

**THE WOODLANDS
PUBLIC IMPROVEMENT DISTRICT**

MEDINA COUNTY, TEXAS

**ANNUAL SERVICE PLAN UPDATE
(ASSESSMENT YEAR 9/1/22 - 8/31/23)**

**AS APPROVED BY COUNTY ON:
SEPTEMBER 22, 2022**

PREPARED BY:

MUNICAP, INC.
— PUBLIC FINANCE —

THE WOODLANDS PUBLIC IMPROVEMENT DISTRICT

ANNUAL SERVICE PLAN UPDATE (ASSESSMENT YEAR 9/1/22 – 8/31/23)

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	UPDATE OF THE SERVICE PLAN	3
A.	UPDATED SOURCES AND USES FOR PUBLIC IMPROVEMENTS.....	3
B.	FIVE YEAR SERVICE PLAN.....	8
C.	STATUS OF DEVELOPMENT	9
D.	ANNUAL BUDGET – NEIGHBORHOOD IMPROVEMENT AREA #1.....	9
E.	ANNUAL INSTALLMENTS PER UNIT - NEIGHBORHOOD IMPROVEMENT AREA #1	13
F.	ANNUAL BUDGET – MAJOR IMPROVEMENT AREA	14
G.	ANNUAL INSTALLMENTS PER UNIT - MAJOR IMPROVEMENT AREA	17
H.	BOND REDEMPTION RELATED UPDATES.....	18
III.	UPDATE OF THE ASSESSMENT PLAN.....	19
IV.	UPDATE OF THE ASSESSMENT ROLL	20
A.	PARCEL UPDATES	20
B.	PREPAYMENT OF ASSESSMENTS.....	20
APPENDIX A - PID MAP		
APPENDIX B - PREPAID PARCELS		
APPENDIX C - REVISED NEIGHBORHOOD IMPROVEMENT AREA #1 REIMBURSEMENT AGREEMENT DEBT SERVICE SCHEDULE		
APPENDIX D - NEIGHBORHOOD IMPROVEMENT AREA #1 ASSESSMENT ROLL SUMMARY - 2022-23		
APPENDIX E - MAJOR IMPROVEMENT AREA ASSESSMENT ROLL SUMMARY - 2022-23		
APPENDIX F - PID ASSESSMENT NOTICE		

I. INTRODUCTION

The Woodlands Public Improvement District (the “PID”) was created pursuant to the PID Act and Resolution No. 2020-03-26-1 approved by the Commissioners Court of Medina County, Texas (the “Commissioners Court”) on March 26, 2020 to finance certain public improvement projects for the benefit of the property in the PID.

On March 11, 2021, the Commissioners Court approved issuance of the Medina County, Texas Special Assessment Revenue Bonds, Series 2021 (Woodlands Public Improvement District Neighborhood Improvement Area #1 Project) (the “NIA #1 Bonds”) in the aggregate principal amount of \$6,625,000, and the Medina County, Texas Special Assessment Revenue Bonds, Series 2021 (Woodlands Public Improvement District Major Improvement Area Project) (the “MIA Bonds”) in the aggregate principal amount of \$4,700,000, were issued to finance, refinance, provide or otherwise assist in the acquisition, construction and maintenance of the public improvements provided for the benefit of the property in the PID.

A service and assessment plan (the “Service and Assessment Plan”) was prepared at the direction of the County identifying the public improvements (the “Authorized Improvements”) to be provided by the PID, the costs of the Authorized Improvements, the indebtedness to be incurred for the Authorized Improvements, and the manner of assessing the property in the PID for the costs of the Authorized Improvements. Pursuant to the PID Act, the Service and Assessment Plan must be reviewed and updated annually. This document is the annual update of the Service and Assessment Plan for 2022-23 (the “Annual Service Plan Update”).

The County also adopted the Neighborhood Improvement Area #1 (the “NIA #1”) Assessment Roll and the Major Improvement Area (the “MIA”) Assessment Roll attached as Appendix F and Appendix E, respectively, to the Service and Assessment Plan, identifying the assessments on each Parcel within the PID, based on the method of assessment identified in the Service and Assessment Plan. This Annual Service Plan Update also updates the Assessment Rolls for 2022-23.

Effective September 1, 2022, the Texas legislature passed House Bill 1543 as an amendment to the PID Act, requiring, among other things, (i) all Service and Assessment Plans and Annual Service Plan Updates be approved through County ordinance or order to be filed with the county clerk of each county in which all or part of the PID is located within seven days and (ii) include a copy of the notice form required by Section 5.014 of the Texas Property Code (the “PID Assessment Notice”) as disclosure of the obligation to pay PID Assessments. In light of these amendments to the PID Act, this Annual Service Plan Update includes a copy of the PID Assessment Notice as Appendix F and copy of this Annual Service Plan Update will be filed with the county clerk in each county in which all or a part of the PID is located not later than seven (7) days after the date the governing body of the County approves this Annual Service Plan Update.

Section 372.013 of the PID Act, as amended, stipulates that a person who proposes to sell or otherwise convey real property that is located in the PID, except in certain situation described in the PID Act, shall first give to the purchaser of the property a copy of the completed PID

Assessment Notice. The PID Assessment Notice shall be given to a prospective purchase before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller provided the required notice, the purchaser, subject to certain exceptions described in the PID act, is entitled to terminate the contract.

The PID Assessment Notice shall be executed by the seller and must be filed in the real property records of the County in which the property is located at the closing of the purchase and sale of the property.

Capitalized terms shall have the meanings set forth in the Service and Assessment Plan unless otherwise defined herein.

