

ORDINANCE NO. 2017-16

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF ARGYLE, TEXAS ACCEPTING AND APPROVING A SERVICE AND ASSESSMENT PLAN AND ASSESSMENT ROLL FOR THE HIGHLANDS OF ARGYLE PUBLIC IMPROVEMENT DISTRICT NO. 1; A REIMBURSEMENT AGREEMENT, MAKING A FINDING OF SPECIAL BENEFIT TO THE PROPERTY IN THE DISTRICT; LEVYING SPECIAL ASSESSMENTS AGAINST PROPERTY WITHIN THE DISTRICT AND ESTABLISHING A LIEN ON SUCH PROPERTY; PROVIDING FOR THE METHOD OF ASSESSMENT AND THE PAYMENT OF THE SPECIAL ASSESSMENTS IN ACCORDANCE WITH CHAPTER 372, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED, PROVIDING PENALTIES AND INTEREST ON DELINQUENT ASSESSMENTS, PROVIDING FOR SEVERABILITY, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on March 15, 2016, a petition was submitted and filed with the Town Secretary (the "Town Secretary") of the Town of Argyle, Texas (the "Town") pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "PID Act"), requesting the creation of a public improvement district within the Town ; and

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

WHEREAS, on April 26, 2016, after due notice, the Town Council of the Town (the "Town Council") held a public hearing in the manner required by law on the advisability of the public improvements and services described in the petition as required by Section 372.009 of the PID Act and made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2016-07 (the "Authorization Resolution") adopted by a majority of the members of the Town Council, authorized and created The Highlands of Argyle Public Improvement District No. 1 (the "District") in accordance with its finding as to the advisability of the authorized improvements relating to the District (the "Authorized Improvements"); and

WHEREAS, the Town published the Authorization Resolution as required by law; and

WHEREAS, no written protests regarding the creation of the District from any owners of record of property within the District were filed with the Town Secretary;

WHEREAS, on June 27, 2017, the Council adopted a resolution approving the preliminary service and assessment plan, including the proposed assessment roll; calling for a public hearing to consider an ordinance levying assessments on property within the District (the "Special Assessments"); authorizing and directing the Town Secretary of the Town to file the

proposed assessment roll and make such roll available for public inspection; authorizing and directing the publication of notice of a public hearing to consider the levying of the Special Assessments against the property within the District; authorizing and directing the mailing of notice of the Levy and Assessment Hearing to owners of property liable for assessment; and directing related action; and

WHEREAS, the proposed assessment roll has been on file with the Town Secretary and available for public inspection; and

WHEREAS, the Town Secretary, pursuant to Section 372.016(b) of the PID Act, published notice of the Levy and Assessment Hearing on July 15, 2017 in the *Denton Record-Chronicle*, a newspaper of general circulation in the Town; and

WHEREAS, the Town Secretary, pursuant to Section 372.016(c) of the PID Act, mailed the notice of the Levy and Assessment Hearing to the last known address of the owners of the property liable for the Special Assessments on July 10, 2017; and

WHEREAS, at the Levy and Assessment Hearing on August 8, 2017, all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Assessment Roll, and the proposed Special Assessments, and to offer testimony pertinent to any issue presented on the amount of the Special Assessments, the allocation of the Actual Costs of the Authorized Improvements to be undertaken for the benefit of property within the District (the "Improvements"), the purposes of the Special Assessments, the special benefits of the Special Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Special Assessments; and

WHEREAS, the Town Council finds and determines that the Assessment Roll and The Highlands of Argyle Public Improvement District No. 1 Service and Assessment Plan, dated August 8, 2017 in a form substantially similar to the attached **Exhibit A**, which final form shall be approved by the Interim Town Manager (the "Service and Assessment Plan"), and which is incorporated herein for all purposes, should be approved and that the Special Assessments should be levied as provided in this Ordinance and the Service and Assessment Plan and the Assessment Roll attached thereto as Appendix G (the "Assessment Roll"); and

WHEREAS, the Lakes of Argyle, LLC, a Texas limited liability company (the "Developer") has presented the Town and Town staff with a "The Highlands of Argyle Public Improvement District No. 1 PID Reimbursement Agreement", dated August 8, 2017 (the "Reimbursement Agreement"), a copy of which is attached hereto as Exhibit B and is incorporated herein for all purposes; and

WHEREAS, the Town and the Developer intend for the Improvements to be financed under the terms of the Reimbursement Agreement; and

WHEREAS, the owners (the "Landowners" or the "Assessed Parties"), or their representatives, of the majority of the privately-owned and taxable property located within the District, and who are the persons to be assessed pursuant to this Ordinance, appeared at the

Levy and Assessment Hearing and indicated their approval and acceptance of the Service and Assessment Plan, of the Assessment Roll, this Ordinance and their approval of the levy of the Special Assessments against their property located within the District, and their agreement to pay the Special Assessments when due and payable and requested that the Town file the Service and Assessment Plan and/or the assessment roll with the real property records of Denton County; and

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

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

Section 1. Terms.

Terms not otherwise defined herein, including the preambles to this Ordinance, having the meanings ascribed thereto as set forth in the Service and Assessment Plan.

Section 2. Findings.

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

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

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

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

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

Special Assessments and will receive special benefits during the term of the Special Assessments equal to or greater than the total amount assessed;

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

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

(g) The Assessment Roll should be approved as the Assessment Roll for the District;

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

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

Section 3. Service and Assessment Plan.

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

Section 4. Reimbursement Agreement.

The Reimbursement Agreement is hereby accepted and approved pursuant to Section 372.0023(d) of the PID Act.

Section 5. Assessment Roll.

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

Section 6. Levy and Payment of Special Assessments for Costs of the Improvements.

(a) The Town Council hereby levies an assessment on each Parcel of property (excluding Non-Benefitted Property) located within the District, as shown and described in the Service and Assessment Plan and the Assessment Roll, in the respective amounts shown in the Service and Assessment Plan as a special assessment on the properties set forth in the Assessment Roll. The assessment hereby levied shall be sufficient to pay the obligations under the Reimbursement Agreement or such lesser amount as may be required for the payment of debt service on any bonds or other evidences of indebtedness that may be hereafter issued and costs related thereto in accordance with the terms of the Service and Assessment Plan or that are otherwise authorized by the PID Act.

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

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

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

(e) Each Special Assessment shall bear interest at the rate or rates specified in the Service and Assessment Plan, as the same shall be updated from time to time including upon the issuance of PID Bonds (as defined therein); provided, however, that if no PID Bonds are issued, the interest on any unpaid portion of a Special Assessment shall not exceed the rate or rates required to pay the obligations under the Reimbursement Agreement.

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

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

Section 7. Method of Assessment.

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

Section 8. Penalties and Interest on Delinquent Special Assessments.

Delinquent Special Assessments shall be subject to the penalties, interest, procedures, and foreclosure sales set forth in the Service and Assessment Plan and as allowed by law.

Section 9. Prepayments of Special Assessments.

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

Section 10. Lien Priority.

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

Section 11. Appointment of Administrator and Collector of Assessments.

(a) Appointment of Administrator.

PIDWorks, LLC, is hereby appointed and designated as the initial Administrator of the Service and Assessment Plan and of Special Assessments levied by this Ordinance. The Administrator shall perform the duties of the Administrator described in the Service and Assessment Plan and in this Ordinance. The Administrator's fees, charges and expenses for providing such service shall constitute an Administrative Expense.

(b) Appointment of Temporary Collector.

The Town's Director of Finance is hereby appointed and designated as the temporary collector of the Special Assessments (the "Collector"). The Collector shall serve in such capacity until such time as the Town shall arrange for the Collector's duties to be performed by the Denton County Tax Assessor and Collector, or another qualified collection agent selected by the Town .

Section 12. Applicability of Tax Code.

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

Section 13. Filing in Land Records. The Town Secretary is directed to cause a copy of this Ordinance, including the Service and Assessment Plan and/or the Assessment Roll, to be recorded in the real property records of Denton County. The Town Secretary is further directed to similarly file each Annual Service Plan Update approved by the Town Council.

Section 14. Severability.

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

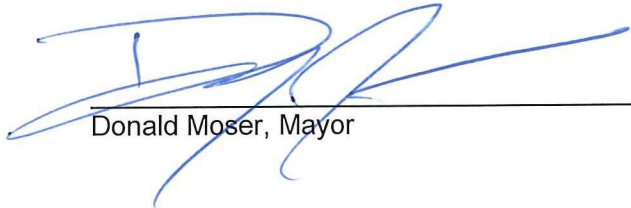
Section 15. Effective Date.

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

[Remainder of Page Intentionally Left Blank; Signatures to Follow]

PASSED AND ADOPTED, this 8th day of August, 2017

TOWN OF ARGYLE, TEXAS


Donald Moser, Mayor

ATTEST:


Town Secretary

(Town Seal)

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me on the 8 day of August 2017 by Donald Moser and Kristi Gilbert, Mayor and Town Secretary, respectively, of the Town of Argyle, Texas on behalf of said Town .



Notary Public, State of Texas



EXHIBIT A

Service and Assessment Plan

The Highlands of Argyle Public Improvement District No. 1 Service and Assessment Plan

August 8, 2017

**SECTION I
INTRODUCTION AND DEFINITIONS**

A. Introduction

1. On April 26, 2016, the Town of Argyle, Texas (the "Town") passed and approved Resolution No. 2016-07 authorizing the establishment of THE HIGHLANDS OF ARGYLE PUBLIC IMPROVEMENT DISTRICT NO. 1 (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 111.41 acres within the corporate limits of the Town: (1) just southwest of the Old Town area; (2) south of Old Justin Road; (3) West of U.S. Highway 377 along and adjacent to the Texas & Pacific Railroad Company; and (4) north of Harpole Road (the "Property"). The Property is zoned under Ordinance No. 2015-21 adopted by the Town Council on September 22, 2015, which ordinance establishes the permitted uses of, and standards for the development of, the Property (the "Zoning Ordinance").

2. Capitalized terms used in this Service and Assessment Plan (as amended from time to time, this "SAP") shall have the meanings given to them in **Section I.B** unless otherwise defined in this SAP or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a "Section" or an "Exhibit" shall be a reference to a Section of this SAP or an Exhibit attached to and made a part of this SAP for all purposes.

3. The Act governs the creation of public improvement districts within the corporate limits and extraterritorial jurisdiction of Texas municipalities and counties. The Act, among other things, governs the process by which Actual Costs of Authorized Improvements are apportioned to and assessed against the Property based on the special benefit conferred on the Property by the Authorized Improvements.

4. The Act requires a service plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements (as updated, from time to time, a "Service Plan"). The Service Plan is contained in **Section IV**.

5. The Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against the Property based on the special benefits conferred on the Property by the Authorized Improvements (as updated, from time to time, an "Assessment Plan"). The Assessment Plan is contained in **Section V**.

6. The Act requires an assessment roll that states the assessment against each Lot determined by the method chosen by the Town Council (as updated, from time, the "Assessment Roll"). The assessment against each Lot must be sufficient to pay the share of

the Actual Costs apportioned to the Lot and cannot exceed the special benefit conferred on the Lot by the Authorized Improvements. The Assessment Roll is contained in **Section VII**.

B. Definitions

1. "**Act**" is defined in **Section I.A.1**.

2. "**Actual Costs**" mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of owners and developers of the Property: (1) to plan, finance, design, acquire, construct, install, and dedicate such improvements to the Town; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) to acquire easements and other right-of-way; (5) for third-party professional consulting services including, but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (6) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; (7) of fees charged by the Town or any other political subdivision or governmental authority; and (8) to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the owners or developers. Actual Costs shall not include general contractor's fees in an amount that exceeds a percentage equal to the percentage of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in subsections (3), (4), (5), (7) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

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

4. "**Additional Interest Reserve**" is defined in **Section V.E**.

5. "**Administrative Expenses**" mean the actual or budgeted costs and expenses related to the creation and operation of the PID, the issuance and sale of PID 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 Special Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming PID Bonds; (6) investing or depositing Special Assessments and Annual Installments; (7) complying with this SAP and the Act with respect to the issuance and sale of PID Bonds, including continuing disclosure

requirements; (8) the paying agent/registrar and Trustee in connection with PID 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.

6. **“Administrator”** means the person or independent firm designated by the Town Council to perform the duties and obligations of the "Administrator" in this SAP.

7. **“Annual Installment”** means the annual installment payments of a Special Assessment calculated by the Administrator and approved by the Town Council, including: (1) principal; (2) interest; (3) Administrative Expenses; and (4) the Additional Interest that funds Prepayment Costs and Delinquent Collection Costs.

