outstanding hereunder shall proceed, to protect and enforce the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the Town may be sought or shall be permitted.

(b) PURSUANT TO SECTION 11.7, THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

(c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under this Article, the Town shall determine, in its absolute discretion, and shall instruct the Trustee by Town Order, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the Town shall fail to deliver to the Trustee such Town Order, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and the Trustee shall not be liable to any Owner, or other Person, or the Town by reason of the following selection, liquidation or sale.

(d) Whenever moneys are to be applied pursuant to this Article XI, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee shall sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, according to the following method and as may be required by law and apply the proceeds thereof in accordance with the provisions of this Section. The Trustee shall sell Trust Estate assets, according the appraised value thereof, beginning with the asset of the highest value and continuing such sales in the order of next succeeding most valuable asset until satisfaction of debts pertaining to the Outstanding Bonds. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the Town, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the Town shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has received prior notice in writing as provided in Section 11.1, (ii) such default has become an Event of Default and the Owners of not less than fifty-one percent (51%) of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee directing the Trustee to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2, (iv) the Trustee has for 60 days after such prior written notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of not less than fifty-one percent (51%) of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of

the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the Town to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

(c) In case the Trustee or any Owners of Bonds shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners of Bonds, then and in every such case the Town, the Trustee and the Owners of Bonds shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2, be applied by the Trustee, on behalf of the Town, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

FIRST: To the payment to the Owners entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the Owners entitled thereto, without any discrimination or preference.

Within thirty (30) days of receipt of such good and available funds, the Trustee, at the direction of the Town, shall fix a record date and a payment date for any payment to be made to Owners of Bonds pursuant to this Section 11.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the Town to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.6. Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of any Bond shall bind all future Owners of the same Bond in respect of anything done or suffered to be done by the Town or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first class postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds.

Bonds owned or held by or for the account of the Town will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the Town shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

ARTICLE XII

GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Pledged Revenues.

(a) The Town represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds, to execute and deliver this Indenture and to pledge the Pledged Revenues in the manner and to the extent provided in this Indenture, and that the Pledged Revenues are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The Town shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Pledged Revenues and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to Section 7.2(d), the Town will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

Section 12.2. General.

The Town shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Town under the provisions of this Indenture.

ARTICLE XIII

SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the Town will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The Town will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.2. Other Obligations or Other Liens; Refunding Bonds.

(a) The Town reserves the right to issue obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

(b) Other than Refunding Bonds issued to refund all or a portion of the Bonds, the Town will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be done or omit to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Indenture as a lien or charge upon the Pledged Revenues or Pledged Funds; provided, however, that nothing in this Section shall require the Town to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of counsel to the Trustee, the same would endanger the security for the Bonds.

(c) Notwithstanding any contrary provision of this Indenture, the Town shall not issue additional bonds, notes or other obligations under this Indenture, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture, other than Refunding Bonds. The Town reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State.

Section 13.3. Books of Record.

(a) The Town shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealings, business and affairs of the Town, which relate to the Pledged Revenues, the Pledged Funds, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture.

ARTICLE XIV

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 14.1. Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.2. Satisfaction of Indenture.

If the Town shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the Town to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Town copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the Town may determine if this Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the Town.

Section 14.3. Bonds Deemed Paid.

(a) Any Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and no longer Outstanding within the meaning of this Indenture (a "*Defeased Debt*"), and particularly this Article XIV, when payment of the principal of, premium, if any, on such Defeased Debt, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), either (1) shall have been made in accordance with the terms thereof, or (2) shall have been provided by irrevocably depositing with the Trustee, in trust, and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payment or (B) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amount and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed by the Town

maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

(b) Any determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified in Sections 14.3(a)(1) or 14.3(a)(2) shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the Town expressly reserves the right to call the Defeased Debt for redemption; (2) the Town gives notice of the reservation of that right to the Owners of the Defeased Debt immediately following the defeasance; (3) the Town directs that notice of the reservation be included in any defeasance or redemption notices that it authorizes; and (4) at or prior to the time of the redemption, the Town satisfies the conditions of clause (a) of this Section 14.3 with respect to such Defeased Debt as though it was being defeased at the time of the exercise of the option to redeem the Defeased Debt, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the Defeased Debt.

(c) Until all Defeased Debt shall have become due and payable, the Trustee and the Paying Agent/Registrar each shall perform the services of Trustee and Paying Agent/Registrar for such Defeased Debt the same as if they had not been defeased, and the Town shall make proper arrangements to provide and pay for such services as required by this Indenture.

ARTICLE XV

MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the Town, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the Town shall be for the sole and exclusive benefit of the Owners and the Trustee.

Section 15.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the Town or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Town or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.3. Execution of Documents and Proof of Ownership by Owners.

(a) Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

(b) Except as otherwise expressly provided herein, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer

authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

(c) Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

(d) Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Town or the Trustee in good faith and in accordance therewith.

Section 15.4. No Waiver of Personal Liability.

No member, officer, agent, or employee of the Town shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. Notices to and Demands on Town and Trustee.

(a) Except as otherwise expressly provided herein, all notices or other instruments required or permitted under this Indenture shall be in writing and shall be faxed, delivered by hand, or mailed by first class mail, postage prepaid, and addressed as follows:

If to the Town

Town of Hickory Creek, Texas
Attn: Town Administrator
1075 Ronald Reagan Avenue
Hickory Creek, TX 75065

with a copy to:

McCall, Parkhurst & Horton LLP
Attn: Jeff Gulbas
717 North Harwood, Suite 900
Dallas, Texas 75201

If to the Trustee
Or the Paying Agent/Registrar

U.S. Bank National Association
Attn: Israel Lugo
13737 Noel Road, Suite 800
Dallas, Texas 75240

with a copy to:

Norton Rose Fulbright US LLP
Attn: Clay Binford
300 Convent Street; Suite 2100
San Antonio, Texas 78205

(b) Any such notice, demand, or request may also be transmitted to the appropriate party by telegram or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

(c) Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(d) The Trustee shall mail to each Owner of a Bond notice of (1) any substitution of the Trustee; or (2) the redemption or defeasance of all Bonds Outstanding.

Section 15.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Town hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that anyone or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State applicable to contracts made and performed in the State.

Section 15.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next

succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.9. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

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IN WITNESS WHEREOF, the Town and the Trustee have caused this Indenture of Trust to be executed as of the date hereof.

TOWN OF HICKORY CREEK, TEXAS

By: _____
Mayor

Attest:

Town Secretary

(TOWN SEAL)

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

CERTIFICATE FOR PAYMENT

The undersigned is an agent for CTMGT Turbeville, LLC (the "Developer") and requests payment to the Developer (or to the person designated by the Developer) from the Improvement Account of the Project Fund from _____ (the "Trustee") in the amount of _____ (\$_____) to be transferred from the Improvement Account of the Project Fund upon the delivery of the Bonds for costs incurred in the establishment, administration, and operation of the Town of Hickory Creek, Texas Public Improvement District No. 1 (the "District") and costs incurred for the creation, acquisition and construction of the Authorized Improvements, as follows. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture of Trust by and between the Town and the Trustee dated as of _____, 20__ relating to the "TOWN OF HICKORY CREEK, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2017 (HICKORY CREEK PUBLIC IMPROVEMENT DISTRICT NO. 1)" (the "Indenture").

In connection to the above referenced payment, the Developer represents and warrants to the Town as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds have not been the subject of any prior payment request submitted to the Town. The payment requested for the below referenced Authorized Improvements has not been the subject of any prior payment request submitted for the same work to the Town or, if previously requested, no disbursement was made with respect thereto.
3. The amount listed for the below costs is a true and accurate representation of the costs associated with the establishment, administration and operation of the District at the time of the delivery of the Bonds, and such costs are in compliance with the Service and Assessment Plan. The amount listed for the Authorized Improvements below is a true and accurate representation of the actual Costs associated with the creation, acquisition, or construction of said Authorized Improvements, and such costs (i) are in compliance with the Reimbursement Agreement, and (ii) are consistent with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Reimbursement Agreement, the Indenture, the Developer Continuing Disclosure Agreement and the Service and Assessment Plan.

5. All conditions set forth in the Indenture and the Reimbursement Agreement for the payment hereby requested have been satisfied.

6. The work with respect to the Authorized Improvements referenced below (or its completed segment) has been completed, and the Town has inspected such Authorized Improvements (or its completed segment).

7. The Developer agrees to cooperate with the Town in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the Town to complete said review.

Payments requested hereunder shall be made as directed below:

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are "bills paid" affidavits and supporting documentation in the standard form for Town construction projects.

[Information regarding Payee, amount, and deposit instructions attached]

I hereby declare that the above representations and warranties are true and correct.

CTMGT Turbeville, LLC

By:_____

Name:_____

Title:_____

APPROVAL OF REQUEST BY TOWN

The Town is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the Town approves the Certificate for Payment and shall include said payments in the Town Certificate (as defined in the Bond Indenture) submitted to the Trustee directing payments to be made from the applicable account upon delivery of the Bonds.

TOWN OF HICKORY CREEK, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

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APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN, AS UPDATED

Town of Hickory Creek, Texas,
Public Improvement District No. 1
Service and Assessment Plan Update
July 28, 2017

VERSION 5.0

SECTION 1 INTRODUCTION

1.1. On March 27, 2012, the Town Council of the Town of Hickory Creek, Texas (the "Town Council" and the "Town") passed and approved Resolution No. 2012-0327-1 creating Hickory Creek Public Improvement District No. 1 ("PID 1") pursuant to the Act. PID 1 includes within its boundaries approximately 38.9197 contiguous acres located at the northeast corner of the intersection of Park Ridge Road and Turbeville Road, which property is described in Resolution No. 2012-0327-1 and is the same property described by metes and bounds on **Exhibit A** and depicted by the drawing on **Exhibit A-1** (the "PID 1 Property"). The PID 1 Property consists of 151 Lots, of which 145 have completed homes and 6 have homes currently under construction.

1.2. The public improvement projects constructed for the benefit of PID 1 include various onsite and offsite roadway, water, sewer, erosion control, and storm drain improvements, as well as costs associated with issuing the PID 1 Bonds (the "Authorized Improvements").

1.3. The total cost of the Authorized Improvements is shown on **Exhibit B** to be \$4,214,520.27, which total cost was reviewed and verified by the Administrator (the "Authorized Improvement Cost").

1.4. The Act governs the process by which the Authorized Improvement Cost is allocated to and assessed against the PID 1 Property. This process requires the preparation of an ongoing service plan (a "Service Plan") as required by Section 372.013 of the Act, an assessment plan (an "Assessment Plan") as required by Section 372.014 of the Act, and an assessment roll (an "Assessment Roll") as required by Section 372.016 of the Act.

1.5. Section 372.013 of the Act requires the preparation, and the presentment to and review and approval by the Town Council, of a Service Plan covering a period of at least five years and defining the annual indebtedness and projected costs of the Authorized Improvements. The Service Plan must be reviewed and updated at least annually to determine the annual budget for the Authorized Improvements. The Service Plan is contained in Section 3.

1.6. Sections 372.014 of the Act require the Service Plan to include an Assessment Plan. The Assessment Plan assesses the Authorized Improvement Cost against the PID 1 Property on the basis of the special benefits conferred upon the property by the improvements. The Authorized Improvement Cost may be assessed in any manner that results in imposing equal shares of the cost on Parcels of PID 1 Property equally benefited; and the Town Council may establish reasonable classifications and formulas for the apportionment of the Authorized Improvement Cost between the Town and the PID 1 Property and methods of assessing special benefits for the Authorized Improvements. The special benefit of the Authorized Improvements is being apportioned to the PID 1 Property in the amount of the Authorized Improvement Cost. None of the Authorized Improvement Cost is being apportioned to the Town. The Assessment Plan is contained in Section 4.