(remainder of this page is intentionally left blank)

II. UPDATE OF THE SERVICE PLAN

A. UPDATED SOURCES AND USES FOR PUBLIC IMPROVEMENTS

Major Improvements Sources and Uses

Pursuant to the Service and Assessment Plan adopted on March 10, 2021, the initial total estimated costs of the Major Improvements, including bond issuance costs, were equal to \$15,294,077.

Table II-A-1 below summarizes the current sources and uses of funds required to (1) construct the Major Improvements, (2) establish the PID, and (3) issue the MIA Bonds.

**Table II-A-1
Current Sources and Uses – Major Improvements**

Sources of Funds	MIA Bond	SAWS Reimbursement Agreement	Parkland Escrow Funds	Other Developer Contributions	Budget Revisions	Updated Budget ¹
PAR Amount	\$4,700,000	\$0	\$0	\$0	\$0	\$4,700,000
SAWs Reimbursement Agreement	\$0	\$4,607,211	\$0	\$0	\$0	\$4,607,211
Parkland Acquisition Escrow Funds	\$0	\$0	\$3,167,393	\$0	\$0	\$3,167,393
Other Developer Contributions - Bank Loan	\$0	\$0	\$0	\$2,819,473	\$0	\$2,819,473
Total Sources of Funds	\$4,700,000	\$4,607,211	\$3,167,393	\$2,819,473	\$0	\$15,294,077
Uses of Funds						
Major Improvements						
<i>Onsite</i>						
Roadway Improvements	\$0	\$0	\$1,406,091	\$1,251,640	\$0	\$2,657,732
Drainage Improvements	\$0	\$0	\$292,177	\$260,083	\$0	\$552,260
Water Improvements	\$0	\$0	\$725,402	\$645,721	\$0	\$1,371,122
Sanitary Sewer Improvements	\$0	\$0	\$204,353	\$181,906	\$0	\$386,259
Parkland Acquisition	\$3,167,393	\$0	\$0	\$0	\$0	\$3,167,393
Other soft and miscellaneous costs	\$124,921	\$0	\$359,789	\$320,269	\$0	\$804,979
<i>Offsite</i>						
Water & Wastewater Improvements	\$0	\$4,607,211	\$179,580	\$159,855	\$0	\$4,946,646
<i>Subtotal Major Improvements</i>	<i>\$3,292,314</i>	<i>\$4,607,211</i>	<i>\$3,167,393</i>	<i>\$2,819,473</i>	<i>\$0</i>	<i>\$13,886,390</i>
Estimated Bond Issuance Costs						
Debt Service Reserve Fund (c)	\$337,600	\$0	\$0	\$0	\$0	\$337,600
Administrative Expenses	\$30,000	\$0	\$0	\$0	\$0	\$30,000
Capitalized Interest (c)	\$603,636	\$0	\$0	\$0	\$0	\$603,636
PID Formation Costs	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Issuance	\$295,450	\$0	\$0	\$0	\$0	\$295,450
Underwriters Discount/Underwriters Counsel (c)	\$141,000	\$0	\$0	\$0	\$0	\$141,000
<i>Subtotal Bond Issuance Costs</i>	<i>\$1,407,686</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$1,407,686</i>
Total Uses of Funds	\$4,700,000	\$4,607,211	\$3,167,393	\$2,819,473	\$0	\$15,294,077

1 – According to NIA #1 Draw Request #5 as approved by the County in July 2022.

According to Neighborhood Improvement Area #1 Draw Request #5 approved by the County in July 2022, the current estimated costs of the Major Improvements remain unchanged from the initial total estimated costs. The Major Improvement Area actual costs spent to date are shown on Table II-A-2 below.

Table II-A-2
Amounts Spent to Date – Major Improvements

Sources of Funds	Updated Aggregate Budget	Spent to Date ¹	Remaining Balance
PAR Amount	\$4,700,000	\$4,700,000	\$0
SAWs Reimbursement Agreement	\$4,607,211	\$1,094,625	\$3,512,586
Parkland Acquisition Escrow Funds	\$3,167,393	\$345,565	\$2,821,827
Other Developer Contributions - Bank Loan	\$2,819,473	\$0	\$2,819,473
Total Sources of Funds	\$15,294,077	\$6,140,190	\$9,153,886
Uses of Funds			
Major Improvements			
<i>Onsite</i>			
Roadway Improvements	\$2,657,732	\$0	\$2,657,732
Drainage Improvements	\$552,260	\$0	\$552,260
Water Improvements	\$1,371,122	\$50,824	\$1,320,298
Sanitary Sewer Improvements	\$386,259	\$133,356	\$252,904
Parkland Acquisition	\$3,167,393	\$3,167,393	\$0
Other soft and miscellaneous costs	\$804,979	\$286,307	\$518,672
<i>Offsite</i>		\$0	
Water & Wastewater Improvements	\$4,946,646	\$1,094,625	\$3,852,021
<i>Subtotal Major Improvements</i>	<i>\$13,886,390</i>	<i>\$4,732,504</i>	<i>\$9,153,886</i>
Estimated Bond Issuance Costs			
Debt Service Reserve Fund (c)	\$337,600	\$337,600	\$0
Administrative Expenses	\$30,000	\$30,000	\$0
Capitalized Interest (c)	\$603,636	\$603,636	\$0
PID Formation Costs	\$0	\$0	\$0
Cost of Issuance	\$295,450	\$295,450	\$0
Underwriters Discount/Underwriters Counsel (c)	\$141,000	\$141,000	\$0
<i>Subtotal Bond Issuance Costs</i>	<i>\$1,407,686</i>	<i>\$1,407,686</i>	<i>\$0</i>
Total Uses of Funds	\$15,294,077	\$6,140,190	\$9,153,886

1 - According to Requisition #5 approved by the county in July 2022 and the Developers Quarterly Improvement Implementation Report dated as of June 30, 2022.

