APN: _____
Complete List of APNs appears on Exhibit A

When Recorded Return To:
Scott W. Shaver
Stradling Yocca Carlson & Rauth LLP
275 Hill Street, Suite 270
Reno, NV 89501

(Space above this line for Recorders Use)

DEVELOPMENT AND FINANCING AGREEMENT

FOR

2024 SPECIAL ASSESSMENT DISTRICT NO. 1

(QUILICI RANCH)

BETWEEN

CITY OF RENO, NEVADA

AND

TOLL NORTH RENO, LLC

DEVELOPMENT AND FINANCING AGREEMENT

This Development and Financing Agreement (this "Agreement"), dated as of November 20, 2024, is between the **CITY OF RENO, NEVADA** (the "City"), a municipal corporation and political subdivision of the State of Nevada (the "State") and **TOLL NORTH RENO, LLC**, a Nevada limited liability company (the "Developer").

WITNESSETH:

WHEREAS, pursuant to Nevada Revised Statutes ("NRS") 271.710, the City Council of the City (the "Council") may enter into written agreements with the owners of all assessable property within a proposed Special Assessment District containing the provisions stated herein; and

WHEREAS, the Developer represents and warrants that: (i) it is the legal owner of all property (the "Property") to be assessed within the proposed City of Reno, Nevada, 2024 Special Assessment District No. 1 (Quilici Ranch) (the "District"); (ii) a true and correct legal description of the Property is attached hereto as Exhibit A; and (iii) there are no liens or encumbrances on the Property except as shown on Exhibit B attached hereto; and

WHEREAS, the Developer has filed a petition with the City to form the District; and

WHEREAS, the Council has authorized City staff to negotiate the form of this Agreement with representatives of the Developer; and

WHEREAS, Truckee Meadows Water Authority ("TMWA") is a joint powers authority and political subdivision of the State of Nevada (the "State"); and

WHEREAS, TMWA is the water provider for the City, the city of Sparks, and other surrounding populated areas of Washoe County; and

WHEREAS, the Developer proposes to construct and acquire certain improvements and to transfer those improvements to TMWA on the terms and conditions provided herein, a description of which improvements is attached hereto as Exhibit D, (such improvements, including the land on which they are located and all appurtenances are referred to in this Agreement as the "Project"), and the Developer has already commenced construction on the Project; and

WHEREAS, the parties hereto propose to finance the Project pursuant to Chapter 271 of Nevada Revised Statutes ("NRS"), including NRS 271.710 through 271.730, through the issuance of bonds (the "Bonds") payable from special assessments levied against assessable property in the District; and

WHEREAS, the Developer agrees that the City may create the District, levy the assessments against the Property, and for all other purposes relating to the District, proceed pursuant to the provisions of NRS 271.710.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND CONDITIONS CONTAINED HEREIN, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE 1
CONSTRUCTION

1.1 Project.

A. Construction and Transfer of Project. The Developer agrees to construct the Project in accordance with the full and detailed plans and specifications therefor, which are listed on Exhibit D hereto and are on file with the City Clerk, in accordance with the schedule set forth on Exhibit D hereto, which sets forth the anticipated date for the commencement and completion of the construction of each phase of the Project and the estimated cost of the respective phases. Subject to the terms and provisions of this Agreement, the Developer may procure and enter into construction contracts to cause the Project, or any phase thereof, to be constructed. The City shall not be required to pay for any phase of the Project unless final construction drawings and specifications for that phase have been submitted to the City and the City, in its sole discretion, has approved such final construction drawings and specifications and any amendments and addenda thereto, and unless that phase is constructed in accordance with such approved final construction drawings and specifications and any approved amendments and addenda thereto. If the City disapproves any final construction drawings and specifications or amendments thereto, it shall provide the reason therefor to the Developer and the City and the Developer will meet to discuss changes which may be necessary to obtain the City's approval thereof. Within a reasonable time frame after final inspection of each phase of the Project by the City or the City's assignee, the Developer shall transfer to TMWA, title to the improvements and any real property to be dedicated to TMWA and any easements approved by

the City before construction of the phase, which are necessary for the improvements that are not located on real property to be dedicated to TMWA, in a form reasonably acceptable to the City to that phase of the Project, except for those portions of the real property on which that phase of the Project is located which are owned in fee by TMWA.

Notwithstanding the foregoing, the City will not pay for any portion of the Project until the City has received from TMWA the following for the applicable portion of the Project: a) for any portion of the Project which is a water main, an inspector letter, as discussed in Exhibit G hereto under the heading "Water Mains;"; b) for any portion of the Project which is a water tank, a punchlist and acceptance letter, as discussed in Exhibit G hereto under the heading "Tanks;" and c) for any portion of the Project which is a booster pump station, a "Notice of Completion" letter, as discussed in Exhibit G hereto under the heading "Booster Pump Stations."

