



\*VG-373-2018-107428\*

Denton County  
Juli Luke  
County Clerk

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**Instrument Number:** 107428

Real Property Recordings

ORDINANCE

Recorded On: September 10, 2018 01:13 PM

Number of Pages: 24

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**" Examined and Charged as Follows: "**

Total Recording: \$118.00

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\*\*\*\*\* THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\*

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

**File Information:**

Document Number: 107428  
Receipt Number: 20180910000386  
Recorded Date/Time: September 10, 2018 01:13 PM  
User: Chris P  
Station: Station 42

**Record and Return To:**

TOWN OF ARGYLE  
PO BOX 609  
  
ARGYLE TX 76226



STATE OF TEXAS  
COUNTY OF DENTON

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke  
County Clerk  
Denton County, TX

After filing Return to:

Town Secretary  
TOWN OF ARGYLE  
P.O. BOX 609  
ARGYLE, TX 76226

TOWN OF ARGYLE  
ORDINANCE NO. 2018-13

**WATERBROOK PUBLIC IMPROVEMENT DISTRICT SERVICE AND ASSESSMENT PLAN UPDATE AND ASSESSMENT ROLL.**

**A SUPPLEMENTAL ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF ARGYLE PROVIDING FOR THE UPDATE TO THE WATERBROOK OF ARGYLE PUBLIC IMPROVEMENT DISTRICT OF THE TOWN OF ARGYLE SERVICE AND ASSESSMENT PLAN AND ASSESSMENT ROLL.**

**WHEREAS**, by Resolution 2016-22 adopted on August 23, 2016, after notice and a public hearing in the manner required by law, the Town Council of the Town of Argyle, Texas approved a resolution authorizing the creation of the Waterbrook of Argyle Public Improvement District of the Town of Argyle; and

**WHEREAS**, the Town Council, pursuant to Section 372.016(b) of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code (the "PID Act") PID Act, published notice of the Levy and Assessment Hearing in Denton Record Chronicle, a newspaper of general circulation in the Town; and

**WHEREAS**, on April 25, 2017, after notice and a public hearing conducted in the manner required by law, the Town Council adopted Ordinance No. 2017-09 approving the Waterbrook of Argyle Public Improvement District Service and Assessment Plan and Assessment Roll and the levy of assessments on property in the District; and

**WHEREAS**, on January 23, 2018, the Town Council adopted Ordinance No. 2018-03, authorizing the issuance of bonds secured by the assessments levied pursuant to the Assessment Ordinance; and

**WHEREAS**, on February 27, 2018, the Town Council adopted Ordinance 2018-05 approving a zoning change for approximately five (5) acres of property in the northeastern portion of the Waterbrook of Argyle Public Improvement District (the Stafford Rezoning"); and

**WHEREAS**, the Stafford Rezoning changed the configuration and layout of roads and residential use lots with the PID, as well as rezoned commercial use parcels in the PID;

**WHEREAS**, the Stafford Rezoning triggered a mandatory developer prepayment which required an update to the Service and Assessment Plan and Assessment Roll; and

**WHEREAS**, the Town Council now desires to proceed with the adoption of this Ordinance for the Service Plan Update - Stafford and the updated Assessment Roll attached thereto, in conformity with the requirements of the PID Act; and

**WHEREAS**, the Town Council finds the passage of this Ordinance to be in the best interest for the citizens of Argyle.

**NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF ARGYLE, TEXAS:**

**SECTION 1:** That all matters stated in the preamble are found to be true and correct and are incorporated herein as if copied in their entirety.

**SECTION 2:** That the Waterbrook of Argyle Public Improvement District 2018 Service Plan Update – Stafford attached hereto as *Exhibit 1* is hereby accepted as provided.

**SECTION 3:** If any portion of this Ordinance shall, for any reason, be declared invalid by any court of competent jurisdiction, such invalidity shall not affect the remaining provisions hereof and the Council hereby determines that it would have adopted this Ordinance without the invalid provision

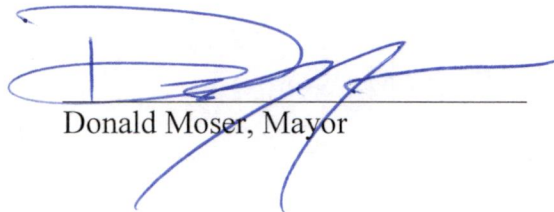
**SECTION 4:** That this Ordinance shall be cumulative of all other Town Ordinances and all other provisions of other Ordinances adopted by the Town which are inconsistent with the terms or provisions of this Ordinance are hereby repealed.

**SECTION 5:** It is hereby declared to be the intention of the Town Council of the Town of Argyle, Texas, that sections, paragraphs, clauses and phrases of this Ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this Ordinance shall be declared legally invalid or unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such legal invalidity or unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs or sections of this Ordinance since the same would have been enacted by the Town Council of the Town of Argyle without the incorporation in this Ordinance of any such legally invalid or unconstitutional, phrase, sentence, paragraph or section.

**SECTION 6:** This ordinance shall take effect immediately from and after its passage as the law in such case provides.

**PASSED AND APPROVED ON THIS 28<sup>TH</sup> DAY OF AUGUST, 2018.**

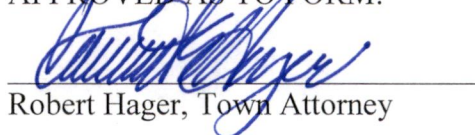


  
Donald Moser, Mayor

ATTEST:

  
Kristi Gilbert, Town Secretary

APPROVED AS TO FORM:

  
Robert Hager, Town Attorney



**WATERBROOK OF ARGYLE  
PUBLIC IMPROVEMENT DISTRICT  
2018 SERVICE PLAN UPDATE - STAFFORD**

## INTRODUCTION

On August 23, 2016, the Town of Argyle, Texas (the "Town") passed and approved Resolution No. 2016-22 authorizing the establishment of the Waterbrook of Argyle Public Improvement District (the "PID") in accordance with Chapter 372, Texas Local Government Code, as amended (the "Act"), which authorization was effective upon publication as required by the Act. The purpose of the PID is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 101.350 acres within the corporate limits of the Town, located on the southeast corner of Farm to Market Road 407; along and adjacent to U.S. Highway 377; and North of Frenchtown Road (the "Property"). The Property is zoned under Ordinance No. 2016-08 adopted by the Town Council on April 23, 2016, which ordinance establishes the permitted uses of, and standards for the development of, the Property (the "Zoning Ordinance").