8. **“Annual Service Plan Update”** means an update to the Service Plan prepared no less frequently than annually by the Administrator and approved by the Town Council.

9. **“Assessed Parcel”** means any Lot against which a Special Assessment is levied.

10. **“Assessment Ordinance”** means the ordinance adopted by the Town Council in accordance with the Act that levies the Special Assessments.

11. **“Assessment Roll”** is defined in **Section I.A.6.**

12. **“Assessment Plan”** is defined in **Section I.A.5.**

13. **“Authorized Improvements”** mean improvements authorized by Section 372.003 of the Act including those listed in **Section III.**

14. **“Authorized Improvement Costs”** mean the estimated costs of the Authorized Improvements as shown on **Exhibit C.**

15. **“Delinquent Collection Costs”** mean, for a Lot, interest, penalties, and other costs and expenses authorized by the Act that directly or indirectly relate to the collection of delinquent Special Assessments, delinquent Annual Installments, or any other delinquent amounts due under this SAP, including costs and expenses to foreclose liens.

16. **“Final Plat”** means the *Final Plat of Highlands of Argyle*, an unrecorded copy of which is attached as **Exhibit B.** When the Final Plat is recorded in the real property records of Denton County, Texas, the recorded plat shall replace the unrecorded plat for purposes of this SAP.

17. **“HOA Lots”** means any portion of the Property owned by or dedicated to a homeowner or property owner association including, but not limited to:

- | | |
|-----------------|-----------------|
| Lot 36, Block A | Lot 2, Block C |
| Lot 1, Block B | Lot 20, Block F |
| Lot 1, Block E | Lot 1, Block H |

Lot 1, Block G
Lot 1, Block L
Lot 1, Block P
Lot 1, Block R

Lot 1, Block M
Lot 13, Block Q
Lot 2, Block S

18. **“Lot”** means a portion of the Property described by "Lot" and "Block" on the Final Plat.

19. **“Non-Benefited Property”** means Lots (or any other portions of the Property) that receive no special benefit from the Authorized Improvements, including Public Property and the HOA Lots.

20. **“Oversized Residential Lot”** means the Lot shown as Lot 1, Block S on the Final Plat

21. **“Owner”** means The Lakes of Argyle, LLC and any successor owner of the Property or any portion thereof.

22. **“PID”** is defined in **Section I.A.1.**

23. **“PID Bond Fee”** is defined in **Section VIII.A.1**

24. **“PID Bonds”** mean the *Town of Argyle, Texas, Special Assessment Revenue Bonds, Series 2017 (The Highlands of Argyle Public Improvement District No. 1 Project)* secured by Special Assessments.

25. **“PID Bond Indenture”** means an Indenture of Trust, as the same may be amended from time to time, between the Town and the Trustee setting forth terms and conditions related to the PID Bonds.

26. **“Prepayment Costs”** mean, to the extent allowed by the Act: (1) interest, penalties, costs, and expenses, if any, resulting from the prepayment of a Special Assessment; and (2) third-party costs and expenses, if any, paid or incurred by the Town and resulting from the prepayment of a Special Assessment.

27. **“Property”** is defined in **Section I.A.1.**

28. **“Public Property”** means real property, whether conveyed or dedicated in fee simple, as an easement, license, or otherwise, to the Federal Government, to Denton County, to the Town, or to any other political subdivision, public or government agency, or public utility. Public Property includes the following public parkland to be dedicated to the Town:

Lot 1, Block A
Lot 41, Block A

Lot 1, Block C

29. **“Reimbursement Agreement”** means the *PID Reimbursement Agreement – The Highlands of Argyle Public Improvement District No. 1*, effective August 8, 2017, between the Town and the Owner, as the developer of the Authorized Improvements.
30. **“Residential Lots”** mean the following 138 Lots as shown on the Final Plat:
- | | |
|---------------------|---------------------|
| Lots 2-29, Block A | Lots 1-14, Block D |
| Lots 1-14, Block J | Lots 1-12, Block K |
| Lots 1-17, Block N | Lots 37-40, Block A |
| Lots 1-19, Block F | Lots 21-24, Block F |
| Lots 1-12, Block Q | Lots 14-21, Block Q |
| Lots 30-35, Block A | |
31. **“SAP”** is defined in **Section I.A.2.**
32. **“Service Plan”** is defined in **Section I.A.4.**
33. **“Special Assessment”** means an assessment levied against a Lot pursuant to the Act.
34. **“Town”** is defined in **Section I.A.1.**
35. **“Town Council”** means the governing body of the Town.
36. **“Trustee”** means the trustee (or successor trustee) under a PID Bond Indenture.
37. **“Zoning Ordinance”** is defined in **Section I.A.1.**

**SECTION II
THE PROPERTY**

The Property includes approximately 111.41 contiguous acres within the corporate limits of the Town as generally described in **Section I.A.1** and more particularly described by metes and bounds on **Exhibit A**. Development of the Property is anticipated to include: (1) 138 single-family Residential Lots; (2) 1 single-family Oversized Residential Lot, (3) 13 HOA Lots; and (4) three Lots that will be dedicated to the Town as public parkland. The Residential Lots are similar in size and uses, except for the Oversized Residential Lot. The Oversized Residential Lot has previously been developed and will be receiving the same benefit from the Authorized Improvements as the Residential Lots. The Property includes Lot 1, Block C (to be dedicated as public parkland), an approximately 4.82-acre gas well drill site, together with a 30-foot wide access easement from the drill site to Old Justin Road.

**SECTION III
AUTHORIZED IMPROVEMENTS; COSTS**

A. The Town Council, based on information provided by the Owner and its engineer and reviewed by the Town staff and by third-party consultants retained by the Town, has determined that the Authorized Improvements described below, summarized on **Exhibit C** and illustrated on **Exhibit C-1**, are public improvements authorized by the Act that confer a special benefit on the Assessed Property. The Town Council has further determined that the Authorized Improvement Costs summarized on **Exhibit C** have been determined based on engineering reports prepared on behalf of the Owner. The Authorized Improvements are described as follows:

- 1. STREET** improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, handicapped ramps, and street lights.
- 2. SANITARY SEWER** improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, and testing.
- 3. STORM DRAINAGE** improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, and concrete outfalls.
- 4. OPEN SPACE IMPROVEMENTS** within the common area including subgrade compaction, reinforcing steel, and concrete.
- 5. SOFT COSTS** related to designing, constructing, and installing the Authorized Improvements including land planning and design, city fees, engineering, soil testing, survey, construction management, legal, special assessment consulting and contingency.

B. Any cost overrun of any category of Authorized Improvement Cost may be off-set by an underrun of any other Authorized Improvement Cost.

C. The Authorized Improvements and Authorized Improvement Costs are subject to adjustment with each Annual Service Plan Update; provided, however, the total Special Assessment levied against the Assessed Property shall not increase.

D. Authorized Improvement Costs will be paid or reimbursed as described in the Reimbursement Agreement and are anticipated to be paid from the net proceeds of PID Bonds. If the net proceeds of the PID Bonds are insufficient, unpaid Authorized

Improvement Costs will be paid by the Owner or provided from any other legal, unencumbered source. If PID Bonds are not issued, eligible Authorized Improvement Costs paid by the Owner will be reimbursed as described in the Reimbursement Agreement. The proposed sources and uses of funds are shown on **Exhibit D**.

E. All Authorized Improvements shall be designed, constructed, installed, and dedicated to the Town in accordance with the Zoning Ordinance and with all other applicable Town ordinances, as amended.

SECTION IV SERVICE PLAN

The Service Plan attached as **Exhibit F** covers a period of at least five years, including the projected annual costs of the Authorized Improvements and the projected annual indebtedness for the Authorized Improvements. The Service Plan must be reviewed and updated by the Town Council at least annually.

SECTION V ASSESSMENT PLAN

A. Introduction. The Act allows the Town Council to apportion the Authorized Improvement Costs to the Assessed Parcels based on the special benefit received by the Authorized Improvements. The Act provides that such costs may be apportioned: (i) equally per front foot or square foot; (ii) according to the value of property as determined by the Town Council, with or without regard to improvements constructed on the property; or (iii) in any other manner approved by the Town Council that results in imposing equal shares of such costs on property similarly benefited.

B. Findings 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 Town staff and by third-party consultants retained by the Town, has found and determined:

1. that the Residential Lots and the Oversized Residential Lot receive a special benefit from the Authorized Improvements that equals or exceeds the Authorized Improvement Costs; and
2. that the Public Property and HOA Lots do not receive a special benefit from the Authorized Improvements.

C. Apportionment of Costs. The Town Council, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the Town staff and by third-party consultants retained by the Town, and taking into consideration that the Residential Lots are similar in size and uses, has found and determined:

1. that each Residential Lot receives the same special benefit from the Authorized Improvements as every other Residential Lot and as the Oversized Residential Lot; therefore, the Authorized Improvement Costs are apportioned equally among the 138 Residential Lots and 1 Oversized Residential Lot as shown on **Exhibit E, Column 3**, and that based on the benefits conferred on the Residential Lots and the Oversized Residential Lot by such Authorized Improvements, the maximum Special Assessment per Residential Lot is the same as shown on **Exhibit E, Column 4**; and

2. that the proposed Special Assessment per Residential Lot and on the Oversized Residential Lot is shown on **Exhibit E, Column 5** based on the desire of the Owner and the Town Council to maintain a competitive, composite equivalent ad valorem tax rate taking into consideration the tax rates of all applicable taxing units and the equivalent tax rate of the Annual Installments of the Special Assessments based on assumed improved values of the Residential Lots and the Oversized Residential Lot.

D. Administrative Expenses. Administrative Expenses shall be shared equally among all Lots for which Special Assessments remain unpaid.

E. Additional Interest Reserve. Under the Act, if PID Bonds are issued, the interest rate on Special Assessments may exceed the interest rate on PID Bonds by the Additional Interest. Additional Interest shall be collected as part of each Annual Installment under the PID Bond Indenture; and, the Additional Interest shall be deposited into a reserve account and segregated from other funds of the Town (the "**Additional Interest Reserve**"). The Additional Interest Reserve shall be used as described in the PID Bond Indenture.

SECTION VI

SPECIAL ASSESSMENTS AND ANNUAL INSTALLMENTS

A. Special Assessments and Annual Installments. Special Assessments and Annual Installments shall be calculated and collected each year in an amount sufficient to pay: (1) principal and interest, including Additional Interest, on the PID Bonds and/or obligations due under the Reimbursement Agreement; and (2) Administrative Expenses.

B. Reallocation of Special Assessments.

1. If Lots are not platted in accordance with the Final Plat, the Special Assessments and Annual Installments shall be determined by the Administrator (and approved by the Town Council in the next Annual Service Plan Update) in an equitable manner consistent with the Act and consistent with intent of this SAP to have uniform Special Assessments for the Residential Lots.

2. If a Lot is divided, the Administrator shall allocate the Special Assessment against the Lot before the division to the newly created Lots in an equitable manner determined by the Administrator and approved by the Town Council in the next Annual Service Plan Update.

3. If two or more Lots are consolidated, the Administrator shall allocate the Special Assessments against the Lots before the consolidation to the consolidated Lot, which allocation shall be approved by the Town Council in the next Annual Service Plan Update.

4. If, as a result of any replat, the Special Assessment against a replatted Lot exceeds the sum of the Special Assessments before the replat, then prior to recording the replat the Administrator shall be paid the amount by which the Special Assessment for the replatted Lot exceeds the sum of the Special Assessments before the replat. The replat shall not be recorded without a letter from the Administrator confirming that the payment has been made.

5. The reallocation of a Special Assessment against a Lot after the Lot has been designated as a homestead under Texas law may not exceed the Special Assessment against the homestead Lot prior to the reallocation.

C. **Mandatory Prepayment of Special Assessments.** If the Assessed Parcel is transferred to a person or entity that is exempt from payment of the Special Assessment, the owner transferring the Assessed Parcel shall pay to the Administrator the full amount of the Special Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the transfer. If the owner of the Assessed Parcel causes the Assessed Parcel to become Non-Benefited Property, the owner causing the change in status shall pay the full amount of the Special Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the change in status.

D. Reduction of Special Assessments.

1. If the Actual Costs of completed Authorized Improvements funded with the net proceeds of PID Bonds are less than the Actual Costs used to calculate the Special Assessments securing the PID Bonds or obligations under the Reimbursement Agreement, the Town Council shall reduce each Special Assessment securing the PID Bonds or obligations under the Reimbursement Agreement on a pro-rata basis such that the sum of the resulting reduced Special Assessments for all Assessed Properties equals the reduced Actual Costs. Excess bond proceeds shall be applied to redeem outstanding PID Bonds. The Special Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds or amounts required to pay obligations under the Reimbursement Agreement.