B. Title. At the time of transfer of title to any improvements or real property in any phase of the Project, the Developer will warrant that it has title thereto and that such improvements and real property are not subject to any mortgage, security interest, mechanics lien or any other encumbrances, except as shown on a preliminary title report with respect thereto, which shall be delivered to the City for its review and approval at least 20 days prior to the transfer of title to TMWA. In the event the City does not approve the preliminary title report, the City shall not be obligated to pay the Developer for such phase of the Project until the Developer has cured all objections to title to that phase of the Project to the satisfaction of the City. The City shall be entitled to disapprove the preliminary title report only if it reveals a matter which, in the judgment of the City, could materially affect TMWA's use and enjoyment of any part of the phase of the Project covered by the preliminary title report. The City shall notify the Developer of any objections to the preliminary title report within 20 days of receipt thereof. At the time of transfer of title, the Developer shall provide written lien releases from any contractor, subcontractor or materialman, or any other person who might have the right to file a mechanics lien on the property being transferred. The Developer agrees to defend TMWA's title to the property being transferred against any claim of encumbrance whatsoever arising by or through the Developer or any of its predecessors in title or which is caused or created by the Developer, including any mechanics liens asserted in connection with the construction of the Project or the Developer's development of its property in the District. If the City incurs any expenses relating to the transfer of title pursuant to the preceding sentence, the City shall

be entitled to deduct such expenses from the purchase price of other projects listed in Exhibit D or from other funds on hand with the City.

C. Warranty of Workmanship and Materials. The Developer at the time of transfer of title shall warrant that the improvements have been constructed in accordance with the plans and specifications therefor which are listed on Exhibit D hereof, and all amendments and addenda thereto which have been approved by the City and the Developer and the specifications described in Section l.l.D. below. The Developer agrees to remedy any defects in any phase of the Project that could materially affect TMWA's use and enjoyment of any part of the Project and pay for any damage to other work resulting therefrom, which shall appear within 1 year from the date of transfer of title of that phase of the Project to TMWA.

D. Construction Specifications. The construction work performed pursuant to this Agreement is subject to the following additional specifications:

(1) The current edition of the Uniform Standard Specifications for Public Works' Construction Off-Site Improvements, Washoe County Area, Nevada, (the "Standard Specifications"), and the Uniform Standard Drawing for Public Works' Construction, Washoe County Area, Nevada (the "Standard Drawings"). Standard Specifications and Standard Drawings are on file in the office of the City Engineer at the City Hall, 1 E. First St., Reno, Nevada 89505 and may be examined there without charge.

(2) The Supplemental General Conditions which are attached as Exhibit E.

(3) The special conditions which are attached as Exhibit F.

E. Prevailing Wages. Pursuant to NRS 271.710(1), the Council need not comply with the provisions of any law requiring public bidding or otherwise imposing requirements on public contracts, projects, works or improvements, including, without limitation, chapters 332, 338 and 339 of the NRS except that NRS 338.010 to 338.090, inclusive, shall apply to any construction work to be performed under any contract relating to the District. The Developer agrees to attach a copy of the Prevailing Wage Rates for Washoe County as published by the Office of the Labor Commissioner for public works currently in effect in the State of Nevada for Washoe County in effect on the date of execution of any contract entered into with a contractor and/or subcontractor with

respect to the construction of all or any portion of a phase of the Project to its contract with such contractor and/or subcontractor. The Developer is responsible for providing the Office of the Labor Commissioner with all information required by NRS 338.010 to 338.090, and for all compliance requirements of those provisions of the NRS. For the avoidance of doubt, this provision prohibits the City from using Bond proceeds to pay for any portion of any phase of the Project if any portion of such phase of the Project was not constructed in accordance with NRS 338.010 to 338.090.

F. Cost Estimates. Quarterly commencing December 1, 2024, the Developer shall furnish the City with an updated estimate of the cost of constructing each phase of the Project (if any), in a form and substance reasonably satisfactory to the City. In addition, at the time any contract or change order is executed in connection with the construction of any phase of the Project, if as a result thereof, the estimate of the cost of the phase of the Project previously furnished increases, the Developer shall furnish the City with an updated estimate of such cost, in a form and substance reasonably satisfactory to the City. If the updated estimated cost of that phase exceeds the smaller of (i) the price of that phase as shown on Exhibit D plus any allocation of Bond proceeds available therefor because of a cost underrun on another phase or (ii) the amount of the proceeds of the Bonds available to pay the cost of that phase of the Project, as determined by the City taking into account any allocation of such Bond proceeds to the Project and to other phases of the Project, the Developer shall furnish to the City a payment and performance bond in an amount equal to the amount of such excess at the time of commencement of construction on that phase of the Project. That bond shall remain in effect until acceptance of that phase of the Project by the City, and no change, extension of time, alteration or addition to the terms of this Agreement, or to the work to be performed hereunder, shall affect the enforceability of the obligations contained in the bond.

G. Payments for Project. The City shall pay to the Developer for each phase of the Project dedicated to TMWA, the purchase price of that phase as listed in Exhibit D at the time of transfer of title to the improvements and real property on that phase of the Project to TMWA, provided that the City shall be obligated to pay such purchase price solely from the available proceeds of the Bonds, if any. At no time shall the aggregate amount paid by the City to the Developer pursuant to this Agreement exceed the reasonable actual costs to the Developer of the portions of the Project theretofore acquired and then being acquired, as determined by the City with reference to its prior experience with similar types of construction or otherwise. No payment shall be made for facilities to be transferred to TMWA until those facilities are accepted by TMWA. If the reasonable actual

costs of a phase of the Project as approved by the City exceeds the price therefor as listed in Exhibit D, the City shall be obligated to pay such difference only if and to the extent that Bond proceeds are available to pay such excess because the aggregate City and Developer Incidental Expenses are less than the aggregate stated in Section 1.4, or the price paid for another phase of the Project that has already been completed and accepted by the City is less than the price listed for that phase of the Project as listed on Exhibit D or any combination of such factors.