On April 25, 2017, the Town passed and approved Ordinance No. 2017-09 accepting and approving the Service and Assessment Plan and Assessment Roll ("the SAP") for the PID. The SAP was amended and restated for the purposes of issuing PID Bonds secured by the Assessments on January 23, 2018 by Ordinance No. 2018-03 (the "2018 Amended and Restated Service and Assessment Plan").

The Town of Argyle, Texas Special Assessment Revenue Bonds, Series 2018 (Waterbrook of Argyle Public Improvement District Project) (the "Series 2018 Bonds") in the aggregate principal amount of \$13,955,000 were issued to finance the Authorized Improvements and are secured by Assessments, including Annual Installments thereof for the benefit of the Property in the PID.

According to the Developer Continuing Disclosure for the period ending June 30, 2018, a Terra Manna affiliate Waterbrook SE, LP purchased approximately 5 acres on the south front of FM 407 which is bordered on three sides by the PID (the "Stafford Property") in the northeastern portion of the PID. On February 27, 2018, the Town rezoned the Stafford Property and all property within the PID pursuant to Town Ordinance No. 2018-05 (the "Stafford Rezoning"). The Stafford Rezoning changes the configuration and layout of some roads and many residential use Lots within the PID, as well as rezoned the Commercial Use Parcel.

The 2018 Amended and Restated Service and Assessment Plan identifies the Authorized Improvements to be provided by the PID, the costs of the Authorized Improvements (the "Authorized Improvement Costs"), the indebtedness to be incurred for the Authorized Improvements, and the manner of assessing the Property in the PID for the costs of the Authorized Improvements. This document is the 2018 service plan update due to the Stafford Rezoning (the "2018 Service Plan Update - Stafford").

The Town also adopted an assessment roll (the "Assessment Roll") identifying the assessments (the "Assessments") on each Lot within the PID, based on the method of assessment identified in the 2018 Amended and Restated Service and Assessment Plan. This 2018 Service Plan Update

- Stafford also updates the Assessment Roll for 2018 to reflect the Stafford Rezoning. Capitalized terms used in this 2018 Service Plan Update - Stafford shall have the meanings set forth in the 2018 Amended and Restated Service and Assessment Plan.

## **STATUS OF AUTHORIZED IMPROVEMENTS**

Authorized Improvements include road improvements, sanitary sewer improvements, storm drainage and detention improvements, landscaping, entryway, open space, and park improvements, and soft sists. According to the Developer Continuing Disclosure for the period ending 6/30/2018, storm drainage improvements and sanitary sewer improvements are completed, and landscaping and open space improvements are expected to be complete 8/1/2018 and 10/26/2018, respectively. Forecasted Developer completion date of all Authorized Improvements is 11/7/2018, with forecasted Town acceptance of Authorized Improvements to also occur on 11/7/2018.

Non-PID projects include the S-1 sewer line and decel lanes. The Developer has made the deposit of funds necessary to complete non-PID projects into the Development Agreement Improvement Account with the Trustee. Right-Of-Way acquisition for non-PID projects is partially complete, the S-1 sewer line construction is 20 percent complete, and associated lift stations are 65 percent complete.

## **BUDGET FOR CONSTRUCTION OF AUTHORIZED IMPROVEMENTS**

According to the Developer Continuing Disclosure for the period ending 6/30/2018, there are sufficient funds available to the Developer to complete the Development (both bond financed, and non-bond financed). The 2018 Amended and Restated Service and Assessment Plan budget for Authorized Improvements remains unchanged from \$15,057,853.00 as described in the 2018 Amended and Restated Service and Assessment Plan. See the table below for details about the Authorized Improvements budget.

Authorized Improvements Budget Revisions & Authorized Improvement Completion Status					
Authorized Improvement Category	Revised Budget (1)	Actual Spent (2) (3)	% Spent	% Complete	
Road Improvements	\$ 2,880,000	\$ 2,880,000	100%	90%	
Drainage Improvements	\$ 2,945,441	\$ 2,945,441	100%	85%	
Sanitary Sewer Improvements	\$ 780,000	\$ 780,000	100%	100%	
Landscaping/Open Space Improvements	\$ 4,384,099	\$ 4,353,274	99%	60%	
Soft Costs	\$ 1,555,395	\$ 1,586,220	102%	100%	
	\$ 12,544,935	\$ 12,544,935	100%		
Capitalized Interest	\$ 414,490	\$ 414,490	100%	100%	
Debt Service Reserve Fund	\$ 980,288	\$ 980,288	100%	100%	
Underwriter's Discount	\$ 418,650	\$ 418,650	100%	100%	
Administration Expenses (1st Year)	\$ 52,500	\$ 52,500	100%	100%	
Costs of Issuance	\$ 646,990	\$ 646,990	100%	100%	
	\$ 2,512,918	\$ 2,512,918	100%	100%	
<b>Total Authorized Improvement Costs</b>	<b>\$ 15,057,853</b>	<b>\$ 15,057,853</b>	<b>100%</b>		

1) Costs per Owner's budget dated 1/5/2018 approved in 2018 Amended and Restated Service and Assessment Plan.  
2) Per the 2018 Quarter 2 Developer Continuing Disclosure.  
3) Reimbursements from Project Bond Fund are not complete.

