

E. Existing Debt Obligations.

The District issued limited tax general obligation bonds in 2010 in the principal amount of \$1,850,000 with an interest rate of 8.5% (the “2010 Bonds”). The 2010 Bonds are subject to optional redemption beginning December 1, 2011. As required by the District's 2010 Operating Plan, the issuance of the 2010 Bonds was approved by Resolution No. 3-10 of the City Council. The District will annually review the interest rate on its bonds regarding market interest rate and evaluate possibilities to refund such bonds to the extent allowed pursuant to the bond documents.

F. Future Debt Obligations.

In accordance with the City’s Special District Policy, this District shall request and obtain approval of City Council prior to issuance of any debt in accordance with the financing plan for the district as previously approved. The standards for City approval shall generally be consistent with the City’s Special District Policy, as it may be amended, along with the most recently approved Operating Plan and Budget and any requirements or limitations contained therein to the extent that they are consistent with the financing plans for the District.

G. Other Financial Obligations.

The District anticipates a payment to the developer for prior capital infrastructure advances as evidenced in the 2021 Budget attached as **EXHIBIT B**.

The District has a total outstanding developer advance obligation of \$1,966,558, which accrues interest at a rate of 7%.

H. City Charter Limitations.

In accordance with 7-100 of the City Charter, the District shall not issue any debt instrument for any purpose other than construction of capital improvements with a public purpose necessary for development. As set forth in 7-100 of the City Charter, the total debt of any proposed District shall not exceed 10 percent of the total assessed valuation of the taxable property within the District unless approved by at least a two-thirds vote of the entire City Council.

I. Non-Default Provisions.

Limited tax general obligation bonds issued by the District shall be structured and/or credit enhancements provided such that the bonds cannot default as long as the District is imposing the required maximum allowed mill levy.

J. Privately Placed Debt.

Prior to the issuance of any privately placed debt for capital related costs, the District shall obtain the certification of an External Financial Advisor regarding the fairness and feasibility of the interest rate and the structure of the debt.

K.

The debt of the District will not constitute a debt or obligation of the City in any manner. The faith and credit of the City will not be pledged for the repayment of the debt of the District. This will be clearly stated on all offering circulars,