1.7. Section 372.016 of the Act requires the preparation of an Assessment Roll after the total Authorized Improvement Cost has been determined. The Assessment Roll must state the assessment against each Parcel determined by the method of assessment chosen by the Town Council in the Assessment Plan. The assessment against a Parcel must be sufficient to pay the share of the Authorized Improvement Cost allocated to the Parcel and cannot exceed the special benefit conferred upon the Parcel. The Assessment Roll for PID 1 is described in Section 5 and attached as **Exhibit D**.

1.8. This Service and Assessment Plan amends and restates that particular Town of Hickory Creek, Texas Public Improvement District No.1 Service and Assessment Plan dated April 24, 2012 and approved by the Town Council on April 24, 2012 (the "Original SAP").

1.9. On April 24, 2012, after notice and a public hearing conducted in the manner required by law, the Town Council adopted Ordinance No. 2012-04-682 approving the Original SAP and Assessment Roll and the levy of assessments on property in the District.

SECTION 2 DEFINITIONS

Capitalized terms used in this PID 1 SAP shall have the meanings set forth in this Section. Unless otherwise defined, all references to "Section" shall mean a section of this PID 1 SAP, and all references to "Exhibit" shall mean an exhibit attached to and made a part of this PID 1 SAP.

"Act" means Texas Local Government Code Chapter 372, Public Improvement Assessment Act, Subchapter A, Public Improvement Districts, as amended.

"Administrator" means any person or entity designated by the Town to perform the obligations of the Administrator under this PID 1 SAP.

"Additional Interest" means the 0.50% additional interest charged on Assessments pursuant to Section 372.018 of the Act.

"Administrative Expenses" mean the actual or budgeted costs and expenses related to the creation and operation of the PID, the issuance and sale of Bonds, and the construction of the Authorized Improvements, including, but not limited to, costs and expenses for: (1) the Administrator; (2) legal counsel, engineers, accounts, financial advisors, and other consultants engaged by the Town; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service and Assessment Plan Updates; (5) issuing, paying, and redeeming PID 1 Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with this SAP and the Act with respect to the issuance and sale of PID 1 Bonds, including continuing disclosure requirements; (8) the paying agent/registrar and Trustee in connection with PID 1 Bonds, including their respective legal counsel; and (9) administering the construction of the Authorized Improvements. Administrative Expenses collected but not expended in any year shall be carried forward and applied to reduce Administrative Expenses for subsequent years.

"Annual Installment" means the annual installment payments of an Assessment calculated by the Administrator and approved by the Town Council, including (1) principal; (2) interest; (3) Administrative Expenses; and (4) Additional Interest that funds the Delinquency and Prepayment Reserve Account.

"Assessment" means, for a Parcel, the portion of the Authorized Improvement Cost that is allocated to and assessed against the Parcel based on the special benefit conferred on the Parcel by the Authorized Improvements.

"Assessment Plan" is defined in Section 1.4, including amendments, modifications, and updates authorized by the Act.

"Assessment Roll" is defined in Section 1.4, including amendments, modifications, and updates authorized by the Act.

"Authorized Improvement Cost" are defined in Section 1.3.

"Authorized Improvements" are defined in Section 1.2.

"Bond Ordinance" means the ordinance, order, or document setting forth the terms and other provisions relating to the PID 1 Bonds, as modified, amended, and/or supplemented from time to time.

"Delinquency and Prepayment Reserve" is defined in Section 4.11.

"Delinquent Collection Costs" mean interest, penalties and expenses incurred or imposed with respect to any delinquent Annual Installments of an Assessment in accordance with §372.018(b) of the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorneys' fees.

"Developer" means CTMGT Turbeville, LLC, a Texas limited liability company, and its successors and assigns.

"Exempt Parcel" is defined in Section 4.8.

"Lot" means a Parcel that can be legally described by a "Block" and "Lot" number on a final subdivision plat recorded in the real property records of Denton County, Texas that contains or is planned to contain a single family home.

"Maximum Assessment" is defined in Section 4.6.

"Non-Benefited Property" means Parcels within the boundaries of PID 1 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. **Exhibit F** identifies the location of Non-Benefited Property.

"Owner Association Property" means property within PID 1 that is owned by or dedicated to a property owners' association.

"Parcel" means a parcel or tract of land within PID 1 that is identified by (a) a tax map identification number assigned to the parcel or tract by the Denton Appraisal District for real property tax purposes, or (b) a lot and block number shown on a final subdivision plat recorded in the real property records of the Denton County, Texas.

"PID 1" is defined in Section 1.1.

"PID 1 Bonds" means those certain "Town of Hickory Creek, Texas Special Assessment Revenue Bonds, Series 2017 (Town of Hickory Creek Public Improvement District No. 1)" that are secured by the Assessments.

"PID 1 Property" is defined in Section 1.1.

"PID 1 SAP" means this Town of Hickory Creek Public Improvement District No. 1 Service and Assessment Plan, as amended and updated.

"Prepayment" means the payment of all or a portion of an Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a payment of

principal, interest or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Assessment.

"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 Town as a result of any Prepayment.

"Prior Owner" is defined in Section 4.8.

"Public Property" means property within the boundaries of PID 1 that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, the Town, a school district, a public utility provider or any other political subdivision, whether in fee simple or through an exclusive use easement.

"Service Plan" is defined in Section 1.4, including amendments, modifications, and updates authorized by the Act.

"Service and Assessment Plan Update" is defined in Section 3.5.

"Town" is defined in Section 1.1.

"Town Council" is defined in Section 1.1.

"Trust Indenture" means the indenture or similar document setting forth the terms and other provisions relating to the issuance of PID 1 Bonds and the trust estate created by the issuance, as modified, amended, and/or supplemented from time to time.

SECTION 3 SERVICE PLAN

3.1 Introduction. This Section 3 constitutes the Service Plan for PID 1. This Service Plan is required by the Act to cover a period of at least five years and define the annual

indebtedness for the Authorized Improvements and the projected Authorized Improvement Cost.

3.2 Five Year Projection of Authorized Improvement Costs. The Authorized Improvements are fully constructed and paid for in full, as such the projection for the next five years of Authorized Improvement Cost is \$0.00, as shown on **Exhibit C.** The Authorized Improvement Cost will be reimbursed to Developer, solely from PID 1 Bonds.

3.3 Five Year Projection of PID 1 Outstanding Indebtedness. The outstanding indebtedness for the Authorized Improvements for the next five years is shown on **Exhibit C.** The outstanding indebtedness for PID 1 for any given year equals the principal amount of outstanding PID 1 Bonds.

3.4 Five Year Projection of PID 1 Annual Installments The estimated Annual Installments for the next five years is shown on **Exhibit C.**

3.5 Service and Assessment Plan Updates This Service Plan, together with the exhibits to this PID 1 SAP and the Assessment Roll, will be reviewed and updated in accordance with the Act as needed (but no less frequently than once each calendar year) and with the approval of the Town Council (each such update, a “Service and Assessment Plan Update”).

SECTION 4 ASSESSMENT PLAN

4.1 Method of Assessment. This Section 4 constitutes the Assessment Plan for PID 1. This Assessment Plan assesses the Authorized Improvement Cost against the PID 1 Property on the basis of the special benefits conferred upon the PID 1 Property by the Authorized Improvements. The Act provides that the Authorized Improvement Cost may be assessed: (1) equally per front foot or square foot; (2) according to the value of the property as determined by the Town Council with or without regard to improvements on the property; or (3) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The Act further provides that the Town Council may establish, by

ordinance or order, reasonable classifications and formulas for the apportionment of the cost between the Town and the area to be assessed and methods of assessing the special benefits for various classes of improvements.

4.2 Allocation of Authorized Improvement Cost. The Town Council has determined that based on the special benefit conferred on the PID 1 Property by the Authorized Improvements, none of the Authorized Improvement Cost shall be apportioned to the Town or Non-Benefitted Property. The Town Council has further determined: (1) that the Authorized Improvements will confer a special benefit on all Lots within PID 1; (2) that each of the Lots within PID 1 will be equally benefitted by the Authorized Improvements; and (3) that the special benefit conferred on each Lot within PID 1 will equal or exceed the amount of the Assessment for each Lot.

4.3 Assessment Against the PID 1 Property. Based on the cost allocations set forth in this Assessment Plan, the Assessment levied against each Lot in PID 1 to pay the Authorized Improvement Cost is \$27,384.11, as shown on **Exhibit D.**

4.4 Reallocation of Assessments Upon Subdivision. If a Parcel is subdivided, the Assessment against the Parcel before subdivision will be reallocated among the new subdivided Parcels by applying a portion of the Assessment before subdivision to each new subdivided Parcel. The sum of the Assessments for the new subdivided Parcels cannot exceed the Assessment on the original Parcel before subdivision. Upon the subdivision of any Parcel, the Assessment for the Parcel before subdivision shall be reallocated among the new subdivided Parcels according to the following formula and subject to the Maximum Assessment:

$$A = B \div C$$

A = the new Assessment against each new subdivided Parcel.

B = the Assessment against the original Parcel before subdivision.

C = the total number of new Parcels created by the subdivision.

The Administrator shall determine the total number of new Parcels created by the subdivision (i) based on the number of Parcels shown on an approved subdivision plat, or

(ii) if no approved subdivision plat exists for any portion of the subdivided Parcel, based on the number of Parcels estimated for such portions as shown on the owner's then-existing land use plan. The Assessments for subdivided Parcels in accordance with this section will be determined by the Administrator and recommended to and approved by the Town Council in a future Service and Assessment Plan Update.

4.5 Reallocation of Assessments Upon Consolidation. If two or more Parcels are consolidated, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. Assessments for consolidated Parcels will be calculated by the Administrator and approved by the Town Council in future Service and Assessment Plan Updates.

4.6 Maximum Assessment. The maximum Assessment for a Lot (the "Maximum Assessment") is \$27,384.11. The Maximum Assessment may be reduced but not increased.

4.7 Owner Initiated Subdivision and Consolidation. If an owner-initiated subdivision of a Parcel or owner-initiated consolidation of Parcels results in a reallocated Assessment for a Parcel that would exceed the Maximum Assessment, the owner shall pay to the Town at the time of the subdivision or consolidation the amount by which the reallocated Assessment for the Parcel exceeds the Maximum Assessment plus, if applicable, accrued interest through the date of such payment. Prepayment Costs, if any, that result from such owner-initiated subdivision or consolidation, shall be paid by the owner to the Town at the time of the subdivision or consolidation. Payments made by an owner pursuant to this section shall be used to reduce the outstanding principal amount of PID 1 Bonds and reduce the Assessments and Annual Installments for the affected Parcels, which reductions shall be calculated by the Administrator in accordance with the Bond Ordinance and Trust Indenture and approved by the Town Council in future Service and Assessment Plan Updates.