Major Improvement Area Cost Variances

As stated in Table II-A-1 above, there are no significant variances to the Major Improvement Area improvements cost budget.

Neighborhood Improvement Area #1 Improvements Sources and Uses

Pursuant to the Service and Assessment Plan adopted on March 10, 2021, the initial total estimated costs of the Neighborhood Improvement Area #1 Improvements, including NIA #1 bond issuance costs, were equal to \$20,121,738.

Table II-A-3 on the following page summarizes the current sources and uses of funds required to (1) construct the Neighborhood Improvement Area #1 Improvements, (2) establish the PID, and (3) issue the NIA #1 Bonds.

(remainder of this page is intentionally left blank)

Table II-A-3
Current Sources and Uses – Neighborhood Improvement Area #1 Improvements

Sources of Funds	NIA #1 Bonds	NIA #1 Reimbursement Agreement	Parkland Escrow Funds	Other Developer Contributions	Budget Revisions	Updated Budget ¹
PAR Amount	\$6,625,000	\$0	\$0	\$0	\$0	\$6,625,000
Assessment Amount (Initially funded with Developer Bank Loan)	\$0	\$6,800,000	\$0	\$0	\$0	\$6,800,000
SAWS Reimbursement Agreement	\$0	\$0	\$0	\$0	\$0	\$0
Parkland Acquisition Escrow Funds	\$0	\$0	\$1,607,043	\$0	\$0	\$1,607,043
Other Developer Contributions - Bank Loan	\$0	\$0	\$0	\$6,187,123	\$0	\$6,187,123
Total Sources of Funds	\$6,625,000	\$6,800,000	\$1,607,043	\$6,187,123	\$0	\$21,219,166
Uses of Funds						
Major Improvements (b)						
<i>Onsite</i>						
Roadway Improvements	\$1,348,456	\$0	\$0	\$0	\$0	\$1,348,456
Drainage Improvements	\$280,200	\$0	\$0	\$0	\$0	\$280,200
Water Improvements	\$695,668	\$0	\$0	\$0	\$0	\$695,668
Sanitary Sewer Improvements	\$195,977	\$0	\$0	\$0	\$0	\$195,977
Parkland Acquisition	\$1,607,043	\$0	\$0	\$0	\$0	\$1,607,043
Other soft and miscellaneous costs	\$408,423	\$0	\$0	\$0	\$0	\$408,423
<i>Offsite</i>						
Water & Wastewater Improvements	\$172,219	\$0	\$0	\$0	\$0	\$172,219
<i>Subtotal Major Improvements</i>	<i>\$4,707,987</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$4,707,987</i>
NIA #1 Projects (b)						
Roadway Improvements	\$0	\$2,724,255	\$643,823	\$2,761,558	\$0	\$6,129,636
Drainage Improvements	\$0	\$951,219	\$224,801	\$964,244	\$0	\$2,140,264
Water Improvements	\$0	\$778,309	\$183,938	\$788,966	\$0	\$1,751,213
Sanitary Sewer Improvements	\$0	\$979,248	\$231,426	\$992,657	\$0	\$2,203,331
Other soft and miscellaneous costs	\$705,987	\$1,366,968	\$323,055	\$679,699	\$0	\$3,075,709
<i>Subtotal NIA #1 Improvements</i>	<i>\$705,987</i>	<i>\$6,800,000</i>	<i>\$1,607,043</i>	<i>\$6,187,123</i>	<i>\$0</i>	<i>\$15,300,153</i>
Estimated Bond Issuance Costs						
Debt Service Reserve Fund (c)	\$422,306	\$0	\$0	\$0	\$0	\$422,306
Administrative Expenses	\$50,000	\$0	\$0	\$0	\$0	\$50,000
Capitalized Interest (d)	\$124,095	\$0	\$0	\$0	\$0	\$124,095
PID Formation Costs	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Issuance	\$415,875	\$0	\$0	\$0	\$0	\$415,875
Underwriters Discount/Underwriters Counsel (e)	\$198,750	\$0	\$0	\$0	\$0	\$198,750
<i>Subtotal Bond Issuance Costs</i>	<i>\$1,211,027</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$1,211,027</i>
Total Uses of Funds	\$6,625,000	\$6,800,000	\$1,607,043	\$6,187,123	\$0	\$21,219,166

1 – According to NIA #1 Draw Request #5 as approved by the County in July 2022.

According to Neighborhood Improvement Area #1 Draw Request #5 approved by the County in July 2022, the current estimated costs of the Neighborhood Improvement Area #1 Improvements remain unchanged from the initial total estimated costs. The Neighborhood Improvement Area #1 actual costs spent to date are shown on Table II-A-4 on the following page.

