

**CITY OF LAVON, TEXAS**

**ORDINANCE NO. 2025-07-02**

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE "CITY OF LAVON, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025 (TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT PROJECTS)"; APPROVING AND AUTHORIZING AN INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, A LIMITED OFFERING MEMORANDUM, AND A CONTINUING DISCLOSURE AGREEMENT; APPROVING AND ACCEPTING AN UPDATE TO THE SERVICE AND ASSESMENT PLAN FOR THE DISTRICT; AND APPROVING OTHER AGREEMENTS AND DOCUMENTS IN CONNECTION THEREWITH; MAKING FINDINGS WITH RESPECT TO THE ISSUANCE OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE**

WHEREAS, the City of Lavon, Texas (the "City"), pursuant to and in accordance with the terms, provisions and requirements of the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, (the "PID Act") has previously established the "Trails of Lavon Public Improvement District" (the "District"), pursuant to Resolution No. 2021-10-03 (the "Authorizing Resolution") adopted by the City Council of the City (the "City Council"), authorized the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, pursuant to the PID Act, the City Secretary mailed notice to property owners and published notice of an assessment hearing in a newspaper of general circulation in the City, and the City Council held a public hearing on July 18, 2023, regarding the levy of special assessments within Improvement Area #1 of the District, and on July 18, 2023, the City Council adopted Ordinance No. 2023-07-07, under which the City Council approved and accepted the Trails of Lavon Public Improvement District Service and Assessment Plan, dated July 18, 2023 (the "Original Service and Assessment Plan") and levied special assessments against the Improvement Area #1 property as shown on the Improvement Area #1 Assessment Roll Improvement Area #1 Projects; and

WHEREAS, pursuant to the PID Act, the City Secretary mailed notice to property owners published notice of an assessment hearing in a newspaper of general circulation in the City, and the City Council held a public hearing on September 3, 2024, regarding the levy of special assessments within Improvement Area #2 of the District, and on September 3, 2024, the City Council adopted Ordinance No. 2024-09-02, under which the City Council approved and accepted the Trails of Lavon Public Improvement District 2024 Amended and Restated Service and Assessment Plan, dated September 3, 2024, which updated the Original Service and Assessment Plan for Improvement Area #2 (the "September 2024 Updated Service and Assessment Plan") and levied special assessments against the Improvement Area #2 property as shown on the Improvement Area #2 Assessment Roll to fund costs of the Improvement Area #2 Projects; and

WHEREAS, pursuant to the PID Act, the City Secretary mailed notice to property owners and published notice of an assessment hearing in a newspaper of general circulation in

the City, and the City Council held a public hearing on October 15, 2024, regarding the levy of special assessments within Improvement Area #3 of the District, and on October 15, 2024, the City Council adopted Ordinance No. 2024-10-03, under which the City Council approved and accepted the Trails of Lavon Public Improvement District 2024 Amended and Restated Service and Assessment Plan, dated October 15, 2024, which updated the September 2024 Service and Assessment Plan for Improvement Area #3 (the "October 2024 Updated Service and Assessment Plan") and levied special assessments against the Improvement Area #3 property as shown on the Improvement Area #3 Assessment Roll to fund costs of the Improvement Area #3 Projects; and

WHEREAS, the City Council finds and determines that the Trails of Lavon Public Improvement District 2025 Amended and Restated Service and Assessment Plan, dated July 15, 2025 (the "2025 Service and Assessment Plan"), which updates the October 6, 2024 Updated Service and Assessment Plan, and updates the Improvement Area #1 Assessment Roll, the Improvement Area #2 Assessment Roll and the Improvement Area #3 Assessment Roll in connection with the issuance of the Bonds (as defined below), and which is incorporated herein for all purposes, should be approved and accepted. Capitalized terms used in this Ordinance and not otherwise defined shall have the meaning assigned thereto in the 2025 Service and Assessment Plan; and

WHEREAS, the City Council has found and determined that it is in the best interests of the City to issue its bonds to be designated "City of Lavon, Texas, Special Assessment Revenue Bonds, Series 2025 (Trails of Lavon Public Improvement District Projects)" (the "Bonds"), such Bonds to be payable from and secured by the Trust Estate, including the Pledged Revenues, each as defined in the Indenture (defined below); and

WHEREAS, the City is authorized by the PID Act to issue the Bonds for the purpose of (i) paying a portion of the Improvement Area #1 Project Costs (as defined in the Indenture), (ii) paying a portion of the Improvement Area #2 Project Costs (as defined in the Indenture), (iii) paying a portion of the Improvement Area #3 Project Costs (as defined in the Indenture), (iv) funding a reserve fund for payment of principal and interest on the Bonds, (v) paying a portion of the costs incidental to the organization of the District, and (vi) paying the costs of issuance of the Bonds ; and

WHEREAS, the City Council has found and determined to approve (i) the issuance of the Bonds to finance a portion of the Improvement Area #1 Project Costs, the Improvement Area #2 Project Costs and the Improvement Area #3 Project Costs, including the costs of issuance of the Bonds, (ii) the form, terms and provisions of the Indenture securing the Bonds authorized hereby, (iii) the form, terms and provisions of a Bond Purchase Agreement (defined below) between the City and the Underwriter (defined below), (iv) a Limited Offering Memorandum (defined below), (v) a Continuing Disclosure Agreement (defined below), and (vi) an update to Service and Assessment Plan; and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended;

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LAVON, TEXAS, THAT:

Section 1. Findings. The findings and determinations set forth in the preamble hereof are hereby incorporated by reference for all purposes as if set forth in full herein.

Section 2. Approval of Issuance of Bonds and Indenture of Trust.