4.8 Owner-Caused Exempt Parcels. If the owner of a Parcel for which an Assessment has been levied ("Prior Owner") causes the Parcel to become Non-Benefited Property or otherwise causes the Parcel to become exempt from payment of the Assessment or Annual Installments (an "Exempt Parcel"), the Prior Owner shall pay to the Town at the time the

Parcel changes to an Exempt Parcel the full unpaid principal amount of the Assessment for the Parcel prior to the date of such change to an Exempt Parcel plus, if applicable, accrued interest through the date of such payment. Prepayment Costs, if any, that result from the change to an Exempt Parcel shall be paid by the Prior Owner to the Town. When such payments have been made by the Prior Owner or the Town as provided in this section, the obligation to pay the Assessment for the Parcel shall automatically terminate, and the Assessment shall be reduced to zero in future Service and Assessment Plan Updates. If the payments are not made, the lien against the Exempt Parcel to secure payment of the Assessment and Annual Installments shall continue until paid. Payments made by a Prior Owner pursuant to this section shall be used to reduce the outstanding principal amount of PID 1 Bonds and reduce the Assessments and Annual Installments for the affected Parcels, which reductions shall be calculated by the Administrator in accordance with the Bond Ordinance and Trust Indenture and approved by the Town Council in future Service and Assessment Plan Updates.

4.9 Prepayment of Assessments.

(a) Full Prepayment. The unpaid principal amount of an Assessment may be prepaid by the owner in full at any time, together with accrued interest through the date of prepayment; whereupon the obligation to pay the Assessment for the Parcel automatically terminates and the Assessment shall be reduced to zero in future Service and Assessment Plan Updates. If an Annual Installment has been billed prior to prepayment, the Annual Installment shall be due and payable and shall be credited against the prepayment amount. Prepayment Costs, if any, shall be paid by the Town from the Delinquency and Prepayment Reserve. Payments made by an owner pursuant to this section shall be used to pay the PID 1 Bonds in accordance with the Bond Ordinance and Trust Indenture and may reduce the Assessments and Annual Installments for the affected Parcels, which reductions shall be calculated by the Administrator in accordance with this PID 1 SAP and the Bond Ordinance and Trust Indenture and approved by the Town Council in future Service and Assessment Plan Update.

(b) Partial Prepayment. The unpaid principal amount of an Assessment may be prepaid by the owner in part at any time, together with accrued interest through the date of prepayment. The partial prepayment shall be calculated by the Administrator and paid to the Town. Prepayment Costs, if any, shall be paid by the Town from the Delinquency and Prepayment Reserve. Payments made by an owner pursuant to this section shall be used to pay the PID 1 Bonds in accordance with the Bond Ordinance and Trust Indenture and may reduce the Assessments and Annual Installments for the affected Parcels, which reductions shall be calculated by the Administrator in accordance with this PID 1 SAP and the Bond Ordinance and Trust Indenture and approved by the Town Council in future Service and Assessment Plan Updates.

4.10 Annual Installments. An Assessment that is not paid in full shall be paid in Annual Installments calculated by the Administrator and approved by the Town Council as part of each Service and Assessment Plan Update. Assessments may be reduced but not increased. Annual Installments, however, may be reduced or increased from year to year. Annual Installments include principal and interest on the PID 1 Bonds, Administrative Expenses, and the Additional Interest, and become delinquent if not paid by February 1st each year. Annual Installments shall be billed and collected by the Town, or by any other person, entity, or governmental agency authorized by state law and designated by the Town Council in accordance with the Act, in the same manner and at the same time as Town ad valorem taxes are billed and collected. Annual Installments shall be reduced by any credits applied under the Bond Ordinance and Trust Indenture and approved by the Town Council in future Service and Assessment Plan Updates.

4.11 Delinquency and Prepayment Reserve. The interest rate on Assessments may exceed the interest rate on the PID 1 Bonds by the Additional Interest. The Additional Interest shall be collected as part of each Annual Installment. Under the Trust Indenture, the Additional Interest shall be deposited into a reserve account and segregated from other funds of the Town (the "Delinquency and Prepayment Reserve"). The Delinquency and Prepayment Reserve shall be used as described in the Trust Indenture.

The Town Council, as part of a Service and Assessment Plan Update, may also, from time to time, apply all or any portion of the balance in the Delinquency and Prepayment Reserve to reduce Administrative Expenses or to redeem PID 1 Bonds in accordance with the Trust Indenture. The balance, if any, remaining in the Delinquency and Prepayment Reserve at the maturity of the PID 1 Bonds shall be used to redeem the bonds in accordance with the Trust Indenture.

4.12 Finding of Special Benefit. The Town Council, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has found and determined:

- i. The Authorized Improvement Costs equals \$4,214,520.27 as shown on Exhibit B; and
- ii. The PID 1 Property receives special benefit from the Authorized Improvements equal to or greater than the Authorized Improvement Costs; and
- iii. The sum of the Assessment on all benefitting Lots equals \$4,135,000; and
- iv. The special benefit (\geq \$4,214,520.27) received by PID 1 Property from the Authorized Improvements is greater than the amount of the Assessments (\$4,135,000).
- v. At the time the Town Council approved the SAP, the Developer owned 100% of the PID 1 Property. The Developer acknowledged that the Authorized Improvements confer a special benefit on the PID 1 Property and consented to the imposition of the Assessments to pay for the Authorized Improvement Costs associated therewith.

4.13 Findings and Determinations. The findings and determinations by the Town Council set forth in this PID 1 SAP are based on (1) official reports prepared by qualified professionals and on file with the Town for public inspection, (2) evidence and testimony presented to the Town Council, and (3) information made available to the Town Council. The

Town Council has relied on the information contained in such official reports, evidence, and testimony in the preparation and approval of this PID 1 SAP and the allocation of the Authorized Improvement Cost to the PID 1 Property. Such findings and determinations represent the discretionary exercise by the Town Council of its legislative and governmental authority and power, and such findings and determinations are binding on the current and future owners of the PID 1 Property. Calculations performed by the Administrator in accordance with this PID 1 SAP and approved by the Town Council in future Service and Assessment Plan Updates, shall be conclusive upon approval by the Town Council.

4.14 Security for Payment. All payments due in accordance with this PID 1 SAP shall be treated the same with respect to the liens created to secure payment and the rights of the Town, including foreclosure, in the event of delinquencies. Any foreclosure sale of a Parcel for nonpayment of any such amounts shall be subject to a continuing lien for the remaining unpaid amounts in accordance with state law.

4.15 Release of Lien. When an Assessment has been paid in full, including Delinquent Collection Costs and any other related amounts owed under this PID 1 SAP, the Administrator shall notify the Town, and the Town shall execute a release, in recordable form, evidencing full payment of the Assessment and the unconditional release of the lien securing payment of the Assessment. All releases shall be reflected in future Service and Assessment Plan Updates.

SECTION 5

ASSESSMENT ROLL

The Assessment Roll on **Exhibit D** identifies the Assessment against each Lot and **Exhibit E** identifies the estimated Annual Installments for each Lot for which the Assessment is not paid in full. The Assessment Roll shall be updated by the Administrator as required by this PID 1 SAP and the Act, which updates shall be approved by the Town Council in future Service and Assessment Plan Updates.

SECTION 6
ADDITIONAL PROVISIONS

6.1 Calculation Errors. If the owner of a Parcel claims that an error has been made in any calculation required by this PID 1 SAP, including, but not limited to, any calculation made as part of any Service and Assessment Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Town Council within 10 days after Town Council approval of the calculation; otherwise, the owner shall be deemed to have unconditionally approved the calculation. Upon receipt of a written notice of error from an owner, the Town Council shall refer the notice to the Administrator who shall provide a written response to the Town Council and the owner within 30 days of such referral. The Town Council shall consider the owner's notice of error and the Administrator's response at a public hearing, and within 30 days after closing such hearing, the Town Council shall make a final determination as to whether or not an error has been made. If the Town Council determines that an error has been made, the Town Council shall take such corrective action as is authorized by the Act, this PID 1 SAP, the Bond Ordinance, or the Trust Indenture, or is otherwise authorized by the discretionary power of the Town Council. The determination by the Town Council as to whether an error has been made, and any corrective action taken by the Town Council, shall be final and binding on the owner and the Administrator.

6.2 Severability. The provisions of this PID 1 SAP are intended to be severable. In the event any provision of this PID 1 SAP, or the application thereof to any person or circumstance, is held or determined to be invalid, illegal, or unenforceable, and if such invalidity, unenforceability, or illegality does not cause substantial deviation from the underlying intent of the Town Council as expressed in this PID 1 SAP, then such provision shall be deemed severed from this PID 1 SAP with respect to such person, entity, or circumstance without invalidating the remainder of this PID 1 SAP or the application of such provision to other persons, entities, or circumstances.

6.3 Exhibits. The following exhibits are included as part of this PID 1 SAP:

Exhibit A: Legal Description of the PID 1 Property

Exhibit A-1: Depiction of the PID 1 Property

Exhibit B: Authorized Improvements

Exhibit C: Service Plan Five-Year Costs, Indebtedness, and Annual
Installment Projections

Exhibit D: Assessment Roll

Exhibit E: Estimated Annual Installments

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

38.9197 ACRE PARCEL DENTON COUNTY, TEXAS

BEING all that certain lot, tract or parcel of land situated in the H. H. Swisher Survey, Abstract No. 1220, and the M.E.P. & P.R.R. Company Survey, Abstract No. 915, Denton County, Texas, and being a portion of the property described as Tract I, Tract III, and Tract IV in deed from Alan H. Goldfield and wife, Shirley M. Goldfield to AS Gold, L.P. as recorded under County Clerk File No. 99-R-0094877 of the Deed Records of Denton County, Texas and being more described by metes and bounds as follows;

COMMENCING at a 5/8" iron rod found in the East right of way line of Parkridge Drive (variable width right of way) at its intersection with the North line of a tract of said AS Gold L.P., Tract IV, for the Northeast corner of a called 0.1292 acre tract of land conveyed to the City of Corinth, Denton County, Texas for Dedication of said Parkridge Drive as recorded under County Clerk File No. 2011-64010 of the Deed Records of Denton County, Texas;

THENCE South 07° 28' 56" East along the East right of way line of Park Ridge Drive for a distance of 18.71 to a point for corner;

THENCE South 11° 48' 18" East and continuing along the East right of way line of said Parkridge Drive for a distance of 11.58 feet to a 5/8" iron rod set for the POINT OF BEGINNING for this description;

THENCE North 88° 34' 02" East and departing the East right of way line of said Parkridge Drive for a distance of 1330.25 feet to a 5/8" iron rod set for corner, said point being the beginning of a curve to the right having a central angle of 01° 14' 44" with a radius of 400.00 feet and a chord bearing North 89° 11' 24" East at a distance of 8.69 feet;

THENCE Easterly along said curve to the right for an arc distance of 8.70 feet to a 5/8" iron rod set for corner;

THENCE South 00° 00' 43" West for a distance of 1421.53 feet to a 5/8" iron rod set for corner in the in the South line of said AS Gold, L.P. Tract I and being in Turbeville Road (variable width right of way);

THENCE South 89° 41' 33" West and following along the South line of said AS Gold, L.P. Tract I in Turbeville Road for a distance of 7.14 feet to a 5/8" iron rod set for corner;

THENCE North 89° 20' 08" West and continuing along the South line of said AS Gold, L.P. Tract I and Tract III in Turbeville Road for a distance of 1000.00 feet to a pk nail set for corner in the aforesaid East right of way line of Parkridge Drive;

THENCE North 20° 51' 53" West and following along the East right of way line of said Parkridge Drive for a distance of 115.23 feet to a 5/8" iron rod found for corner;

THENCE North 20° 41' 27" West and continuing along the East right of way line of said Parkridge Drive for a distance of 358.78 feet to a 5/8" iron rod found for corner, said point being the beginning of a curve

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

to the right having a radius of 750.00 feet through a central angle of 07° 51' 16" and a chord bearing North 16° 45' 49" West at a chord distance of 102.73 feet;

THENCE Northwesterly along said curve to the right and continuing along the East right of way line of said Parkridge Drive for an arc distance of 102.81 feet to a 5/8" iron rod found for corner;

THENCE North 12° 50' 11" West and continuing along the East right of way line of said Parkridge Drive and for a distance of 273.32 feet to a 5/8" iron rod found for corner, said point being the beginning of a curve to the right having a radius of 700.00 feet through a central angle of 09° 17' 04" and a chord bearing North 08° 11' 39" West at a chord distance of 113.31 feet;

THENCE Northwesterly along said curve to the right and continuing along the East right of way line of said Parkridge Drive for an arc distance of 113.43 feet to a 5/8" iron rod found for corner;

THENCE North 03° 33' 07" West and continuing along the East right of way line of said Parkridge Drive for a distance of 208.48 feet to a 5/8" iron rod found for corner, said point being the beginning of a curve to the left having a radius of 750.00 feet through a central angle of 08° 15' 11" and a chord bearing North 07° 40' 43" West at a chord distance of 107.94 feet;

THENCE Northwesterly along said curve to the right and continuing along the East right of way line of said Parkridge Drive for an arc distance of 108.03 feet to a 5/8" iron rod found for corner;

THENCE North 11° 48' 18" West and continuing along the East right of way line of said Parkridge Drive for a distance of 144.27 feet to the POINT OF BEGINNING and CONTAINING 38.9197 ACRES OF LAND, more or less.

