

ORDINANCE # 23-00465

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE “CITY OF MUSTANG RIDGE, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023 (DURANGO PUBLIC IMPROVEMENT DISTRICT PROJECT)”; APPROVING AND AUTHORIZING AN INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, A LIMITED OFFERING MEMORANDUM, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS IN CONNECTION THEREWITH; MAKING FINDINGS WITH RESPECT TO THE ISSUANCE OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Mustang Ridge, 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”), on June 14, 2021, established “ The Trails Public Improvement District” (the “District”); and

WHEREAS, on June 12, 2023, pursuant to the request of Laws126 LP, a Texas limited partnership (the “Landowner”), the sole owner of property within the District, the City Council approved a resolution renaming the District to the “Durango Public Improvement District”; and

WHEREAS, pursuant to the PID Act, the City Council of the City (the “City Council”) published notice and convened a public hearing on November 20, 2023, regarding the levy of Assessments against benefitted property located in Improvement Area #1 of the District, and after hearing testimony at such public hearing, the City Council closed the public hearing and adopted an ordinance (the “Assessment Ordinance”) on November 20, 2023, approving and accepting the Durango Public Improvement District Service and Assessment Plan (the “Service and Assessment Plan”) relating to the District and levied the Assessments in Improvement Area #1 of the District against the Assessed Property as shown on the Assessment Roll; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purposes of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) funding a reserve account for payment of principal and interest on bonds, (iii) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs, and (iv) paying costs of issuance of such bonds; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such series of bonds to be entitled “City of Mustang Ridge, Texas Special Assessment Revenue Bonds, Series 2023 (Durango Public Improvement District Improvement Area #1 Project)” (the “Bonds”) such Bonds being payable solely from the Trust Estate (as defined in the Indenture (as defined below)) consisting of the Pledged Revenues (as defined in the Indenture) and other assets pledged under the Indenture to the payment of the Bonds and for the purposes set forth in the preamble of this Ordinance; and

WHEREAS, the City Council hereby finds and determines to (i) approve the issuance of the Bonds to finance the costs of the Improvement Area #1 Projects, (ii) approve the form, terms

and provisions of the Indenture securing the Bonds authorized hereby, (iii) approve the forms, terms and provisions of the following agreements, each of which is defined and described more fully below: a Bond Purchase Agreement and a Continuing Disclosure Agreement, and (iv) approve a Limited Offering Memorandum (defined below) relating to 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

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MUSTANG RIDGE, TEXAS:

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. Capitalized terms used in this Ordinance and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

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

(a) The issuance of the Bonds in the principal amount of \$6,374,000 for the purpose of providing funds for (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) funding a reserve account for payment of principal of and interest on the Bonds, (iii) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs, and (iv) paying costs of issuing the Bonds.

(b) The Bonds shall be issued and secured under that certain Indenture of Trust (the "Indenture") dated as of December 1, 2023, between the City and UMB Bank, N.A., 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 of the City, or the 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 the form attached hereto as Exhibit A and is incorporated herein as a part hereof for all purposes. The Mayor or the Mayor Pro-Tem 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 the Mayor Pro-Tem.

(c) The Bonds shall be issued and secured under the Indenture. The Bonds shall be dated, shall mature on the date or dates and in the principal 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 and other assets of the Trust Estate pledged to such Bonds, and shall never be payable from ad valorem taxes, or from any other revenues, properties, or income of the City.

SECTION 3. Sale of Bonds; Approval of Bond Purchase Agreement. The Bonds shall be sold to FMSbonds, Inc. (the "Underwriter") under that certain Bond Purchase Agreement (the "Bond Purchase Agreement"), dated the date hereof, among the City and the Underwriter, substantially in the form attached hereto as Exhibit B, which is incorporated herein as a part hereof

for all purposes, which terms of sale are declared to be in the best interests of the City at the price and on the terms and provisions set forth in the Bond Purchase Agreement. The form, terms and provisions of the Bond Purchase Agreement are hereby authorized and approved with such changes as may be necessary or desirable to carry out the intent of this Ordinance and the Mayor or the Mayor Pro-Tem is hereby authorized and directed to execute and deliver the Bond Purchase Agreement, such approval to be evidenced by the execution thereof. The Mayor's or the Mayor Pro-Tem's signature on the Bond Purchase Agreement may be attested by the City Secretary.