## LOT SALES & HOME SALES UPDATE

According to the 2018 Quarter 2 Developer Continuing Disclosure, per the Developer:

*On March 18, 2018, Waterbrook Commercial Investors LLC executed two contracts to sell land to Castle Development Group for commercial development purposes. The first contract was for approximately 23.2 acres to be developed for commercial purpose and the contract price was \$7.92 per square foot for the gross acreage as determined by survey. The second contract was for approximately 3.7 acres to be developed for commercial purposes and the contract price was for \$12 per square foot. On June 12, 2018, the contracts were amended to combine the two contracts and adjust the terms. The contracts now are as follows: The 23.2 acre purchase contract was terminated. The 3.7 acre contract had approximately 2.21 acres added to it for a total of 5.9 acres. The purchase price of the 5.9 acres was amended to \$10 per square foot and the closing date is set for July 18, 2018. **Exhibit A-1** attached highlights the property that Castle Development Group is currently contracted to close on July 18, 2018. The 2.21 acres that was added to the contract reflects as shown on **Exhibit A-1**, Tract C (1.007 acres) and the southern 1.20 acres of Tract D which was previously 19.6 acres. The purchaser intends to develop these sites as professional and medical office. Waterbrook Commercial Investors LLC will retain ownership of the remainder of Tract D (18.4 acres), Tract E (0.4 acres), Tract F (1.3 acres), and Tract G (0.8 acres) as shown on **Exhibit A-1** for a total of 20.9 acres. Upon closing of that property, Castle Development Group will constitute a subsequent third-party owner under the*

*agreement.*

See **Exhibit A-2** attached hereto for a map depicting final Parcels as of January 1, 2018, as well as an ownership breakdown between Parcels.

According to the Developer, the remaining 1/3 of residential Lots will be purchased by CalAtlantic under a current contract in September 2018. According to the 2018 Quarter 2 Developer Continuing Disclosure, no other Parcels/Lots have been sold, and no residential homes or commercial buildings have been constructed. The estimated date of completion for all units expected to be constructed in the PID is December 2022.

## **PARCEL SUBDIVISION & REZONING**

According to the 2018 Quarter 2 Developer Continuing Disclosure:

*A Terra Manna affiliate Waterbrook SE, LP purchased approximately 5 acres on the south front of FM 407 which is bordered on three sides by the PID property (the "Stafford Property") in the northeastern portion of the PID. On February 27, 2018, the Town rezoned the Stafford Property pursuant to Town Ordinance No. 2018-05 (the "Stafford Rezoning"). The Stafford Rezoning covers all of the Stafford Property and approximately 6.67 acres of property within the PID that was previously zoned pursuant to Ordinance No. 2016-08. The Stafford Rezoning converts some zoning in the PID along FM 407 from residential use to commercial use (increasing the total area for commercial development by approximately 1.4 acres and correspondingly reducing the number of planned residential units), and allows construction of additional residential units some of which are located wholly within the PID, some of which are located partially within the PID and partially within the Stafford Property, and some of which are located entirely within the Stafford Property.*

Based on the 2018 Amended and Restated Service and Assessment Plan, any Lots located partially within the PID will be considered outside of the PID and a reallocation of Assessments is required. Any revised final plat submitted pursuant to such rezoning, which will trigger a reallocation of Assessments as set forth in the 2018 Amended and Restated Service and Assessment Plan, may not be filed until a prepayment has been made to satisfy the terms of the 2018 Amended and Restated Service and Assessment Plan. See **Exhibit B** for the Stafford Rezoning final plat and PID boundary. The Lots shown on the approved Stafford Rezoning final plat, which are located wholly within the PID boundary, are reflected in the Assessment Roll in the 2018 Service Plan Update - Stafford. See the section titled "Mandatory Developer Prepayment" in this 2018 Service Plan Update - Stafford for more details.

## MANDATORY DEVELOPER PREPAYMENT

On February 27, 2018, the Town approved Ordinance No. 2018-05 approving the Stafford Rezoning. In accordance with Section VI.C.2-3 of the 2018 Amended and Restated Service and Assessment Plan:

2. If the replatting of any Assessed Property causes the Assessment per Parcel to exceed the Maximum Assessment, then the Owner shall prepay to the Town a portion of the Assessment in an amount necessary to cause the Assessment to equal the Maximum Assessment.

3. If the replatting of any Assessed Property causes the amount of the outstanding principal amount of PID Bonds to exceed the total amount of Assessments outstanding in the PID, then the Owner shall prepay to the Town an amount necessary to make the outstanding Assessments equal or exceed the outstanding principal amount of PID Bonds, prior to replatting, taking into account the timing required to effect any required redemption of outstanding principal amount of PID Bonds pursuant the terms of the Indenture.

and; the Maximum Assessment in the 2018 Amended and Restated Service and Assessment Plan as defined as:

**“Maximum Assessment”** means, for each Parcel, an Assessment equal to the lesser of: (i) the amount calculated pursuant Section VI.B, (ii) an amount that produces an average Annual Installment resulting in the Maximum Equivalent Tax Rate, or (iii) \$0.00 for any Parcel located, in whole or in part, outside of the boundaries of the PID. The Maximum Assessment has initially been calculated upon the submission of the Final Plat. The Maximum Assessment will be recalculated upon the submission to the Town’s Planning and Zoning Commission of any amendment to or replat of the Final Plat and satisfaction of the Maximum Assessment will be a condition for approval of any amendment to or replat of the Final Plat by the Town’s Planning and Zoning Commission.

therefore, a mandatory prepayment is required.

