

**Club Municipal Management District
Lot Type 2 – Channel Front Lot**

Project Overview

The Club Municipal Management District (the “District”) was created by House Bill 3859, which was passed by the 82nd Texas Legislature on June 17, 2011. Pursuant to Subchapter A, Chapter 372, Local Government Code, or Chapter 375, Local Government Code, the District may levy an assessment against property for improvement projects.

The District was created principally to finance certain public improvements (the “Authorized Improvements”) that specially benefit assessed property in the District. On September 1, 2015, the District Board adopted an order to approve a Service and Assessment Plan for the District (the "Service and Assessment Plan") and levied special assessments (the "Special Assessments") on certain property within the District in accordance with the Assessment Roll attached as Appendix B to the Service and Assessment Plan. The Special Assessments may be prepaid in whole or in part at any time or may be paid in annual installments as provided by the Act and the Service and Assessment Plan.

The District issued the Club Municipal Management District Special Assessment Revenue Bonds, Series 2016 (Improvement Area #1 Project) in the aggregate amount of \$9,255,000 pursuant to the Act, adopted by the District Board on April 27, 2016, and an Indenture of Trust dated as of May 1, 2016 between the City and Wilmington Trust, N.A., as trustee.

All Special Assessments that are not paid in full will be billed in annual installments and collected each year by the City, or its designee, as provided in the Service and Assessment Plan. Annual Installments are due and payable as provided on the annual installment assessment bill. Annual installments are expected to be billed and collected on the same schedule as property taxes. The Special Assessments, including the annual installments thereof, 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 other political subdivision 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 Special Assessments and the due dates of the Annual Installments of the Special 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 SPECIAL ASSESSMENTS LEVIED AGAINST ASSESSED PROPERTY, INCLUDING THE ANNUAL INSTALLMENT THEREOF, COULD RESULT IN FORECLOSURE OF SUCH PROPERTY.

**NOTICE TO PURCHASERS OF REAL PROPERTY WITHIN A
MUNICIPAL MANAGEMENT DISTRICT
(Club Municipal Management District No. 1)**

CONCERNING THE PROPERTY AT:

[INSERT STREET ADDRESS]

(Improvement Area #1 – Lot Type 2 – Channel Front Lot)

(Outstanding Principal Assessment - \$58,176)

The real property, described below, that you are about to purchase is located in the CLUB MUNICIPAL MANAGEMENT DISTRICT NO. 1 (the “MMD”). As a purchaser of this parcel of real property you are obligated to pay an assessment to the MMD for any improvement project undertaken by the MMD under Subchapter A, Chapter 372, Local Government Code, or Chapter 375, Local Government Code.

The purpose of this MMD is to provide water, sanitary sewer, drainage and roadway facilities and services within the MMD, as well as other facilities or services consistent with the stated purposes of the MMD, through the issuance of bonds payable in whole or in part from assessments. The cost of these facilities is not included in the purchase price of your property, and these facilities are to be owned by the MMD.

The cost of the facilities will be funded by assessments levied by the MMD. The total estimated costs approved by the Board is \$55,000,000 and the aggregate initial principal amounts of all bonds issued for one or more of the specified facilities of the MMD and payable in whole or part from assessments is \$-0-. The MMD will issue bonds as soon as is reasonably practicable to pay the costs of improvements.

A MMD has the authority to levy assessments separate from any other assessment or taxing authority, and may, subject to City of Heath approval, issue up to \$55,000,000 of bonds and levy an assessment upon property within the MMD for payment of such bonds. This assessment is based upon the value of the real property or any other manner that results in imposing equal shares of the cost on property similarly benefitted.

THE PRINCIPAL AMOUNT OF THE ASSESSMENT AGAINST YOUR PROPERTY FOR PUBLIC IMPROVEMENTS IS \$58,176, WHICH MAY BE PAID IN FULL AT ANY TIME; HOWEVER, IF NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS WHICH WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

An estimate of the annual installments is attached; **however, it is only an estimate and is subject to change.** The exact amount of the annual installments, including the annual installments thereof, will be approved by the City Council.

More information concerning the amount of the assessment for the parcel and the due dates of that assessment may be obtained from MuniCap, Inc., the MMD Administrator, located at 222 W. Las Colinas Blvd, Suite 1650E, Irving, TX 75039 and available by telephone at (972) 444-2519 or toll-free at (866) 648-8482. Your failure to pay the assessments could result in a lien on and the foreclosure of your property.

