

CITY OF LAVON, TEXAS

ORDINANCE NO. 2022-02-03

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE “CITY OF LAVON, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022 (ELEVON PUBLIC IMPROVEMENT DISTRICT ZONE 1 REMAINDER AREA PROJECT)”; **APPROVING AND AUTHORIZING AN INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, A LIMITED OFFERING MEMORANDUM, A CONTINUING DISCLOSURE AGREEMENT, A CONSTRUCTION, FUNDING AND ACQUISITION AGREEMENT, AGRICULTURE VALUATION WAIVER AND REDEMPTION AGREEMENTS, AND 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 “Elevon Public Improvement District” (the “District”); and

WHEREAS, the City Council of the City (the “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 2022 (Elevon Public Improvement District Zone 1 Remainder Area Project)” (the “Bonds”), such Bonds to be payable from and secured by the Pledged Revenues (as defined in the Indenture); and

WHEREAS, the City is authorized by the PID Act to issue the Bonds for the purpose of (i) paying the Zone 1 Remainder Area Project Costs (as defined in the Indenture), (ii) paying interest on the Bonds during and after the period of acquisition and construction of the Zone 1 Remainder Area Projects (as defined in the Indenture), (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization of the District and (v) paying the costs of issuance of the Bonds; and

WHEREAS, the Council has found and determined to approve (i) the issuance of the Bonds to finance the Zone 1 Remainder Area Projects, (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), (vi) a Construction, Funding and Acquisition Agreement (defined below) and (vii) Agriculture Valuation Waiver and Redemption Agreements (defined below); and

WHEREAS, pursuant to the PID Act, the Council published notice of the assessment hearing in a newspaper of general circulation in the City and in the part of the extraterritorial jurisdiction of the City in which the District is located, and opened, conducted and continued a public hearing on January 4, 2022, regarding the levy of special assessments within the District, reopened, conducted and continued the public hearing on January 18, 2022, and intends to

reopen and conduct the public hearing on February 1, 2022, and on such date the Council intends to adopt an ordinance levying such special assessments (the "Assessment Ordinance"); and

WHEREAS, in the Assessment Ordinance, the Council will approve and accept a Service and Assessment Plan (as defined in the Indenture) relating to the District and levy the Assessments (as defined in the Indenture) against the Assessed Property (as defined in the Indenture) for payment of the Bonds; 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 \$[8,148,000] for the purpose of (i) paying a portion of the Zone 1 Remainder Area Project Costs, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Zone 1 Remainder Area Projects, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization of the District, and (v) 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 February 1, 2022, 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.

(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 hereof, 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.

Section 4. Limited Offering Memorandum. The use and distribution of the Preliminary Limited Offering Memorandum dated January 14, 2022 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 Council, the 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 Zone 1 Remainder Area Projects, MA Elevon 429, LLC, a Texas limited liability company (the “Developer”) or the Builders, or their financial ability, any other builders, any landowners or the appraisal of the property in the District.

Section 5. Continuing Disclosure Agreement. The Continuing Disclosure Agreement of the Issuer (the “Continuing Disclosure Agreement”) between 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. Construction, Funding and Acquisition Agreement. The Elevon Public Improvement District Zone 1 Remainder Area Construction, Funding and Acquisition Agreement (the “Construction, Funding and Acquisition Agreement”) between the City and the Developer is hereby authorized and approved in substantially final form attached hereto as **Exhibit D** 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 Construction, Funding and Acquisition 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 7. Agriculture Valuation Waiver and Redemption Agreements. The Agreement Regarding Conveyance of Right of Redemption and Waiver of Agricultural Valuation—Elevon PID (the “Agriculture Valuation Waiver and Redemption Agreements”) between the City and each of HMH/Stratford Elevon JV, LLC, GRBK Edgewood LLC and UMH Development, LLC are hereby authorized and approved in substantially final form attached hereto as **Exhibit E** 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 Agriculture Valuation Waiver and Redemption Agreements 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 8. Additional Actions. The Mayor, the Mayor Pro Tem, the City Administrator 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 Administrator 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 1st day of February, 2022.

CITY OF LAVON, TEXAS



Vicki Sanson, Mayor

ATTEST:



Rae Norton, City Secretary



The exhibits to Ordinance No. 2022-02-03

may be downloaded at

<https://cityoflavon.com/lavon-city-council-agenda/>

A hard copy of the exhibits may be obtained

by contacting the

City Secretary at cityhall@lavontx.gov .

EXHIBIT A

INDENTURE OF TRUST

EXHIBIT B

BOND PURCHASE AGREEMENT

EXHIBIT C

CONTINUING DISCLOSURE AGREEMENT

EXHIBIT D

CONSTRUCTION, FUNDING AND AQUISITION AGREEMENT

EXHIBIT E

AGRICULTURE VALUATION WAIVER AND REDEMPTION AGREEMENTS