Exhibit A-1

Depiction of the PID 1 Property

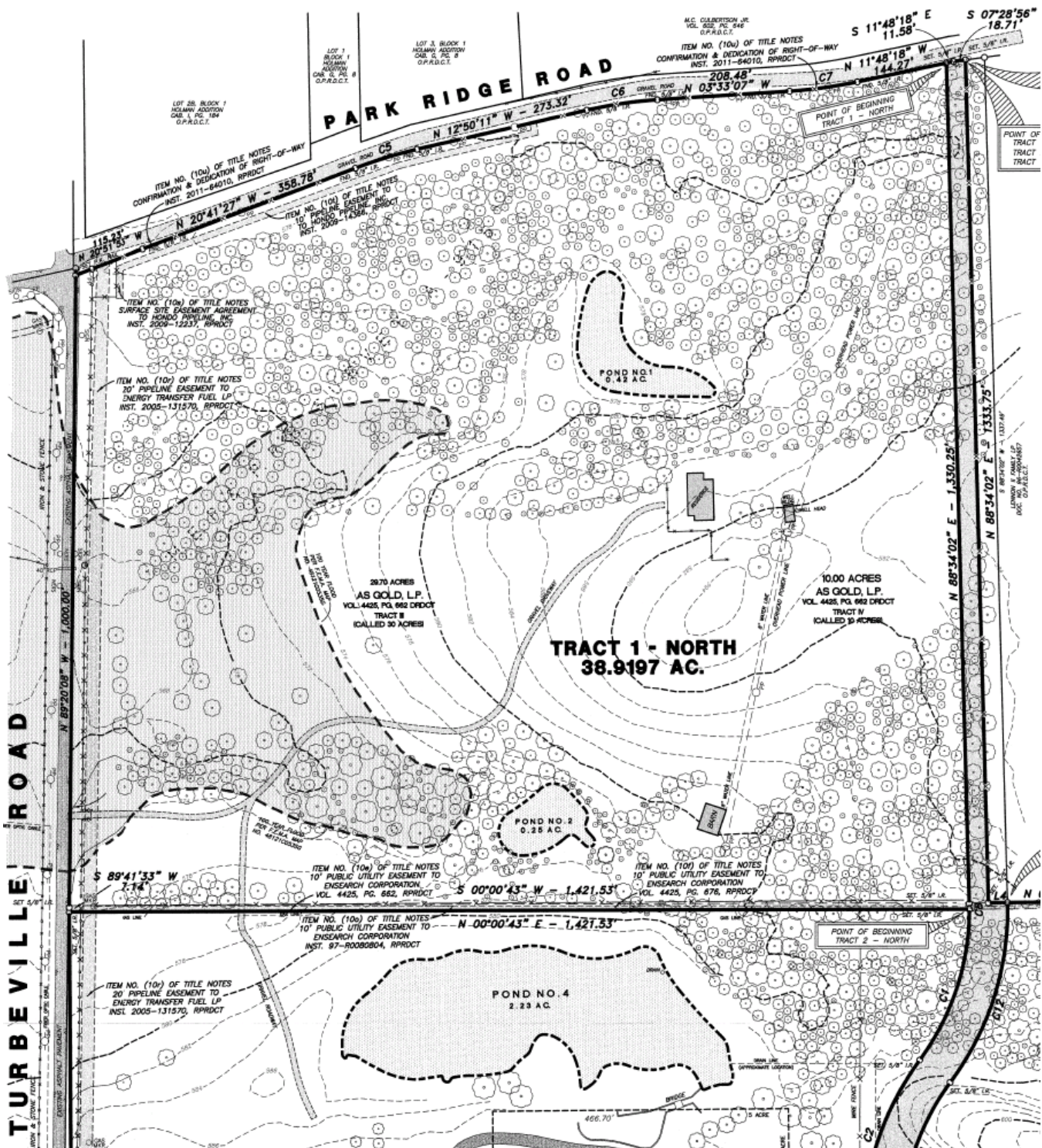


Exhibit B – Authorized Improvements

<u>CONTRACTOR PAYMENTS</u>	<u>AMOUNT PAID</u>	<u>WORK PERFORMED</u>
Ellerbee-Walczak, Inc	\$ 36,372.00	Geotech Engineering
Gilco Contracting Inc	451,672.00	Roadway Construction
Halff Associates, Inc	312,327.70	Civil Engineering
Jackson Construction Ltd	376,731.45	Roadway Construction
Juan Carlos E. Hernandez	10,630.10	Erosion Control
Kart Construction & Equipment Co	127,010.94	Roadway Construction
Kodiak Trenching & Boring LLC	369,503.35	Water, Sewer, Stormwater Construction
Lake City Municipal Utility District	16,381.25	Civil Engineering
Miller Services Inc	11,500.00	Erosion Control
Reno Environmental Corp	3,736.75	Erosion Control
RKM Utility Services, Inc	1,813,733.86	Water, Sewer, Stormwater Construction
THB Construction LLC	144,740.58	Roadway Construction
Xroads, LP	5,685.00	Street Signs
	<u>\$ 3,680,024.98</u>	
<u>BOND ISSUANCE COSTS</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
Debt Service Reserve Fund	\$ 119,968.75	Equal to 50% of maximum annual debt service
Delinquency and Prepayment Reserve	124,050.00	3% of par
Other Cost of Issuance	165,400.00	Preliminary estimate
Underwriter's Discount	124,050.00	3% of par
Rounding	<u>1,026.54</u>	
	<u>\$ 534,495.29</u>	
TOTAL AUTHORIZED IMPROVEMENTS	\$ 4,214,520.27	

Exhibit C
Service Plan Five-Year Projection of Cost, Indebtedness, and Annual Installments

Year (as of 1/31)	Authorized Improvement Costs	PID 1 Outstanding Indebtedness	PID 1 Annual Installments
2018	\$ -	\$ 4,135,000.00	\$ 237,306.39
2019	\$ -	\$ 4,060,000.00	\$ 246,460.00
2020	\$ -	\$ 3,980,000.00	\$ 244,223.20
2021	\$ -	\$ 3,900,000.00	\$ 246,989.66
2022	\$ -	\$ 3,815,000.00	\$ 244,609.46

**Exhibit D
Assessment Roll**

		Annual Installment Due 1/31/18				
Parcel ID	Outstanding Assessment	Delinquency and Prepayment Reserve			Administration Expense	Total Annual Installment Due 1/31/18
		Principal	Interest			
564966	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564967	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564968	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564969	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564970	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564971	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564972	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564973	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564974	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564975	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564976	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564977	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564978	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564979	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564980	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564981	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564982	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564983	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564984	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564985	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564986	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564987	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564988	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564989	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564990	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564991	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564992	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564995	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564996	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
564999	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565000	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565001	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565002	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565003	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565004	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565005	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565006	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565008	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565009	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565010	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565011	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565012	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565013	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565014	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565015	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565016	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565017	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565018	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565019	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565020	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57

Exhibit D
Assessment Roll

		Annual Installment Due 1/31/18				
Parcel ID	Outstanding Assessment	Delinquency and Prepayment Reserve			Administration Expense	Total Annual Installment Due 1/31/18
		Principal	Interest			
565021	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565022	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565023	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565024	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565025	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565026	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565027	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565028	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565029	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565030	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565031	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565032	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565033	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565034	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565035	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565036	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565037	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565038	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565039	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565040	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565041	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565042	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565043	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565047	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565048	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565049	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565050	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565051	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565052	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565053	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565054	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565055	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565056	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565057	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565058	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565059	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565060	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565061	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
565062	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654134	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654135	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654136	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654137	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654138	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654139	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654140	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654141	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654142	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654143	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654144	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57

**Exhibit D
Assessment Roll**

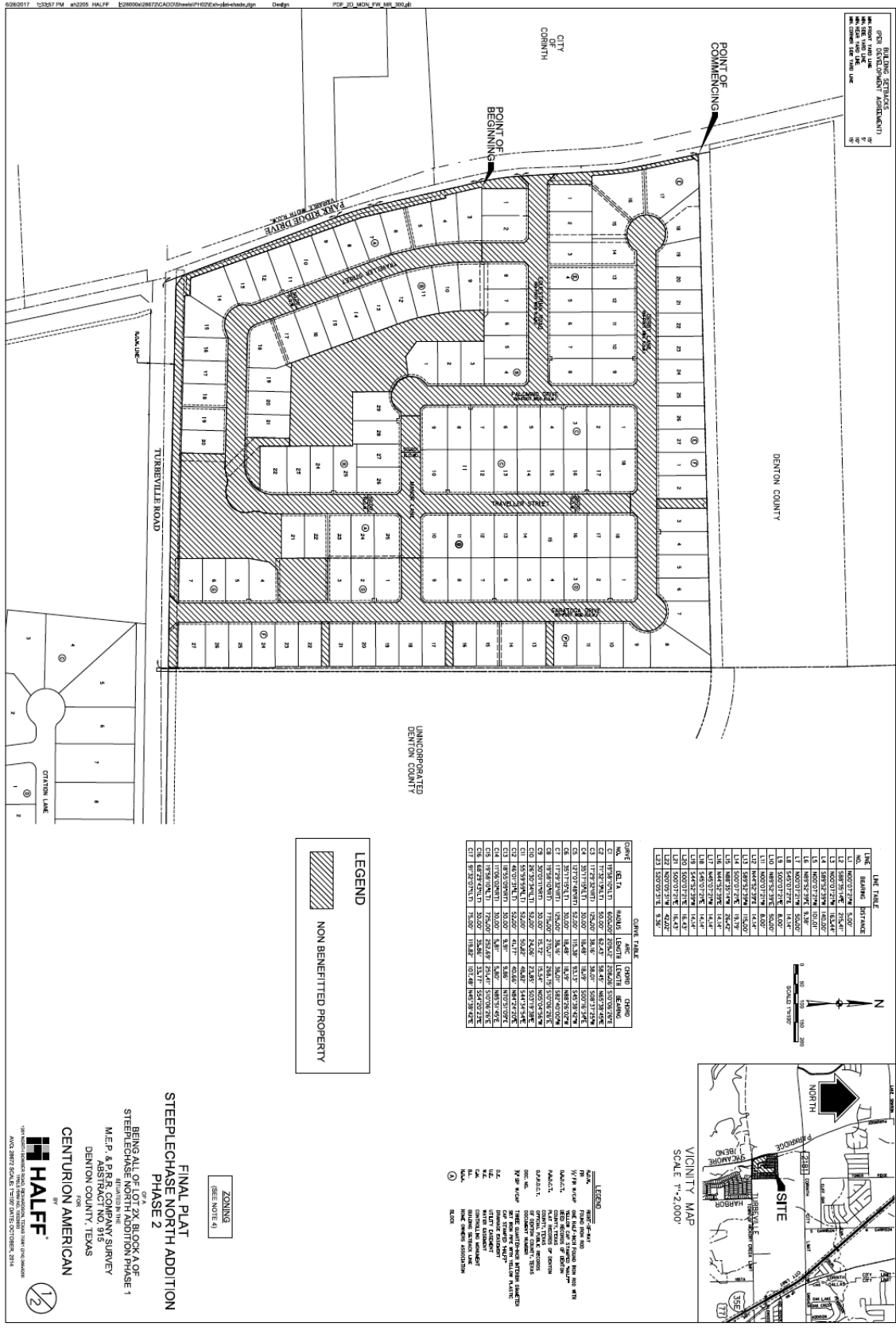
		Annual Installment Due 1/31/18				
Parcel ID	Outstanding Assessment	Delinquency and Prepayment Reserve			Administration Expense	Total Annual Installment Due 1/31/18
		Principal	Interest			
654145	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654146	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654147	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654148	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654149	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654150	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654151	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654152	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654153	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654154	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654155	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654156	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654157	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654158	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654159	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654160	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654161	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654162	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654163	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654164	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654165	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654166	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654167	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654168	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654169	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654170	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654171	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654172	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654173	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654174	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654175	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654176	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654177	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654179	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654180	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654181	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654182	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654183	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654184	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654185	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654186	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654187	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654188	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654189	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654190	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654191	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654192	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654193	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654194	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654195	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
654196	\$ 27,384.11	\$ 496.69	\$ 1,021.90	\$ -	\$ 52.98	\$ 1,571.57
	\$ 4,135,000.00	\$ 75,000.00	\$ 154,306.39	\$ -	\$ 8,000.00	\$ 237,307.07