H. Failure to Construct. In the event the Developer does not build a phase of the Project in accordance with this Agreement, or is late in completing a phase of the Project as provided below, the City may, at its option, proceed to build, complete, or rebuild, as necessary, or cause to be built, completed, or rebuilt, as necessary, that phase of the Project so that when completed that phase will be constructed in accordance with the approved final construction drawings and specifications and any amendments or addenda thereto. Prior to the exercise of such option, the City shall provide to Developer written notice of any deficiency, and the Developer shall have a period of thirty (30) days to cure such deficiency, or provide the City with a reasonable plan and schedule for curing such deficiency, which shall be approved by the City in its sole discretion, and Developer shall proceed with reasonable diligence to effect such plan, and upon Developer's election to cure, provide a plan and schedule, the City may not exercise its option so long as Developer cures such default in accordance with this Section 1.1.H. If the Developer does not cure, or provide a plan and schedule as provided above, or fails to meet the requirements or deadlines of the approved plan and schedule, the City may exercise such option without further notice to Developer, the Developer agrees to promptly transfer to the City or TMWA, as applicable, upon demand of the City, any real property, easements, or other real property rights then owned by the Developer necessary for the City to build, complete, or rebuild, or cause to be built, completed, or rebuilt, as necessary, such phase of the Project. (Also, if not then prepared, the City may proceed to prepare or cause to be prepared such formal construction drawings and specifications in accordance with the plans and specifications listed on Exhibit D hereto.) The City may apply the proceeds of the Bonds and amounts derived from any payment and performance bond or guarantee bond applicable to that phase of the Project to the costs of such building, completing or rebuilding (and of preparing construction drawings and specifications, if necessary). The price to be paid to the Developer as listed on Exhibit D for any phase of the Project which is built, completed or rebuilt, or for which construction drawings and specifications are prepared, under this subsection shall be reduced by the amount applied by the City to that phase of the Project pursuant to this subsection. If these amounts are insufficient, the City shall make demand

on the Developer to pay the amount of the insufficiency and the Developer shall immediately pay the City the amount of the insufficiency. The Developer will be treated as being late in completing any phase of the Project if either: (i) that phase of the Project has not been completed within the earlier of twelve months after a lot is sold in the District to a person who intends to use the lot for his or her residence, which lot is dependent for issuance of a certificate of occupancy on the incomplete improvement, or eighteen months (or such longer period to which the parties hereto agree in writing) after a final subdivision map is recorded for any property in the District which requires the installation of any of the improvements which are contemplated to be installed in that phase of the Project; or (ii) that phase of the Project, or any portion thereof, has not been completed by the date on which completion thereof was required in any permit issued by any governmental agency (including the City) to the Developer or any other owner or developer of property in the District. Notwithstanding the foregoing, Developer shall not be deemed late in completing any phase of the Project to the extent that construction thereof is delayed as a result of occurrences beyond the reasonable control and without the fault or negligence of Developer, including without limitation, fire, earthquake, floods and other out of the ordinary actions of the elements, enemy invasion, war, insurrection, sabotage, laws or orders of governmental, civil or military authorities, governmental restrictions and moratoria, riot, civil commotion, unavailability or delays in obtaining labor or materials from suppliers (and not attributable to any unreasonable action or inaction on the part of the Developer or any of its contractors and the resolution of which is beyond the reasonable control of such persons), and unavoidable casualty. In the event the Developer is delayed by such occurrences, the time within which the Developer must complete such phase of the Project shall be extended by a reasonable period of time not less than the actual number of days that the Developer was delayed as a result of such occurrences, provided that the Developer recommences the construction of such phase at the earliest possible date following the cessation of such occurrence and proceeds with reasonable diligence toward the completion thereof.

I. **Cost Overruns**. The Developer is responsible for the payment of and agrees to pay all costs of construction of the Project which exceed the amount available for that purpose from the proceeds of Bonds. It is presently estimated that the Developer will be required to pay approximately $_____ pursuant to this subsection. When the sum of the amounts paid to the Developer pursuant to Section 1.5 hereof together with the amounts requested to be paid pursuant to Section 1.5 hereof equals or exceeds ninety percent of the original principal amount of the Bonds, the Developer shall furnish to the City a payment and performance bond or, in the discretion of the

Developer, cash in an amount equal to the excess of the estimated costs of constructing the remaining phases of the Project over the amount of Bond proceeds available for such purpose.

J. Completion of Project. In order to assist the City in complying with its obligations under the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the Developer hereby represents that it reasonably expects to submit reimbursable costs to the City pursuant to the provisions hereof in such time as will permit the City to expend not less than 85% of the net sale proceeds of any Bonds issued to finance the Project (or any portion thereof) within three years of the date of issuance of such Bonds.

In the event the Developer has failed to complete 85% of the Project within three (3) years from the date of this Agreement, and is therefore in default and breach of this Agreement, the City may, at its option, proceed to build, complete, or rebuild, as necessary, or cause to be built, completed, or rebuilt, as necessary, that Subproject so that when completed that Subproject will be constructed in accordance with the approved plans and specifications. Under such circumstances, and to the extent not otherwise previously accomplished pursuant to the terms hereof, the Developer agrees to promptly transfer to the City or TMWA, as necessary, upon demand of the City, any Project Property related to such Subproject. The City may apply the proceeds of the Bonds and amounts derived from any payment and performance bond applicable to the Project to the costs of such building, completing or rebuilding. If these amounts are insufficient, the City shall make demand on the Developer to pay the amount of the insufficiency and the Developer shall immediately pay the City the amount of the insufficiency.