2. If the Town does not undertake some of the Authorized Improvements to be funded with the net proceeds of PID Bonds, the Town Council shall reduce each Special Assessment securing the PID Bonds on a pro-rata basis to reflect the Actual Costs that were expended. Excess PID Bond proceeds shall be applied to redeem outstanding PID Bonds. The Special Assessments shall not; however, be reduced to an amount less than the outstanding PID Bonds.

3. The Administrator shall update (and submit to the Town Council for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Special Assessments.

E. Payment of Special Assessments.

1. The owner of the Assessed Parcel may pay, at any time, all or any part of a Special Assessment in accordance with the Act. Prepayment Costs, if any, may be paid from capitalized interest or from the Additional Interest Reserve. If an Annual Installment has been billed prior to payment, the Annual Installment shall be due and payable and shall be credited against the payment.

2. If a Special Assessment is paid in full, with interest: (1) the Administrator shall cause the Special Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall cause the revised Special Assessment Roll to be approved by the Town Council as part of the next Annual Service Plan Update; (3) the obligation to pay the Special Assessment and corresponding Annual Installments shall terminate; and (4) the Town shall provide the owner with a recordable "Notice of PID Assessment Termination."

3. If a Special Assessment is paid in part, with interest: (1) the Administrator shall cause the Special Assessment to be reduced and the Assessment Roll revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be

approved by the Town Council as part of the next Annual Service Plan Update; and (3) the obligation to pay the Special Assessment and corresponding Annual Installments shall be reduced.

F. Annual Installments.

1. **Exhibit H** shows the anticipated total Annual Installments for all Residential Lots and the Oversized Residential Lot upon the issuance of PID Bonds; and, Special Assessments that are not paid in full are projected to be paid in the Annual Installments as shown on **Exhibit H-1** for each Residential Lot and the Oversized Residential Lot. If PID Bonds are not issued, Annual Installments shall be paid in amounts required to pay obligations under the Reimbursement Agreement. Annual Installments are subject to adjustment in each Annual Service Plan Update.

2. The Administrator shall prepare and submit to the Town Council for its review and approval 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 updated calculations of Annual Installments. Administrative Expenses shall be allocated equally among Lots for which the Special Assessments remain unpaid. Annual Installments shall be reduced by any credits applied under the PID Bond Indenture, if applicable, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the Town in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the Act and in the same manner as ad valorem taxes for the Town. The Town Council may provide for other means of collecting Annual Installments. Special Assessments shall have the lien priority specified in the Act.

3. Sales of the Assessed Parcel for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Parcel, and the Assessed Parcel may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay the non-delinquent Annual Installments as they become due and payable.

4. The Town reserves the right to refund PID Bonds in accordance with the Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

5. Each Annual Installment of a Special Assessment, including interest on the unpaid principal of the Special Assessment, shall be updated annually. Each Annual Installment shall be delinquent if not paid prior to February 1 of the following year.

The initial Annual Installments relating to PID Bonds shall be due when billed, and shall be delinquent if not paid prior to February 1, 2018.

SECTION VII ASSESSMENT ROLL

The proposed Special Assessment for each Residential Lot and the Oversized Residential Lot are shown on **Exhibit E**. These proposed Special Assessments are shown on the Assessment Roll attached as **Exhibit G**. The Administrator shall prepare, and submit to the Town Council for review and approval proposed revisions to the Assessment Roll and Annual Installments as part of each Annual Service Plan Update.

SECTION VIII ADDITIONAL PROVISIONS

A Non-Bank Qualified Debt.

1. If in any calendar year (including 2017) the Town issues debt obligations that would be qualified tax-exempt obligations but for the issuance of the PID Bonds or other bonds supporting public improvements for non-Town owned development projects, including bonds authorized by the Act, then the Owner shall pay to the Town a fee (the "PID Bond Fee") to compensate the Town for the interest savings the Town would have achieved had the debt issued by the Town been qualified tax-exempt obligations, provided that all other developers or owners benefitting from the Town issuing debt for non-Town owned development projects are similarly burdened with an obligation to compensate the Town proportionately based on the original principal amount of such PID Bonds or other Town debt supporting public improvements for non-Town owned development projects. The Town and the Owner shall approve an estimate of the PID Bond Fee for all series of PID Bonds at least 10 business days prior to pricing the first series of PID Bonds. The Owner agrees to pay the approved estimated PID Bond Fee to the Town on the later of (1) five business days prior to the closing of any series of PID Bonds or other Town-issued debt, or (2) five business days after the Town and the Owner approve the estimated PID Bond Fee. The Town shall not be required to sell any series of PID Bonds until the Owner has paid the approved estimated PID Bond Fee.

2. To the extent any developer or owner (including the Owner, as applicable) has paid all or part of a PID Bond Fee estimate for any particular calendar year, any such PID Bond Fee estimate paid subsequently by a developer or owner (including the Owner, as applicable) to the Town applicable to the same calendar year shall be reimbursed by the Town to the developer or owner (including the Owner, as applicable) as necessary so as to put all developers and owners so paying for the

same calendar year in the required payment proportion as set forth above, said reimbursement to be made by the Town within 10 business days after its receipt of such subsequent payments of the estimated PID Bond Fee. The Town will deposit all payments of a PID Bond Fee estimate received from a developer or owner (including the Owner, as applicable) into a segregated account until such time as (1) the Town transfers funds from the segregated account to a capital improvement project fund in conjunction with issuing Town debt; and/or (2) the Town refunds a portion of the estimated PID Bond Fee consistent with the pro rata formula described above within 10 days of issuing the PID Bonds. On or before January 15th of the following calendar year, the final PID Bond Fee shall be agreed to by the Town and the Owner. By January 31st of such year, any funds in excess of the final PID Bond Fee that remain in such segregated account on December 31st of the preceding calendar year shall be refunded to the developers or owners (including the Owner as applicable), and any deficiencies in the estimated PID Bond Fee paid to the Town by any developer or owner (including the Owner, as applicable) shall be remitted to the Town by the respective developer or owner (including the Owner, as applicable).

B **Calculation Errors.** An owner of the Assessed Parcel claiming that an error has been made in calculating the Assessment Roll or Annual Installments must send written notice of the alleged error to the Administrator within 30 days after the date the Assessment Roll or Annual Installments were made available for public inspection with the Town Secretary. If the owner fails to give such notice, the owner shall be deemed to have accepted the calculations and to have waived any objections. The Administrator shall meet with the owner alleging the error, consider evidence regarding the alleged error, and decide whether an error has been made.

1. If the Administrator determines that no error has occurred, the owner may appeal the determination to the Town Council within 30 days after notice of the determination is given to the owner. If the owner fails to appeal within such 30-day period, the owner shall be deemed to have accepted the determination of Administrator and to have waived any objections. If an appeal is timely taken, the Town Council shall determine whether or not an error has occurred. If the Town Council determines that an error has occurred, the Assessment Roll and Annual Installments shall be revised to correct the error.

2. If the Administrator determines that an error has occurred, notice of the error shall be given to the Town Council, and the Administrator shall revise the Assessment Roll and Annual Installments accordingly.

3. Overpayments of Annual Installments shall reduce Annual Installments for following years as determined by the Administrator. Cash refunds shall not be

allowed except in the final year that Annual Installments are collected. Except as provided in this Section, determinations by the Administrator shall be final and binding on the owner of the Assessed Parcel and on the successors and assigns of the owner. Determinations by the Town Council shall be final and binding on the owner of the Assessed Parcel and on the successors and assigns of the owner.

C Amendments. Amendments to this SAP must be made by the Town Council in accordance with the Act. To the extent permitted by the Act, this SAP may be amended without notice to owners of the Assessed Parcel: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Special Assessments, Annual Installments, and other charges imposed by this SAP.

D Administration and Interpretation. The Administrator shall: (1) perform the obligations of the Administrator as set forth in this SAP; (2) administer the PID for and on behalf of and at the direction of the Town Council; and (3) interpret the provisions of this SAP. Interpretations of this SAP by the Administrator shall be in writing and shall be appealable to the Town Council by owners or developers adversely affected by the interpretation. Appeals shall be decided by the Town Council after holding a public hearing at which all interested parties have an opportunity to be heard. Decisions by the Town Council shall be final and binding on the owners and developers and their successors and assigns.

E Severability. If any provision of this SAP is determined by a court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

F Exhibits. The following Exhibits are attached to and made a part of this SAP for all purposes:

- Exhibit A** Legal Description of the Property
- Exhibit B** Final Plat
- Exhibit C** Authorized Improvements and Authorized Improvement Costs
- Exhibit C-1** Illustration of Authorized Improvements
- Exhibit D** Anticipated Sources and Uses of Funds Upon PID Bond Issuance
- Exhibit E** Allocation of Costs
- Exhibit F** Service Plan
- Exhibit G** Assessment Roll
- Exhibit H** Projected Annual Installments for all Lots
- Exhibit H-1** Projected Total Annual Installments for each Residential Lot and Oversized Residential Lot

Exhibit A
Legal Description of the Property

All that certain 111.41 acres of land, which is all of Lot 1, Block A, Restless Acres, recorded in Document Number 2010-98 in the Plat Records of Denton County, Texas (P.R.D.C.T.), all of Lot 2R, Block A, Vineyard Hills Subdivision No. 2, recorded in Document Number 2012-61, P.R.D.C.T., all of Lot 3, Block A, Vineyard Hills Subdivision No. 2, recorded in Cabinet Y, Page 111 P.R.D.C.T., all of Lot 3, Lot 4 and Lot 5, Block 1, Vineyard Hills Subdivision, recorded in Cabinet E, Page 32, P.R.D.C.T., all of the tract described in the deed to Ronald Hance, recorded in Volume 4126, Page 2315, in the Deed Records of Denton County, Texas (D.R.D.C.T.), and all of the tract described in the deed to Gary L. and Pamela C. Garton, recorded in Volume 2819, Page 650 D.R.D.C.T., in the T. Whitehead Survey, A-342, and the T. Gazaway Survey, A-479, Town of Argyle, Denton County, Texas and more particularly described by metes and bounds as follows: (all bearings shown hereon are based on Texas State Plane Coordinate System, North Central Zone):

BEGINNING at a 1/2" iron rod with a cap stamped "SPRY 5647" set for the northwest corner of the herein described tract, common to the common north corner of Lot 1R and Lot 2R, and from which a 3/4" iron pipe bears North 00° 21' 02" West - 10.28';

THENCE North 76° 10' 43" East - 169.73' along the south right-of-way line of said Old Justin Road, to a 1/2" iron rod with a cap stamped "SPRY 5647" set for an angle corner of the herein described tract;

THENCE North 00° 20' 10" West - 10.28' continuing along the south right-of-way line of said Old Justin Road, to the northwest corner of said Lot 3, Block 3, Vineyard Hill Subdivision No. 2 (Cab. Y, Pg. 111), from which a found 3/4" iron pipe bears North 47° 51' West - 0.86';

THENCE North 76° 10' 43" East - 169.55' along the south right-of-way line of said Old Justin Road, to a corner of the herein described tract, from which a found 3/4" iron pipe bears South 00° 21' East - 0.59';

THENCE South 00° 20' 58" East - 10.85' to the northwest corner of said Lot 2R, Block A, Vineyard Hills Subdivision No. 2;

THENCE North 76° 38' 51" East - 239.44' along the south right-of-way line of Old Justin Road, to a 1/2" iron rod with a cap stamped "SPRY 5647" set for the Point of Curvature of a curve to the right, having a central angle of 12° 12' 32", a radius of 928.58' and a chord bearing and distance of North 82° 45' 07" East - 197.49';

Exhibit A
Legal Description of the Property

THENCE along said curve to the right, continuing along the south right-of-way line of Old Justin Road, an arc distance of 197.87' to a 1/2" iron rod with a cap stamped "SPRY 5647" set for the end of curve;

THENCE North 89° 01' 41" East - 330.18' to a 1/2" iron rod with a cap stamped "SPRY 5647" set for an angle corner of the herein described tract, in the west line of said "Hance" Tract;

THENCE North 00° 12' 11" West - 10.00' to a 1/2" iron rod with a cap stamped "SPRY 5647" set for an angle corner of the herein described tract, common to the northwest corner of said "Hance" Tract;

THENCE North 89° 46' 26" East - 233.10' along the south right-of-way line of Old Justin Road, to a 1/2" iron rod with a cap stamped "SPRY 5647" set for an angle corner of the herein described tract, common to the northeast corner of said "Garton" Tract;

