

Valencia Public Improvement District No. 2 Single Family - 60 FT Lot

Project Overview

The Valencia Public Improvement District No. 2 (the “District”) was created by the Town Council of the Town of Little Elm on August 16, 2022, pursuant to the Public Improvement District Act, Texas Local Government Code, Chapter 372, as amended (the “Act”), and Resolution No. 0816202201 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.

The District was created principally to finance certain public improvements (the “Authorized Improvements”) that specially benefit assessed property in the District, all of which is also located in the Major Improvement Area (the “MIA”) of the Valencia Public Improvement District No. 1 (the “Valencia PID No. 1”). All of the property in the District is located within the boundaries of the Town of Little Elm (the “Town”) at the time of District creation. On November 1, 2022 the Town Council adopted Ordinance No. 1687 (the “Assessment Ordinance”) that approved a Service and Assessment Plan for the District (the "Service and Assessment Plan") and levied special assessments (the "Assessments") on certain property within the District in accordance with the Assessment Roll attached as Appendix G to the Service and Assessment Plan. The 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 Town issued the Town of Little Elm (Valencia Public Improvement District Major Improvement Area Project) Special Assessment Revenue Refunding Bonds, Series 2018 (the “Valencia PID No. 1 Series 2018 MIA Bonds”) in the aggregate amount of \$6,606,994 pursuant to the Act, an Ordinance No. 1447 adopted by the Town Council on February 20, 2018 and an Indenture of Trust dated as of March 1, 2018 between the Town, and the Bank of New York Mellon Trust Company, N.A. (the “Trustee”), for which the property in the District is subject to repay a prorated share of the Valencia PID No. 1 Series 2018 MIA Bonds.

On November 22, 2022, the Town also issued the Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2022 (Valencia Public Improvement District No. 2 Project) (the “Series 2022 Bonds”) in the aggregate amount of \$16,288,000 pursuant to the Act, an ordinance adopted by the Town Council on November 1, 2022 and an Indenture of Trust dated as of November 1, 2022 between the Town and Wilmington Trust, National Association, as Trustee.

The Series 2022 Bonds and a portion of the Valencia PID No. 1 Series 2018 MIA Bonds and are payable from assessments levied against each parcel of property within the District pursuant to the Assessment Ordinance adopted by the Town Council. The Act provides that the special assessments (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 amount of the assessment and the due dates of that assessment may be obtained from MuniCap, Inc., the District Administrator for the Town, located at 600 East John Carpenter Freeway, Suite 150, Irving, TX 75062 and available by telephone at (469) 490-2800 or (866) 648-8482 (toll-free) and email at txpid@municap.com.

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

PID Assessment Notice

NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT
TO
TOWN OF LITTLE ELM, TEXAS
CONCERNING THE FOLLOWING PROPERTY

[insert property address]

As the purchaser of the real property described above, you are obligated to pay assessments to the Town of Little Elm, Texas (the "Town"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the **Valencia Public Improvement District No. 1** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the Town. The exact amount of each annual installment will be approved each year by the Town Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the Town or MuniCap, Inc., the District Administrator for the Town, located at 600 E. John Carpenter Fwy, Suite 150, Irving, Texas 75062 and available by telephone at (469) 490-2800 or (866) 648-8482 (toll free) and email at txpid@municap.com.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

Date: _____

Signature of Purchaser

Signature of Purchaser

The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

Date: _____

Signature of Purchaser

Signature of Purchaser

STATE OF TEXAS
COUNTY OF _____

§
§
§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed, in the capacity stated and as the act and deed of the above-referenced entities as an authorized signatory of said entities.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas

PID Assessment Notice

NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT
TO
TOWN OF LITTLE ELM, TEXAS
CONCERNING THE FOLLOWING PROPERTY

[insert property address]

As the purchaser of the real property described above, you are obligated to pay assessments to the Town of Little Elm, Texas (the "Town"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the **Valencia Public Improvement District No. 2** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the Town. The exact amount of each annual installment will be approved each year by the Town Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the Town or MuniCap, Inc., the District Administrator for the Town, located at 600 E. John Carpenter Fwy, Suite 150, Irving, Texas 75062 and available by telephone at (469) 490-2800 or (866) 648-8482 (toll free) and email at txpid@municap.com.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

Date: _____

Signature of Purchaser

Signature of Purchaser

The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

Date: _____

Signature of Purchaser

Signature of Purchaser

STATE OF TEXAS

§

COUNTY OF _____

§

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed, in the capacity stated and as the act and deed of the above-referenced entities as an authorized signatory of said entities.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas

**Valencia Public Improvement District No. 2
Schedule of Projected Annual Installments**

Lot Type
Outstanding Assessment
Equivalent Unit¹

Single-Family - 60 Ft
\$43,354
1.00

Year²	Cumulative Outstanding Principal	PID No. 2 Bond Principal³	PID No. 2 Bond Interest³	MIA Bond Principal⁴	MIA Bond Interest⁴	Administrative Expenses⁵	Total Annual Installment⁶
2022	\$43,354	\$0	\$0	\$17	\$807	\$43	\$867
2023	\$43,337	\$422	\$2,496	\$11	\$813	\$175	\$3,917
2024	\$42,905	\$447	\$2,468	\$7	\$816	\$179	\$3,918
2025	\$42,450	\$473	\$2,439	\$174	\$649	\$182	\$3,918
2026	\$41,803	\$502	\$2,408	\$188	\$637	\$186	\$3,921
2027	\$41,113	\$532	\$2,376	\$195	\$623	\$190	\$3,915
2028	\$40,386	\$563	\$2,341	\$209	\$609	\$194	\$3,915
2029	\$39,614	\$599	\$2,303	\$223	\$594	\$197	\$3,917
2030	\$38,792	\$635	\$2,264	\$237	\$577	\$201	\$3,914
2031	\$37,920	\$675	\$2,222	\$258	\$560	\$205	\$3,920
2032	\$36,987	\$715	\$2,177	\$272	\$542	\$209	\$3,915
2033	\$36,000	\$766	\$2,124	\$293	\$522	\$214	\$3,918
2034	\$34,941	\$819	\$2,068	\$314	\$501	\$218	\$3,918
2035	\$33,809	\$876	\$2,007	\$335	\$478	\$222	\$3,918
2036	\$32,599	\$937	\$1,943	\$355	\$454	\$227	\$3,915
2037	\$31,307	\$1,002	\$1,874	\$376	\$428	\$231	\$3,911
2038	\$29,928	\$1,074	\$1,800	\$404	\$401	\$236	\$3,914
2039	\$28,450	\$1,150	\$1,720	\$432	\$371	\$241	\$3,914
2040	\$26,868	\$1,230	\$1,636	\$460	\$340	\$245	\$3,911
2041	\$25,178	\$1,319	\$1,545	\$495	\$307	\$250	\$3,915
2042	\$23,365	\$1,411	\$1,448	\$523	\$271	\$255	\$3,908
2043	\$21,431	\$1,511	\$1,344	\$558	\$233	\$260	\$3,905
2044	\$19,363	\$1,620	\$1,232	\$599	\$192	\$266	\$3,910
2045	\$17,143	\$1,734	\$1,113	\$641	\$149	\$271	\$3,908
2046	\$14,768	\$1,859	\$985	\$683	\$103	\$276	\$3,905
2047	\$12,226	\$1,992	\$848	\$732	\$53	\$282	\$3,906
2048	\$9,503	\$2,135	\$701	\$0	\$0	\$212	\$3,048
2049	\$7,367	\$2,287	\$543	\$0	\$0	\$216	\$3,046
2050	\$5,080	\$2,452	\$375	\$0	\$0	\$220	\$3,047
2051	\$2,629	\$2,629	\$194	\$0	\$0	\$225	\$3,047
Total		\$34,364	\$48,990	\$8,990	\$12,029	\$6,531	\$110,904

1 - The Major Improvement Area principal, interest and administrative expense portions are calculated based on the Valencia Public Improvement District (PID) No. 1 equivalent units as outlined in the Valencia PID No. 1 Service and Assessment Plan.
2 - The Annual Installment billed during Year 2022 will be billed on or around 10/01/22 and payment is due by 1/31/23.
3 - The principal and interest amounts are based on the Series 2022 Bonds and will not increase during the life of the bonds. Interest amounts are calculated through the principal payment date each year.
4 - The principal and interest amounts are based on the Valencia PID No. 2 parcels' Major Improvement Area proportionate share of the Series 2018 Valencia PID No. 1 Major Improvement Area Bonds and will not be increased during the life of the bonds. Interest amounts are calculated through the principal payment date each year.
5 - The Administrative Expenses will be updated each year in the Annual Service Plan update.
6 - The total annual installment amounts do not include any TIRZ credit, if any. The TIRZ credit is only applicable to the MIA improvement related annual installments.

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 VALENCIA PUBLIC IMPROVEMENT DISTRICT NO. 2 SERVICE AND ASSESSMENT PLAN, AS THE SAME IS UPDATED EACH YEAR.

Example of TIRZ Credit Application

The property in the PID is also located in the Town of Little Elm Tax Increment Reinvestment Zone No. 4. The Town has committed to use approximately 46% of the annual incremental Town ad valorem property taxes collected from a property in the current tax year as a credit (the “TIRZ Credit”) to reduce the PID annual installment of assessments due in the following year. The following **hypothetical example** illustrates the application of the TIRZ Credit:

****The TIRZ credit is only applicable to the MIA improvement related annual installments. ****

A) Estimates for illustration purposes:

Estimated prorated base year (2021) taxable value = \$1,000

Estimated current year (2023) taxable value = \$300,000

Estimated current (2023) incremental value = \$299,000 (i.e. \$300,000 - \$1,000)

Estimated current (2023) Town tax rate per \$100 of taxable value = \$0.6439

Estimated PID current (2023) annual installment of Assessment = \$3,303

Estimated PID next (2024) annual installment of Assessments = \$3,264

B) **Estimated** Town incremental tax:

\$1,867 [i.e., $(\$299,000 \div 100) \times \$0.6439 = \$1,867$]

C) **Estimated** TIRZ Credit:

\$859 (i.e., $\$1,867 \times 46\% = \859)

D) PID current annual installment due (2023):

\$4,121 with no prior year TIRZ Credit

E) **Estimated** PID next annual installment due (2024):

\$3,263 (i.e., $\$4,122 - \$859 = \$3,263$) after application of the \$859 TIRZ Credit

PLEASE NOTE THAT THE ABOVE CALCULATIONS ARE ONLY INTENDED TO ILLUSTRATE APPLICATION OF THE TIRZ CREDIT AND DO NOT REPRESENT ANY ACTUAL OR PROJECTED AMOUNTS OF TAXABLE VALUES, TOWN TAX RATES AND PID ANNUAL INSTALLMENTS.