

**CITY OF SAN MARCOS, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2020  
(WHISPER PUBLIC IMPROVEMENT DISTRICT)**

**CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER**

This Continuing Disclosure Agreement of the Issuer dated as of June 2, 2020 (this “Disclosure Agreement”) is executed and delivered by and between the City of San Marcos, Texas (the “Issuer”) and UMB Bank, N.A. (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2020 (Whisper Public Improvement District)” (the “Bonds”). The Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of June 2, 2020, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“135 Residential” shall mean 135 Residential Development, LLC, a Texas limited liability company, and its designated successors and assigns.

“Administrator” shall mean the Issuer or the person or independent firm designated by the Issuer who shall have the responsibility provided in the Service and Assessment Plan, the Indenture, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District. The Issuer has initially selected P3Works, LLC as the Administrator.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Issuer Report” shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the Issuer or the Trustee or any national holiday observed by the Trustee.

“Developer” shall mean Whisper Master Community Ltd., a Texas limited partnership, and its successors and assigns.

“Disclosure Agreement of 135 Residential” shall mean the Continuing Disclosure Agreement of 135 Residential dated as of June 2, 2020 executed and delivered by 135 Residential, the Administrator and the Dissemination Agent.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of the Developer dated as of June 2, 2020 executed and delivered by the Developer, the Administrator and the Dissemination Agent.

“Disclosure Agreement of Yarrington” shall mean the Continuing Disclosure Agreement of Yarrington dated as of June 2, 2020 executed and delivered by Yarrington, the Administrator and the Dissemination Agent.

“Disclosure Representative” shall mean the Director of Finance of the Issuer or his or her designee, or such other officer or employee as the Issuer, may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean UMB Bank, N.A., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Whisper Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System currently available on the internet at <http://emma.msrb.org>.

“Filing Date” shall mean, for each Fiscal Year, the date that is six (6) months after the end of the Issuer’s Fiscal Year, which Filing Date is currently March 31.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the calendar year from October 1 through September 30.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Owner” shall mean the registered owner of any Bonds.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Trustee” shall mean UMB Bank, N.A., or any successor trustee pursuant to the Indenture.

“Yarrington” shall mean Yarrington Partners, Ltd., a Texas limited partnership, and its designated successors and assigns.

### SECTION 3. Provision of Annual Issuer Reports.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2020, the Issuer shall cause and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Filing Date, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements specified in Section 4 of this Disclosure Agreement. The audited financial statements of the Issuer, if prepared and when available, may be submitted separately from the Annual Issuer Report, and may be submitted later than the Filing Date, if audited financial statements are not available by the Filing Date. If, however, the audited financial statements are not complete by the Filing Date, then the Issuer shall provide unaudited financial statements by the Filing Date. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Filing Date, the Issuer shall provide the Annual Issuer Report to the Dissemination Agent. The Dissemination Agent shall provide such Annual Issuer Report to the MSRB not later than ten (10) days from receipt of such Annual Issuer Report from the Issuer.

If by the fifth (5<sup>th</sup>) day before the Filing Date, the Dissemination Agent has not received a copy of the Annual Issuer Report, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Issuer Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Issuer Report no later than two (2) Business Days prior to the Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Issuer Report by the Filing Date, state the date by which the Annual Issuer Report for such year will be provided and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Issuer Report or the notice of failure to file, as applicable, to the MSRB, no later than the Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day prior to the Filing Date.

- (b) The Issuer shall or shall cause the Dissemination Agent to:
  - (i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report; and
  - (ii) file the Annual Issuer Report containing or incorporating by reference the information set forth in Section 4 hereof.
- (c) If the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file, the following:

- (a) By the Filing Date, the following Annual Financial Information (any or all of which may be unaudited):
  - (i) Tables setting forth the following information, as of the end of such Fiscal Year:
    - (A) For the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and the principal amount remaining Outstanding and the interest amount remaining Outstanding;
    - (B) The amounts in the funds and accounts securing the Bonds; and
    - (C) The assets and liabilities of the Trust Estate.
  - (ii) The principal and interest paid on the Bonds during such Fiscal Year and the minimum scheduled principal and interest required to be paid on the Bonds in the next Fiscal Year.
  - (iii) Any changes to the land use designation for the property in the District from the purposes identified in the Service and Assessment Plan.
  - (iv) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a “SAP Update”), including any changes to the methodology for levying the Assessments in the District.
  - (v) The aggregate taxable assessed valuation for parcels or lots within the District based on the most recent certified tax roll available to the Issuer.
  - (vi) With respect to single-family residential lots, until certificates of occupancy have been issued for lots representing, in the aggregate, ninety-five percent (95%) of the total single-

family residential lots within the District, the Annual Issuer Report (in the SAP Update or otherwise) shall include the following:

(A) The number of new homes completed in the District during such Fiscal Year; and

(B) The aggregate number of new homes completed within the District since filing the initial Annual Issuer Report for Fiscal Year ended September 30, 2020.

(vii) With respect to commercial, industrial/business park, office, retail and multifamily residential parcels, until such time as development thereof is complete, the following information:

(A) Issuance of building permit(s);

(B) Issuance of certificate(s) of occupancy; and

(C) For parcels where a certificate of occupancy was issued, the total covered square footage for such commercial, industrial/business park, office, retail and/or multifamily residential units on an annual and cumulative basis, if available.

(viii) Listing of any landowners in the District, as determined by the most recent certified tax roll available to the Issuer, representing more than five percent (5%) of the levy of Assessments, the amount of the levy of Assessments against such landowners, and the percentage of such Assessments relative to the entire levy of Assessments within the District, as shown on the Assessment Roll attached to the SAP Update for such Fiscal Year.

(ix) Collection and delinquency history of the Assessments within the District for the past five (5) Fiscal Years, in the following format:

**Collection and Delinquent History of Assessments**

Collected in Fiscal Year	Assessment Billed	Parcels Levied	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Total Assessments Collected <sup>(1)</sup>
2020	\$			—	—		\$

<sup>(1)</sup> Collected as of \_\_\_\_\_, 20\_\_\_. Includes \$\_\_\_\_\_ attributable to Prepayments.

(x) For each calendar year, if the total amount of Annual Installments that are delinquent as of September 1 in such calendar year is equal to or greater than ten percent (10%) of the total amount of Annual Installments due in such calendar year, a list of parcel numbers for which the Annual Installments are delinquent.

(xi) The amount of delinquent Assessments by Fiscal Year:

(A) Which are subject to institution of foreclosure proceedings (but as to which such proceedings have not been instituted);

- (B) For which foreclosure proceedings have been instituted but have not been concluded;
- (C) Which have been reduced to judgment but not collected;
- (D) Which have been reduced to judgment and collected; and
- (E) The result of any foreclosure sales of assessed property within the District if the assessed property sold at a foreclosure sale represents more than one percent (1%) of the total amount of Assessments.

(xii) Total amount of Prepayments collected, as of March 1 of the calendar year immediately succeeding such Fiscal Year, in each case with respect to the most recent billing period (generally, October 1 of the preceding calendar year through January 31 of the current calendar year).

(xiii) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements during such Fiscal Year.

(b) If not provided with the financial information provided under subsection 4(a) above, if prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If audited financial statements are not included with the financial information provided under subsection 4(a) above, unaudited financial statements shall be included with such financial information by the Filing Date.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs. The Issuer has designated P3Works, LLC as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Issuer Reports under this Section 4.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

**SECTION 5.      Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4.       Unscheduled draws on credit enhancements reflecting financial difficulties.
5.       Substitution of credit or liquidity providers, or their failure to perform.
6.       Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7.       Modifications to rights of Owners, if material.
8.       Bond calls, if material, and tender offers.
9.       Defeasances.
10.      Release, substitution, or sale of property securing repayment of the bonds, if material.
11.      Rating changes.
12.      Bankruptcy, insolvency, receivership or similar event of the Issuer.
13.      The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14.      Appointment of a successor trustee under the Indenture or the change of name of a trustee, if material.
15.      Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.
16.      Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

The Issuer does not intend for any sale by the Developer or Yarrington of real property within the District to be considered a significant event for the purposes of paragraph (10) above.