Table II-A-4
Amount Spent to Date – Neighborhood Improvement Area #1

Sources of Funds	Updated Aggregate Budget	Spent to Date	Remaining Balance
PAR Amount	\$6,625,000	\$4,338,951	\$2,286,049
Assessment Amount (Initially funded with Developer Bank Loan)	\$6,800,000	\$0	\$6,800,000
SAWS Reimbursement Agreement	\$0	\$0	\$0
Parkland Acquisition Escrow Funds	\$1,607,043	\$175,330	\$1,431,713
Other Developer Contributions - Bank Loan	\$6,187,123	\$0	\$6,187,123
Total Sources of Funds	\$21,219,166	\$4,514,281	\$16,704,885
Uses of Funds			
Major Improvements (b)			
<i>Onsite</i>			
Roadway Improvements	\$1,348,456	\$0	\$1,348,456
Drainage Improvements	\$280,200	\$0	\$280,200
Water Improvements	\$695,668	\$230,045	\$465,623
Sanitary Sewer Improvements	\$195,977	\$186,178	\$9,799
Parkland Acquisition	\$1,607,043	\$1,607,043	\$0
Other soft and miscellaneous costs	\$408,423	\$408,423	\$0
<i>Offsite</i>			
Water & Wastewater Improvements	\$172,219	\$0	\$172,219
<i>Subtotal Major Improvements</i>	<i>\$4,707,987</i>	<i>\$2,431,689</i>	<i>\$2,276,297</i>
<i>NIA #1 Projects (b)</i>			
Roadway Improvements	\$6,129,636	\$0	\$6,129,636
Drainage Improvements	\$2,140,264	\$0	\$2,140,264
Water Improvements	\$1,751,213	\$25,787	\$1,725,426
Sanitary Sewer Improvements	\$2,203,331	\$67,661	\$2,135,670
Other soft and miscellaneous costs	\$3,075,709	\$787,869	\$2,287,840
<i>Subtotal NIA #1 Improvements</i>	<i>\$15,300,153</i>	<i>\$881,317</i>	<i>\$14,418,836</i>
Estimated Bond Issuance Costs			
Debt Service Reserve Fund (c)	\$422,306	\$422,306	\$0
Administrative Expenses	\$50,000	\$50,000	\$0
Capitalized Interest (d)	\$124,095	\$124,095	\$0
PID Formation Costs	\$0	\$0	\$0
Cost of Issuance	\$415,875	\$406,124	\$9,752
Underwriters Discount/Underwriters Counsel (e)	\$198,750	\$198,750	\$0
<i>Subtotal Bond Issuance Costs</i>	<i>\$1,211,027</i>	<i>\$1,201,275</i>	<i>\$9,752</i>
Total Uses of Funds	\$21,219,166	\$4,514,281	\$16,704,885

1 - According to Requisition #5 approved by the county in July 2022 and the Developers Quarterly Improvement Implementation Report dated as of June 30, 2022.

Neighborhood Improvement Area #1 Improvement Cost Variances

As stated in Table II-A-3 on the prior page, there are no significant variances to the Neighborhood Improvement Area #1 Improvements’ cost budget.

B. FIVE YEAR SERVICE PLAN

According to the PID Act, a service plan must cover a period of five years.

The projected Major Improvement Area Annual Installments over a period of five years is shown by Table II-B-1 below.

Table II-B-1
Major Improvement Area
Projected Annual Installments (2021-2028)

Assessment Year ending September 1	Principal Payments ¹	Interest Expense	Administrative Expenses	Maintenance Assessment	Prepayment & Delinquency Reserves	Capitalized Interest or Other Available Credits ²	Annual PID Installments ³
2021-2022	\$0	\$354,143	\$60,000	\$0	\$0	(\$414,143)	\$0
2023	\$0	\$249,494	\$31,000	\$0	\$0	(\$249,494)	\$31,000
2024	\$85,000	\$249,494	\$31,836	\$143,094	\$23,500	\$0	\$532,924
2025	\$90,000	\$245,350	\$32,473	\$143,094	\$23,075	\$0	\$533,992
2026	\$95,000	\$240,963	\$33,122	\$143,094	\$22,625	\$0	\$534,804
2027	\$100,000	\$236,331	\$33,785	\$143,094	\$22,150	\$0	\$535,360
2028	\$105,000	\$231,456	\$34,461	\$143,094	\$21,650	\$0	\$535,661
Total	\$475,000	\$1,807,230	\$256,677	\$715,472	\$113,000	(\$663,637)	\$2,703,743

1 – The projected Administrative Expenses for 2021 to 2022 were funded at closing of the MIA Bonds.

2 – Other available credits include but is not necessarily limited to interest income earned in the Reserve Fund or excess funds available from the trust accounts.

3 – Assessment years ending 2021-2023 reflect actual Annual Installments and are net of applicable investment income and other credits. Assessment years 2024 through 2028 reflect projected Annual Installments and will be updated in future annual service plan updates.

The projected Neighborhood Improvement Area #1 Annual Installments over a period of five years is shown by Table II-B-2 on the following page.

(remainder of this page is intentionally left blank)

Table II-B-2
Neighborhood Improvement Area #1
Projected Annual Installments (2021-2028)

Assessment Year ending September 1	NIA #1 Bonds		NIA #1 Reimbursement Agreement		Administrative Expenses	Maintenance Assessment	Prepayment & Delinquency Reserves	Capitalized Interest or Other Available Credits ²	Annual PID Installments ³
	Principal Payments ¹	Interest Expense	Principal Payments ¹	Interest Expense					
2021-2022	\$125,000	\$419,951	\$128,000	\$296,357	\$101,000	\$0	\$33,125	(\$174,095)	\$929,338
2023	\$130,000	\$291,481	\$133,000	\$290,213	\$52,000	\$0	\$32,500	\$0	\$929,194
2024	\$135,000	\$286,931	\$127,000	\$283,829	\$53,060	\$72,602	\$31,850	\$0	\$990,272
2025	\$140,000	\$282,206	\$153,000	\$277,733	\$54,122	\$72,602	\$31,175	\$0	\$1,005,838
2026	\$145,000	\$277,306	\$153,000	\$270,389	\$55,204	\$72,602	\$30,475	\$0	\$998,976
2027	\$145,000	\$272,231	\$153,000	\$263,779	\$56,308	\$72,602	\$29,750	\$0	\$992,670
2028	\$155,000	\$266,250	\$153,000	\$257,170	\$57,434	\$72,602	\$29,025	\$0	\$980,481
Total	\$850,000	\$1,800,502	\$872,000	\$1,643,112	\$378,128	\$363,010	\$184,775	(\$174,095)	\$5,897,431

1 – The projected Administrative Expenses for 2021 to 2022 were funded at closing of the NIA #1 Bonds.