(a) The issuance of the Bonds in the principal amount of \$29,099,000 for the purpose of (i) paying a portion of the Improvement Area #1 Project Costs (as defined in the Indenture), (ii) paying a portion of the Improvement Area #2 Project Costs (as defined in the Indenture), (iii) paying a portion of the Improvement Area #3 Project Costs (as defined in the Indenture), (iv) funding a reserve fund for payment of principal and interest on the Bonds, (v) paying a portion of the costs incidental to the organization of the District, and (vi) paying the costs of issuance of the Bonds, is hereby authorized and approved.

(b) The Bonds shall be issued and secured under that certain Indenture of Trust (the "Indenture"), dated as of August 1, 2025, between the City and Wilmington Trust, National Association, Dallas, Texas, as trustee (the "Trustee"), with such changes as may be necessary or desirable to carry out the intent of this Ordinance and as approved by the Mayor or Mayor Pro Tem of the City, such approval to be evidenced by the execution and delivery of the Indenture, which Indenture is hereby approved in substantially final form attached hereto as **Exhibit A** and incorporated herein as a part hereof for all purposes. The Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute the Indenture and the City Secretary is hereby authorized and directed to attest such signature of the Mayor or Mayor Pro Tem.

(c) The Bonds shall be dated, shall mature on the date or dates and in the principal amount or amounts, shall bear interest, shall be subject to redemption and shall have such other terms and provisions as set forth in the Indenture. The Bonds shall be in substantially the form set forth in the Indenture, with such insertions, omissions and modifications as may be required to conform the form of Bond to the actual terms of the Bonds. The Bonds shall be payable from and secured by the Pledged Revenues (as defined in the Indenture) and other assets of the Trust Estate (as defined in the Indenture) pledged to the Bonds, and shall never be payable from ad valorem taxes or any other funds or revenues of the City.

Section 3. Sale of Bonds; Approval of Bond Purchase Agreement. The Bonds shall be sold to FMSbonds, Inc. (the "Underwriter") at the price and on the terms and provisions set forth in that certain Bond Purchase Agreement (the "Bond Purchase Agreement"), dated the date this Ordinance is adopted, between the City and the Underwriter, attached hereto as **Exhibit B** and incorporated herein as a part hereof for all purposes, which terms of sale are declared to be in the best interest of the City. The form, terms and provisions of the Bond Purchase Agreement are hereby authorized and approved and the Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute and deliver the Bond Purchase Agreement. The Mayor's or Mayor Pro Tem's signature on the Bond Purchase Agreement may be attested by the City Secretary.

Section 4. Limited Offering Memorandum. The use and distribution of the Preliminary Limited Offering Memorandum dated July 8, 2025 in the offering of the Bonds is hereby ratified, approved and confirmed. The final Limited Offering Memorandum, with such appropriate variations from the Preliminary Limited Offering Memorandum as shall be approved by the Mayor or Mayor Pro Tem of the City and the Underwriter, may be used by the Underwriter in the offering and sale of the Bonds. The form and substance of the final Limited Offering Memorandum for the Bonds and any addenda, supplement or amendment thereto is hereby approved and adopted in all respects. The City Secretary is hereby authorized and directed to include and maintain a copy of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The City deemed the Preliminary Limited Offering Memorandum final, within the meaning of Rule 15c2-12 issued by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), as of its date, except for the omission of information specified in Section (b)(1) of the Rule, as permitted by Section (b)(1) of the Rule. Notwithstanding the approval and delivery of such Preliminary Limited Offering Memorandum and Limited Offering Memorandum by the City Council, the City Council is not responsible for and proclaims no specific knowledge of the information contained in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum pertaining to the Improvement Area #1 Projects, Improvement Area #2 Projects or Improvement Area #3 Projects, the Developers, or any home builder, or their financial ability, or to any other landowners or the appraisal of the property in the District.

Section 5. Continuing Disclosure Agreement. The Continuing Disclosure Agreement of Issuer (the "Continuing Disclosure Agreement") among the City, P3Works, LLC and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., is hereby authorized and approved in substantially final form attached hereto as **Exhibit C** and incorporated herein as a part hereof for all purposes, and the Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute and deliver such Continuing Disclosure Agreement with such changes as may be required to carry out the purpose of this Ordinance and approved by the Mayor or Mayor Pro Tem, such approval to be evidenced by the execution thereof.

Section 6. Update to Service and Assessment Plan. The City Council hereby adopts the 2025 Service and Assessment Plan for the District attached hereto as **Exhibit D** and incorporated herein as a part hereof for all purposes.

Section 7. Additional Actions. The Mayor, the Mayor Pro Tem, the City Manager and the City Secretary are hereby authorized and directed to take any and all actions on behalf of the City necessary or desirable to carry out the intent and purposes of this Ordinance and to issue the Bonds in accordance with the terms of this Ordinance. The Mayor, the Mayor Pro Tem, the City Manager and the City Secretary are hereby authorized and directed to execute and deliver any and all certificates, agreements, notices, instruction letters, requisitions and other documents which may be necessary or advisable in connection with the sale, issuance and delivery of the Bonds and the carrying out of the purposes and intent of this Ordinance.

Section 9. Severability. If any Section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 10. Effective Date. This Ordinance is passed on one reading as authorized by Texas Government Code, Section 1201.028, and shall be effective immediately upon its passage and adoption.

**PASSED AND APPROVED** on this the 15th day of July, 2025.

**CITY OF LAVON, TEXAS**



Vicki Sanson, Mayor

**ATTEST:**



Rae Norton, City Secretary



**EXHIBIT A**  
INDENTURE OF TRUST