Any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or

governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than the Business Day immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made under this Section 5. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall immediately file a notice of such occurrence with the MSRB. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of [the Trustee or] the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14 or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 6. Termination of Reporting Obligations. The obligations of the Issuer and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until it receives written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to such series of Bonds under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be UMB Bank, N.A.

SECTION 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Issuer Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be

followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Issuer Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall, upon being indemnified to its satisfaction), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Issuer, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement by the Issuer shall not be deemed a default under any of the Disclosure Agreement of Developer by the Developer, the Disclosure Agreement of Yarrington by Yarrington or the Disclosure Agreement of 135 Residential by 135 Residential, and a default under any of the Disclosure Agreement of Developer by the Developer, the Disclosure Agreement of Yarrington by Yarrington or the Disclosure Agreement of 135 Residential by 135 Residential, shall not be deemed a default under this Disclosure Agreement by the Issuer.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from Annual Installments collected from the property owners in the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the

Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an “obligated person” under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER OR THE DISSEMINATION AGENT, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 12. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments.

SECTION 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer or Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer or Dissemination Agent in other than that person's official capacity.

SECTION 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision,

covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 15. Sovereign Immunity. The Dissemination Agent agrees that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. [The Dissemination Agent has entered into a separate agreement with the Issuer, which agreement provides for the payment of the fees and expenses of the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement.] [The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in the District, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.]

SECTION 18. Anti-Boycott Verification. The Dissemination Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Disclosure Agreement is a contract for goods or services, will not boycott Israel during the term of this Disclosure Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal or State law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Dissemination Agent understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent and exists to make a profit.

SECTION 19. Iran, Sudan and Foreign Terrorist Organizations. The Dissemination Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal or State law and excludes the Dissemination Agent and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Dissemination Agent understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Dissemination Agent and exists to make a profit.

SECTION 20. Disclosure of Interested Parties. [Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement.] [Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies that it has filed a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement.]

SECTION 21. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*[Signature pages follow]*

CITY OF SAN MARCOS, TEXAS  
(as Issuer)

By: \_\_\_\_\_  
City Manager

UMB BANK, N.A.  
(as Dissemination Agent)

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE  
ANNUAL ISSUER REPORT**

Name of Issuer: City of San Marcos, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2020  
(Whisper Public Improvement District) (the “Bonds”)  
CUSIP Nos. [insert CUSIP NOs.]  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that the City of San Marcos, Texas, has not provided [an Annual Issuer Report][annual audited financial statements] for fiscal year end \_\_\_\_\_ with respect to the Bonds as required by the Continuing Disclosure Agreement of the Issuer dated as of June 2, 2020, between the Issuer and UMB Bank, N.A., as “Dissemination Agent.” The Issuer anticipates that [the Annual Issuer Report][annual audited financial statements] will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

UMB Bank, N.A.,  
on behalf of the City of San Marcos, Texas  
(as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of San Marcos, Texas

**EXHIBIT B**

**CITY OF SAN MARCOS, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2020  
(WHISPER PUBLIC IMPROVEMENT DISTRICT)**

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**ANNUAL ISSUER REPORT\***

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Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP NOSs: [insert CUSIP NOs.]

**BONDS OUTSTANDING**

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

**INVESTMENTS**

Fund/ Account Name	Investment Description	Par Value	Book Value	Market Value

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\*Excluding Audited Financial Statements of the Issuer

**ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE**

Bonds (Principal Balance) \_\_\_\_\_  
Funds and Accounts [list] \_\_\_\_\_  
**TOTAL ASSETS** \_\_\_\_\_

**LIABILITIES**

Outstanding Bond Principal \_\_\_\_\_  
Outstanding Program Expenses (if any) \_\_\_\_\_  
**TOTAL LIABILITIES** \_\_\_\_\_