Exhibit E
Estimated Annual Installments

Installments Due	PID 1 Bonds			Administrative Expenses	Total Installment
	Principal	Interest	Delinquency and Prepayment Reserve		
1/31/18	\$ 75,000.00	\$ 154,306.39	\$ -	\$ 8,000.00	\$ 237,306.39
1/31/19	\$ 80,000.00	\$ 158,300.00	\$ -	\$ 8,160.00	\$ 246,460.00
1/31/20	\$ 80,000.00	\$ 155,900.00	\$ -	\$ 8,323.20	\$ 244,223.20
1/31/21	\$ 85,000.00	\$ 153,500.00	\$ -	\$ 8,489.66	\$ 246,989.66
1/31/22	\$ 85,000.00	\$ 150,950.00	\$ -	\$ 8,659.46	\$ 244,609.46
1/31/23	\$ 90,000.00	\$ 147,550.00	\$ -	\$ 8,832.65	\$ 246,382.65
1/31/24	\$ 95,000.00	\$ 143,950.00	\$ -	\$ 9,009.30	\$ 247,959.30
1/31/25	\$ 95,000.00	\$ 140,150.00	\$ -	\$ 9,189.49	\$ 244,339.49
1/31/26	\$ 100,000.00	\$ 136,350.00	\$ -	\$ 9,373.28	\$ 245,723.28
1/31/27	\$ 105,000.00	\$ 132,350.00	\$ -	\$ 9,560.74	\$ 246,910.74
1/31/28	\$ 110,000.00	\$ 128,150.00	\$ -	\$ 9,751.96	\$ 247,901.96
1/31/29	\$ 115,000.00	\$ 123,887.50	\$ -	\$ 9,946.99	\$ 248,834.49
1/31/30	\$ 120,000.00	\$ 119,431.26	\$ -	\$ 10,145.93	\$ 249,577.19
1/31/31	\$ 125,000.00	\$ 114,781.26	\$ -	\$ 10,348.85	\$ 250,130.11
1/31/32	\$ 130,000.00	\$ 109,937.50	\$ -	\$ 10,555.83	\$ 250,493.33
1/31/33	\$ 130,000.00	\$ 104,900.00	\$ -	\$ 10,766.95	\$ 245,666.95
1/31/34	\$ 140,000.00	\$ 99,862.50	\$ -	\$ 10,982.29	\$ 250,844.79
1/31/35	\$ 145,000.00	\$ 94,437.50	\$ -	\$ 11,201.93	\$ 250,639.43
1/31/36	\$ 150,000.00	\$ 88,818.76	\$ -	\$ 11,425.97	\$ 250,244.73
1/31/37	\$ 155,000.00	\$ 83,006.26	\$ -	\$ 11,654.49	\$ 249,660.75
1/31/38	\$ 160,000.00	\$ 77,000.00	\$ -	\$ 11,887.58	\$ 248,887.58
1/31/39	\$ 165,000.00	\$ 70,600.00	\$ -	\$ 12,125.33	\$ 247,725.33
1/31/40	\$ 175,000.00	\$ 64,000.00	\$ -	\$ 12,367.84	\$ 251,367.84
1/31/41	\$ 180,000.00	\$ 57,000.00	\$ -	\$ 12,615.19	\$ 249,615.19
1/31/42	\$ 185,000.00	\$ 49,800.00	\$ -	\$ 12,867.50	\$ 247,667.50
1/31/43	\$ 195,000.00	\$ 42,400.00	\$ -	\$ 13,124.85	\$ 250,524.85
1/31/44	\$ 205,000.00	\$ 34,600.00	\$ -	\$ 13,387.34	\$ 252,987.34
1/31/45	\$ 210,000.00	\$ 26,400.00	\$ -	\$ 13,655.09	\$ 250,055.09
1/31/46	\$ 220,000.00	\$ 18,000.00	\$ -	\$ 13,928.19	\$ 251,928.19
1/31/47	\$ 230,000.00	\$ 9,200.00	\$ -	\$ 14,206.76	\$ 253,406.76
	\$ 4,135,000.00	\$ 2,989,518.93	\$ -	\$ 324,544.63	\$ 7,449,063.56

Note: The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, Delinquency and Reserve Fund Requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Exhibit F Map of Non-Benefited Property



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APPENDIX D
FORM OF OPINION OF BOND COUNSEL

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

**TOWN OF HICKORY CREEK, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2017
(HICKORY CREEK PUBLIC IMPROVEMENT DISTRICT NO. 1)**

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____

AS BOND COUNSEL for the Town of Hickory Creek, Texas (the "Issuer"), we have examined into the legality and validity of the issue of the bonds described above (the "Bonds"), which bear interest from the date specified in the text of the Bonds, until maturity or prior redemption, at the rates and payable on the dates as stated in the text of the Bonds, and maturing and subject to redemption on the dates specified in the text of the Bonds, all in accordance with the Ordinance authorizing the issuance of the Bonds (the "Bond Ordinance") and the Trust Indenture (as defined below).

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and have examined and relied upon a transcript of certified proceedings of the Issuer and other pertinent instruments furnished by the Issuer relating to the authorization, issuance and delivery of the Bonds; and we have examined various certificates and documents executed by officers and officials of the Issuer upon which certificates and documents we rely as to certain matters stated below. We have also examined one executed Bond which we found to be in proper form and duly executed.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, and have been duly issued and delivered, all in accordance with law, and that, except as may be limited by laws relating to governmental immunity, bankruptcy, reorganization, and other similar matters affecting creditors' rights or by general principles of equity which permit the exercise of judicial discretion, (i) the Bonds constitute valid and legally binding obligations of the Issuer which are payable as to principal and interest from the sources provided in the Bond Ordinance and the Indenture of Trust between the Issuer and [____], dated as of August 15, 2017 (the "Trust Indenture"), (ii) the covenants and agreements in the Trust Indenture constitute valid and binding obligations of the Issuer, (iii) the Bonds constitute valid and legally binding special obligations of the Issuer secured as Bonds under the Trust Indenture, and (iv) the Bonds are payable in accordance with the priorities established in the Trust Indenture from the sources provided therein.

THE ISSUER has reserved the right, subject to the restrictions stated in the Trust Indenture, to amend the Trust Indenture in the manner provided therein; and under some (but not all) circumstances amendments thereto must be approved by the registered owners



of a majority in principal amount of all outstanding bonds affected by such amendment and secured by the Trust Indenture.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation, or from any source whatsoever other than specified in the Trust Indenture.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the Issuer with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed and refinanced therewith. In expressing the aforementioned opinions, we have relied on certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for the purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.



WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

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APPENDIX E

FORM OF DISCLOSURE AGREEMENT OF ISSUER

**TOWN OF HICKORY CREEK, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2017
(HICKORY CREEK PUBLIC IMPROVEMENT DISTRICT NO. 1)**

CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER

This Continuing Disclosure Agreement of the Issuer dated as of August 15, 2017 (this “Disclosure Agreement”) is executed and delivered by and between the Town of Hickory Creek, Texas (the “Issuer”) and FSC Continuing Disclosure Services, a Division of Hilltop Securities, Inc. (the “Dissemination Agent”) with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2017 (Hickory Creek Public Improvement District No. 1)” (the “Bonds”). The Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of August 15, 2017, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Appendices hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrative Expenses” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall mean the employee or designee of the Issuer who shall have the responsibilities provided in the Indenture, the District’s Service and Assessment Plan, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Issuer Report” shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the Issuer or the Trustee.

“Disclosure Representative” shall mean the Administrator of the Issuer or his or her designee, or such other officer or employee as the Issuer, may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean FSC Continuing Disclosure Services, a Division of Hilltop Securities, Inc., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Hickory Creek Public Improvement District No. 1.

“EMMA” shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“Fiscal Year” shall mean the calendar year from October 1 through September 30.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Official Statement” means that Official Statement dated August [___], 2017 prepared in connection with the issuance of the Bonds.

“Outstanding” shall mean, as of any particular date when used with reference to Bonds, all Bonds authenticated and delivered under the Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in the Indenture, (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to the Indenture, and (iv) any Bond alleged to have been mutilated, destroyed, cost or stolen which have been paid as provided in the Indenture.

“Owner” shall mean the registered owner of any Bonds.

“Participating Underwriter” means FMSbonds, Inc. and its successors and assigns.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall mean U.S. Bank National Association, Dallas, Texas, or any successor trustee pursuant to the Indenture.

SECTION 3. Provision of Annual Bond Disclosure Reports.