THENCE South 06° 21' 42" West - 10.07' to a 1/2" iron rod with a cap stamped "SPRY 5647" set for an angle corner of the herein described tract;

THENCE North 89° 46' 26" East - 608.55' along the south right-of-way line of Old Justin Road to a 1/2" iron rod with a cap stamped "SPRY 5647" set for the northeast corner of the herein described tract, in the west right-of-line of Texas & Pacific Railroad Company (100' R.O.W.);

THENCE South 17° 54' 59" West - 3770.56' along the west right-of-way line of said Texas & Pacific Railroad Company, to a 1/2" iron rod with a cap stamped "SPRY 5647" set for the most southerly southeast corner of the herein described tract, in the north right-of-way line of Harpole Road (a 60' right-of-way);

THENCE South 89° 51' 04" West - 848.09' along the north right-of-way line of said Harpole Road, a 1/2" iron rod found for the most southerly southwest corner of the herein described tract, common to the southeast corner of Lot 2, Block 1, of said Vineyard Hills Subdivision;

THENCE North 00° 16' 10" West, along the west line of aforesaid Lot 3, Block 1, common to the east line of said Lot 2, Block 1, a distance of 1041.35' (called 1040.89') to a 1/2" iron rod with a cap stamped "SPRY 5647" set for an angle corner of the herein described tract, common to the northeast corner of said Lot 2, Block 1, and in the south line of Lot 5, Block A, Vineyard Hills Subdivision No. 2, (Cabinet Y, Page 111), and from which a 1/2" iron rod found bears North 06° 40' East - 0.59';

Exhibit A
Legal Description of the Property

THENCE North 89° 32' 45" East - 99.86' along the north line of said Lot 3, Block 1 to 1/2" iron rod found for an angle corner of the herein described tract;

THENCE North 01° 05' 28" West - 961.06' to a 1/2" iron rod found for an angle corner of the herein described tract, in the south line of aforesaid Lot 1R, Block A;

THENCE North 89° 49' 10" East - 11.06' (called 10.62') to a 1/2" iron rod found for an angle corner of the herein described tract;

THENCE North 00° 21' 02" West - 1417.28' to the POINT OF BEGINNING, and containing 111.41 acres of land.

Exhibit B
Final Plat

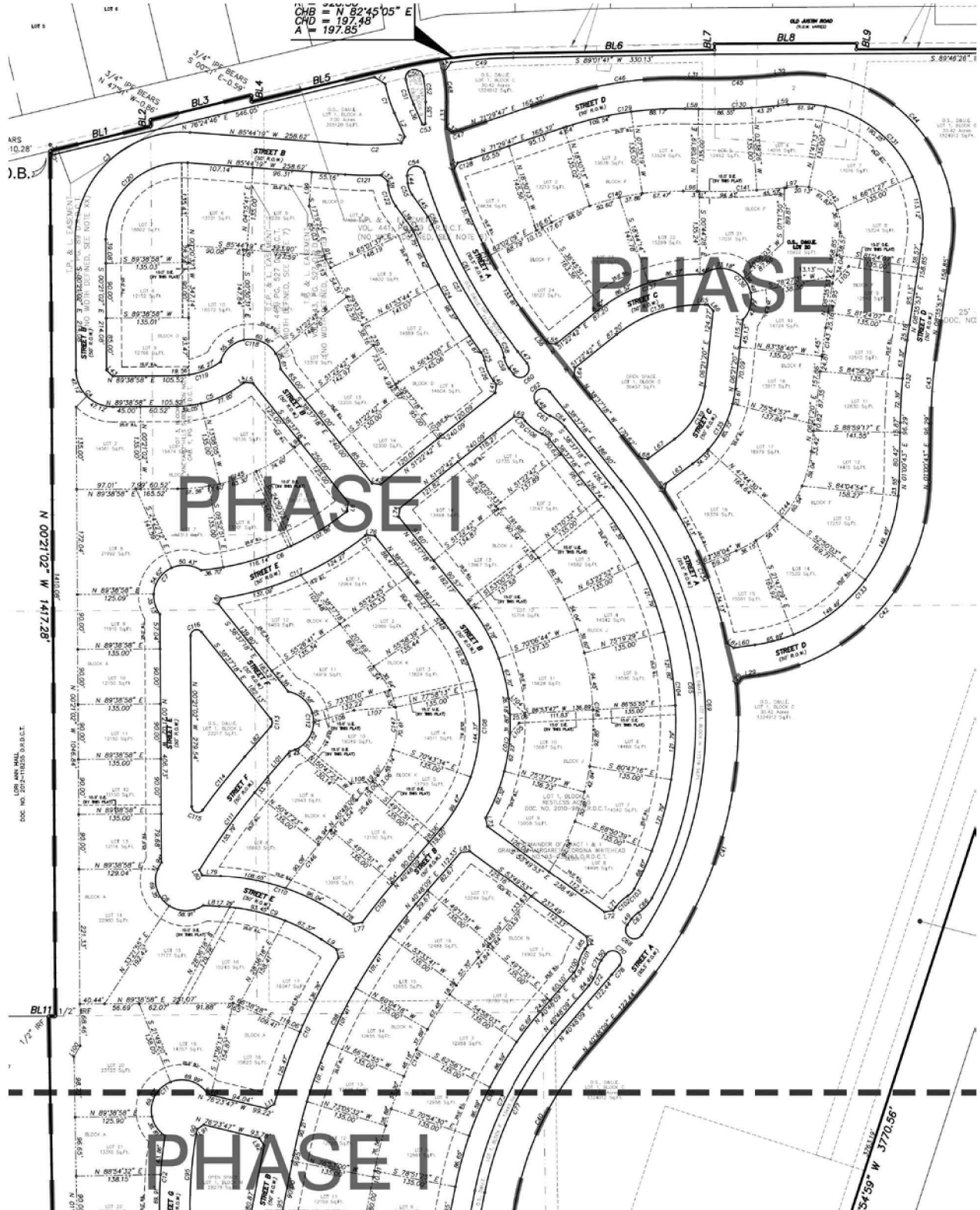


Exhibit B
Final Plat

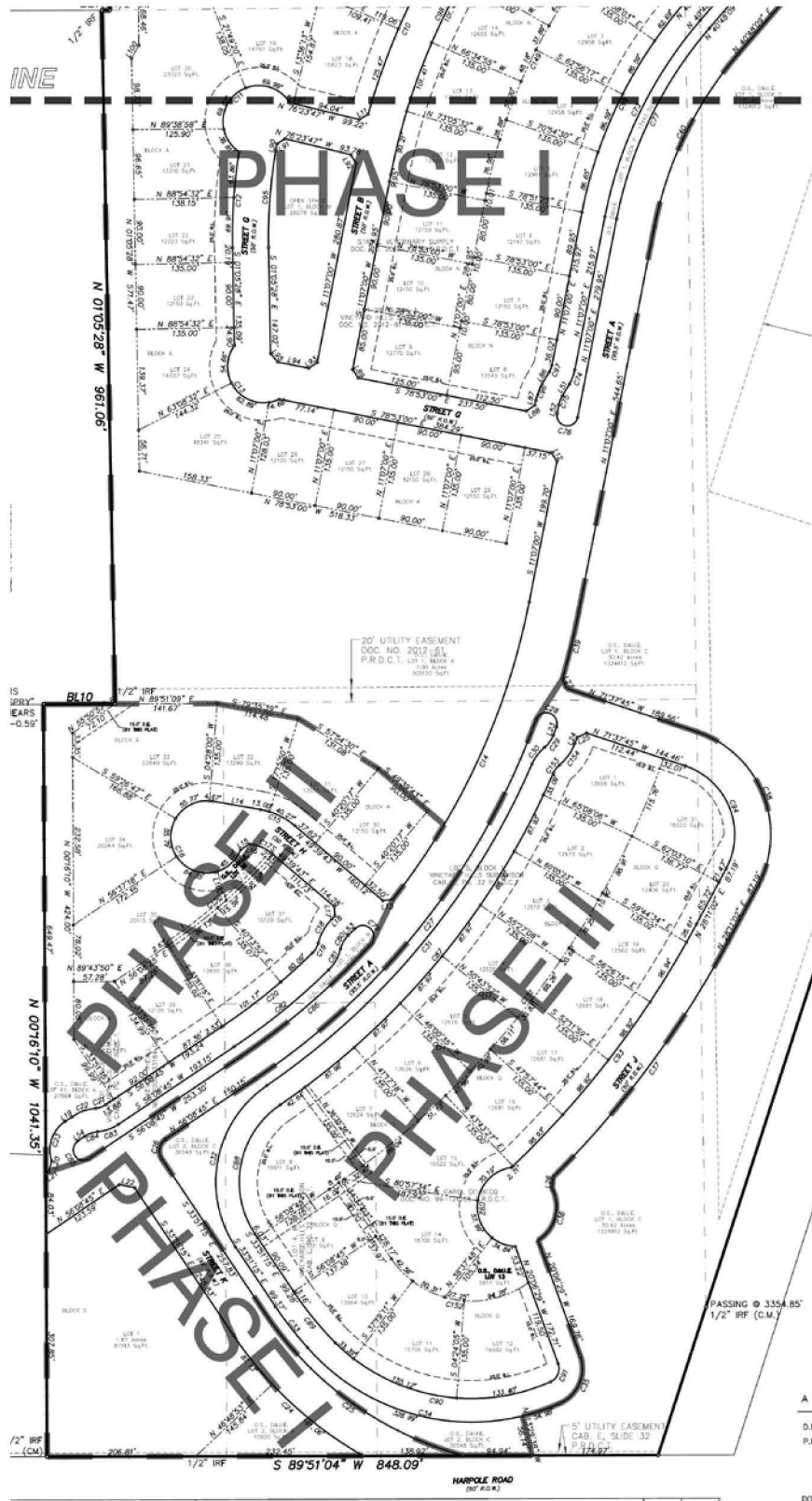


Exhibit C
Authorized Improvements and Authorized Improvement Costs

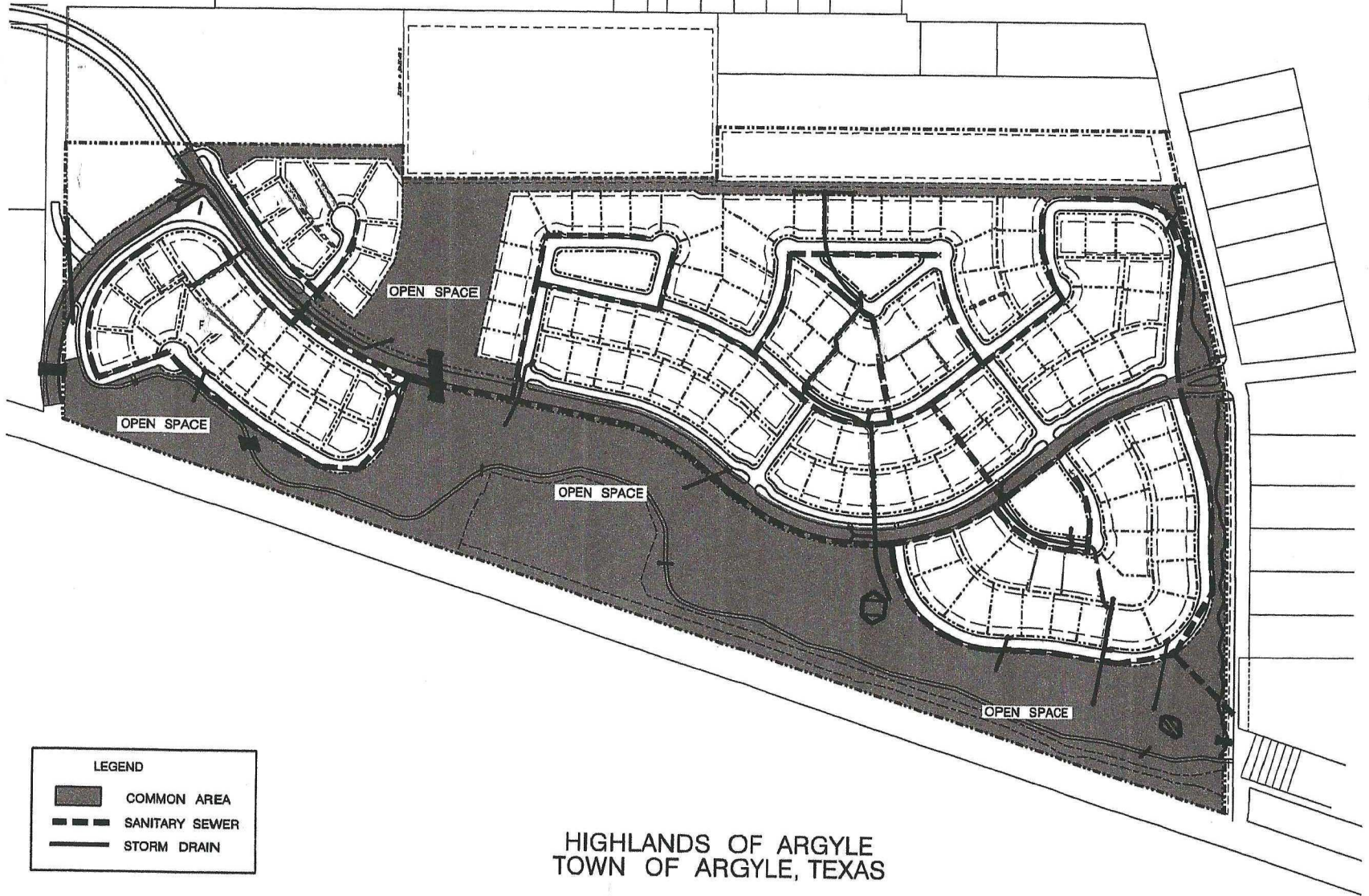
Authorized Improvements		PID Assessed Property Allocation
Streets Improvements	\$ 2,000,000	100%
Sanitary Sewer Improvements	816,000	100%
Storm Drainage Improvements	1,142,000	100%
Open Space Improvements	340,000	100%
Soft Costs	454,000	100%
Subtotal for Authorized Improvements :	\$ 4,752,000	
Financing Costs (reserve funds, capitalized interest, bond issuance costs, underwriters discount)*	\$ 1,158,298	100%
TOTAL :	\$ 5,910,298	100%

* Preliminary estimate. To be updated with final bond pricing.