Given the approved Stafford Rezoning, the 2018 Developer Quarter 2 Continuing Disclosure, and in accordance with the mandatory prepayment requirement in Section VI.C.2-3 of the 2018 Amended and Restated Service and Assessment Plan, the Stafford Rezoning causes the Assessment per Parcel within the Residential Use Parcel to exceed the Maximum Assessment calculated as follows:

Original Maximum Assessment*				
	Lot Count	Assessment/Lot	Equivalent Tax Rate	
Lot Type 1	81	\$ 32,728.01	\$	0.6697
Lot Type 2	129	\$ 38,540.36	\$	0.6697
Lot Type 3	65	\$ 49,270.85	\$	0.6697
	275			

\*Total Residential Use Parcel Allocation = \$10,825,279.72

Assessment Due to Stafford Rezoning*				
	Lot Count	Assessment/Lot	Equivalent Tax Rate	
Lot Type 1	80	\$ 33,917.33	\$	0.6941
Lot Type 2	120	\$ 39,940.89	\$	0.6941
Lot Type 3	65	\$ 51,061.33	\$	0.6941
	265			

\*Total Residential Use Parcel Allocation = \$10,825,279.72

The original Residential Use Parcel unit mix consisted of 275 Lots, and the Stafford Rezoning reduced the Residential Use Parcel unit mix to 265 Lots, causing the Maximum Assessment per Lot to increase, and causing the equivalent tax rate per lot type to exceed the Maximum Equivalent Tax Rate. Therefore, the Owner shall prepay to the Town a portion of the Assessment in an amount necessary to cause the new Assessment per Lot due to the Stafford Rezoning to equal the Maximum Assessment established in the 2018 Amended and Restated Service and Assessment Plan. Therefore, the Owner must prepay the Assessment for each of the 10 Lots no longer within or part of the Residential Use Parcel, resulting in a mandatory prepayment of \$379,591.21, as shown in the table below.

Mandatory Prepayment Calculation				
	Original Lot Count	New Lot Count (1)	Assessment/Lot	Prepayment Required
Lot Type 1	81	80	\$ 32,728.01	\$ 32,728.01
Lot Type 2	129	120	\$ 38,540.36	\$ 346,863.21
Lot Type 3	65	65	\$ 49,270.85	\$ -
	275	265		\$ 379,591.21

1) The SAP determined that any Parcel that was not wholly located within the PID boundary would not receive an Assessment. This prepayment calculation, in part, reflects the exclusion of 4 Lots which are not wholly located within the PID boundaries, as determined by the Engineering Plans dated 06/18/2018 and attached as Exhibit B.

## PREPAYMENT OF ASSESSMENTS IN FULL

The outstanding Assessment imposed on any Parcel may be paid in full at any time. To date, no other prepayments of Assessments in full have been received aside from the mandatory prepayment for the Stafford Rezoning.

## TIRZ ANNUAL CREDIT

### Residential Use Parcel

After the mandatory prepayment due to the Stafford Rezoning, the equivalent tax rate for the Residential Use Parcel remained below the target tax rate equivalent of \$0.68 per \$100 of valuation. Therefore, the TIRZ Annual Credit Amount for Residential Lots remains calculated at \$0.00.

### Commercial Use Parcel

The mandatory prepayment due to the Stafford Rezoning reduced the outstanding Assessment for the Residential Use Parcel only, the outstanding Assessment for the Commercial Use Parcel remained the same. However, due to the Stafford Rezoning the total acreage of the Commercial Use Parcel increased, thereby lowering the equivalent tax rate of the Commercial Use Parcel from \$0.586 to \$0.544 per \$100 of value. Therefore, since the target equivalent tax rate for the Commercial Use Parcel is \$0.40, the TIRZ Annual Credit Amount per acre for the Commercial Use Parcel is \$2,695.

The TIRZ Revenues available in the TIF Fund for the Annual Installments due January 31, 2019 is \$0.00. Therefore, \$0.00 will be applied as the TIRZ Annual Credit Amount for the Commercial Use Parcel.

## OUTSTANDING ASSESSMENT

### Residential Use Parcel

The total outstanding Assessment for the Residential Use Parcel is \$10,420,279.72 after applying the mandatory prepayment and debt service reduction, as shown on the table below. The Assessment Roll for the PID is attached as **Exhibit E**.

Residential Use Parcel	
Original Outstanding Assessment	\$ 10,825,279.72
Mandatory Prepayment	\$ 379,591.21
Mandatory Debt Service Reduction	\$ 25,408.79
<b>New Outstanding Assessment</b>	<b>\$ 10,420,279.72</b>

*Note:*

*Assuming no delinquencies. If any prior year installment was not paid in full the outstanding assessment will be increased accordingly.*

Commercial Use Parcel

The total outstanding Assessment for the Commercial Use Parcel is \$3,129,720.28 and does not change as a result of the Stafford Rezoning, as shown on the table below. The Assessment Roll for the PID is attached as **Exhibit E**.

Commercial Use Parcel	
<b>Outstanding Assessment</b>	<b>\$ 3,129,720.28</b>

*Note:*

*Assuming no delinquencies. If any prior year installment was not paid in full the outstanding assessment will be increased accordingly.*

**MATERIAL DISCLOSURES**

There have been material disclosures for the Developer in the previous year. Below is a list of all material Disclosures:

- Effective February 12, 2018, CalAtlantic Group (“CalAtlantic”) merged with Lennar Corporation (“Lennar”). As a result of this merger, CalAtlantic is now a wholly-owned subsidiary of Lennar.
- According to the 2018 Quarter 2 Developer Continuing Disclosure, on March 18, 2018, Waterbrook Commercial Investors LLC executed two contracts to sell land to Castle Development Group for commercial development purposes. The first contract was for approximately 23.2 acres to be developed for commercial purpose and the contract price was \$7.92 per square foot for the gross acreage as determined by survey. The second contract was for approximately 3.7 acres to be developed for commercial purposes and the contract price was for \$12 per square foot. On June 12, 2018, the contracts were amended to combine the two contracts and adjust the terms. The contracts now are as follows: The 23.2 acre purchase contract was terminated. The 3.7 acre contract had approximately 2.21 acres added to it for a total of 5.9 acres. The purchase price of the 5.9 acres was amended to \$10 per square foot and the closing date is set for July 18, 2018. **Exhibit A-1** attached highlights the property that Castle Development Group is currently

contracted to close on July 18, 2018. The 2.21 acres that was added to the contract reflects as shown on **Exhibit A-1**, Tract C (1.007 acres) and the southern 1.20 acres of Tract D which was previously 19.6 acres. The purchaser intends to develop these sites as professional and medical office. Waterbrook Commercial Investors LLC will retain ownership of the remainder of Tract D (18.4 acres), Tract E (0.4 acres), Tract F (1.3 acres), and Tract G (0.8 acres) as shown on **Exhibit A-1** for a total of 20.9 acres. Upon closing of that property, Castle Development Group will constitute a subsequent third-party owner under the agreement.