1.2 Excess Bond Proceeds. In the event all of the construction of the Project is complete, accepted and payment therefor has been made in full by the City pursuant to Section 1.1 hereof, and all of the City's and Developer's Incidental Costs have been paid pursuant to Section 1.4 hereof, and there remains unexpended proceeds of the Bonds (including interest earned on such proceeds) which are not needed for any purpose related to the Project, the assessments or the Bonds, as determined by the City, the City and the Developer may, by agreement, amend the Project to include any other subprojects eligible for financing under Chapter 271 of NRS that benefit the property assessed in the District and such unexpended Bond proceeds may be expended on such additional subprojects. If no such amendment is made or if after such an amendment, there still remain unexpended Bond proceeds, these unexpended proceeds shall be applied as soon as is reasonably possible to redeem Bonds.

1.3 Water Line Oversizing. The City shall not pay for any oversizing of water lines the cost of which is to be reimbursed to the Developer by the City under any agreements between the City and the Developer. The Developer agrees not to include the costs of any such oversizing in its cost estimates or final costs for any phase of the Project. For clarification, 'oversizing' as used herein shall mean construction of any portion of the Project which provides capacity above and beyond the amount necessary to serve properties in the District.

1.4 Incidental Expenses. The Developer and the City shall be entitled to be reimbursed for their incidental expenses related to the District ("Incidental Expense") as follows:

A. Developer Incidental Expenses. The Developer shall be entitled to be reimbursed from Bond proceeds for the actual costs of the following estimated Developer Incidental Expenses incurred and paid by the Developer, up to an amount not exceeding $335,000 (unless additional amounts are available from cost underruns on the Project or the City's Incidental Expenses): engineering expenses, legal expenses, and the deposit made by the Developer for City's costs less any amounts reimbursed. The City will, upon presentation of evidence of payment of the foregoing expenses by the Developer and approval thereof by the City, pay to the Developer the cost incurred, but only from the available proceeds of the Bonds.

B. City Incidental Expenses. The City shall be entitled to pay the following Incidental Expenses directly from the proceeds of the Bonds and the reimbursable, evergreen deposit of $150,000 made by the Developer for City costs, and any other monies provided to the City by the Developer for that purpose: (1)-(a) the fees and expenses of the assessment engineer, and (b) the City's actual cost of issuing the bonds, which includes, without limitation, (i) the fees and expenses of bond counsel, disclosure counsel, the trustee, the assessment collection agent, and the City's municipal advisor, (ii) the estimated cost of official statement printing and mailing, and (iii) the other costs listed in the purchase contract for the bonds to be paid by the City, including the estimated underwriter's discount (estimated $750,000 in the aggregate); (3) the estimated amount of the City's other costs of creating the District and administrating the acquisition and construction of the Project; and (4) the costs of an appraisal and absorption study for the District (estimated at $60,000). If the deposit made by the Developer for City costs and the available Bond proceeds are not sufficient to pay the City's Incidental Expenses, the Developer shall, at the request of the City, pay the amounts needed.

1.5 **Method of Payment**. Payments made to the Developer, whether for the cost of a phase of the Project or for reimbursement of Incidental Expenses (as described in Section 1.4.A.), shall be made only on execution of a request for such payment signed by the Developer in the form attached as Exhibit L, by check or draft made out to the party designated in and mailed as provided in the form found at Exhibit L. The City shall not be obligated to make any payment if after such payment the amount of Bond proceeds remaining is less than ten percent of the original principal amount of the Bonds unless the Developer has complied with Section l.l.I. hereof.

1.6 **City Authorized to Pay**. The City is authorized to pay directly all expenses listed in Section 1.4.B., without further authorization from the Developer, and shall provide to the Developer, at its request, a copy of any invoice received with respect to those costs, or in the case of internal costs, other evidence of those costs.

ARTICLE 2
ASSESSMENTS; BONDS.

2.1 **Procedure**. The Developer agrees that the City may proceed to order that the Project be acquired and improved, issue the Bonds and otherwise finance the cost of the Project and levy assessments without complying with the provisions of NRS 271.305 to 271.320, inclusive, 271.330 to 271.345, inclusive, 271.380 and 271.385 and the provisions of any law requiring public bidding or otherwise imposing requirements on public contracts, projects, works or improvements including without limitation chapters 332, 338 and 339 of NRS except as specifically provided in NRS 271.710. The Developer agrees that the Council may create the District, levy assessments and for all other purposes relating to the District proceed pursuant to the provisions of NRS 271.710.

2.2 **Financing**. The City agrees to proceed with the financing of the Project by levying assessments against the Property in the District and issuing the Bonds in the manner described herein, and in the proposed forms of the City documents, all of which are listed on Exhibit H (the "City Documents"). The City has not agreed to pay the Bonds from the sources named in NRS 271.495.

2.3 **Assessment Roll**. The City will levy assessments against all the property in the District as provided in the assessment ordinance, and the amount of the assessments against each parcel of property in the District will not exceed that listed in the assessment roll attached hereto as

Exhibit I. The final amount of the assessment against each parcel shall be determined in the sole discretion of the City.