(a) The Issuer shall cause and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other form required by the MSRB, commencing with the Fiscal Year ended September 30, 2017, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of and within the time periods specified in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer, if prepared and when available, may be submitted separately from the Annual Issuer Report, and later than the date required in this paragraph for the filing of the Annual Issuer Report if audited financial statements are not available by that date; provided further, however, that the Annual Financial Information must be submitted not later than six months after the end of the Issuer’s Fiscal Year. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a). All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) The Issuer shall or shall cause the Dissemination Agent to:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report on the date required in subsection (a);

(ii) file the Annual Issuer Report containing or incorporating by reference the information set forth in Section 4 hereof; and

(iii) if the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which report shall include a filing receipt from the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent, the following:

(a) Within six months after the end of each Fiscal Year (any or all of which may be unaudited), the Annual Financial Information of the Issuer being:

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

- (A) For the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and principal amount remaining Outstanding;
 - (B) The amounts in the funds and accounts under the Indenture securing the Bonds; and
 - (C) The principal and interest paid on the Bonds during such Fiscal Year and the minimum scheduled principal and interest required to be paid on the Bonds in the next Fiscal Year.
- (ii) Financial information and operating data with respect to the Issuer of the general type included in the final Official Statement, being information of the type under the headings “DEBT SERVICE REQUIREMENTS” and “ASSESSMENT PROCEDURES — Assessment Collections” thereof.
- (iii) Audited financial statements of the Issuer, if available; however, if audited financial statements of the Issuer are not available by the date required by this Section 4(a), the Issuer shall provide unaudited financial statements not later than such date.
- (iv) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a “SAP Update”), including any changes to the methodology for levying the Assessments in the District.
- (v) The individual and aggregate taxable assessed valuation for each parcel or lot within the District upon which the Assessments securing the Bonds are levied based on the most recent certified tax roll available to the Issuer.
- (vi) The current or delinquent status of the payment of the Assessment for each parcel or lot within the District as of February 15 of the calendar year immediately succeeding such Fiscal Year.
- (vii) The total amount of (A) Annual Installments invoiced, (B) Annual Installments collected (as reported by the County Tax Assessor Collector or the Administrator), (C) delinquent Annual Installments, (D) Foreclosure Proceeds collected, and (E) prepaid Assessments collected, as of the February 15 of the calendar year immediately succeeding such Fiscal Year, in each case with respect to the most recent billing period (generally, October 1 of the preceding calendar year through January 31 of the current calendar year).
- (viii) The total amount of Annual Installments assessed and collected during such Fiscal Year, together with the amount of delinquent Assessments collected and Assessments prepaid during such Fiscal Year.
- (ix) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer’s audited financial statements during such Fiscal Year.

(b) If not provided with the financial information provided under subsection 4(a) above, if prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraph.

(c) The Issuer has designated PIDWorks, LLC as the initial Administrator. The Administrator shall prepare and provide the Annual Financial Information required (except for the information of the type included under the heading “DEBT SERVICE REQUIREMENTS” and audited or unaudited financial statements of the Issuer) under Section 4(a) above to the Dissemination Agent no later than five (5) business days prior to the day that is six months after the end of each Fiscal Year. If no Administrator has been designated, the Issuer shall prepare and provide the Annual Financial Information required under Section 4(a) above to the Dissemination Agent no later than five (5) business days prior to the day that is six months after the end of each Fiscal Year.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.

8. Bond calls, if material.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.

The term “material” when used in this Section 5 has the meaning ascribed to it under the applicable federal securities laws. For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall promptly, but in no case more than five (5) Business Days after the occurrence of the event, notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to immediately file a notice of such occurrence with the MSRB. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Additionally, the Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide annual audited financial statements or Annual Financial Information as required under this Disclosure Agreement. See Exhibit A hereto for a form for submitting “Notice To MSRB of Failure To File.”

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8, 10, 13, or 14 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but no in no case more than five (5) Business Days after occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall promptly file a notice of such occurrence with the MSRB within ten (10) business days of the occurrence of such event.

SECTION 6. Termination of Reporting Obligations. The obligations of the Issuer and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until it receives written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to such series of Bonds under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its

obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be FSC Continuing Disclosure Services, a Division of Hilltop Securities, Inc.

SECTION 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Issuer Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Issuer Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report or notice of occurrence of a Listed Event

in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, upon being indemnified to its satisfaction as provided in the Indenture), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Issuer, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only from Assessments collected from the property owners in the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER OR THE DISSEMINATION AGENT, RESPECTIVELY, WHETHER

NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 12. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments.

SECTION 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer or Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer or Dissemination Agent in other than that person's official capacity.

SECTION 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 15. Sovereign Immunity. The Dissemination Agent agrees that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from Assessments

collected from the property owners in the District, for its fees and expenses for the Dissemination Agent's services rendered in accordance with this Disclosure Agreement.

SECTION 18. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 19. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page left blank intentionally]

TOWN OF HICKORY CREEK, TEXAS

By: _____
Mayor

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER

FSC CONTINUING DISCLOSURE SERVICES,
a Division of Hilltop Securities, Inc.
(as Dissemination Agent)

By: _____
Authorized Officer

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL ISSUER REPORT][ANNUAL FINANCIAL INFORMATION]
[ANNUAL AUDITED FINANCIAL STATEMENTS]**

Name of Issuer: Town of Hickory Creek, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2017 (Hickory Creek
Public Improvement District No. 1)
Date of Delivery: _____, 2017

NOTICE IS HEREBY GIVEN that the Town of Hickory Creek, Texas, has not provided [an Annual Issuer Report][its Annual Financial Information][its annual audited financial statements] with respect to the above-named bonds as required by the Continuing Disclosure Agreement dated August 15, 2017, between the Issuer and FSC Continuing Disclosure Services, a Division of Hilltop Securities, Inc., as Dissemination Agent. The Issuer anticipates that [the Annual Issuer Report][its Annual Financial Information][its annual audited financial statements] will be filed by _____.

Dated: _____

FSC Continuing Disclosure Services,
a Division of Hilltop Securities, Inc.
on behalf of the Town of Hickory Creek, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: Administrator, Town of Hickory Creek, Texas

EXHIBIT B

TOWN OF HICKORY CREEK, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2017 (HICKORY CREEK PUBLIC IMPROVEMENT DISTRICT NO. 1)

ANNUAL BOND DISCLOSURE REPORT*

Delivery Date: _____, 20__

DISSEMINATION AGENT

Name: _____
Address: _____
City: _____
Telephone: _____
Contact Person: _____

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

PRINCIPAL AND INTEREST PAID IN FISCAL YEAR

Fiscal Year	Principal Paid on the Bonds	Interest Paid on the Bonds

INVESTMENTS

Fund/ Account Name	Investment Description	Par Value	Book Value	Market Value

*Excluding Audited Financial Statements of the Issuer

ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE

Bonds (Principal Balance)	_____
Funds and Accounts [list]	_____
TOTAL ASSETS	_____

LIABILITIES

Outstanding Bond Principal	_____
Outstanding Program Expenses (if any)	_____
TOTAL LIABILITIES	_____

EQUITY

Assets Less Liabilities	_____
Debt to Value Ratio	_____

Form of Accounting ☐ Cash ☐ Accrual ☐ Modified Accrual

ITEMS REQUIRED BY SECTION 4(a)(ii) - (ix)

[Insert a line item for each applicable listing]

EXHIBIT C

BASIC TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments Delinquent if not received
February 15	15	<p>Issuer forwards payment to Trustee for all collections received as of February 15, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies</p> <p>Issuer and/or Administrator should be aware if Reserve Fund needs to be utilized for debt service payment on March 1. If there is to be a shortfall, the Trustee and Dissemination Agent should be immediately notified in writing.</p> <p>Issuer and/or Administrator should also be aware if, based on collections, there will be a shortfall for September payment.</p> <p>Issuer and/or Administrator should determine if previously collected surplus funds, if any, plus actual collections will be fully adequate for debt service in March and September.</p> <p>At this point, if total delinquencies are under 5% and if there is adequate funding for March and September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the Issuer's Attorney or an appropriate designee, will begin process to cure deficiency. For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure.</p> <p>If there are over 5% delinquencies or if there is inadequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties.</p>

March 1	28/29	<p>Trustee pays bond interest payments to bondholders.</p> <p>Reserve Fund payment to Bond Fund may be required if Assessments are below approximately 50% collection rate.</p> <p>Issuer, or the Trustee at the direction of the Issuer, to notify Dissemination Agent of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or Fund for debt service.</p> <p>Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.</p> <p>Issuer determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments.</p>
March 20	47/48	<p>Issuer and/or Administrator to notify Dissemination Agent for disclosure to MSRB of all delinquencies.</p> <p>If any property owner with ownership of property responsible for more than \$10,000 of the Assessments is delinquent or if a total of delinquencies is over 5%, or if it is expected that Reserve Fund moneys will need to be utilized for either the March or September bond payments, the Disclosure Representative shall work with the Issuer's Attorney's office, or the appropriate designee, to satisfy payment of all delinquent Assessments.</p>
April 15	74/75	<p>Preliminary foreclosure activity commences, and Issuer to notify Dissemination Agent of the commencement of preliminary foreclosure activity.</p> <p>If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.</p>
May 1	89/90	<p>If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the bondholders under Section 11.2 of the Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.</p>

May 15	103/104	The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those bondholders who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than June 1 (day 120/121).
June 1	120/121	Foreclosure action to be filed with the court.
June 15	134/135	Issuer notifies Trustee and Dissemination Agent in writing of Foreclosure filing status. Dissemination Agent notifies bondholders.
July 1	150/151	If bondholders and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

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Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. D.3

Consider and act on a landscaping plan for Shadow Creek Estates Phase II, described as being Lots A3, A5 & 21R, Block A; Lots C3 & 3 through 12, Block C; Lots 1 through 8, Block D; Lots 13R, 1 through 18, Block E, being 15.710 acres of land situated in the M.E.P. & P.R.R Co. Survey, Abstract No. 915, Town of Hickory Creek, Denton County, Texas; Harbor Grove Estates Section II Lot 13, Block K, being .220 acres of land situated in the John Maloney Survey, Abstract No. 819, Town of Hickory Creek, Denton County, Texas; and Shadow Creek Estates Phase I Lot 21, Block A, being 0.213 acres of land situated in the M.E.P. & P.R.R Co. Survey, Abstract No. 915, Town of Hickory Creek, Denton County, Texas.



August 3, 2017

Mr. John Smith
Town of Hickory Creek
1075 Ronald Reagan Ave.
Hickory Creek, TX 75065

RE: Shadow Creek Estates Phase 2 – Plans for Construction

Dear Mr. Smith,

Halff Associates, Inc. (Halff) received construction plans for the Shadow Creek Estates Phase 2 Sub-Division printed on 07/28/2017 from the Town for review. The owner\developer is CHC Development. The engineer is Shield Engineering Group, LLC.

We approve the construction plans dated January 1, 2017 and have no further comments.

Please let us know if you have any questions or require any other information.

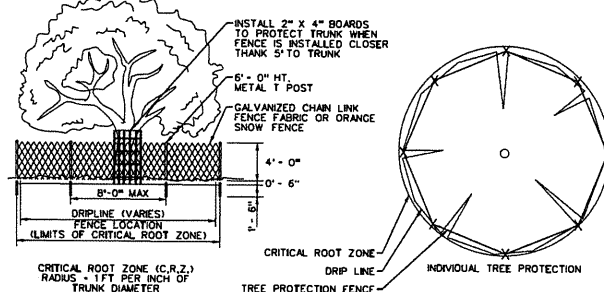
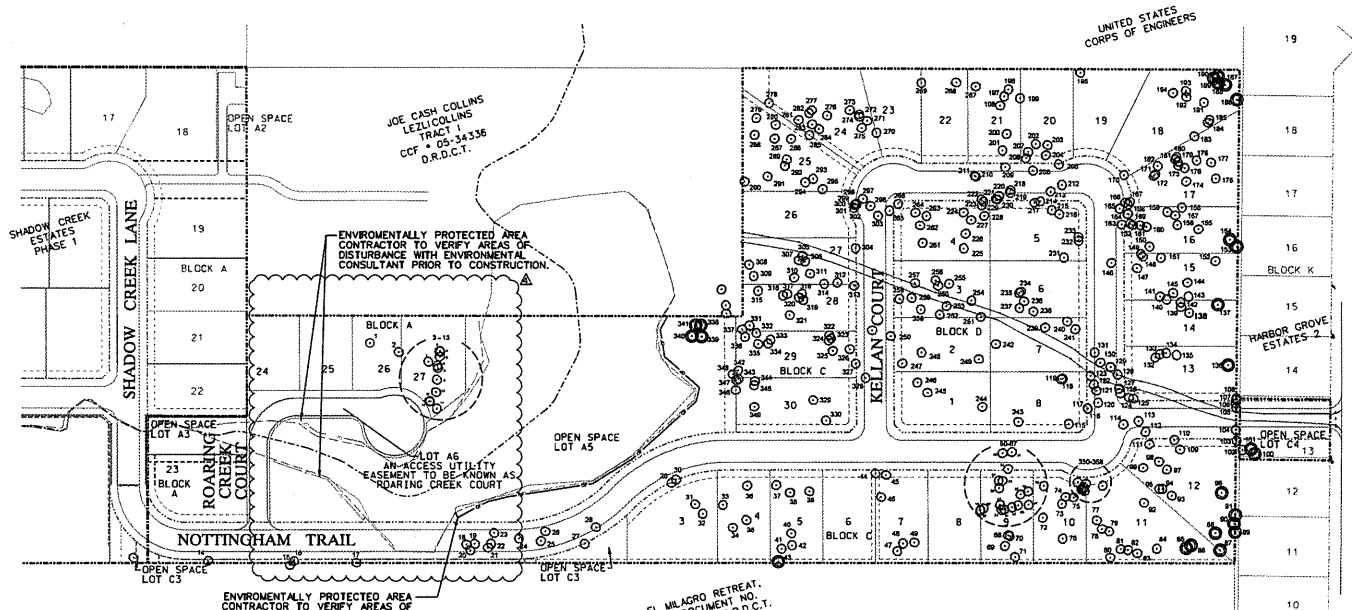
Sincerely,

HALFF ASSOCIATES, INC.