### BOND FUND

The following is the bond accounts related to the Waterbrook of Argyle Public Improvement District as of June 30, 2018, and each account contains the amount shown below:

Bond Account	6/30/2018 Balance
<b>Bond Pledged Revenue Fund</b>	\$0.00
<b>Bond Fund</b>	
Capitalized Interest Account	\$415,750.03
Principal and Interest Account	
<b>Project Fund</b>	
Bond Improvement Account	\$6,828,154.24
Development Agreement Improvement Account	\$1,603,583.74
Costs of Issuance Account	\$5,547.89
<b>Reserve Fund</b>	
Reserve Account	\$983,266.51
Additional Reserve Account	\$0.00
<b>Redemption Fund</b>	\$0.00
<b>Rebate Fund</b>	\$0.00
<b>Administrative Fund</b>	

### PRINCIPAL & INTEREST, ADDITIONAL INTEREST RESERVE, & ADMINISTRATION EXPENSES

#### Residential Use Parcel

- **Principal and Interest** - The total principal and interest required for the Annual Installment due January 31, 2019 is \$528,050.56.
- **Additional Interest Reserve** - The Additional Interest Reserve Requirement, as defined in the Indenture as an amount equal to 5.5% of the principal amount of the Outstanding Bonds to be funded from Assessment Revenues deposited to the Pledged Revenue Fund,

has not been met. As such, the Additional Interest Reserve will be funded with additional interest on the outstanding Assessment, resulting in an Additional Interest Reserve amount due of \$52,101,40.

- **Administration Expenses** - The cost of administering the PID, collecting the Annual Installments, dissemination agent fees, audit fees, Trustee fees, and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of outstanding Assessment remaining on the Parcel. The total Administration Expenses budgeted for the Annual Installment due January 31, 2019 is \$29,684.34.

Residential Use Parcel		
<b>Annual Installment Due 1/31/2019</b>		
Principal	\$	-
Interest	\$	528,050.56
Additional Interest Reserve	\$	52,101.40
Administration Expenses	\$	29,684.34
<b>Total Annual Installment</b>	<b>\$</b>	<b>609,836.30</b>

Commercial Use Parcel

- **Principal and Interest** - The total principal and interest required for the Annual Installment due January 31, 2019 is \$158,599.44.
- **Additional Interest Reserve** - The Additional Interest Reserve Requirement, as defined in the Indenture as an amount equal to 5.5% of the principal amount of the Outstanding Bonds to be funded from Assessment Revenues deposited to the Pledged Revenue Fund, has not been met. As such, the Additional Interest Reserve will be funded with additional interest on the outstanding Assessment, resulting in an Additional Interest Reserve amount due of \$15,648.60.
- **Administration Expenses** - The cost of administering the PID, collecting the Annual Installments, dissemination agent fees, audit fees, Trustee fees, and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of outstanding Assessment remaining on the Parcel. The total Administration Expenses budgeted for the Annual Installment due January 31, 2019 is \$8,915.66.
- **TIRZ Annual Credit Amount** – The total TIRZ Annual Credit Amount applied to Annual Installment due January 31, 2019 for the Commercial Use Parcel is \$0.00.

<b>Commercial Use Parcel</b>		
<b>Annual Installment Due 1/31/2019</b>		
Principal	\$	-
Interest	\$	158,599.44
Additional Interest Reserve	\$	15,648.60
Administration Expenses	\$	8,915.66
TIRZ Annual Credit Amount	\$	-
<b>Total Annual Installment</b>	<b>\$</b>	<b>183,163.70</b>

### **FIVE YEAR BUDGET FORECAST**

The Act requires the annual indebtedness and projected costs for the improvements to be reviewed and updated in the 2018 Service Plan Update - Stafford, and the projection shall cover a period of not less than five years.