2.4 Assessment Installments. Pursuant to NRS 271.405(2), the Developer hereby elects to pay the assessments against all the property in the District in installments, with interest thereon as provided in the assessment ordinance. There will be not more than Sixty (60) substantially equal semiannual installments due, which substantially equal semiannual installments will include principal and interest. The Developer waives the right to pay the whole assessment within 30 days after the effective date of the assessment ordinance. The Developer agrees that its Property is benefited by an amount at least equal to the assessments to be levied thereon from the construction of that portion of the Project that can be financed with the net proceeds of the Bonds.

2.5 Interest Rate. The interest rate on the assessments will be a fixed interest rate which will be fixed by the City at a rate that is not greater than one percentage point above the highest rate of interest payable on the Bonds at any maturity. Any interest received that is not used to pay the principal of and interest on the Bonds will be used to pay the reasonable administrative and other expenses of the City in connection with the Bonds, the assessments and the Project, and to the extent not so used shall be refunded to the property owners as required by NRS after the Bonds are paid in full. The interest rate on the Bonds shall not exceed by more than three percent the Index of Twenty Bonds which was most recently published before the bids on the Bonds are received or the negotiated offer on the Bonds is accepted.

2.6 Installment Due Dates. Assessment installments shall bear interest at the rate determined as provided in Section 2.5 hereof from the date specified in the assessment ordinance, until paid in full. Not more than Sixty (60) substantially equal semiannual installments of principal and interest, commencing and ending on the dates set forth in the assessment ordinance to be hereafter adopted. The assessments will otherwise be payable as provided in the assessment ordinance. The payment dates and amounts of the installments may be altered and other terms of payment on the assessment may be changed as is provided in the assessment ordinance in the case of a refunding of the Bonds.

2.7 Bond Reserve. A reserve fund (the "Bond Reserve") in an amount specified in the Bond Ordinance, to be hereafter adopted, will be created with the proceeds of the Bonds. The Bond Reserve will be used as additional security for the Bonds to pay any principal and interest on the

Bonds when due, if the payments of the assessment installments are insufficient for that purpose, and the Bond Reserve and any interest and investment income thereon will otherwise be used as provided in the Bond Ordinance. The City may amend the City Documents to provide for other uses of the Bond Reserve in connection with a refunding of the Bonds, and the owners of the property assessed in the District have no entitlement to any amounts in the Bond Reserve.

2.8 Capitalized Interest. A capitalized interest account in an amount as specified in the Trust Indenture, will be created with the proceeds of the Bonds.

2.9 Waiver. The Developer agrees that all of the Property owned by it within the District is benefited by the Project by an amount at least equal to the maximum amount proposed to be assessed against those properties listed in the assessment roll attached as Exhibit I, agrees to the City's assessing those properties in the amounts listed in the assessment roll and waives any and all formalities required by the laws of the United States and the State of Nevada in order to impose such assessments. The Developer consents and agrees to the assessments listed in the assessment roll for the District and agrees that those assessments may be made regardless of whether any or all of the improvements proposed to be acquired and constructed as described herein are in fact acquired and constructed or any provisions of Article 3 hereof are followed, and agrees that the City may proceed to collect and enforce the assessments in the manner described herein and in the City Documents regardless of whether it completes the acquisition or construction of the improvements or complies with Article 3 hereof. The Developer waives all powers, privileges, immunities and rights against the City or the District arising from or following from irregularities or defects, if any, occurring in connection with or ensuing from the actions, proceedings, matters and things heretofore taken or hereafter to be taken had and done by the City, the City Council and the officers of the City (including, without limitation, the proper description of all property which the Developer may own within the District and the giving of proper notices of the proceedings relating to the District) concerning the creation of the District and the levying of special assessments to defray the cost and expenses of the improvements in the District. The Developer consents and agrees to be bound and consents and agrees that all property in the District owned by the Developer be bound and be subject to the assessment lien as thoroughly and effectively as if all actions, proceedings, notices, matters and things had been taken and done free from irregularities. The Developer also represents and warrants that in the Developer's reasonable opinion, the market value of each parcel owned by it in the District exceeds the amount of the maximum assessment proposed to be made against each such parcel. The Developer agrees that its property is

benefited by at least the amounts listed in the assessment roll by the installation of the Project without regard to the availability of water, sewage treatment capacity, other utilities, or any combination thereof.

ARTICLE 3
MISCELLANEOUS.

3.1 Federal Tax Covenant. The Developer covenants that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the Developer or any facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code"); or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect until the date on which all obligations of the City in fulfilling the tax covenant contained in the Bond Ordinance have been met.

3.2 City Documents; Continuing Disclosure.

A. City Documents. The Developer agrees to all provisions of the City Documents listed in Exhibit H in the form on file with the City Clerk with such changes therein as are approved by the City and the Developer. Any City Documents not now on file and changes to or additions to the City Documents must be approved by the City and the Developer. The City may amend the City Documents without obtaining the approval of the Developer whenever the outstanding assessments on property owned by the Developer in the District represent less than 40% of the aggregate outstanding assessments on property in the District, but the City may not increase an assessment against the Developer's property without the Developer's consent.

B. Continuing Disclosure. The City and the Developer agree to execute a continuing disclosure agreement or certificate in a mutually acceptable form prior to the issuance of the Bonds obligating each party to make certain disclosures on an ongoing basis as required under Rule 15c2-12 of the United States Securities and Exchange Commission. If the parties are unable to

agree on a form of agreement or certificate, the Bonds will not be issued unless they qualify for an exemption from Rule 15c2-12.