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

**Club Municipal Management District No. 1
Schedule of Projected Annual Installments
Improvement Area #1**

Lot Type
Equivalent Units
Outstanding Assessment

Lot Type 2 (Channel Front Lots)
0.50
\$58,176

Assessment Year ending 09/01 ¹	Cumulative Outstanding Principal	Bond Principal ²	Bond Interest ²	R.A. Principal ³	R.A. Interest ³	Administrative Expenses ⁴	Total Annual Installment
2019	\$58,176	\$543	\$2,936	\$189	\$954	\$284	\$4,905
2020	\$57,445	\$566	\$2,902	\$189	\$943	\$400	\$5,000
2021	\$56,690	\$614	\$2,867	\$236	\$932	\$385	\$5,033
2022	\$55,840	\$637	\$2,829	\$236	\$918	\$408	\$5,028
2023	\$54,967	\$684	\$2,789	\$236	\$905	\$392	\$5,006
2024	\$54,046	\$708	\$2,746	\$236	\$891	\$405	\$4,986
2025	\$53,102	\$755	\$2,702	\$283	\$877	\$408	\$5,026
2026	\$52,064	\$802	\$2,654	\$283	\$861	\$411	\$5,012
2027	\$50,978	\$991	\$2,604	\$330	\$845	\$248	\$5,019
2028	\$49,657	\$1,086	\$2,542	\$378	\$826	\$213	\$5,044
2029	\$48,193	\$1,156	\$2,474	\$425	\$804	\$215	\$5,075
2030	\$46,612	\$1,204	\$2,396	\$425	\$778	\$217	\$5,019
2031	\$44,984	\$1,298	\$2,315	\$472	\$751	\$196	\$5,032
2032	\$43,214	\$1,369	\$2,227	\$472	\$721	\$221	\$5,011
2033	\$41,373	\$1,440	\$2,135	\$519	\$692	\$224	\$5,010
2034	\$39,414	\$1,534	\$2,038	\$519	\$660	\$226	\$4,976
2035	\$37,361	\$1,628	\$1,934	\$566	\$627	\$228	\$4,984
2036	\$35,166	\$1,723	\$1,824	\$614	\$592	\$230	\$4,983
2037	\$32,830	\$1,841	\$1,704	\$661	\$552	\$256	\$5,014
2038	\$30,328	\$1,935	\$1,575	\$661	\$509	\$259	\$4,938
2039	\$27,732	\$2,053	\$1,439	\$708	\$466	\$261	\$4,928
2040	\$24,971	\$2,195	\$1,296	\$755	\$420	\$263	\$4,929
2041	\$22,021	\$2,336	\$1,142	\$802	\$371	\$266	\$4,918
2042	\$18,882	\$2,478	\$979	\$850	\$319	\$268	\$4,893
2043	\$15,554	\$2,643	\$805	\$944	\$263	\$271	\$4,926
2044	\$11,967	\$2,808	\$620	\$991	\$202	\$273	\$4,895
2045	\$8,167	\$2,974	\$423	\$1,038	\$138	\$158	\$4,731
2046	\$4,155	\$3,076	\$215	\$1,079	\$70	\$160	\$4,600
Total		\$43,079	\$55,115	\$15,098	\$17,885	\$7,746	\$138,922

<p>1 - Example: Annual Installment for assessment year ending 2019 will be billed on or around 10/01/18 and payment is due by 01/31/19. 2 - The principal and interest amounts represent the final numbers of the Series 2016 Bonds and will not increase during the life of the bonds. 3 - The principal and interest amounts represent the numbers of the Improvement Area #1 Reimbursement Agreement and will not increase during the life of the agreement. 4 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Update.</p>

THIS SCHEDULE IS AN ESTIMATE OF ANNUAL INSTALLMENT PAYMENTS AND IS SUBJECT TO CHANGE. THE EXACT AMOUNT OF EACH ANNUAL INSTALLMENT WILL BE REFLECTED IN THE CLUB MUNICIPAL MANAGEMENT DISTRICT SERVICE AND ASSESSMENT PLAN, AS THE SAME IS UPDATED EACH YEAR.