SECTION 4. Continuing Disclosure Agreement. That certain Continuing Disclosure Agreement of Issuer (the "Continuing Disclosure Agreement") between the City, P3Works, LLC, and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as dissemination agent, is hereby authorized and approved in substantially the form attached hereto as Exhibit C, which is incorporated herein as a part hereof for all purposes, and the Mayor, the Mayor Pro-Tem or the City Administrator are each 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 as approved by the Mayor, the Mayor Pro-Tem or the City Administrator, such approval to be evidenced by the execution thereof.

SECTION 5. Limited Offering Memorandum. The form and content of the Preliminary Limited Offering Memorandum for the Bonds dated October 27, 2023 (the "Preliminary Limited Offering Memorandum"), and its use and distribution in the offering of the Bonds, is hereby ratified, approved, and confirmed. The City Council finds and determines that the Preliminary Limited Offering Memorandum is "deemed final" as that term is defined in 17 C.F.R. Section 240.15c2-12. The final Limited Offering Memorandum (the "Limited Offering Memorandum") is hereby approved and adopted with such changes and alterations therein as the Mayor, the Mayor Pro-Tem, the City Administrator, the City Secretary, and other appropriate officials of the City may approve, such approval to be conclusively evidenced by the delivery thereof. The Limited Offering Memorandum as thus approved and delivered, with such appropriate variations as shall be approved by the Mayor and the Underwriter, may be used by the Underwriter in the offering and sale of the Bonds. The City Secretary is hereby authorized and directed to include and maintain a copy of the Preliminary Limited Offering Memorandum and Limited Offering Memorandum and any addenda, supplement or amendment thereto thus approved among the permanent records of the meeting at which this Ordinance was considered. Notwithstanding the approval and delivery of such Preliminary Limited Offering Memorandum and Limited Offering Memorandum by the Mayor, the Mayor and the City Council are not responsible for and proclaim no specific knowledge of the information contained in the Preliminary Limited Offering Memorandum and Limited Offering Memorandum pertaining to the Authorized Improvements, the Development (as defined in the Limited Offering Memorandum), the Developer, or its financial ability, any builders or any landowners.

SECTION 6. DTC. The Bonds shall initially be issued in book-entry-only form and shall be deposited with The Depository Trust Company of New York, New York ("DTC") in accordance with the letter of representations from the City to DTC. The Mayor, the Mayor Pro-Tem or the City Administrator are each hereby authorized and directed to execute and deliver such letter of representations.

SECTION 7. Additional Actions. The Mayor, the Mayor Pro-Tem, the City Administrator, the City Secretary, and other appropriate officials of the City 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, the City Secretary, and other appropriate officials of the City 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 or any other certificates, agreements or other documents subsequent to the delivery of the Bonds which may be necessary or appropriate to carry out or fulfill the purpose and intent of the Service and Assessment Plan and the acquisition and construction of the Authorized Improvements.

SECTION 8. Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 9. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 10. Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance or the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 11. Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

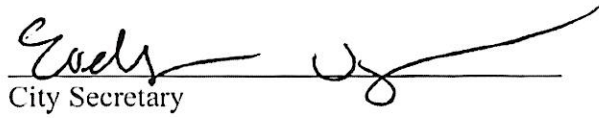
SECTION 12. Effective Date. This Ordinance shall take effect and be in force immediately from and after its adoption on the date shown below in accordance with Texas Government Code, Section 1201.028, as amended.

[Execution page follows.]

PASSED AND APPROVED by the City Council of the City of Mustang Ridge, Texas this
20th day of November, 2023.



Mayor



City Secretary

(CITY SEAL)



EXHIBIT A
INDENTURE