2 – Other available credits include but is not necessarily limited to interest income earned in the Reserve Fund or excess funds available from the trust accounts.

3 – Assessment years ending 2021-2023 reflect actual Annual Installments and are net of applicable investment income and other credits. Assessment years 2024 through 2028 reflect projected Annual Installments and will be updated in future annual service plan updates.

C. STATUS OF DEVELOPMENT

According to the Limited Offering Memorandum of the MIA Bonds, construction of the Major Improvements has begun and was originally anticipated to be completed by June 2023. According to the Developer’s Quarterly Improvement Implementation report dated June 30, 2022, construction of the Major Improvements is anticipated to be completed by the 3Q of 2023.

According to the Limited Offering Memorandum of the NIA #1 Bonds, construction of the Neighborhood Improvement Area #1 Improvements has begun and was originally anticipated to be completed by June 2023. According to the Developer’s Quarterly Improvement Implementation report dated June 30, 2022, construction of the Neighborhood Improvement Area #1 Improvements is anticipated to be completed by the 3Q of 2023.

D. ANNUAL BUDGET – NEIGHBORHOOD IMPROVEMENT AREA #1

NIA #1 - Annual Installments – 2022-23

The Assessment imposed on any Parcel may be paid in full at any time. If not paid in full, the Assessment shall be payable in thirty Annual Installments of principal and interest beginning with the tax year following the issuance of the NIA #1 Bonds and/or the NIA #1 Reimbursement Agreement, of which twenty-eight (28) Annual Installments remain outstanding.

Pursuant to the Service and Assessment Plan, each Assessment shall bear interest at the rate on the NIA #1 Bonds commencing with the issuance of the NIA #1 Bonds. The effective interest rate on the NIA #1 Bonds is 4.48 percent and the interest rate applicable to the NIA #1 Reimbursement Agreement is 4.35 percent per annum. Pursuant to Section 372.018 of the PID Act, the interest rate for that assessment may not exceed a rate that is one-half of one percent higher than the actual interest rate paid on the debt. Accordingly, the effective interest rate on the NIA #1 Bonds (4.48 percent) plus an additional interest of one-half of one percent are used to calculate the interest on the Assessments. These payments, the “Annual Installments” of the Assessments, shall be billed by the County in 2022 and will be delinquent on February 1, 2023.

Pursuant to the Service and Assessment Plan, the Annual Service Plan Update shall show the remaining balance of the Assessments, the Annual Installment due for 2022-23 and the Administrative Expenses to be collected from each Parcel. Administrative Expenses shall be allocated to each Parcel pro rata based upon the amount the Annual Installment on a Parcel bears to the total amount of Annual Installments in the PID as a whole that are payable at the time of such allocation. Each Annual Installment shall be reduced by any credits applied under applicable documents including the Service and Assessment Plan and Trust Indenture, such as the TIRZ Annual Credit Amount, capitalized interest and interest earnings on any account balances and by any other funds available to the PID.

Annual Budget for the Repayment of Indebtedness

Debt service will be paid on the NIA #1 Bonds from the collection of the Annual Installments. In addition, Administrative Expenses are to be collected with the Annual Installments to pay expenses related to the collection of the Annual Installments. The additional interest collected with the Annual Installments will be used to pay the prepayment and delinquency reserve amounts as described in the Service and Assessment Plan and applicable Trust Indenture.

Neighborhood Improvement Area #1 Annual Installments to be Collected for 2022-23

The budget for Neighborhood Improvement Area #1 of the PID will be paid from the collection of Annual Installments collected for 2022-23 as shown by Table II-D-1 on the following page.

(remainder of this page is intentionally left blank)

Table II-D-1
Budget for the NIA #1 Annual Installments
to be Collected for 2022-23

	<u>NIA #1 Bonds</u>	<u>NIA #1 R.A.</u>	<u>Total</u>
Interest payment on March 1, 2023	\$145,741	\$145,106	\$290,847
Interest payment on September 1, 2023	\$145,741	\$145,106	\$290,847
Principal payment on September 1, 2023	\$130,000	\$133,000	\$263,000
<i>Subtotal - Debt Service Payments</i>	<i>\$421,481</i>	<i>\$423,213</i>	<i>\$844,694</i>
Administrative Expenses	\$25,660	\$26,340	\$52,000
Excess Interest for Prepayment & Delinquency Reserves	\$32,500	\$0	\$32,500
Maintenance Assessment	\$0	\$0	\$0
<i>Subtotal Expenses</i>	<i>\$479,642</i>	<i>\$449,552</i>	<i>\$929,194</i>
Available Reserve Fund Income	\$0	\$0	\$0
Available Capitalized Interest Funds	\$0	\$0	\$0
Available Administrative Expense Funds	\$0	\$0	\$0
<i>Subtotal funds available</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>
Annual Installments	\$479,642	\$449,552	\$929,194

Debt Service Payments

Annual Installments to be collected for principal and interest include interest due on March 1, 2023 in the amount of \$145,741 and on September 1, 2023 in the amount of \$145,741, which equal interest on the outstanding NIA #1 Bonds Assessments balance of \$6,500,000 for six months each and an effective interest rate of 4.48 percent. Annual Installments to be collected for the NIA #1 Bonds include a principal amount of \$130,000 due on September 1, 2023. As a result, total principal and interest due in 2022-23 for the NIA #1 Annual Installments to be collected for principal and interest in 2022-23 for the NIA #1 Bonds is estimated to be equal to \$421,481.

