

**Valencia Public Improvement District
Phase #1 – Lot Type 3 – 60 FT Lots**

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

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
Schedule of Projected Annual Installments
Phase #1**

Parcel	Lot Type 3 (60' Lot)
Outstanding Assessment	\$30,159
Equivalent Unit	0.81

Year ¹	Cumulative Outstanding Principal	Phase #1 Refunding Bond Principal ²	Phase #1 Refunding Bond Interest ²	Administrative Expenses ³	Total Annual Installment ⁴
2022	\$30,159	\$756	\$1,734	\$185	\$2,675
2023	\$29,403	\$802	\$1,694	\$148	\$2,643
2024	\$28,602	\$848	\$1,648	\$150	\$2,645
2025	\$27,754	\$893	\$1,599	\$153	\$2,645
2026	\$26,861	\$939	\$1,548	\$155	\$2,642
2027	\$25,922	\$985	\$1,494	\$157	\$2,636
2028	\$24,937	\$1,031	\$1,437	\$160	\$2,627
2029	\$23,906	\$1,099	\$1,378	\$162	\$2,639
2030	\$22,807	\$1,168	\$1,314	\$165	\$2,647
2031	\$21,639	\$1,214	\$1,247	\$167	\$2,628
2032	\$20,425	\$1,283	\$1,177	\$170	\$2,630
2033	\$19,142	\$1,329	\$1,104	\$172	\$2,605
2034	\$17,813	\$1,397	\$1,027	\$175	\$2,599
2035	\$16,416	\$1,489	\$947	\$178	\$2,613
2036	\$14,927	\$1,558	\$861	\$180	\$2,599
2037	\$13,370	\$1,649	\$772	\$183	\$2,604
2038	\$11,720	\$1,741	\$677	\$186	\$2,604
2039	\$9,980	\$1,810	\$577	\$189	\$2,575
2040	\$8,170	\$1,924	\$473	\$192	\$2,588
2041	\$6,246	\$2,016	\$362	\$195	\$2,572
2042	\$4,230	\$2,130	\$246	\$198	\$2,574
2043	\$2,100	\$2,100	\$124	\$201	\$2,425
Total		\$30,159	\$23,439	\$3,819	\$57,418

1 - Example: The Annual Installment billed during Year 2022 will be billed on or around 10/01/22 and payment is due by 01/31/23.

2 - The principal and interest amounts are based on the Series 2018 Phase #1 Refunding Bonds and will not be increased during the life of the bonds. Interest amounts are calculated through the principal payment date of each year.

3 - The Administrative Expenses shown include the estimated District administration and assessment collection costs and will be updated each year in the Annual Service Plan update.

4 - The total annual installment amounts do not include any TIRZ credit, if applicable.

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:

A) Estimates for illustration purposes:

Estimated prorated base year (2014) 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):

\$3,303 with no prior year TIRZ Credit

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

\$2,675 (i.e., $\$3,264 - \$859 = \$2,675$) 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.