**Five Year Budget Projection**

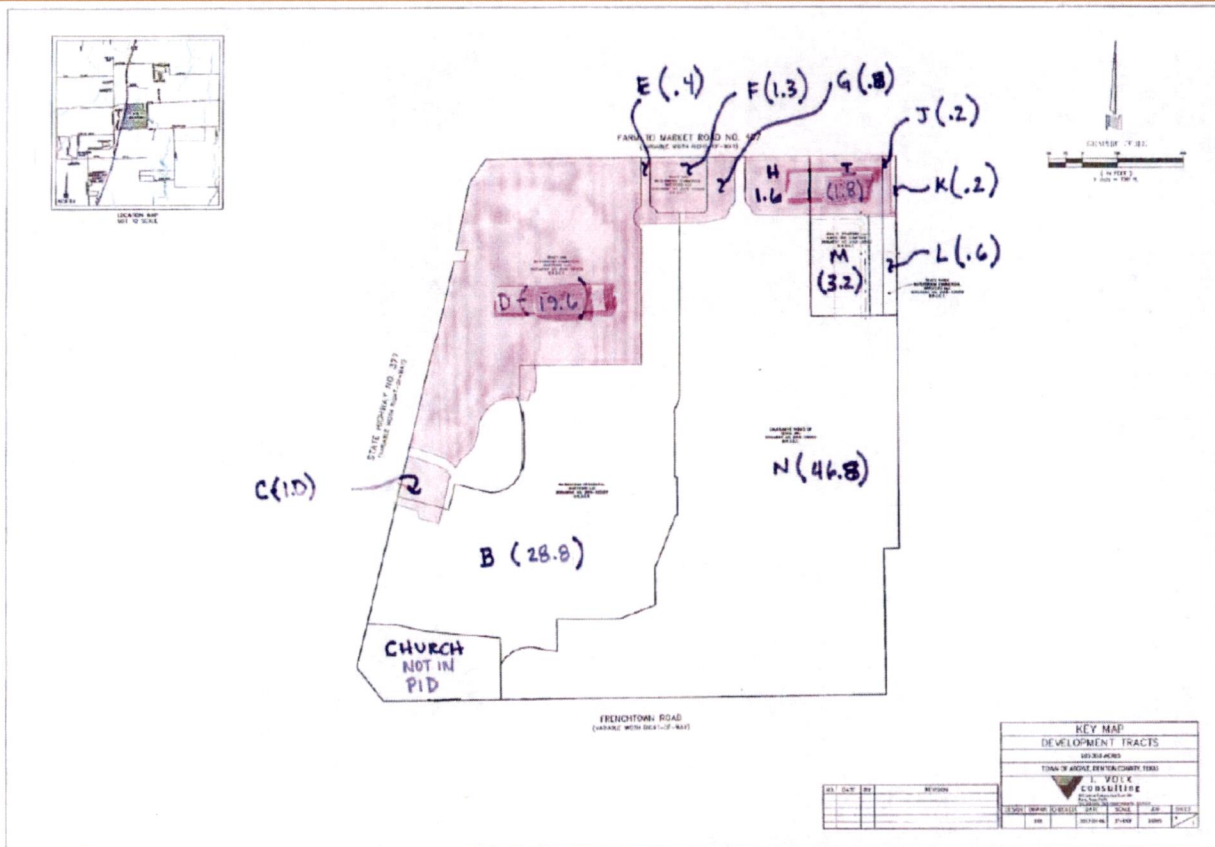
<b>Residential Use Parcel</b>						
Installments Due		1/31/2019	1/31/2020	1/31/2021	1/31/2022	1/31/2023
Principal		\$ -	\$ 176,875.60	\$ 184,565.84	\$ 192,256.08	\$ 199,946.33
Interest		\$ 528,050.56	\$ 528,050.56	\$ 520,533.35	\$ 512,689.30	\$ 504,518.41
<b>Total Debt Service</b>	<b>(1)</b>	<b>\$ 528,050.56</b>	<b>\$ 704,926.16</b>	<b>\$ 705,099.19</b>	<b>\$ 704,945.38</b>	<b>\$ 704,464.74</b>
Additional Interest Reserve	(2)	\$ 52,101.40	\$ 52,101.40	\$ 51,217.02	\$ 50,294.19	\$ 49,332.91
Administrative Expenses	(3)	\$ 29,684.34	\$ 30,278.03	\$ 30,883.59	\$ 31,501.26	\$ 32,131.28
<b>Total Installment</b>	<b>(4) = (1) + (2) + (3)</b>	<b>\$ 609,836.30</b>	<b>\$ 787,305.58</b>	<b>\$ 787,199.79</b>	<b>\$ 786,740.83</b>	<b>\$ 785,928.94</b>

<b>Commercial Use Parcel</b>						
Installments Due		1/31/2019	1/31/2020	1/31/2021	1/31/2022	1/31/2023
Principal		\$ -	\$ 53,124.40	\$ 55,434.16	\$ 57,743.92	\$ 60,053.67
Interest		\$ 158,599.44	\$ 158,599.44	\$ 156,341.65	\$ 153,985.70	\$ 151,531.59
<b>Total Debt Service</b>	<b>(1)</b>	<b>\$ 158,599.44</b>	<b>\$ 211,723.84</b>	<b>\$ 211,775.81</b>	<b>\$ 211,729.62</b>	<b>\$ 211,585.26</b>
Additional Interest Reserve	(2)	\$ 15,648.60	\$ 15,648.60	\$ 15,382.98	\$ 15,105.81	\$ 14,817.09
Administrative Expenses	(3)	\$ 8,915.66	\$ 9,093.97	\$ 9,275.85	\$ 9,461.37	\$ 9,650.60
TIRZ Annual Credit Amount	(4)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Installment</b>	<b>(5) = (1) + (2) + (3) - (4)</b>	<b>\$ 183,163.70</b>	<b>\$ 236,466.42</b>	<b>\$ 236,434.65</b>	<b>\$ 236,296.80</b>	<b>\$ 236,052.95</b>