3.3 No Guarantee of Water. Nothing in this Agreement or any other document involving the City or the District, nor the installation by way of the City or the District of, or the assessment of the property within the District for, water facilities shall be taken as a guarantee, promise or representation that water treatment capacity will be made available to the property in the District.

3.4 Permits. The Developer hereby represents and warrants to the best of its knowledge, that it has or will obtain all governmental or other permits required to proceed with development of its property and the Project, including those listed in Exhibit J, it has paid all fees relating thereto and any other fees owing with respect to the Project, and it will it has pay all additional fees relating thereto and any other fees owing with respect to the Project. There is no impediment, to the Developer's knowledge, to proceeding with the Project to completion and proceeding with the development of the land owned by the Developer in the District.

3.5 Permitted Investments. Any funds invested by the City under this Agreement may be invested in any investment that would be lawful for the City under the provisions of Chapters 355 and 356 of NRS.

3.6 Indemnification and Defense of Suits.

A. Indemnification. The Developer agrees to protect and indemnify and hold the City, its officers or employees and agents and each of them harmless from and against any and all claims, losses, expenses, suits, actions, decrees, judgments, awards, attorneys' fees, and court costs which the City, its officers, employees or agents or any combination thereof may suffer or which may be sought against or recovered or obtained from the City, its officers, employees or agents or any combination thereof as a result of or by reason of or arising out of or in consequence of: (i) the acquisition, construction or financing of the Project by the City pursuant to this Agreement; (ii) any environmental or hazardous waste conditions (a) which existed on any property which is part of the Project at any time prior to formal acceptance of the Project by the City or an Applicable Government or which was caused by the Developer or (b) which existed on any of the property which is assessed at any time while the Developer owned the property or which was caused by the Developer, provided said condition was not caused by the deliberate action of the City; or (iii) any act or omission,

negligent or otherwise, of the Developer or any of its subcontractors, agents or anyone who is directly employed by or acting in concert with the Developer or any of its subcontractors, or agents, in connection with the Project or the District. This Section 3.6 is not intended and shall not be construed to be a warranty of the construction, workmanship or the materials or equipment incorporated in the Project. It is further agreed that the indemnity of the Developer to the City shall not extend to any claims that result from acts or omissions of the City, its officers, employees, agents or contractors in connection with the operation, maintenance and repair of the Project.

B. Defense of Suits. The Developer agrees that it shall at its sole cost and expense defend (including, without limitation, by paying the cost of attorneys selected by the City to assist in such defense) the City, its officers, employees and agents and each of them in any suit or action that may be brought against it or any of them by reason of the City's involvement in the Project and the financing thereof or any act or omission, negligent or otherwise, against the consequences of which the Developer has agreed to indemnify the City, its officers, employees or agents pursuant to Section 3.6.A. If the Developer fails to do so, the City shall have the right but not the obligation to defend the same and charge all of the direct or incidental costs of such defense, including any attorneys' fees or court costs, to and recover the same from the Developer.

C. No Indemnification in Certain Circumstances. No indemnification is required to be paid by the Developer for any claim, loss or expense arising from (i) the willful misconduct, gross negligence, or breach of this Agreement or the City Documents by the City or its officers or employees; (ii) any information or omissions in the disclosure materials provided by the City in connection with the issuance of the Bonds; (iii) the administration of the assessments or the Bonds; or (iv) any failure by the City to perform any of its obligations under the Bonds.

D. Survival of Indemnification. The provisions of this Section 3.6 shall survive the termination of this Agreement. It is not intended by the parties hereto that this indemnification provision revive any claim of, or extend any statute of limitations which has run against, any third party.

3.7 Insurance.

A. Insurance. Developer shall procure and maintain, during the course of this Agreement, general liability, auto liability, property, and professional insurance as necessary

to meet the financial obligations and liability of Developer assumed in this Section. Said policies shall include coverage limits of not less than $2,000,000 per occurrence and $4,000,000 in the aggregate. The City shall be added as an additional insured on all policies, and certificates of insurance and endorsements for each insurance policy signed by a person authorized by the insured to bind coverage and shall be provided to the City prior to any work occurring after the execution of this Agreement. For any claims related to this Agreement, the Developer's coverage shall be primary and non-contributory with respect to all other sources and with respect to the City and its officers, officials, employees, volunteers, and agents.

B. **Workers Compensation Insurance**. Developer shall also procure and maintain workers compensation insurance on each of their employees in accordance with the laws of the State and shall require that all persons with whom they contract to perform any work in connection with the Project also procure and maintain that insurance for each person employed to perform work on or services for the Project.

C. **Indemnification Clauses.** All contracts entered into by Developer for the completion of work or professional services required pursuant to this Agreement shall contain indemnification and insurance clauses on the same or substantially similar basis and to the same or substantially similar extent provided by the Developer to protect the City's interest.

D. **Subrogation**. All insurance policies provided by the Developer or its Contractors shall contain a waiver of subrogation against the City.

3.8 **No Third Party Beneficiary**. None of the provisions of this Agreement are intended to constitute the owners of property assessed, the general public, or any member thereof, a third party beneficiary hereunder or to authorize anyone who is not a party to this Agreement to maintain any suit for personal injuries or project damage pursuant to this Agreement.