Annual Installments to be collected for principal and interest on the NIA #1 Reimbursement Agreement include interest due on March 1, 2023 in the amount of \$145,106 and on September 1, 2023 in the amount of \$145,106, which equal interest on the outstanding NIA #1 Reimbursement Agreement balance of \$6,672,000 for six months each and an effective interest rate of 4.35 percent. Annual Installments to be collected on the NIA #1 Reimbursement Agreement include a principal amount of \$133,000 due on September 1, 2023, as shown in the updated NIA #1 Reimbursement Agreement schedule attached herein as Appendix C. As a result, total principal and interest in 2022-23 of the NIA #1 Reimbursement Agreement is estimated to be equal to \$423,213.

Administrative Expenses

Administrative expenses include the County, Administrator, Trustee, dissemination agent, and contingency fees. As shown in Table II-D-2 on the following page, the total NIA #1 administrative expenses to be collected for 2022-23 are estimated to be \$52,000.

Table II-D-2
Administrative Budget Breakdown

Description	2022-23 Estimated Budget (9/1/22-8/31/23)
County	\$5,500
Administrator	\$36,000
Trustee	\$3,500
Dissemination Agent	\$3,500
Contingency	\$3,500
Total	\$52,000

Excess Interest for Prepayment and Delinquency Reserve

Annual Installments to be collected for excess interest for prepayment and delinquency reserves in the amount of \$32,500, which equals 0.5 percent interest on the outstanding NIA #1 Bond Assessment balance of \$6,500,000.

Maintenance Assessment

Pursuant to the Maintenance Agreement, the Maintenance Assessment will only be collected in the event the Homeowner’s Association (the “HOA”) fails to maintain, repair, and keep in good condition and working order the applicable public improvements.

As of August 31, 2022, construction of the Neighborhood Improvement Area #1 Improvements is not complete, and the County has not determined there is a need for collecting the Maintenance Assessment. As a result, there is no Maintenance Assessment to be collected for 2022-23.

Available Reserve Fund Income

As of July 31, 2022, the balance in the Reserve Fund was \$423,040, which includes the NIA #1 Bond Reserve Requirement of \$422,306 and investment income of \$734. As a result, there is not a significant excess balance available to reduce the NIA #1 2022-23 Annual Installment.

Available Capitalized Interest Account

According to Section 6.05(e) of the Indenture, capitalized interest funds shall be used for payment of all interest due on September 1, 2021. As a result, there are no capitalized interest funds anticipated to be available to reduce the NIA #1 Annual Installment for 2022-23.

Available Administrative Expense Account

As of July 31, 2022, the balance in the Administrative Expense Fund was \$61,144. Approximately \$61,144 is anticipated to be used for the payment of current year administrative expenses through January 31, 2023. As a result, there are no funds available in the Administrative Expense Fund to reduce the NIA #1 2022-23 Annual Installment.

E. ANNUAL INSTALLMENTS PER UNIT - NEIGHBORHOOD IMPROVEMENT AREA #1

According to the Service and Assessment Plan, the Annual Installments shall be collected in an amount sufficient to pay principal and interest on the NIA #1 Bonds, to fund the Prepayment Reserve and Delinquency Reserve described in the Service and Assessment Plan, fund the Maintenance Assessment as needed, and to cover Administrative Expenses of NIA #1.

According to the Service and Assessment Plan, 413 units were anticipated to be built within NIA #1 of the PID. Accordingly, the net principal and interest portion of Annual Installment to be collected from each unit will be \$2,123.95 (i.e. $\$877,194 \div 413 = \$2,123.95$), the Maintenance Assessment to be collected from each unit will be \$0 (i.e. $\$0 \div 413 = \0), and the net Administrative Expenses to be collected from each unit will be \$125.91 (i.e. $\$52,000 \div 413 = \125.91). As a result, the total Annual Installment to be collected from each unit within NIA #1 will be \$2,249.86 ($\$2,123.95 + \$0 + \$125.91 = \$2,249.86$). The Annual Installment to be collected from each Parcel within NIA #1 is calculated by multiplying the Annual Installment for each unit of \$2,249.86 by the total estimated units for each Parcel in NIA #1 for 2022-23.

The Annual Installment due to be collected from each Land Use Class in NIA #1 for 2022-23 is shown in Table II-E-1 below.

Table II-E-1
Annual Installment Per Unit – NIA #1

Land Use Class	Annual Installment Per Unit
50 Ft Lots	\$2,249.86

The list of Parcels within NIA #1 of the PID, the number of units to be developed on the current residential Parcels, the corresponding total units, the total outstanding Assessment, the annual principal and interest, the Administrative Expenses, and the Annual Installment to be collected for 2022-23 are shown in the Assessment Roll Summary attached hereto as Appendix D.

(remainder of this page is intentionally left blank)

F. ANNUAL BUDGET – MAJOR IMPROVEMENT AREA

Major Improvement Area - Annual Installments – 2022-23

The Assessment imposed on any Parcel may be paid in full at any time. If not paid in full, the Assessment shall be payable in thirty Annual Installments of principal and interest beginning with the tax year following the issuance of the MIA Bonds, of which twenty-eight (28) Annual Installments remain outstanding.