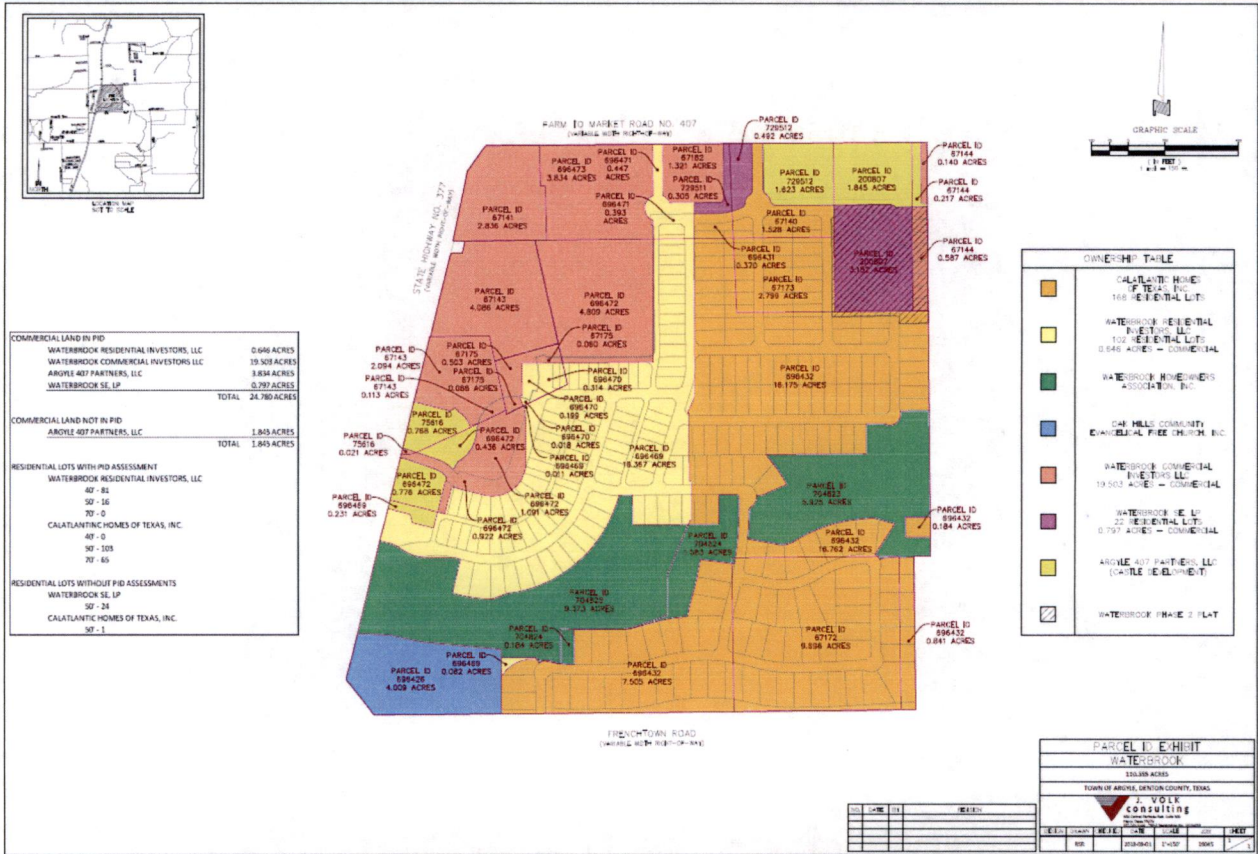
## UPDATE OF THE ASSESSMENT ROLL

The list of current Lots within the PID, the corresponding total assessments, and current Annual Installment are shown on the Assessment Roll attached hereto as **Exhibit E**. The Parcels shown on the Assessment Roll will receive the bills for the 2018 Annual Installments on the Denton County tax bills for 2018 which will be delinquent if not paid by January 31, 2019.

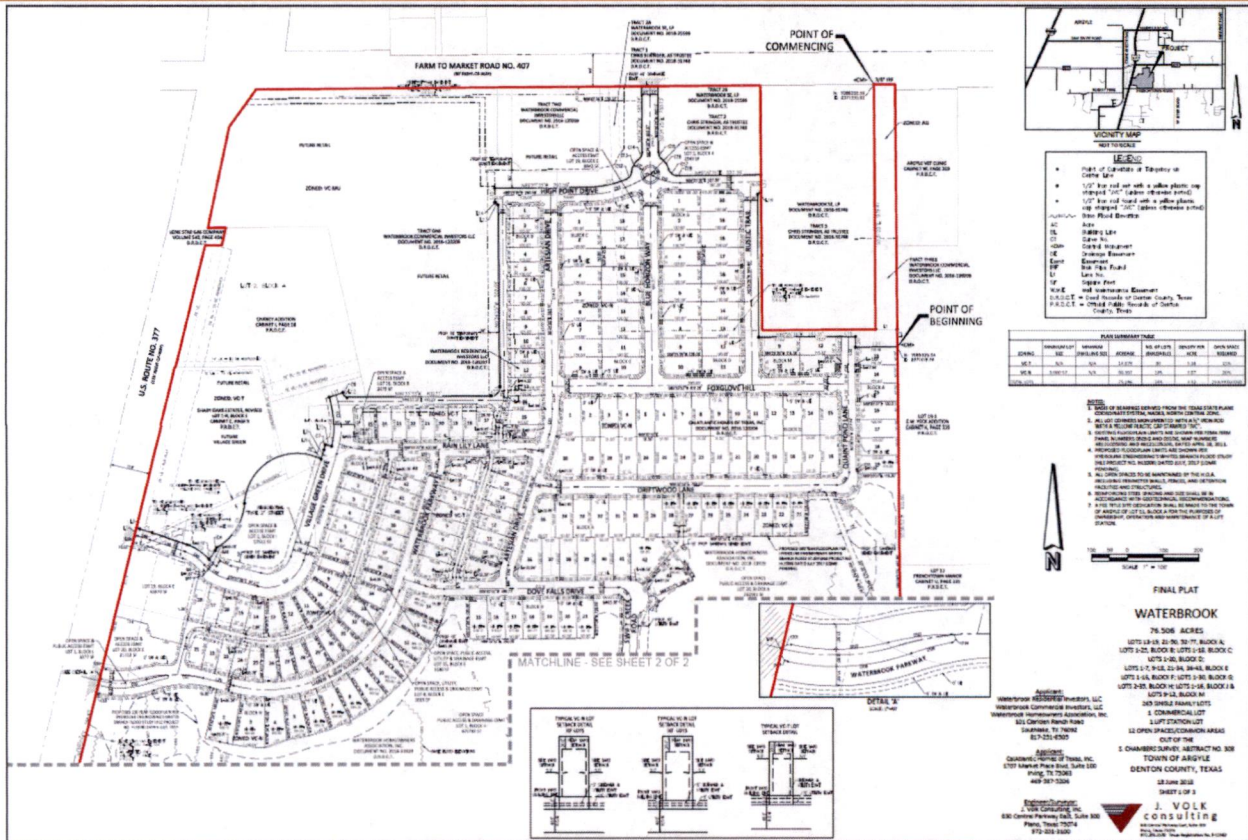
EXHIBIT A-1 – DEPICTION OF TRACTS WITH CHANGE IN OWNERSHIP



## EXHIBIT A-2 – PARCEL ID AND OWNERSHIP BREAKDOWN



**EXHIBIT B – STAFFORD REZONING FINAL PLAN & PID BOUNDARY**





## EXHIBIT C – LIEN RELEASES

The outstanding Assessment imposed on any Parcel may be paid in full at any time. To date, no prepayments of Assessments other than the mandatory prepayment due to the Stafford Rezoning have been received.