A handwritten signature in blue ink, appearing to read "Jay Reissig", is placed over a faint, light blue circular stamp.

Jay Reissig, P.E.
Project Manager

C: Kristi Rogers, Town Secretary



TREE PROTECTION FENCE NOTES:

1. CHAIN LINK FENCE TO BE 12 GAUGE, WITH 1 1/2" DIAMETER SCHEDULE 20 POSTS AT 8'-0" O.C. MAX
2. EXISTING TREES WITHIN SITE LIMITS ARE SHOWN AND IDENTIFIED ON SHEET L.10
3. NO EXISTING TREES DESIGNATED FOR REMOVAL
4. PROTECT ALL INDIVIDUAL TREES OR GROWTH OF TREES TO BE PRESERVED BY ERECTING A BARRIER AROUND EACH TREE OR GROUP OF TREES.
5. INSTALL AND MAINTAIN BARRIER AT TREE DRIP LINE. BARRIER SHALL REMAIN IN PLACE UNTIL REMOVAL IS NECESSARY.
6. IN THE EVENT OF HEAVY CONSTRUCTION IS SCHEDULED TO OCCUR WITHIN THE DRIP LINE OF AN EXISTING TREE, CONTRACTOR SHALL ERECT A PROTECTION FENCE OUTSIDE OF THE DRIP LINE UNTIL CONSTRUCTION IS SCHEDULED TO OCCUR. THE PROTECTION FENCE MAY THEN BE ADJUSTED AS REQUIRED TO COMPLETE THE PROPOSED CONSTRUCTION. AFTER CONSTRUCTION IN THIS AREA IS COMPLETED, THE PROTECTION FENCE SHALL BE ADJUSTED TO ITS ORIGINAL LOCATION.
7. CONTRACTOR SHALL NOT PARK, CLEAN TOOL AND EQUIPMENTS OR STORE MATERIALS WITHIN THE DRIP LINE OF ANY TREE.
8. ALL ROOTS OVER 1" IN DIAMETER SHALL BE CUT CLEAN BY A HAND SAW.

TREE PROTECTION DETAILS

NTS

PHASE 1 MITIGATION

TOTAL TREES= 359
- TOTAL REMOVED TREES= 334
TOTAL NET REMAINING= 25
PROTECTED TREES= 348
- PROTECTED TREES REMOVED= 326
PROTECTED NET REMAINING= 22
+ 3" LOT TREES= 123
+ 3" OPENSACE TREES= 0
PROPOSED PROTECTED TREE COUNT= 145
SITE ACREAGE= 15.5 ACRES
PHASE 1 PROTECTED TREES PER ACRE= 9.4
PHASE 1 PROTECTED TREES PER ACRE= 22
AVERAGE PROTECTED TREES PER ACRE= 15.7

LEGEND

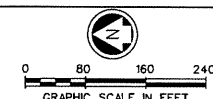
- PROPOSED ORANGE CONSTRUCTION FENCE
- ⊙ SAVE TREE

REVISIONS

NO.	DESCRIPTION	DATE
1	NO CHANGE	7/5/2016
2	NO CHANGE	8/24/2016
3	NO CHANGE	10/04/2016
4	ROARING CREEK COURT BY SEPARATE CONTRACT	01/26/2017



SHIELD ENGINEERING GROUP, PLLC
CIVIL ENGINEERING & SURVEYING SERVICES
 TYPE F-11039
 TBP# 10183890
 P.O. Box 470636
 Fort Worth, Texas 76147
 817.810.0696



CONSTRUCTION NOTES

- NOTES:
1. THE CONTRACTOR SHALL CONTACT THE DIRECTOR OF PUBLIC WORKS, JEFFREY MCNEEDEN, AT 469-376-5094 AT LEAST 48 HOURS PRIOR TO BEGINNING CONSTRUCTION.
 2. CONSTRUCTION SHALL BE IN ACCORDANCE WITH CURRENT TOWN OF HICKORY CREEK STANDARD DETAILS, LANE CITIES MUNICIPAL UTILITY AUTHORITY STANDARD DETAILS AND SPECIFICATIONS AND IN ACCORDANCE WITH THE NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS' STANDARD SPECIFICATIONS FOR PUBLIC WORKS CONSTRUCTION.
 3. NO BUILDINGS, FENCES, TREES, SHRUBS OR OTHER IMPROVEMENTS SHALL BE CONSTRUCTED OR PLACED UPON THE EASEMENTS SHOWN, UNLESS OTHERWISE APPROVED BY THE TOWN OF HICKORY CREEK.

THE CONTRACTOR SHALL CONTACT THE FOLLOWING AT LEAST 48 HOURS PRIOR TO EXCAVATING AT EACH LOCATION:

TOWN OF HICKORY CREEK PUBLIC WORKS	(840) 497-2628
ATMOS ENERGY	(817) 303-2825
VERIZON	(817) 318-1664
CHARTER COMMUNICATIONS	(817) 298-3675
CENTURY LINK	(840) 321-1645
GRANDE COMMUNICATION	(972) 410-0592
HARBOR GROVE WATER	(840) 497-3999
LAKE CITIES MUNICIPAL WATER AUTHORITY	(840) 497-2599
ALL OTHER FACILITIES	— 800-810-3535

HORIZONTAL & VERTICAL CONTROL

FBM 1
 "X" CUT SET ON THE SOUTH SIDE OF AN INLET LOCATED AT THE NORTHWEST CORNER OF THE INTERSECTION OF MAGNOLIA LANE AND TURKEYVILLE ROAD, 58' WEST OF THE CENTERLINE OF MAGNOLIA LN AND 259' NORTH OF THE CENTERLINE OF TURKEYVILLE RD.
 ELEVATION = 543.08
 NORTHING: 7094522.25 EASTING: 241306.29

CONTROL PT. 105
 1/2" CAPPED IRON ROD SET LOCATED 433'0" SOUTH OF THE CENTERLINE OF TURKEYVILLE ROAD AND 270' WEST OF THE EAST LINE OF A TRACT OF LAND DESCRIBED IN A DEED TO HICKORY CREEK WEST, LLC AS RECORDED IN CCF# 2014-62230, D.R.D.C.T.
 NORTHING: 7094522.25 EASTING: 241306.41

CONTROL PT. 101
 1/2" CAPPED IRON ROD SET LOCATED 402'9" SOUTH OF THE CENTERLINE OF TURKEYVILLE ROAD AND 270' WEST OF THE EAST LINE OF A TRACT OF LAND DESCRIBED IN A DEED TO HICKORY CREEK WEST, LLC AS RECORDED IN CCF# 2014-62230, D.R.D.C.T.
 NORTHING: 7094522.45 EASTING: 241302.35

TOWN OF HICKORY CREEK, TEXAS
TRANSPORTATION AND PUBLIC WORKS
TRANSPORTATION PROGRAMMING
& CAPITAL PROJECTS DIVISION

SHADOW CREEK ESTATES PHASE 2

TREE PRESERVATION PLAN

DESIGNED: R/JH	SCALE: 1"=80'	DATE: JAN 2017	SHEET 50 OF 51
DRAWN: R/JH			

TREE NO.	SPECIES	TRUNK DIA. (INCHES)	REMOVE / REMAIN	PROTECTED TREES (YES/NO)
1	OAK	18	REMOVE	YES
2	OAK	13	REMOVE	YES
3	ELM	16	REMOVE	YES
4	HACKBERRY	6	REMOVE	NO
5	HACKBERRY	8	REMOVE	NO
6	ELM	13	REMOVE	YES
7	OAK	7	REMOVE	YES
8	HACKBERRY	7	REMOVE	YES
9	ELM	20	REMOVE	YES
10	HACKBERRY	9	REMOVE	NO
11	ELM	9	REMOVE	YES
12	ELM	6	REMOVE	YES
13	ELM	10	REMOVE	YES
14	OAK	14	REMOVE	YES
15	ELM	6	REMOVE	YES
16	OAK	8	REMOVE	YES
17	ELM	13	REMOVE	YES
18	ELM	8	REMOVE	YES
19	ELM	9	REMOVE	YES
20	ELM	8	REMOVE	YES
21	ELM	7	REMOVE	YES
22	ELM	8	REMOVE	YES
23	ELM	8	REMOVE	YES
24	CEDAR	8	REMOVE	YES
25	OAK	24	REMOVE	YES
26	OAK	16	REMOVE	YES
27	ELM	17	REMOVE	YES
28	ELM	18	REMOVE	YES
29	OAK	22	REMOVE	YES
30	ELM	25	REMOVE	YES
31	ELM	8	REMOVE	YES
32	ELM	9	REMOVE	YES
33	OAK	10	REMOVE	YES
34	OAK	27	REMOVE	YES
35	OAK	7	REMOVE	YES
36	OAK	28	REMOVE	YES
37	OAK	27	REMOVE	YES
38	CEDAR	9	REMOVE	YES
39	CEDAR	8	REMOVE	YES
40	OAK	24	REMOVE	YES
41	CEDAR	8	REMOVE	YES
42	CEDAR	8	REMOVE	YES
43	OAK	18	REMOVE	YES
44	CEDAR	8	REMOVE	YES
45	ELM	14	REMOVE	YES
46	OAK	20	REMOVE	YES
47	OAK	14	REMOVE	YES
48	CEDAR	17	REMOVE	YES
49	OAK	23	REMOVE	YES
50	CEDAR	12	REMOVE	YES
51	OAK	17	REMOVE	YES
52	OAK	18	REMOVE	YES
53	OAK	12	REMOVE	YES
54	OAK	17	REMOVE	YES
55	CEDAR	8	REMOVE	YES
56	OAK	17	REMOVE	YES
57	OAK	12	REMOVE	YES
58	OAK	18	REMOVE	YES
59	OAK	20	REMOVE	YES
60	OAK	23	REMOVE	YES
61	OAK	23	REMOVE	YES
62	OAK	10	REMOVE	YES
63	CEDAR	10	REMOVE	YES
64	OAK	13	REMOVE	YES
65	OAK	12	REMOVE	YES
66	OAK	12	REMOVE	YES
67	OAK	19	REMOVE	YES
68	CEDAR	7	REMOVE	YES
69	OAK	13	REMOVE	YES
70	OAK	8	REMOVE	YES
71	OAK	10	REMOVE	YES
72	OAK	20	REMOVE	YES
73	OAK	17	REMOVE	YES
74	OAK	21	REMOVE	YES
75	OAK	7	REMOVE	YES
76	OAK	16	REMOVE	YES
77	OAK	23	REMOVE	YES
78	CEDAR	9	REMOVE	YES
79	OAK	23	REMOVE	YES
80	OAK	20	REMOVE	YES
81	OAK	14	REMOVE	YES
82	OAK	12	REMOVE	YES
83	OAK	15	REMOVE	YES
84	OAK	11	REMOVE	YES
85	OAK	20	REMAN	YES
86	OAK	14	REMAN	YES
87	OAK	18	REMAN	YES
88	OAK	12	REMAN	YES
89	HACKBERRY	12	REMAN	NO
90	ELM	8	REMAN	YES
91	ELM	8	REMAN	YES
92	OAK	18	REMOVE	YES
93	CEDAR	18	REMOVE	YES
94	OAK	20	REMOVE	YES
95	OAK	12	REMOVE	YES
96	OAK	26	REMAN	YES
97	ELM	20	REMOVE	YES
98	OAK	21	REMOVE	YES
99	ELM	7	REMAN	YES
100	OAK	24	REMAN	YES
101	CEDAR	14	REMAN	YES
102	OAK	14	REMOVE	YES
103	HACKBERRY	12	REMOVE	YES
104	HACKBERRY	8	REMOVE	YES
105	OAK	12	REMOVE	YES
106	HACKBERRY	11	REMOVE	YES
107	OAK	8	REMOVE	YES
108	OAK	9	REMOVE	YES
109	OAK	21	REMOVE	YES
110	OAK	20	REMOVE	YES
111	OAK	25	REMOVE	YES