**EQUITY**

Assets Less Liabilities \_\_\_\_\_  
 Value to Debt Ratio \_\_\_\_\_

**Form of Accounting**    Cash    Accrual    Modified Accrual

**ITEMS REQUIRED BY SECTIONS 4(a)(ii) – (viii)**  
**[Insert a line item]**

**SECTION 4(a)(ix) COLLECTION AND DELINQUENCY HISTORY OF THE ASSESSMENTS WITHIN THE DISTRICT FOR THE PAST FIVE FISCAL YEARS, IN THE FOLLOWING FORMAT:**

**Collection and Delinquent History of Assessments**

Collected in Fiscal Year	Assessment Billed	Parcels Levied	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Total Assessments Collected <sup>(1)</sup>
Ending 9/30							
2020	\$			—	—		\$

<sup>(1)</sup> Collected as of \_\_\_\_\_, 20\_\_. Includes \$\_\_\_\_\_ attributable to Prepayments.

**ITEMS REQUIRED BY SECTIONS 4(a)(x) – (xiii) OF THE CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER RELATING TO THE CITY OF SAN MARCOS, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2020, (WHISPER PUBLIC IMPROVEMENT DISTRICT)**

**[Insert a line item for each applicable listing]**

**EXHIBIT C**

**BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES<sup>1</sup>**

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Annual Installments of Assessments are due.
February 1	1	Annual Installments of Assessments delinquent if not received.
February 15	15	<p>Issuer forwards payment to Trustee for all collections received as of February 15, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies.</p> <p>Issuer and/or Administrator should be aware if Reserve Fund needs to be utilized for debt service payments on March 1. <b>If there is to be a shortfall, the Trustee and Dissemination Agent should be immediately notified in writing.</b></p> <p>Issuer and/or Administrator should also be aware if, based on collections, there will be a shortfall for September payment.</p> <p>Issuer and/or Administrator should determine if previously collected surplus funds, if any, plus actual collections will be fully adequate for debt service in March and September.</p> <p>At this point, if total delinquencies are under 5% and if there is adequate funding for March and September payments, no further action is anticipated for collection of Annual Installments of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. <b>For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure.</b></p> <p><b>If there are over 5% delinquencies or if there is inadequate funding in the Pledged Revenue</b></p>

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<sup>1</sup> Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures are subject to adjustment by the Issuer.

March 15

43/44

**Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties.**

Trustee pays bond interest payments to bondholders.

Reserve Fund payment to Bond Fund may be required if Assessments are below approximately 50% collection rate.

Issuer, or the Trustee, on behalf of the Issuer, to notify Dissemination Agent of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw on the Fund for debt service.

**Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.**

Issuer determines whether or not any Annual Installments of Assessments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments of Assessments.

March 20

48/49

**Issuer and/or Administrator to notify Dissemination Agent for disclosure to MSRB of all delinquencies.**

**If any property owner with ownership of property responsible for more than \$10,000 of the Annual Installments of Assessments is delinquent or if a total of delinquencies is over 5%, or if it is expected that Reserve Fund moneys will need to be utilized for either the March or September bond payments, the Disclosure Representative shall work with City Attorney's office, or the appropriate designee, to satisfy payment of all delinquent Annual Installments of Assessments.**

April 15

74/75

**Preliminary Foreclosure activity commences, and Issuer to notify Dissemination Agent of the commencement of preliminary foreclosure activity.**

		If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.
May 1	90/91	If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the bondholders under Section 11.2 of the Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.
May 15	104/105	The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those bondholders who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than June 1 (day 121/122).
<b>June 1</b>	<b>121/122</b>	<b>Foreclosure action to be filed with the court.</b>
<b>June 15</b>	<b>135/137</b>	<b>Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing.</b> Dissemination Agent notifies bondholders.
July 1	151/152	If bondholders and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

A committee of not less than twenty-five percent (25%) of the Owners may request a meeting with the City Manager, Assistant City Manager or the Finance Director to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day thirty (30) if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (5%), Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Annual Installments of Assessments.