## EXHIBIT D – NEW DEBT SERVICE SCHEDULE AFTER STAFFORD REZONING

Final  
\$13,955,000

Waterbrook Public Improvement District #1  
Special Assessment Revenue Bonds  
Series 2018 - After 10/1/2018 Payoff

### Current Outstanding Debt Service

Date	Principal	Coupon	Interest	Total P+I
09/01/2019	-	-	686,650.00	686,650.00
09/01/2020	230,000.00	4.250%	686,650.00	916,650.00
09/01/2021	240,000.00	4.250%	676,875.00	916,875.00
09/01/2022	250,000.00	4.250%	666,675.00	916,675.00
09/01/2023	260,000.00	4.250%	656,050.00	916,050.00
09/01/2024	270,000.00	4.625%	645,000.00	915,000.00
09/01/2025	285,000.00	4.625%	632,512.50	917,512.50
09/01/2026	300,000.00	4.625%	619,331.26	919,331.26
09/01/2027	315,000.00	4.625%	605,456.26	920,456.26
09/01/2028	330,000.00	4.625%	590,887.50	920,887.50
09/01/2029	345,000.00	5.125%	575,625.00	920,625.00
09/01/2030	365,000.00	5.125%	557,943.76	922,943.76
09/01/2031	385,000.00	5.125%	539,237.50	924,237.50
09/01/2032	405,000.00	5.125%	519,506.26	924,506.26
09/01/2033	425,000.00	5.125%	498,750.00	923,750.00
09/01/2034	450,000.00	5.125%	476,968.74	926,968.74
09/01/2035	475,000.00	5.125%	453,906.26	928,906.26
09/01/2036	500,000.00	5.125%	429,562.50	929,562.50
09/01/2037	530,000.00	5.125%	403,937.50	933,937.50
09/01/2038	560,000.00	5.125%	376,775.00	936,775.00
09/01/2039	585,000.00	5.250%	348,075.00	933,075.00
09/01/2040	620,000.00	5.250%	317,362.50	937,362.50
09/01/2041	655,000.00	5.250%	284,812.50	939,812.50
09/01/2042	690,000.00	5.250%	250,425.00	940,425.00
09/01/2043	730,000.00	5.250%	214,200.00	944,200.00
09/01/2044	770,000.00	5.250%	175,875.00	945,875.00
09/01/2045	815,000.00	5.250%	135,450.00	950,450.00
09/01/2046	860,000.00	5.250%	92,662.50	952,662.50
09/01/2047	905,000.00	5.250%	47,512.50	952,512.50
<b>Total</b>	<b>\$13,550,000.00</b>	<b>-</b>	<b>\$13,164,675.04</b>	<b>\$26,714,675.04</b>

#### Yield Statistics

Base date for Avz. Life & Avz. Coupon Calculation	10/01/2018
Average Life	18.703 Years
Average Coupon	5.1722086%
Weighted Average Maturity (Par Basis)	18.703 Years

#### Refunding Bond Information

Refunding Dated Date	10/01/2018
Refunding Delivery Date	10/01/2018

Waterbrook PID pricing II | SINGLE PURPOSE | 9/16/2018 | 10:32 AM

Hilltop Securities Inc.  
Public Finance

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**EXHIBIT E – ASSESSMENT ROLL**

Parcel ID	Parcel Use	Outstanding Assessment	Annual Installment Due 1/31/19				Total Annual Installment
			Principal	Interest	Additional Interest Reserve	Administration Expense	
67140	Residential Use Parcel	\$ 192,233.04	\$ -	\$ 9,741.46	\$ 961.17	\$ 547.62	\$ 11,250.24
67141	Commercial Use Parcel	\$ 362,101.85	\$ -	\$ 18,349.61	\$ 1,810.51	\$ 1,031.52	\$ 21,191.64
67143	Commercial Use Parcel	\$ 522,808.54	\$ -	\$ 26,493.47	\$ 2,614.04	\$ 1,489.33	\$ 30,596.84
67144	Open Space/Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67172	Residential Use Parcel	\$ 1,769,436.02	\$ -	\$ 89,666.66	\$ 8,847.18	\$ 5,040.61	\$ 103,554.45
67173	Residential Use Parcel	\$ 653,592.34	\$ -	\$ 33,120.97	\$ 3,267.96	\$ 1,861.89	\$ 38,250.83
67175	Commercial Use Parcel	\$ 64,359.45	\$ -	\$ 3,261.43	\$ 321.80	\$ 183.34	\$ 3,766.57
67182	Commercial Use Parcel	\$ 200,358.76	\$ -	\$ 10,153.24	\$ 1,001.79	\$ 570.76	\$ 11,725.79
75616	Commercial Use Parcel	\$ 381,166.58	\$ -	\$ 19,315.72	\$ 1,905.83	\$ 1,085.83	\$ 22,307.39
696431	Residential Use Parcel	\$ 38,446.61	\$ -	\$ 1,948.29	\$ 192.23	\$ 109.52	\$ 2,250.05
696432	Residential Use Parcel	\$ 4,325,912.47	\$ -	\$ 219,216.81	\$ 21,629.56	\$ 12,323.26	\$ 253,169.64
696469	Residential Use Parcel & Commercial Use Parcel	\$ 3,438,896.24	\$ -	\$ 174,267.02	\$ 17,194.48	\$ 9,796.41	\$ 201,257.91
696470	Open Space/Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
696471	Residential Use Parcel & Commercial Use Parcel	\$ 89,842.58	\$ -	\$ 4,552.80	\$ 449.21	\$ 255.94	\$ 5,257.95
696472	Commercial Use Parcel	\$ 774,857.51	\$ -	\$ 39,266.12	\$ 3,874.29	\$ 2,207.34	\$ 45,347.75
696473	Commercial Use Parcel	\$ 428,265.41	\$ -	\$ 21,702.47	\$ 2,141.33	\$ 1,220.00	\$ 25,063.80
704823	Open Space/Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
704824	Open Space/Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
704825	Open Space/Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
729511	Commercial Use Parcel	\$ 47,981.69	\$ -	\$ 2,431.49	\$ 239.91	\$ 136.69	\$ 2,808.08
729512	Commercial Use Parcel	\$ 259,740.91	\$ -	\$ 13,162.44	\$ 1,298.70	\$ 739.93	\$ 15,201.07
<b>Total</b>		<b>\$ 13,550,000.00</b>	<b>\$ -</b>	<b>\$ 686,650.00</b>	<b>\$ 67,750.00</b>	<b>\$ 38,600.00</b>	<b>\$ 793,000.00</b>