TREE NO.	SPECIES	TRUNK DIA. (INCHES)	REMOVE / REMAIN	PROTECTED TREES (YES/NO)
112	CEDAR	6	REMOVE	YES
113	OAK	16	REMOVE	YES
114	CEDAR	12	REMOVE	YES
115	CATCLAW	8	REMOVE	NO
116	ELM	6	REMOVE	YES
117	ELM	13	REMOVE	YES
118	OAK	28	REMOVE	YES
119	OAK	24	REMOVE	YES
120	OAK	21	REMOVE	YES
121	OAK	216	REMOVE	YES
122	OAK	18	REMOVE	YES
123	OAK	14	REMOVE	YES
124	OAK	21	REMOVE	YES
125	ELM	6	REMOVE	YES
126	OAK	12	REMOVE	YES
127	OAK	14	REMOVE	YES
128	OAK	15	REMOVE	YES
129	OAK	20	REMOVE	YES
130	OAK	15	REMOVE	YES
131	OAK	34	REMOVE	YES
132	ELM	11	REMOVE	YES
133	ELM	8	REMOVE	YES
134	OAK	20	REMOVE	YES
135	HACKBERRY	7	REMOVE	NO
136	OAK	27	REMAN	YES
137	OAK	19	REMAN	YES
138	OAK	18	REMOVE	YES
139	OAK	17	REMOVE	YES
140	CEDAR	7	REMOVE	YES
141	OAK	8	REMOVE	YES
142	OAK	18	REMOVE	YES
143	ELM	15	REMOVE	YES
144	OAK	19	REMOVE	YES
145	OAK	26	REMOVE	YES
146	OAK	7	REMOVE	YES
147	OAK	27	REMOVE	YES
148	ELM	18	REMOVE	YES
149	OAK	9	REMOVE	YES
150	OAK	9	REMOVE	YES
151	OAK	22	REMOVE	YES
152	ELM	24	REMOVE	YES
153	ELM	14	REMAN	YES
154	ELM	10	REMAN	YES
155	ELM	6	REMOVE	YES
156	ELM	14	REMOVE	YES
157	ELM	7	REMOVE	YES
158	ELM	11	REMOVE	YES
159	ELM	9	REMOVE	YES
160	OAK	16	REMOVE	YES
161	OAK	15	REMOVE	YES
162	ELM	8	REMOVE	YES
163	OAK	17	REMOVE	YES
164	OAK	16	REMOVE	YES
165	ELM	17	REMOVE	YES
166	ELM	10	REMOVE	YES
167	ELM	13	REMOVE	YES
168	ELM	8	REMOVE	YES
169	OAK	16	REMOVE	YES
170	ELM	7	REMOVE	YES
171	ELM	7	REMOVE	YES
172	ELM	6	REMOVE	YES
173	ELM	7	REMOVE	YES
174	ELM	8	REMOVE	YES
175	OAK	19	REMOVE	YES
176	ELM	9	REMOVE	YES
177	OAK	20	REMOVE	YES
178	OAK	19	REMOVE	YES
179	ELM	7	REMOVE	YES
180	ELM	7	REMOVE	YES
181	ELM	6	REMOVE	YES
182	ELM	6	REMOVE	YES
183	OAK	15	REMOVE	YES
184	OAK	17	REMOVE	YES
185	OAK	8	REMOVE	YES
186	HACKBERRY	8	REMAN	NO
187	ELM	9	REMAN	YES
188	ELM	9	REMAN	YES
189	ELM	8	REMAN	YES
190	ELM	8	REMAN	YES
191	ELM	8	REMAN	YES
192	OAK	9	REMOVE	YES
193	OAK	15	REMOVE	YES
194	ELM	6	REMOVE	YES
195	ELM	6	REMOVE	YES
196	ELM	6	REMOVE	YES
197	ELM	7	REMOVE	YES
198	HACKBERRY	8	REMOVE	NO
199	ELM	20	REMOVE	YES
200	ELM	20	REMOVE	YES
201	ELM	18	REMOVE	YES
202	ELM	13	REMOVE	YES
203	OAK	18	REMOVE	YES
204	CEDAR	6	REMOVE	YES
205	ELM	16	REMOVE	YES
206	ELM	8	REMOVE	YES
207	ELM	8	REMOVE	YES
208	ELM	19	REMOVE	YES
209	ELM	19	REMOVE	YES
210	ELM	15	REMOVE	YES
211	ELM	11	REMOVE	YES
212	ELM	9	REMOVE	YES
213	ELM	24	REMOVE	YES
214	ELM	4	REMOVE	YES
215	ELM	16	REMOVE	YES
216	ELM	12	REMOVE	YES
217	ELM	12	REMOVE	YES
218	ELM	CLUSTER	REMOVE	YES
219	ELM	6	REMOVE	YES
220	ELM	CLUSTER	REMOVE	YES
221	ELM	8	REMOVE	YES
222	HACKBERRY	6	REMOVE	YES

TREE NO.	SPECIES	TRUNK DIA. (INCHES)	REMOVE / REMAIN	PROTECTED TREES (YES/NO)
223	ELM	7	REMOVE	YES
224	ELM	6	REMOVE	YES
225	OAK	20	REMOVE	YES
226	OAK	9	REMOVE	YES
227	ELM	9	REMOVE	YES
228	ELM	8	REMOVE	YES
229	HACKBERRY	8	REMOVE	NO
230	OAK	9	REMOVE	YES
231	CEDAR	10	REMOVE	YES
232	OAK	17	REMOVE	YES
233	OAK	21	REMOVE	YES
234	ELM	24	REMOVE	YES
235	ELM	9	REMOVE	YES
236	OAK	13	REMOVE	YES
237	OAK	19	REMOVE	YES
238	OAK	13	REMOVE	YES
239	OAK	17	REMOVE	YES
240	OAK	16	REMOVE	YES
241	OAK	24	REMOVE	YES
242	OAK	17	REMOVE	YES
243	OAK	17	REMOVE	YES
244	OAK	20	REMOVE	YES
245	OAK	17	REMOVE	YES
246	OAK	18	REMOVE	YES
247	OAK	33	REMOVE	YES
248	OAK	16	REMOVE	YES
249	OAK	24	REMOVE	YES
250	OAK	8	REMOVE	YES
251	OAK	10	REMOVE	YES
252	OAK	22	REMOVE	YES
253	OAK	13	REMOVE	YES
254	OAK	14	REMOVE	YES
255	OAK	24	REMOVE	YES
256	OAK	16	REMOVE	YES
257	OAK	18	REMOVE	YES
258	OAK	20	REMOVE	YES
259	OAK	22	REMOVE	YES
260	OAK	12	REMOVE	YES
261	OAK	18	REMOVE	YES
262	OAK	16	REMOVE	YES
263	ELM	8	REMOVE	YES
264	ELM	8	REMOVE	YES
265	OAK	8	REMOVE	YES
266	OAK	7	REMOVE	YES
267	ELM	6	REMOVE	YES
268	ELM	6	REMOVE	YES
269	ELM	6	REMOVE	YES
270	ELM	15	REMOVE	YES
271	OAK	15	REMOVE	YES
272	ELM	10	REMOVE	YES
273	ELM	13	REMOVE	YES
274	ELM	13	REMOVE	YES
275	ELM	12	REMOVE	YES
276	OAK	16	REMOVE	YES
277	OAK	8	REMOVE	YES
278	ELM	7	REMOVE	YES
279	OAK	21	REMOVE	YES
280	OAK	40	REMOVE	YES
281	OAK	12	REMOVE	YES
282	ELM	14	REMOVE	YES
283	OAK	22	REMOVE	YES
284	ELM	18	REMOVE	YES
285	ELM	10	REMOVE	YES
286	ELM	16	REMOVE	YES
287	CEDAR	8	REMOVE	YES
288	OAK	6	REMOVE	YES
289	OAK	20	REMOVE	YES
290	ELM	8	REMOVE	YES
291	OAK	13	REMOVE	YES
292	ELM	13	REMOVE	YES
293	OAK	23	REMOVE	YES
294	OAK	16	REMOVE	YES
295	OAK	11	REMOVE	YES
296	OAK	11	REMOVE	YES
297	OAK	14	REMOVE	YES
298	OAK	13	REMOVE	YES
299	OAK	7	REMOVE	YES
300	OAK	13	REMOVE	YES
301	OAK	7	REMOVE	YES
302	ELM	6	REMOVE	YES
303	OAK	10	REMOVE	YES
304	OAK	26	REMOVE	YES
305	OAK	6	REMOVE	YES
306	OAK	7	REMOVE	YES
307	OAK	8	REMOVE	YES
308	OAK	7	REMOVE	YES
309	OAK	8	REMOVE	YES
310	OAK	7	REMOVE	YES
311	CEDAR	7	REMOVE	YES
312	OAK	21	REMOVE	YES
313	OAK	21	REMOVE	YES
314	OAK	14	REMOVE	YES
315	OAK	7	REMOVE	YES
316	OAK	8	REMOVE	YES
317	OAK	7	REMOVE	YES
318	OAK	8	REMOVE	YES
319	OAK	6	REMOVE	YES
320	OAK	6	REMOVE	YES



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. D.4

Consider and act on allocating funds for the 2017 Halloween Event to be held on October 21, 2017.

No supporting documentation.



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. D.5

Consider and act on allocating funds for an irrigation pump truck for the Public Works Department.

No supporting documentation.



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. E.1

No Executive Session



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. F.1

No Executive Session



Town of Hickory Creek COUNCIL MEMORANDUM

Date: 08/08/2017

From: Kristi Rogers - Town Secretary

Subject: Agenda Item No. G.1

Adjournment