

Chalk Hill Public Improvement District No. 2 Project Overview

The Chalk Hill Public Improvement District No. 2 (the "District") was created by the City Council of the City of Celina (the "City Council") on December 12, 2017, pursuant to the Public Improvement District Act, Texas Local Government Code, Chapter 372, as amended (the "Act"), and Resolution No. 2017-212R upon petition of the owners of the taxable real property representing more than 50 percent of the appraised value of taxable real property liable for assessment within the District and the property owners who own taxable real property that constitutes more than 50 percent of the area of all taxable real property that is liable for assessment by the District. All of the property in the District is located within the boundaries of the City of Celina (the "City").

The District was created principally to finance certain public improvement projects (the "Authorized Improvements") that specially benefit assessed property in the District. On March 23, 2018, the City Council approved an ordinance (the "Assessment Ordinance") accepting and approving a service and assessment plan for the District (the "SAP") and levying special assessments (the "Phase #1 Assessments") against the Phase #1 Assessed Property as shown on the Phase #1 Assessment Roll attached to the SAP. The Phase #1 Assessments may be prepaid in whole or in part at any time without penalty or may be paid in Annual Installments as provided by the Act and the SAP.

The City issued the City of Celina (Chalk Hill Public Improvement District Phase #1 Project) Special Assessment Revenue Bonds, Series 2018 in the aggregate amount of \$4,325,000 pursuant to the Act, in Ordinance 2383 (the "Bond Ordinance") adopted by the City Council on March 23, 2018 and an Indenture of Trust dated as of April 1, 2018 between the City, and the U.S. Bank, N.A. as trustee.

The Series 2018 Bonds are payable from the Phase #1 Assessments levied against each parcel of Assessed Property within Phase #1 of the District pursuant to the Assessment Ordinance and in accordance with the SAP. Additionally, as more fully described in the SAP, the City has approved "Reinvestment Zone Number Ten, City of Celina, (the "TIRZ"). The City has agreed, subject to the terms of the TIRZ, to apply 34.2% of the annual City ad valorem taxes collected for this property as an offset against the following year's Annual Installment of the Phase #1 Assessment.

Annual Installments are expected to be billed and collected on the same schedule as property taxes. The Act provides that the Phase #1 Assessments, and the Annual Installments thereof, (including any reassessment, the expense of collection and reasonable attorney's fees, if incurred) are (a) a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for state, county, school district or municipality ad valorem property taxes whether now or hereafter payable, and (b) a personal liability of and charge against the owners of the property to the extent of their ownership regardless of whether the owners are named.

More information concerning the District, the Phase #1 Assessments, application of the TIRZ credit offset, and the due dates of the Annual Installments of the Phase #1 Assessments may be obtained from MuniCap, Inc., the District Administrator for the City, located at 222 West Las Colinas Blvd, Suite 1650E, Irving, Texas 75039 and available by telephone at (972) 444-2519 or (866) 648-8482 (toll free).

FAILURE TO PAY THE PHASE #1 ASSESSMENTS LEVIED AGAINST ASSESSED PROPERTY, INCLUDING THE ANNUAL INSTALLMENT THEREOF, COULD RESULT IN FORECLOSURE OF SUCH PROPERTY.