

Valencia Public Improvement District Project Overview

The Valencia Public Improvement District (the “District”) was created by the Town Council of the Town of Little Elm on September 17, 2013, pursuant to the Public Improvement District Act, Texas Local Government Code, Chapter 372, as amended (the “Act”), and Resolution No. 09171301 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 improvement projects for the residential development located within the boundaries of the Town of Little Elm (the “Town”). A Service and Assessment Plan was accepted and approved by the Town Council on February 13, 2014, pursuant to Ordinance No. 1200 (the “Assessment Ordinance”), setting forth the plan for apportioning the costs of certain of the public improvement projects (the “Authorized Improvements”) to be assessed against properties in the District and for payment of special assessments with respect thereto.

The Town issued the Town of Little Elm (Valencia on the Lake Public Improvement District Phase #1 Project) Special Assessment Revenue Bonds, Series 2014 (the “Series 2014 Bonds”) in the aggregate amount of \$4,000,000 pursuant to the Act, an Ordinance No. 1202 adopted by the Town Council on February 13, 2014 and an Indenture of Trust dated as of February 1, 2014 between the Town, and the Bank of New York Mellon, as trustee. The Town also approved the Phase #1 Reimbursement Agreement in the aggregate amount of \$3,435,000 pursuant to Ordinance No. 1204 adopted by the Town Council on February 13, 2014 to finance the remaining costs of the Authorized Improvements in Phase #1. The Town refinanced the Series 2014 Bonds and the Phase #1 Reimbursement Agreement by issuing refunding bonds in March 2018 (the “Series 2018 Phase #1 Refunding Bonds”), which resulted in reduced projected annual installments for property owners.

The Series 2018 Bonds are payable from special assessments levied against each parcel of property within Phase #1 of 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 222 W. Las Colinas Blvd, Suite 1650E, Irving, TX 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.