Source: Estimated Authorized Improvement Costs based on information provided by Hamilton Duffy, PC
Financing Costs provided by "DPFG" - Development Planning & Financing Group, Inc.

Exhibit C-1

NOT TO SCALE



LEGEND

- COMMON AREA
- SANITARY SEWER
- STORM DRAIN

HIGHLANDS OF ARGYLE
TOWN OF ARGYLE, TEXAS

Exhibit D
Anticipated Sources and Uses of Funds Upon PID Bond Issuance

SOURCES OF FUNDS				
Par Amount of Bonds			\$	5,765,000
Developer Expenditures for Improvements to be funded by Developer prior to drawing Bond funds			\$	5,635,355
TOTAL SOURCES OF FUNDS			\$	11,400,355
USES OF FUNDS				
<i>Authorized Improvements</i>				
Roads	\$	2,000,000		
Sanitary Sewer	\$	816,000		
Storm Drainage	\$	1,142,000		
Open Space Improvements	\$	340,000		
Soft Costs	\$	454,000		
Subtotal	\$	4,752,000	\$	4,752,000
<i>Development Expenditures - Non-PID Funded</i>			\$	5,397,843
<i>Non-Bank Qualified Fee (a)</i>			\$	92,214
<i>Debt Service Reserve (b)</i>			\$	426,100
<i>Capitalized Interest</i>			\$	326,683
<i>Costs of Issuance (c)</i>				
City Financial Advisor	\$	57,650		
Bond Counsel	\$	57,650		
Town Fees - Attorney, Consultant, Engineer	\$	25,000		
Appraiser	\$	15,000		
PID Administration - Initial Year	\$	50,000		
Trustee/Trustee Counsel	\$	12,000		
AG Examination Fee	\$	5,765		
Printing /Miscellaneous	\$	9,500		
Subtotal	\$	232,565	\$	232,565
<i>Underwriter Costs (d)</i>				
Underwriter Discount	\$	115,300		
Underwriter Counsel	\$	57,650		
Subtotal	\$	172,950	\$	172,950
TOTAL USES OF FUNDS			\$	11,400,355

(a) - Estimated with final calculations to be made at time of bond issue

(b) - The Debt Service Reserve will be calculated in accordance with IRS regulations

(c) - Estimates with final calculations to be made at time of bond issue

(d) - Underwriter Discount has been estimated to be 2.0% of Par Amount of Bonds and Underwriter Counsel has been estimated to be 1.0% of Par Amount of Bonds

Source: "DPFG" - Development Planning & Financing Group, Inc.

Exhibit E
Allocation of Costs

1	2	3	4	5
Lots 2-29, Block A	28	Authorized Improvement Costs/139= \$43,564.90 per Residential Lot	Max Special Assessment \$43,564.90 per Residential Lot	Proposed Special Assessment \$41,475 per Residential Lot
Lots 1-14, Block J	14			
Lots 1-17, Block N	17			
Lots 1-19, Block F	19			
Lots 1-12, Block Q	12			
Lots 1-14, Block D	14			
Lots 1-12, Block K	12			
Lots 37-40, Block A	4			
Lots 21-24, Block F	4			
Lots 14-21, Block Q	8			
Lot 1, Block S*	1			
Lots 30-35, Block A	6			
TOTAL LOTS:	139			

*Lot 1, Block S is the Oversized Residential Lot as described in the SAP

The proposed Special Assessment per Residential Lot is based on the desire of the Owner and the Town Council to maintain a competitive, composite equivalent ad valorem tax rate taking into consideration the tax rates of all applicable taxing units and the equivalent tax rate of the Annual Installments of the Special Assessments based on assumed improved values of the Residential Lots. The Proposed Special Assessment is the same for all Residential Lots based on the similarity as to size and use.

Exhibit F
Service Plan

PROJECTED ANNUAL COSTS OF AUTHORIZED IMPROVEMENTS					
2016	2017	2018	2019	2020	TOTAL
\$246,313	\$5,663,985	\$0	\$0	\$0	\$5,910,298

PROJECTED ANNUAL INDEBTEDNESS FOR THE AUTHORIZED IMPROVEMENTS					
<small>Principal, Interest, Administrative Expenses, and Additional Interest to pay Prepayment Costs and Delinquent Collection Costs</small>					
<small>Assumes the issuance of \$5.765 million PID Bonds at 6.00% interest plus 0.5% Additional Interest and Annual Administrative Expenses at \$35,000 per</small>					
2016	2017	2018	2019	2020	TOTAL
\$0	\$28,825	\$489,725	\$490,414	\$490,292	\$1,499,256

Exhibit G
Assessment Roll

Residential Lots (138)		
<u>Lot Identification</u>	<u>Number of Lots</u>	<u>Special Assessment</u>
Lots 2-29, Block A	28	\$ 41,474.82
Lots 1-14, Block D	14	\$ 41,474.82
Lots 1-14, Block J	14	\$ 41,474.82
Lots 1-12, Block K	12	\$ 41,474.82
Lots 1-17, Block N	17	\$ 41,474.82
Lots 30-35, Block A	6	\$ 41,474.82
Lots 37-40, Block A	4	\$ 41,474.82
Lots 1-19, Block F	19	\$ 41,474.82
Lots 21-24, Block F	4	\$ 41,474.82
Lots 1-12, Block Q	12	\$ 41,474.82
Lots 14-21, Block Q	8	\$ 41,474.82

Oversized Residential Lot (1)		
Lot1, Block S	1	\$ 41,474.82

Exhibit G
Assessment Roll

Assessment Summary			
	<u>No. of Lots</u>	<u>Assessment per Lot</u>	<u>Total Assessments</u>
Residential Lots	138	\$ 41,474.82	\$ 5,723,525.18
Oversized Residential Lot	1	\$ 41,474.82	\$ 41,474.82
Par Amount of Bonds			\$ 5,765,000

**Exhibit H
Annual Installments - All Residential Lots and the Oversize Residential Lot**

Year (a)	PID Bonds			Administrative Expenses (c)	Additional Interest	Capitalized Interest	Annual Installment (d)
	Principal	Interest (b)	Net Debt Service				
09/30/18	\$ -	\$ 354,307	\$ 354,307	\$ -	\$ 28,825	\$ (354,307)	\$ 28,825
09/30/19	\$ 80,000	\$ 345,900	\$ 425,900	\$ 35,000	\$ 28,825	\$ -	\$ 489,725
09/30/20	\$ 85,000	\$ 341,100	\$ 426,100	\$ 35,700	\$ 28,425	\$ -	\$ 490,225
09/30/21	\$ 90,000	\$ 336,000	\$ 426,000	\$ 36,414	\$ 28,000	\$ -	\$ 490,414
09/30/22	\$ 95,000	\$ 330,600	\$ 425,600	\$ 37,142	\$ 27,550	\$ -	\$ 490,292
09/30/23	\$ 100,000	\$ 324,900	\$ 424,900	\$ 37,885	\$ 27,075	\$ -	\$ 489,860
09/30/24	\$ 105,000	\$ 318,900	\$ 423,900	\$ 38,643	\$ 26,575	\$ -	\$ 489,118
09/30/25	\$ 110,000	\$ 312,600	\$ 422,600	\$ 39,416	\$ 26,050	\$ -	\$ 488,066
09/30/26	\$ 120,000	\$ 306,000	\$ 426,000	\$ 40,204	\$ 25,500	\$ -	\$ 491,704
09/30/27	\$ 125,000	\$ 298,800	\$ 423,800	\$ 41,008	\$ 24,900	\$ -	\$ 489,708
09/30/28	\$ 130,000	\$ 291,300	\$ 421,300	\$ 41,828	\$ 24,275	\$ -	\$ 487,403
09/30/29	\$ 140,000	\$ 283,500	\$ 423,500	\$ 42,665	\$ 23,625	\$ -	\$ 489,790
09/30/30	\$ 150,000	\$ 275,100	\$ 425,100	\$ 43,518	\$ 22,925	\$ -	\$ 491,543
09/30/31	\$ 160,000	\$ 266,100	\$ 426,100	\$ 44,388	\$ 22,175	\$ -	\$ 492,663
09/30/32	\$ 165,000	\$ 256,500	\$ 421,500	\$ 45,276	\$ 21,375	\$ -	\$ 488,151
09/30/33	\$ 175,000	\$ 246,600	\$ 421,600	\$ 46,182	\$ 20,550	\$ -	\$ 488,332
09/30/34	\$ 190,000	\$ 236,100	\$ 426,100	\$ 47,105	\$ 19,675	\$ -	\$ 492,880
09/30/35	\$ 200,000	\$ 224,700	\$ 424,700	\$ 48,047	\$ 18,725	\$ -	\$ 491,472
09/30/36	\$ 210,000	\$ 212,700	\$ 422,700	\$ 49,008	\$ 17,725	\$ -	\$ 489,433
09/30/37	\$ 225,000	\$ 200,100	\$ 425,100	\$ 49,989	\$ 16,675	\$ -	\$ 491,764
09/30/38	\$ 235,000	\$ 186,600	\$ 421,600	\$ 50,988	\$ 15,550	\$ -	\$ 488,138
09/30/39	\$ 250,000	\$ 172,500	\$ 422,500	\$ 52,008	\$ 14,375	\$ -	\$ 488,883
09/30/40	\$ 265,000	\$ 157,500	\$ 422,500	\$ 53,048	\$ 13,125	\$ -	\$ 488,673
09/30/41	\$ 280,000	\$ 141,600	\$ 421,600	\$ 54,109	\$ 11,800	\$ -	\$ 487,509
09/30/42	\$ 300,000	\$ 124,800	\$ 424,800	\$ 55,191	\$ 10,400	\$ -	\$ 490,391
09/30/43	\$ 315,000	\$ 106,800	\$ 421,800	\$ 56,295	\$ 8,900	\$ -	\$ 486,995
09/30/44	\$ 335,000	\$ 87,900	\$ 422,900	\$ 57,421	\$ 7,325	\$ -	\$ 487,646
09/30/45	\$ 355,000	\$ 67,800	\$ 422,800	\$ 58,570	\$ 5,650	\$ -	\$ 487,020
09/30/46	\$ 375,000	\$ 46,500	\$ 421,500	\$ 59,741	\$ 3,875	\$ -	\$ 485,116
09/30/47	\$ 400,000	\$ 24,000	\$ 424,000	\$ 60,936	\$ 2,000	\$ -	\$ 486,936
Totals	\$ 5,765,000	\$ 6,877,807	\$ 12,642,807	\$ 1,357,728	\$ 572,450	\$ (354,307)	\$ 14,218,678

- (a) The 9/30/XX dates represent the fiscal year end for the Bonds.
- (b) Gross of Capitalized Interest including interest from bond closing through 9/1/2018.
- (c) Preliminary Estimate. Assumes a 2% increase per year. The administrative charges will be revised in Annual Service Plan Updates based on actual costs.
- (d) Annual Installments are calculated assuming an average 6.00% interest rate on the Bonds plus the Additional Interest plus Administrative Expenses.