3.9 **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of the City and the Developer and their respective successors and assigns. No assignment of this Agreement or any right or obligation hereunder by either party hereto shall be valid unless the other party hereto consents to such assignment in writing, which shall not be unreasonably withheld or delayed.

3.10 Inspection of Books. The City will permit the Developer to inspect its books and records relating to bond principal outstanding, interest disbursements, administrative costs and fund balances.

3.11 Entire Agreement. This Agreement, including the exhibits hereto, constitutes the entire agreement of the parties hereto. This Agreement may be modified by the parties hereto but only by a written instrument signed and acknowledged by each party and recorded with the County Recorder of Washoe County.

3.12 Further Assurances. The Developer and the City agree to do such further acts and things and to execute and deliver to the other such additional certificates, documents and instruments as the other may reasonably require or deem advisable to carry into effect the purposes of this Agreement or to better assure and confirm unto the other its rights, powers, and remedies hereunder. The Developer shall execute all consents, certificates and other documents which the City or bond underwriter reasonably request in connection with the sale of the bonds.

3.13 Obligations of Developer; Payment and Performance Bond. The obligations of the Developer under Articles 1 and 3 hereof are obligations of the Developer upon which the Developer is personally liable. The obligations to pay assessments in Article 2 pertain only to the land owned by the Developer in the District and are not personal obligations of the Developer. To provide additional security for the obligations of the Developer pursuant to Articles 1 and 3 hereof, the Developer agrees, as a condition precedent to the sale of the Bonds, to secure a payment and performance bond in an aggregate principal amount equal to the total reimbursable Project costs less net bond proceeds to acquire improvements set forth on Exhibit D.

3.14 Notices. All notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, addressed as follows:

If to the City:

City of Reno, Nevada
c/o City Manager
1 E. First St.
Reno, NV 89505

If to the Developer:

Toll North Reno, LLC
Attn: Julie Wong
10345 Professional Circle
Suite 200
Reno, NV 89521

If any notice hereunder is given to the City, a copy shall be forwarded by first class mail, postage prepaid, to the City's Director of Public Works and City Attorney at:

Director of Public Works
City of Reno
1 E. First St.
Reno, NV 89505

and

City Attorney
City of Reno
1 E. First St.
Reno, NV 89505

If notice hereunder is given to the Developer, a copy should be forwarded by first-class mail, postage prepaid, to the Developer's counsel at:

Joshua Hicks
McDonald Carano
100 W. Liberty St., 10th Floor
Reno, NV 89501

3.15 **No Waivers**. No failure or delay on the part of either party in enforcing any provision shall operate as a waiver thereof, nor shall any single or partial enforcement of any provision hereof preclude any other or further enforcement or the exercise of the same or any other right, power or remedy either party may have.

3.16 **Attorney Fees**. If the City incurs attorneys' fees or expenses or any other fees and expenses in connection with the actual or overtly threatened breach by the Developer of any provision hereof, the City shall be entitled to recover such reasonable fees and expenses from the Developer.

3.17 **Severability**. If any provision of this Agreement is deemed to be invalid or unenforceable, such invalidity or unenforceability shall not affect the remaining provisions hereof that can be given effect without the invalid or unenforceable provision and the City and Developer agree

to replace such invalid or unenforceable provision with a valid provision which has, as nearly as possible, the same effect.

3.18 Construction; Time. The language of this Agreement shall be construed as a whole according to its fair meaning and intent and not strictly for or against any party. Both parties were represented by counsel in the negotiation of this Agreement, and this Agreement shall be deemed to have been drafted by both of the parties. Time is of the essence of this Agreement and all terms, provisions, covenants, and conditions hereof.

3.19 Governing Law; Venue. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Nevada. The City and the Developer agree to be bound to the nonexclusive jurisdiction of any court of the State located in Washoe County or the United States District Court for the State for the purpose of any suit, action or other proceeding arising out of this Agreement, or any of the agreements or transactions contemplated hereby, at the election of the party initiating any such suit, action or other proceeding, which is brought by or against the Developer or the City and the parties each hereby irrevocably agree that all claims in respect of any such suit, action or proceeding may be heard and determined by such court.

3.20 No City Obligation. Nothing herein obligates the City to expend any money other than funds derived from the sale of the Bonds and amounts received from the investment thereof and receipts from the assessments made against the property in the District. Nothing herein obligates the City to issue the Bonds, however, the obligations of the Developer hereunder (except as provided in the following sentence) are contingent on the issuance of the Bonds by the City. If the Bonds are not issued by December 31, 2024 for any reason, this Agreement may be terminated by either party, but the Developer shall be responsible for payment of all of the costs incurred by Developer and all reasonable out-of-pocket costs incurred by the City prior to that date. The amount of such costs incurred by the City shall not be contestable or appealable, absent fraud or gross abuse of discretion. The Developer shall pay to the City the costs submitted in the City's statement within thirty (30) days after receiving notice of the amount of the costs.

3.21 Term of Agreement. Except as otherwise provided in Sections 3.1 and 3.6 hereof, this Agreement shall be in effect from the date and year first mentioned above until the later of: (i) the date all of the Bonds (including through a series of refundings) have been retired; or (ii) the date on which all of the assessments against property in the District have been paid in full.

3.22 Counterparts. This Agreement may be executed on one or more counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same Agreement.