Pursuant to the Service and Assessment Plan, each Assessment shall bear interest at the rate on the MIA Bonds commencing with the issuance of the MIA Bonds. The effective interest rate on the MIA Bonds is 5.31 percent per annum. Pursuant to Section 372.018 of the PID Act, the interest rate for that assessment may not exceed a rate that is one-half of one percent higher than the actual interest rate paid on the debt. Accordingly, the effective interest rate on the MIA Bonds (5.31 percent) plus an additional interest of one-half of one percent are used to calculate the interest on the Assessments. These payments, the “Annual Installments” of the Assessments, shall be billed by the County in 2022 and will be delinquent on February 1, 2023.

Pursuant to the Service and Assessment Plan, the Annual Service Plan Update shall show the remaining balance of the Assessments, the Annual Installment due for 2022-23 and the Administrative Expenses to be collected from each Parcel. Administrative Expenses shall be allocated to each Parcel pro rata based upon the amount the Annual Installment on a Parcel bears to the total amount of Annual Installments in the PID as a whole that are payable at the time of such allocation. Each Annual Installment shall be reduced by any credits applied under applicable documents including the Service and Assessment Plan and Trust Indenture, such as the TIRZ Annual Credit Amount, capitalized interest and interest earnings on any account balances and by any other funds available to the PID.

Annual Budget for the Repayment of Indebtedness

Debt service will be paid on the MIA Bonds from the collection of the Annual Installments. In addition, Administrative Expenses are to be collected with the Annual Installments to pay expenses related to the collection of the Annual Installments. The additional interest collected with the Annual Installments will be used to pay the prepayment and delinquency reserve amounts as described in the Service and Assessment Plan and applicable Trust Indenture.

Major Improvement Area Annual Installments to be Collected for 2022-23

The budget for Major Improvement Area of the PID will be paid from the collection of Annual Installments collected for 2022-23 as shown by Table II-F-1 on the following page.

Table II-F-1
Budget for the MIA Annual Installments
to be Collected for 2022-23

	<u>MIA Bonds</u>
Interest payment on March 1, 2023	\$124,747
Interest payment on September 1, 2023	\$124,747
Principal payment on September 1, 2023	\$0
<i>Subtotal - Debt Service Payments</i>	<i>\$249,494</i>
Administrative Expenses	\$31,000
Excess Interest for Prepayment & Delinquency Reserves	\$0
Maintenance Assessment	\$0
<i>Subtotal Expenses</i>	<i>\$280,494</i>
Available Reserve Fund Income	\$0
Available Capitalized Interest Funds	(\$249,494)
Available Administrative Expense Funds	\$0
<i>Subtotal funds available</i>	<i>(\$249,494)</i>
Annual Installments	\$31,000

Debt Service Payments

Annual Installments to be collected for principal and interest include interest due on March 1, 2023 in the amount of \$124,747 and on September 1, 2023 in the amount of \$124,747, which equal interest on the outstanding MIA Bonds Assessments balance of \$4,700,000 for six months each and an effective interest rate of 5.31 percent. There is no principal amount to be collected for the MIA Bonds due on September 1, 2023. As a result, total principal and interest due in 2022-23 for the MIA Annual Installments to be collected for principal and interest in 2022-23 for the MIA Bonds is estimated to be equal to \$249,494.

Administrative Expenses

Administrative expenses include the County, Administrator, Trustee, dissemination agent, and contingency fees. As shown in Table II-F-2 on the following page, the total NIA #1 administrative expenses to be collected for 2022-23 are estimated to be \$31,000.

(remainder of this page is intentionally left blank)

Table II-F-2
Administrative Budget Breakdown

Description	2021-22 Estimated Budget (9/1/22-8/31/23)
County	\$3,000
Administrator	\$20,000
Trustee	\$3,500
Dissemination Agent	\$3,500
Contingency	\$1,000
Total	\$31,000

Excess Interest for Prepayment and Delinquency Reserve

Capitalized Interest funds are anticipated to be available for debt service payments due on March 1, 2023, and September 1, 2023. As a result, the Major Improvement Area Annual Installments to be collected for excess interest for prepayment and delinquency reserves are \$0 as there are already sufficient funds available for Major Improvement Area debt service.

Maintenance Assessment

Pursuant to the Maintenance Agreement, the Maintenance Assessment will only be collected in the event the Homeowner’s Association (the “HOA”) fails to maintain, repair, and keep in good condition and working order the applicable public improvements.

As of August 31, 2022, construction of the Major Improvement Area Improvements are not complete, and the County has not determined there is a need for collecting the Maintenance Assessment. As a result, there is no Maintenance Assessment to be collected for 2022-23.

Available Reserve Fund Income

As of July 31, 2022, the balance in the Reserve Fund was \$338,187, which includes the NIA #1 Bond Reserve Requirement of \$337,600 and investment income of \$587. As a result, there is not a significant excess balance available to reduce the MIA 2022-23 Annual Installment.

Available Capitalized Interest Account

As of July 31, 2022, the balance in the Capitalized Interest Account was \$375,026. According to Section 6.05(e) of the Major Improvement Area Trust Indenture, \$249,494 will be transferred to the Principal & Interest Account. The \$249,494 will fund the interest payment due March 1, 2023 in the amount of \$124,747, which equals interest on the outstanding Major Improvement Area Bond Assessments balance of \$4,700,000 for six months, and the interest payment due September 1, 2023 in the amount of \$124,747, which equals interest on the outstanding Major Improvement Area Bond Assessments balance of \$4,700,000 for six months.

Available Administrative Expense Account

As of July 31, 2022, the balance in the Administrative Expense Fund was \$976. Approximately \$976 is anticipated to be used for the payment of current year administrative expenses through January 31, 2023. As a result, there are no funds available in the Administrative Expense Fund to reduce the MIA 2022-23 Annual Installment.