**Exhibit H-1
Annual Installments - Each Residential Lot and Oversize Residential Lot**

Year (a)	PID Bonds			Administrative Expenses (c)	Additional Interest	Capitalized Interest	Annual Installment (d)
	Principal	Interest (b)	Net Debt Service				
09/30/18	\$ -	\$ 2,549	\$ 2,549	\$ -	\$ 207	\$ (2,549)	\$ 207
09/30/19	\$ 576	\$ 2,488	\$ 3,064	\$ 252	\$ 207	\$ -	\$ 3,523
09/30/20	\$ 612	\$ 2,454	\$ 3,065	\$ 257	\$ 204	\$ -	\$ 3,527
09/30/21	\$ 647	\$ 2,417	\$ 3,065	\$ 262	\$ 201	\$ -	\$ 3,528
09/30/22	\$ 683	\$ 2,378	\$ 3,062	\$ 267	\$ 198	\$ -	\$ 3,527
09/30/23	\$ 719	\$ 2,337	\$ 3,057	\$ 273	\$ 195	\$ -	\$ 3,524
09/30/24	\$ 755	\$ 2,294	\$ 3,050	\$ 278	\$ 191	\$ -	\$ 3,519
09/30/25	\$ 791	\$ 2,249	\$ 3,040	\$ 284	\$ 187	\$ -	\$ 3,511
09/30/26	\$ 863	\$ 2,201	\$ 3,065	\$ 289	\$ 183	\$ -	\$ 3,537
09/30/27	\$ 899	\$ 2,150	\$ 3,049	\$ 295	\$ 179	\$ -	\$ 3,523
09/30/28	\$ 935	\$ 2,096	\$ 3,031	\$ 301	\$ 175	\$ -	\$ 3,506
09/30/29	\$ 1,007	\$ 2,040	\$ 3,047	\$ 307	\$ 170	\$ -	\$ 3,524
09/30/30	\$ 1,079	\$ 1,979	\$ 3,058	\$ 313	\$ 165	\$ -	\$ 3,536
09/30/31	\$ 1,151	\$ 1,914	\$ 3,065	\$ 319	\$ 160	\$ -	\$ 3,544
09/30/32	\$ 1,187	\$ 1,845	\$ 3,032	\$ 326	\$ 154	\$ -	\$ 3,512
09/30/33	\$ 1,259	\$ 1,774	\$ 3,033	\$ 332	\$ 148	\$ -	\$ 3,513
09/30/34	\$ 1,367	\$ 1,699	\$ 3,065	\$ 339	\$ 142	\$ -	\$ 3,546
09/30/35	\$ 1,439	\$ 1,617	\$ 3,055	\$ 346	\$ 135	\$ -	\$ 3,536
09/30/36	\$ 1,511	\$ 1,530	\$ 3,041	\$ 353	\$ 128	\$ -	\$ 3,521
09/30/37	\$ 1,619	\$ 1,440	\$ 3,058	\$ 360	\$ 120	\$ -	\$ 3,538
09/30/38	\$ 1,691	\$ 1,342	\$ 3,033	\$ 367	\$ 112	\$ -	\$ 3,512
09/30/39	\$ 1,799	\$ 1,241	\$ 3,040	\$ 374	\$ 103	\$ -	\$ 3,517
09/30/40	\$ 1,906	\$ 1,133	\$ 3,040	\$ 382	\$ 94	\$ -	\$ 3,516
09/30/41	\$ 2,014	\$ 1,019	\$ 3,033	\$ 389	\$ 85	\$ -	\$ 3,507
09/30/42	\$ 2,158	\$ 898	\$ 3,056	\$ 397	\$ 75	\$ -	\$ 3,528
09/30/43	\$ 2,266	\$ 768	\$ 3,035	\$ 405	\$ 64	\$ -	\$ 3,504
09/30/44	\$ 2,410	\$ 632	\$ 3,042	\$ 413	\$ 53	\$ -	\$ 3,508
09/30/45	\$ 2,554	\$ 488	\$ 3,042	\$ 421	\$ 41	\$ -	\$ 3,504
09/30/46	\$ 2,698	\$ 335	\$ 3,032	\$ 430	\$ 28	\$ -	\$ 3,490
09/30/47	\$ 2,878	\$ 173	\$ 3,050	\$ 438	\$ 14	\$ -	\$ 3,503
Totals	\$ 41,475	\$ 49,481	\$ 90,955	\$ 9,768	\$ 4,118	\$ (2,549)	\$ 102,293

(a) The 9/01/XX dates represent the fiscal year end for the Bonds.
(b) Gross of Capitalized Interest
(c) Preliminary Estimate. Assumes a 2% increase per year. The administrative charges will be revised in Annual Service Plan Updates based on actual costs.
(d) Annual Installments are calculated assuming an average 6.00% interest rate on the Bonds plus the Additional Interest plus Administrative Expenses.

EXHIBIT B
Reimbursement Agreement

PID Reimbursement Agreement

The Highlands of Argyle Public Improvement District No. 1

This PID Reimbursement Agreement (this "Agreement") is entered into by The Lakes of Argyle, LLC (the "Developer") and the Town of Argyle, Texas (the "Town"), to be effective August 8, 2017 (the "Effective Date"). The Developer and the Town are individually referred to as a "Party" and collectively as the "Parties."

SECTION 1. RECITALS

1.1 WHEREAS, capitalized terms used in this Agreement shall have the meanings given to them in Section 2;

1.2 WHEREAS, unless otherwise defined: (1) all references to "sections" shall mean sections of this Agreement; (2) all references to "exhibits" shall mean exhibits to this Agreement which are incorporated as part of this Agreement for all purposes; and (3) all references to "ordinances" or "resolutions" shall mean ordinances or resolutions adopted by the Town Council;

1.1 WHEREAS, the Developer is a Texas limited liability company;

1.2 WHEREAS, the Town is a Texas Type-A general law municipality;

1.3 WHEREAS, on April 26, 2016, the Town Council passed and approved the PID Creation Resolution authorizing the creation of the PID pursuant to the authority of the Act, covering approximately 111.41 contiguous acres within the Town's corporate limits which land is described in the PID Creation Resolution;

1.4 WHEREAS, on August 8, 2017, the Town Council passed and approved the Assessment Ordinance;

1.5 WHEREAS, the Assessment Ordinance approved the SAP and this Agreement;

1.6 WHEREAS, the SAP identifies Authorized Improvements to be designed, constructed, and installed by or at the direction of the Parties that confer a special benefit on the Assessed Parcels;

1.7 WHEREAS, the SAP sets forth the Actual Costs of the Authorized Improvements;

1.8 WHEREAS, the SAP determines and apportions the Actual Costs of the Authorized Improvements to the Assessed Parcels, which Actual Costs represent the special benefit that the Authorized Improvements confer upon the Assessed Parcels;

1.9 WHEREAS, the Assessment Ordinance levied Special Assessments for the Actual Costs

of the Authorized Improvements against the Assessed Parcels in the amounts set forth on the Assessment Roll;

1.10 WHEREAS, as a condition to the issuance of PID Bonds, the Developer has paid and may continue to pay for the Actual Costs of certain Authorized Improvements benefitting the Assessed Parcels for which no Special Assessments are or will be levied;

1.11 WHEREAS, Special Assessments, including the Annual Installments thereof, are due and payable as described in the SAP;

1.12 WHEREAS, the Special Assessments, including the Annual Installments, shall be billed and collected by the Town or its designee;

1.13 WHEREAS, Assessment Revenue from the collection of Special Assessments, including the Annual Installments thereof, shall be deposited: (1) as provided in the Bond Indenture if PID Bonds secured by such Special Assessments, including the Annual Installments thereof, are issued, or (2) into the PID Reimbursement Fund if no such PID Bonds are issued;

1.14 WHEREAS, Bond Proceeds shall be deposited into the PID Project Fund;

1.15 WHEREAS, the PID Project Fund shall only be used in the manner set forth in a Bond Indenture;

1.16 WHEREAS, this Agreement is a "reimbursement agreement" authorized by Section 372.023(d)(1) of the Act;

1.17 WHEREAS, the RECITALS: (1) are part of this Agreement for all purposes; (2) are true and correct; and (3) each Party has relied upon such Recitals in entering into this Agreement; and

1.18 WHEREAS, all resolutions and ordinances referenced in this Agreement (e.g., the PID Creation Resolution and the Assessment Ordinance), together with all other documents referenced in this Agreement (e.g., the SAP and the Bond Indenture) and the RECITALS, are incorporated as part of this Agreement for all purposes as if such resolutions, ordinances, other documents and RECITALS were set forth in their entirety in or as exhibits to this Agreement.

NOW THEREFORE, for and in consideration of the mutual obligations of the Parties set forth in this Agreement, the Parties agree as follows:

SECTION 2. DEFINITIONS

2.1 "Act" is defined as Chapter 372, Texas Local Government Code, as amended.

2.2 "Actual Costs" are defined in the SAP.

2.3 "Agreement" is defined in the introductory paragraph.

- 2.4 "Administrative Expenses" are defined in the SAP.
- 2.5 "Annual Installment" is defined in the SAP.
- 2.6 "Assessed Parcel" is defined in the SAP.
- 2.7 "Assessment Ordinance" is defined in the SAP.
- 2.8 "Assessment Revenue" means the revenues actually received by or on behalf of the Town from the collection of Special Assessments, including prepayments, Annual Installments, Delinquent Collection Costs, and foreclosure proceeds.
- 2.9 "Assessment Roll" is defined in the SAP.
- 2.10 "Authorized Improvements" is defined in the SAP.
- 2.11 "Bond Indenture" means the indenture of trust pursuant to which PID Bonds are issued.
- 2.12 "Bond Proceeds" mean the proceeds derived from the issuance and sale of PID Bonds that are deposited and made available to pay Actual Costs in accordance with the Bond Indenture, the SAP and this Agreement.
- 2.13 "Certificate for Payment" means a certificate (substantially in the form of Exhibit A or as otherwise approved by the Developer and the Town Representative) executed by a representative of the Developer and approved by the Town Representative, delivered to the Town Representative (and/or, if applicable, to the trustee named in the Bond Indenture), specifying the work performed and the amount charged (including materials and labor costs) for Actual Costs, and requesting payment of such amount from the appropriate fund or funds. Each certificate shall include supporting documentation in the standard form for Town construction projects and evidence that the Authorized Improvements (or its completed segment) covered by the certificate have been inspected by the Town.
- 2.14 "Closing Disbursement Request" means a request in the form of Exhibit B or as otherwise approved by the Parties.
- 2.15 "Default" is defined in Section 4.6.1.
- 2.16 "Delinquent Collection Costs" are defined in the SAP.
- 2.17 "Developer" is defined in the introductory paragraph.
- 2.18 "Developer Advances" mean advances made by the Developer to pay Actual Costs.
- 2.19 "Developer Continuing Disclosure Agreement" means the Continuing Disclosure Agreement of the Developer executed contemporaneously with the issuance and sale of PID Bonds.

- 2.20 "Effective Date" is defined in the introductory paragraph.
- 2.21 "Failure" is defined in Section 4.6.1.
- 2.22 "Maturity Date" is the date one year after the last Annual Installment is collected.
- 2.23 "Party" and "Parties" are defined in the introductory paragraph.
- 2.24 "PID" is defined as The Highlands of Argyle Public Improvement District No. 1 created by the PID Creation Resolution.
- 2.25 "PID Bonds" are defined in the SAP.
- 2.26 "PID Creation Resolution" is defined as Resolution No. 2016-07 passed and approved by the Town Council on April 26, 2016.
- 2.27 "PID Pledged Revenue Fund" means the fund established by the Town under the Bond Indenture (and segregated from all other funds of the Town) into which the Town deposits Assessment Revenue securing PID Bonds issued and still outstanding.
- 2.28 "PID Project Fund" means the fund, including all accounts created within such fund, established by the Town under the Bond Indenture (and segregated from all other funds of the Town) into which the Town deposits Bond Proceeds in the amounts and as described in Bond Indenture.
- 2.29 "PID Reimbursement Fund" means the fund established by the Town under this Agreement (and segregated from all other funds of the Town) into which the Town deposits Assessment Revenue if not deposited into the PID Pledged Revenue Fund.
- 2.30 "Reimbursement Agreement Balance" is defined in Section 3.3.
- 2.31 "SAP" is defined as *The Highlands of Argyle Public Improvement District No. 1 Service and Assessment Plan* approved by the Assessment Ordinance, as the same may be updated or amended by Town Council action.
- 2.32 "Special Assessment" is defined in the SAP
- 2.33 "Town" is defined in the introductory paragraph.
- 2.34 "Town Representative" means the person authorized by the Town Council to undertake the actions referenced herein.
- 2.35 "Town Council" means the governing body of the Town.
- 2.36 "Transfer" and "Transferee" are defined in Section 4.8.
- 2.37 "Trustee" is defined in Section 3.5.