3.23 Conveyance Restriction; Recording. The Developer agrees not to convey any parcel, lot or real property interest in any of the Property to any party until after this Agreement has been recorded in the office of the County Recorder. The City agrees to record this Agreement within 5 days of its execution by all parties. Recording shall have the effect provided in Subsection 2 of NRS 271.720 and shall make Article 2 of this Agreement binding on all persons or entities who acquire any of the property in the District before the assessments and Bonds are paid in full.

3.24 Disclosure to Transferees. No later than 15 days prior to any transfer, the Developer agrees to inform any transferee of property in the District who acquires title from the Developer of the existence of the assessments and to obtain from any such transferee of any property in the District, which can be legally subdivided into smaller parcels, a covenant to give to each homebuyer transferee a disclosure statement in substantially the form attached hereto as Exhibit K, and to use its best efforts to obtain the homebuyer's signature on that statement and return a copy of it to the City.

IN WITNESS WHEREOF the City and the Developer have caused this Development and Financing Agreement to be executed as of the day and year first mentioned above.

CITY:	**DEVELOPER:**
CITY OF RENO, NEVADA	TOLL NORTH RENO, LLC, a Nevada limited liability company
_____	_____
By: Hillary Schieve, Mayor	By: Title: Address:

ATTEST:

_____
By: Mikki Huntsman, City Clerk

APPROVED AS TO LEGAL FORM:

_____
By: _____, Deputy City Attorney

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on _____, 2024, by Hillary Schieve as the Mayor of the City of Reno.

_____
Notary Public

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on _____, 2024 by _____ as _____ of Toll North Reno, LLC, a Nevada limited liability company.

_____
Notary Public

EXHIBIT A

2024 Special Assessment District No. 1

Legal Description of Property

EXHIBIT B

Title Exceptions

EXHIBIT C

[Reserved]

EXHIBIT D

Special Assessment District No. T-22 (Quilici Ranch)

Project Phases with Estimated Commencement and Completion Dates and Cost

EXHIBIT E

Supplemental General Conditions - Construction

There are no supplemental general conditions.

EXHIBIT F

List of Special Conditions and Specifications

There are no additional conditions or specifications.

EXHIBIT G

(Attach TMWA Letter)

EXHIBIT H

List of City Documents

1. Creation Ordinance.

2. Assessment Ordinance

3. Bond Ordinance

4. Trust Indenture

EXHIBIT I

Assessment Roll

EXHIBIT J

Permits Required

None

EXHIBIT K

Disclosure Statement to Property Buyers

City of Reno
2024 Special Assessment District No. 1 (Quilici Ranch) Information Form

Dear Property Owner,

You are about to purchase a property in the City of Reno, Nevada, 2024 Special Assessment District No. 1 (Quilici Ranch) (the "District"). THIS PROPERTY IS SUBJECT TO AN OUTSTANDING ASSESSMENT. Below are some commonly asked questions regarding special assessment districts. Please take the time to read through all of the information.

Why was the District created?
In [_____] of 2024, the City of Reno (the "City") issued $26,110,000 in bonds to fund the acquisition and construction of certain water improvements specifically benefiting property located in the District.

What are my assessment installment payments used for?
To repay the principal and interest on the bonds issued to finance water improvements.

Who is responsible for payment?
Each assessment constitutes a lien on the property similar to a property tax lien and must be paid by the property owner.

How much is my assessment?
The total assessment amount for your property is $_____, which equates to approximately $_____ annually.

How often are assessments installments billed?
Assessment installments are billed semi-annually. Assessment payments are due April 1 and October 1 of each year until April_1, 2054. Late penalties for delinquent installments can be substantial. To avoid late penalties and potential sale and foreclosure proceedings, please pay the amount due prior to each due date. Late penalties accrue at the first of each month if payment is not received on or before each due date.

Can the assessment be paid in advance?
Yes. The assessment may be paid in full at any time, if interest is also paid to the next assessment installment payment date.

Is there a premium charged for prepaying my assessment?
Yes. The prepayment premium is [3%] of the outstanding principal balance.

What happens if I sell my home?
The remaining assessment may be transferred to the new owner at the time of sale or paid off in advance as described above.

Are there penalties for failure to pay/underpayment of assessment installments?
Yes. If an assessment payment is not received by its due date indicated on the bill, a late penalty of [2%] per month of the total outstanding assessment will be imposed. In addition, failure to pay an

assessment installment when due may cause the whole amount of the outstanding assessment to become due and payable immediately as a result of the commencement of sale or foreclosure proceedings.

What about Overpayments?
If an overpayment is received, the amount of the overpayment will be credited in accordance with policy established by the City.

Is my assessment limited to the property I own?
Yes. The assessment levied on any property owner's parcel is limited to that individual piece of property. As a property owner, you will never be liable for any other owners' assessments.

EXHIBIT L

Developer Payment Request Form

Date:_____

Department of Public Works
Attn: _____
_____
Reno, Nevada 89505

Dear _____:

Attached please find documentation [including lien releases] evidencing a payment request in the total amount of $_____. The payment serves as [reimbursement, as described in the Financing Agreement § 1.4][a Subproject payment, as described in the Financing Agreement § 1.1], (strike the nonapplicable phrase) for the expenses or costs heretofore paid by the Developer and listed in the attached itemized statement: (itemize and detail expenses or costs on an attached sheet(s))

Please remit payment to the following party and address:

_____
_____
_____
_____

Thank you.

TOLL NORTH RENO, LLC

By:_____
Title:_____

Approved for payment:

_____ _____
[Engineering Representative of City] Finance Representative of City
Date _____ Date: _____