SECTION 3. FUNDING AUTHORIZED IMPROVEMENTS

3.1 Fund Deposits. Unless and until PID Bonds are issued, the Town shall bill, collect, and immediately deposit into the PID Reimbursement Fund all Assessment Revenue consisting of: (1) revenue collected from the payment of Special Assessments (including pre-payments and amounts received from the foreclosure of liens but excluding costs and expenses related to collection); and (2) revenue collected from the payment of Annual Installments (excluding Administrative Expenses and Delinquent Collection Costs). If PID Bonds are issued, the Town shall bill, collect, and immediately deposit all Assessment Revenue in the manner set forth in the Bond Indenture. The Town shall also deposit Bond Proceeds in the manner set forth in the Bond Indenture. Annual Installments shall be billed and collected by the Town (or by any person, entity, or governmental agency permitted by law) in the same manner and at the same time as Town ad valorem taxes are billed and collected. Funds in the PID Project Fund shall only be used in accordance with the Bond Indenture. Funds in the PID Reimbursement Fund shall only be used to pay all or any portion of the Reimbursement Agreement Balance in accordance with this Agreement. The Town hereby confirms, covenants, and agrees that for so long as amounts are due the Developer under this Agreement and for so long as Bonds, if issued, are outstanding, that it will do the following in the manner and to the maximum extent permitted by applicable law: (i) take and pursue all actions necessary to cause the Special Assessments to be collected; (2) take and pursue all actions necessary to cause the liens related to the Special Assessments to be enforced continuously, including diligently prosecuting an action in district court to foreclose for delinquent or nonpayment of Special Assessments, including Annual Installments, and (iii) take and pursue all actions necessary to cause no reduction, abatement or exemption of the Special Assessments. Notwithstanding the foregoing, the Town shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Special Assessments or the corresponding Assessed Parcel. If PID Bonds are issued, the Bond Indenture shall control in the event of any conflicts with this Agreement.

3.2 Payment of Actual Costs. Unless and until PID Bonds are issued to pay Actual Costs of Authorized Improvements, the Developer may elect to make Developer Advances to pay Actual Costs; provided, however, if PID Bonds are issued, no funds shall be paid from the PID Project Fund until after the Developer provides evidence that the Developer has paid an amount equal to the Developer's portion of the Actual Costs of the Authorized Improvements that the Town and

the Developer have agreed shall be funded from private sources. If PID Bonds are issued, the Bond Proceeds shall be used in the manner provided in the Bond Indenture, and the Developer shall have no obligation to make Developer Advances unless the Bond Proceeds, on deposit in the PID Project Fund are insufficient to pay any remaining Actual Costs of Authorized Improvements, in which case the Developer shall make Developer Advances to pay the deficit. As evidence of the Developer Advances required in connection with the issuance of PID Bonds, the Developer shall submit to the Town for approval all information related to such costs that would be required by a Closing Disbursement Request at least five (5) days prior to the pricing of the PID Bonds. The Developer shall also make Developer Advances to pay for cost overruns (after applying cost savings). The lack of Bond Proceeds or other funds in the PID Project Fund shall not diminish the obligation of the Developer to pay Actual Costs of the Authorized Improvements.

3.3 Payment of Reimbursement Agreement Balance. Unless and until PID Bonds are issued, the Town agrees to pay to the Developer solely from funds on deposit in the PID Reimbursement Fund, and the Developer shall be entitled to receive payments from the Town, until the Maturity Date, for amounts shown on each Certificate for Payment (which amounts include only Actual Costs paid by or at the direction of the Developer) plus: (1) simple interest on the unpaid principal balance at the rate of 6.25% for years one through five beginning on the date each Certificate of Payment is delivered to the Town Representative; and (2) simple interest on the unpaid principal balance at the rate of 5.73% for years six through thirty thereafter (the unpaid principal balance, together with accrued but unpaid interest, owed the Developer for all Certificates of Payment is referred to as the "Reimbursement Agreement Balance"). Upon the issuance of PID Bonds, the Town agrees to pay to the Developer solely from funds on deposit in the PID Project Fund, and the Developer shall be entitled to receive payments from the Town only from the PID Project Fund until the Maturity Date, for amounts shown on each Certificate for Payment; and, notwithstanding anything in this Agreement to the contrary, the maximum amount that the Developer may be reimbursed under this Agreement shall be equal to the amount of Bond Proceeds on deposit in the PID Project Fund plus amounts in the PID Reimbursement Fund. The interest rates set forth in this Section have been approved by the Town Council and are authorized by the PID Act. Such interest rates were determined based upon the Bond Buyer Revenue Bond Index published in *The Bond Buyer*, a weekly publication that publishes this

interest rate index; and, within thirty (30) days of the date of determination (which date is the same as the Effective Date), the average index rate was not less than 3.73%. The interest rates set forth in this Section comply with Subsections (e)(1) and (e)(2) of Section 372.023 of the PID Act.. The obligation of the Town to pay the Reimbursement Agreement Balance is payable solely from the PID Reimbursement Fund or from Bond Proceeds on deposit in the PID Project Fund. No other Town funds, revenue, taxes, income, or property shall be used even if the Reimbursement Agreement Balance is not paid in full by the Maturity Date. Payments from the PID Reimbursement Fund shall be applied in accordance with this Agreement. Each payment from the PID Reimbursement Fund shall be accompanied by an accounting that certifies the Reimbursement Agreement Balance as of the date of the payment and that itemizes all deposits to and disbursements from the fund since the last payment. If there is a dispute over the amount of any payment, the Town shall nevertheless pay the undisputed amount, and the Parties shall use all reasonable efforts to resolve the disputed amount before the next payment is made; however, if the Parties are unable to resolve the disputed amount, then the Town's determination of the disputed amount (as approved by the Town Council) shall control.

3.4 PID Bonds. The Town, in its sole, legislative discretion, may issue PID Bonds, in one or more series, when and if the Town Council determines it is financially feasible for the purposes of: (1) paying the Reimbursement Agreement Balance; or (2) paying directly Actual Costs of Authorized Improvements. PID Bonds issued for such purpose will be secured by and paid solely as authorized by the Bond Indenture. Upon the issuance of PID Bonds for such purpose, the Developer's right to receive payments each year in accordance with Section 3.3 shall be subordinate to the deposits required under the Bond Indenture related to any outstanding PID Bonds and the Developer shall be entitled to receive funds pursuant to the flow of funds provisions of such Bond Indenture. The failure of the Town to issue PID Bonds shall not constitute a "Failure" by the Town or otherwise result in a "Default" by the Town. Upon the issuance of the PID Bonds, the Developer has a duty to construct those Authorized Improvements described in the Bond Indenture. The Developer shall not be relieved of its duty to construct or cause to be constructed such improvements even if there are insufficient funds in the PID Project Fund to pay the Actual Costs.

3.5 Disbursements and Transfers at and after Bond Closing. If PID Bonds are issued, the Town and the Developer agree that from the proceeds of such PID Bonds, and upon the

presentation of evidence satisfactory to the Town Representative, the Town will cause the trustee under the Bond Indenture to pay at closing of the PID Bonds approved amounts from the appropriate account to the Town, the Developer, or their designees, as applicable, which costs may include payment for costs of issuance and payment of costs incurred in the establishment, administration, and operation of the PID and any other eligible items for which funds have been expended by the Developer and the Town as of the time of the delivery of the PID Bonds as described in the SAP. In order to receive such a disbursement, the Developer shall execute a Closing Disbursement Request to be delivered to the Town no less than five (5) business days prior to the scheduled closing date for the PID Bonds for payment in accordance with the provisions of the Bond Indenture. In order to receive additional disbursements from the applicable fund under the Bond Indenture, if PID Bonds are issued, or from the PID Reimbursement Fund, the Developer shall execute a Certificate for Payment, no more frequently than monthly, to be delivered to the Town for payment in accordance with the provisions of the Bond Indenture, if applicable, and this Agreement. Upon receipt of a Certificate for Payment (along with all accompanying documentation required by the Town) from the Developer, the Town shall conduct a review in order to confirm that such request is complete, to confirm that the work for which payment is requested was performed in accordance with all applicable governmental laws, rules and regulations and applicable plans therefore and with the terms of this Agreement and any other agreement between the parties related to property in the PID, and to verify and approve the Actual Costs of such work specified in such Certificate for Payment. The Town shall also conduct such review as is required in its discretion to confirm the matters certified in the Certificate for Payment. The Developer agrees to cooperate with the Town in conducting each such review and to provide the Town with such additional information and documentation as is reasonably necessary for the Town to conclude each such review. Within ten (10) business days following receipt of any Certificate for Payment, the Town shall either: (1) approve the Certificate for Payment and (a) forward it to the trustee designated under the Bond Indenture (the "Trustee") for payment, or (b) pay such amount from the PID Reimbursement Fund; or, (2) provide the Developer with written notification of disapproval of all or part of a Certificate for Payment, specifying the basis for any such disapproval. Any disputes shall be resolved as required by Section 3.3 herein. If PID Bonds are issued, the Town shall deliver the approved or partially approved Certificate for Payment to the Trustee for payment; and, the

Trustee shall make the disbursements as quickly as practicable thereafter.

3.6 Obligations Limited. The obligations of the Town under this Agreement shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the Town or constitute a debt or other obligation of the Town payable from any source other than the PID Reimbursement Fund or the PID Project Fund. Unless approved by the Town, no other Town funds, revenues, taxes, or income of any kind other than the funds on deposit in the PID Reimbursement Fund or the PID Project Fund shall be used to pay: (1) the Actual Costs of the Authorized Improvements; (2) the Reimbursement Agreement Balance even if the Reimbursement Agreement Balance is not paid in full on or before the Maturity Date; or (3) debt service on any PID Bonds. None of the Town or any of its elected or appointed officials or any of its officers, employees, consultants or representatives shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of this Agreement or their acts or omissions under this Agreement.

3.7 Obligation to Pay. If the Developer is in then current compliance with its obligations under the Developer Continuing Disclosure Agreement, then following the inspection and approval of any portion of Authorized Improvements for which Developer seeks reimbursement of the Actual Costs by submission of a Certificate for Payment or Town approval of a Closing Disbursement Request, the obligations of the Town under this Agreement to pay disbursements (whether to the Developer or to any person designated by the Developer) identified in any Closing Disbursement Request or in any Certificate for Payment and to pay debt service on PID Bonds are unconditional AND NOT subject to any defenses or rights of offset except as may be provided in any Bond Indenture.

3.8 Town Delegation of Authority. All Authorized Improvements shall be constructed by or at the direction of the Developer in accordance with the plans and in accordance with this Agreement and any other agreement between the parties related to property in the PID. The Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of Authorized Improvements in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer has sole responsibility

of ensuring that all Authorized Improvements are constructed in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer shall employ at all times adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction and installation of all Authorized Improvements to be acquired and accepted by the Town from the Developer. If any Authorized Improvements are or will be on land owned by the Town, the Town hereby grants to the Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Authorized Improvements. Inspection and acceptance of Authorized Improvements will be in accordance with applicable Town ordinances and regulations.

3.9 Security for Authorized Improvements. Prior to finalizing contracts for the construction of the Authorized Improvements, the Developer shall cause to be provided to the Town a performance bond in the amount required by the Town's subdivision regulations for such Authorized Improvements. Before completion and conveyance to the Town of any Authorized Improvements, the Developer shall cause to be provided to the Town a maintenance bond in the amount required by the Town's subdivision regulations for applicable Authorized Improvements, which maintenance bond shall be for a term of two years from the date of final acceptance of the applicable Authorized Improvements. Any surety company through which a bond is written shall be a surety company duly authorized to do business in the State of Texas, provided that legal counsel for the Town has the right to reject any surety company regardless of such company's authorization to do business in Texas. Nothing in this Agreement shall be deemed to prohibit the Developer or the Town from contesting in good faith the validity or amount of any mechanics or materialman's lien and/or judgment nor limit the remedies available to the Developer or the Town with respect thereto so long as such delay in performance shall not subject the Authorized Improvements to foreclosure, forfeiture, or sale. In the event that any such lien and/or judgment with respect to the Authorized Improvements is contested, the Developer shall be required to post or cause the delivery of a surety bond or letter of credit, whichever is preferred by the Town, in an amount reasonably determined by the Town, not to exceed 120 percent of the disputed amount.

3.10 Ownership and Transfer of Authorized Improvements. The Developer shall furnish to the Town a preliminary title report for land related to the Authorized Improvements to be acquired and accepted by the Town from the Developer and not previously dedicated or otherwise conveyed to the Town. The report shall be made available for Town review and approval at least fifteen (15) business days prior to the scheduled transfer of title. The Town shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the Town, would materially affect the Town's use and enjoyment of the Authorized Improvements. If the Town objects to any preliminary title report, the Town shall not be obligated to accept title to the applicable Authorized Improvements until the Developer has cured the objections to the reasonable satisfaction of the Town.

SECTION 4. ADDITIONAL PROVISIONS

4.1 Term. The term of this Agreement shall begin on the Effective Date and shall continue until the earlier to occur of the Maturity Date or the date on which the Reimbursement Agreement Balance is paid in full.

4.2 No Competitive Bidding. Construction of the Authorized Improvements shall not require competitive bidding pursuant to Section 252.022(a) (9) of the Texas Local Government Code, as amended. All plans and specifications, but not construction contracts, shall be reviewed and approved, in writing, by the Town prior to Developer selecting the contractor. The Town shall have the right to examine and approve the contractor selected by the Developer prior to executing a construction contract with the contractor, which approval shall not be unreasonably delayed or withheld.

4.3 Independent Contractor. In performing this Agreement, the Developer is an independent contractor and not the agent or employee of the Town.

4.4 Audit. The Town Representative shall have the right, during normal business hours and upon three business days' prior written notice to the Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Authorized Improvements. For a period of two years after completion of the Authorized Improvements, the Developer shall maintain proper books of record and account for the construction of the Authorized Improvements and all costs related thereto. Such accounting books shall be maintained in accordance with customary real estate accounting principles.

4.5 Representations and Warranties.

4.5.1 The Developer represents and warrants to the Town that: (1) the Developer has the authority to enter into and perform its obligations under this Agreement; (2) the Developer has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement; (3) the person executing this Agreement on behalf of the Developer has been duly authorized to do so; (4) this Agreement is binding upon the Developer in accordance with its terms; and (5) the execution of this Agreement and the performance by the Developer of its obligations under this Agreement do not constitute a breach or event of default by the Developer under any other agreement, instrument, or order to which the Developer is a party or by which the Developer is bound.

4.5.2 The Town represents and warrants to the Developer that: (1) the Town has the authority to enter into and perform its obligations under this Agreement; (2) the person executing this Agreement on behalf of the Town has been duly authorized to do so; (3) this Agreement is binding upon the Town in accordance with its terms; and (4) the execution of this Agreement and the performance by the Town of its obligations under this Agreement do not constitute a breach or event of default by the Town under any other agreement, instrument, or order to which the Town is a party or by which the Town is bound.

4.6 Default/Remedies.

4.6.1 If either Party fails to perform an obligation imposed on such Party by this Agreement (a “Failure”) and such Failure is not cured after notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a “Default.” If a Failure is monetary, the non-performing Party shall have 10 days within which to cure. If the Failure is non-monetary, the non-performing Party shall have 30 days within which to cure.

4.6.2 If the Developer is in Default, the Town shall have available all remedies at law or in equity; provided no default by the Developer shall entitle the Town to terminate this Agreement, cease collection of the Special Assessments and deposit of the Assessment Revenues, or to withhold properly due payments to the Developer from the PID Reimbursement Fund or the PID Project Fund in accordance with this Agreement and the Bond Indenture.

4.6.3 Subject to Section 3.6, if the Town is in Default, the Developer shall have available all remedies at law or in equity; provided, however, no Default by the Town shall entitle the Developer to terminate this Agreement.

4.6.4 The Town shall give notice of any alleged Failure by the Developer to each Transferee identified in any notice from the Developer, and such Transferees shall have the right, but not the obligation, to cure the alleged Failure within the same cure periods that are provided to the Developer. The election by a Transferee to cure a Failure by the Developer shall constitute a cure by the Developer but shall not obligate the Transferee to be bound by this Agreement unless the Transferee agrees in writing to be bound.

4.7 Remedies Outside the Agreement. Nothing in this Agreement constitutes a waiver by the Town of any remedy the Town may have outside this Agreement against the Developer, any Transferee, or any other person or entity involved in the design, construction, or installation of the Authorized Improvements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the PID. Nothing herein shall be construed as affecting the Town's or the Developer's rights or duties to perform their respective obligations under other agreements, use regulations, or subdivision requirements relating to the development property in the PID.

4.8 Transfers. The Developer has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with notice to) the Town, the Developer's right, title, or interest to payments under this Agreement (but not performance obligations) including, but not limited to, any right, title, or interest of the Developer in and to payments of the Reimbursement Agreement Balance, whether such payments are from the PID Reimbursement Fund or from Bond Proceeds (any of the foregoing, a "Transfer," and the person or entity to whom the transfer is made, a "Transferee"); provided, however, that no such conveyance, transfer, assignment, mortgage, pledge, or other encumbrance shall be made without prior written consent of the Town if such conveyance, transfer, assignment, mortgage, pledge, or other encumbrance would result in (1) the issuance of municipal securities, and/or (2) the Town being viewed as an "obligated person" within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission, and/or (3) the Town being subjected to additional reporting or recordkeeping duties. Notwithstanding the foregoing, no Transfer shall be effective until notice of the Transfer is given to the Town. The Town may rely on notice of a Transfer

received from the Developer without obligation to investigate or confirm the validity of the Transfer. The Developer waives all rights or claims against the Town for any funds paid to a third party as a result of a Transfer for which the Town received notice.

4.9 Applicable Law; Venue. This Agreement is being executed and delivered and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply, the substantive laws of the State of Texas shall govern the interpretation and enforcement of this Agreement. In the event of a dispute involving this Agreement, venue shall lie in any court of competent jurisdiction in Denton County, Texas.

4.10 Notice. Any notice referenced in this Agreement must be in writing and shall be deemed given at the addresses shown below: (1) when delivered by a nationally recognized delivery service such as FedEx or UPS with evidence of delivery signed by any person at the delivery address regardless of whether such person is the named addressee; or (2) 72 hours after deposited with the United States Postal Service, Certified Mail, Return Receipt Requested.

To the Town: Town of Argyle
 Attn: Town Manager
 308 Denton Street
 Argyle, Texas 76226
 E-mail: pfrederiksen@argyletx.com
 TEL: (940) 464-7273
 FAX: (940) 464-7274

With a copy to: Boyle & Lowry LLP
 Attn: Matthew Boyle
 4201 Wingren, Suite 108
 Irving, Texas 75062
 E-mail: mcgboyle@boyle-lowry.com
 TEL: (972) 650-7104
 FAX: (972) 650-7105

To the Developer: The Lakes of Argyle, LLC
 Attn: Kosse Maykus
 P.O. Box 92747
 Southlake, TX 76092
 E-mail: kosse@maykus.com
 TEL: (817) 329-3111

With a copy to: Shupe Ventura, PLLC
 Attn: Ike Shupe
 500 Main Street, Suite 800

Ft. Worth, Texas 76102
E-mail:ike.shupe@svlandlaw.com
TEL: (817)406-9936
FAX: (800) 519-3768

Any Party may change its address by delivering notice of the change in accordance with this section.

4.11 Conflicts; Amendment. In the event of any conflict between this Agreement and any other instrument, document, or agreement by which either Party is bound, the provisions and intent of the Bond Indenture controls. This Agreement may only be amended by written agreement of the Parties.

4.12 Severability. If any provision of this Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions.

4.13 Non-Waiver. The failure by a Party to insist upon the strict performance of any provision of this Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default by the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Agreement.

4.14 Third Party Beneficiaries. Nothing in this Agreement is intended to or shall be construed to confer upon any person or entity other than the Town, the Developer, and Transferees any rights under or by reason of this Agreement. All provisions of this Agreement shall be for the sole and exclusive benefit of the Town, the Developer, and Transferees.

4.15 Counterparts. This Agreement may be executed in multiple counterparts, which, when taken together, shall be deemed one original.

[Execution pages follow.]

TOWN OF ARGYLE, TEXAS

By: _____

Donald G. Moser, Mayor

ATTEST:

By: _____

Kristi Gilbert, Town Secretary

THE LAKES OF ARGYLE, LLC,
a Texas limited liability company

By: _____

Name: _____

Title: _____

Exhibit A
CERTIFICATE FOR PAYMENT FORM

The undersigned is an agent for The Lakes of Argyle, LLC (the "Developer") and requests payment from the [Improvement Account of the Project Fund (as defined in the Bond Indenture)] [PID Reimbursement Fund] from the Town of Argyle, Texas (the "Town") in the amount of _____ for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Authorized Improvements (as defined in the Service and Assessment Plan) providing a special benefit to property within The Highlands of Argyle Public Improvement District No. 1. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the PID Reimbursement Agreement – The Highlands of Argyle Public Improvement District No. 1, effective August 8, 2017 (the "Reimbursement Agreement").

In connection with 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 Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. 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 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 Bond Indenture, and the Service and Assessment Plan.
5. The Developer has timely paid all ad valorem taxes and annual installments of special assessments it owes or an entity the Developer controls owes, located in The Highlands of Argyle Public Improvement District No. 1 and has no outstanding delinquencies for such assessments.

6. All conditions set forth in the Bond Indenture (as defined in the Reimbursement Agreement) for the payment hereby requested have been satisfied.

7. 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).

8. 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.

9. No more than ninety-five percent (95%) of the budgeted or contracted hard costs for the Authorized Improvements identified may be paid until the work with respect to such Authorized Improvements (or segment thereof) has been completed and the Town has accepted such Authorized Improvements (or segment thereof). One hundred percent (100%) of soft costs (e.g., engineering costs, inspection fees and the like) may be paid prior to Town acceptance of such Authorized Improvements (or segment thereof).

10. The Developer has provided a copy of this Certificate for Payment to its lender as required under loan documents relating to development within The Highlands of Argyle Public Improvement District No. 1; and, Developer is in compliance with all provisions under such loan documents related to the payment of Actual Costs of Authorized Improvements (as defined in the Reimbursement Agreement).

Payments requested are as follows:

- a. X amount to Person or Account Y for Z goods or services.
- b. Etc.

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.

Pursuant to the Reimbursement Agreement, after receiving this payment request, the Town has inspected the Authorized Improvements (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

I hereby declare that the above representations and warranties are true and correct.

**THE LAKES OF ARGYLE, LLC,
a Texas limited liability company**

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST BY TOWN

The Town is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, acknowledges that the Authorized Improvements (or its completed segment) covered by the certificate have been inspected by the Town, and otherwise finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the Town approves the Certificate for Payment and directs payments to be made from [the PID Project Fund] [the PID Reimbursement Fund] to the Developer or to any person designated by the Developer

TOWN OF ARGYLE, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

Exhibit B

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for The Lakes of Argyle, LLC (the "Developer") and requests payment to the Developer (or to the person designated by the Developer) from the applicable account of the PID Project Fund from _____ (the "Trustee") in the amount of _____ (\$_____) to be transferred from the applicable account of the Project Fund upon the delivery of the PID Bonds for costs incurred in the establishment, administration, and operation of The Highlands of Argyle Public Improvement District No. 1 (the "District"), 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 September 1, 2017 (the "Indenture") relating to the "Town of Argyle, Texas, Special Assessment Revenue Bonds, Series 2017 (The Highlands of Argyle Public Improvement District No. 1 Project)" (the "PID Bonds").

In connection with 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 Closing Disbursement Request 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 PID Bonds have not been the subject of any prior payment request submitted to the Town.
3. The amount listed for the below costs is a true and accurate representation of the Actual Costs associated with the establishment, administration and operation of the District at the time of the delivery of the PID Bonds, and such costs are in compliance with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Reimbursement Agreement, the Bond Indenture, 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 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:

[Information regarding Payee, amount, and deposit instructions attached]

I hereby declare that the above representations and warranties are true and correct.

THE LAKES OF ARGYLE, LLC,
a Texas limited liability company

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST BY TOWN

The Town is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the Town approves the Closing Disbursement Request and directs payment to be made from Costs of Issuance Account upon delivery of the PID Bonds.

TOWN OF ARGYLE, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

and that said meeting, and deliberation of the aforesaid public business, was open to the public and written notice of said meeting, including the subject of the entitled ordinance, was posted and given in advance thereof in compliance with the provisions of Texas Government Code Chapter 551, as amended.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of the Town, this the 9 day of August, 2017.



Town Secretary
Town of Argyle, Texas

(Town Seal)