G. ANNUAL INSTALLMENTS PER UNIT - MAJOR IMPROVEMENT AREA

According to the Service and Assessment Plan, the Annual Installments shall be collected in an amount sufficient to pay principal and interest on the MIA Bonds, to fund the Prepayment Reserve and Delinquency Reserve described in the Service and Assessment Plan, fund the Maintenance Assessment as needed, and to cover Administrative Expenses of the Major Improvement Area.

According to the Service and Assessment Plan, 814 units were anticipated to be built within the Major Improvement Area of the PID. Accordingly, the net principal and interest portion of Annual Installment to be collected from each unit will be \$0.00 (i.e. $(\$249,494 - \$249,494) \div 413 = \$0.00$), the Maintenance Assessment to be collected from each unit will be \$0 (i.e. $\$0 \div 814 = \0), and the net Administrative Expenses to be collected from each unit will be \$38.08 (i.e. $\$31,000 \div 814 = \38.08). As a result, the total Annual Installment to be collected from each unit within the MIA will be \$38.08 ($\$0 + \$0 + \$38.08 = \38.08). The Annual Installment to be collected from each Parcel within the Major Improvement Area is calculated by multiplying the Annual Installment for each unit of \$38.08 by the total estimated units for each Parcel in the Major Improvement Area for 2022-23.

The Annual Installment due to be collected from each Land Use Class in the Major Improvement Area for 2022-23 is shown in Table II-G-1 below.

Table II-G-1
Annual Installment Per Unit – MIA

Land Use Class	Annual Installment Per Unit
50 Ft Lots	\$38.08

The list of Parcels within the Major Improvement Area of the PID, the number of units to be developed on the current residential Parcels, the corresponding total units, the total outstanding Assessment, the annual principal and interest, the Administrative Expenses, and the Annual Installment to be collected for 2022-23 are shown in the Assessment Roll Summary attached hereto as Appendix E.

H. BOND REDEMPTION RELATED UPDATES

NIA #1 Bonds

The NIA #1 Bonds were issued in 2021. Pursuant to Section 4.3 of the NIA #1 Trust Indenture, the County reserves the right and option to redeem the NIA #1 Bonds before their scheduled maturity dates, in whole or in part, on any interest payment date on or after **September 15, 2029**, such redemption date or dates to be fixed by the County, at the redemption prices and dates shown in the applicable Trust Indenture.

The Administrator has conducted a preliminary evaluation of the current refunding market conditions, recent PID bond refunding transactions, and other relevant factors. Based on this preliminary evaluation, the Administrator believes a refunding of the NIA #1 Bonds does not appear viable at this time. The Administrator will continue to monitor the refunding market conditions, applicable PID bond refunding transactions, and other relevant factors to determine if refunding becomes viable in the future and will inform the County accordingly.

MIA Bonds

The MIA Bonds were issued in 2021. Pursuant to Section 4.3 of the MIA Trust Indenture, the County reserves the right and option to redeem the Major Improvement Bonds before their scheduled maturity dates, in whole or in part, on any interest payment date on or after **September 15, 2029**, such redemption date or dates to be fixed by the County, at the redemption prices and dates shown in the applicable Trust Indenture.

The Administrator has conducted a preliminary evaluation of the current refunding market conditions, recent PID bond refunding transactions, and other relevant factors. Based on this preliminary evaluation, the Administrator believes a refunding of the MIA Bonds does not appear viable at this time. The Administrator will continue to monitor the refunding market conditions, applicable PID bond refunding transactions, and other relevant factors to determine if refunding becomes viable in the future and will inform the County accordingly.

III. UPDATE OF THE ASSESSMENT PLAN

The Service and Assessment Plan adopted by the County describes that the Authorized Improvement costs shall be allocated to the Assessed Property equally based on the equivalent number of residential dwelling units anticipated to be built on each Parcel once such property is fully developed, and that such method of allocation will result in the imposition of equal shares of the Authorized Improvement costs to Parcels similarly benefited.

The Neighborhood Improvement Area #1 Reimbursement Agreement principal and interest repayment schedule was recalculated for 29 years from the initial term of 30 years as a result of non-collection of Neighborhood Improvement Area #1 Annual Installments in 2020-21. Please see Appendix C for the revised Neighborhood Improvement Area #1 Reimbursement Agreement debt service schedule.

Assessment Methodology

This method of assessing property has not been changed and Assessed Property will continue to be assessed as provided for in the Service and Assessment Plan.

(remainder of this page is intentionally left blank)

IV. UPDATE OF THE ASSESSMENT ROLL

Pursuant to the original Service and Assessment Plan, the Assessment Rolls shall be updated each year to reflect:

- (i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by the Service and Assessment Plan or in the PID Act;
- (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.I of the Service and Assessment Plan.

The summary of updated Assessment Rolls is shown in Appendix D and Appendix E of this report. Each Parcel in the PID is identified, along with the Assessment on each Parcel and the Annual Installment to be collected from each Parcel. Assessments are to be reallocated for the subdivision of any Parcels.

A. PARCEL UPDATES

According to the Service and Assessment Plan, upon the subdivision of any Parcel, the Administrator shall reallocate the Assessment for the Parcel prior to the subdivision among the new subdivided Parcels according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

- A = the Assessment for each new subdivided Parcel.
- B = the Assessment for the Parcel prior to subdivision.
- C = the estimated units to be built on each newly subdivided Parcel
- D = the sum of the estimated units to be built on all of the new subdivided Parcels

The calculation of the estimated number of units to be built on a Parcel shall be performed by the Administrator and confirmed by the County based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

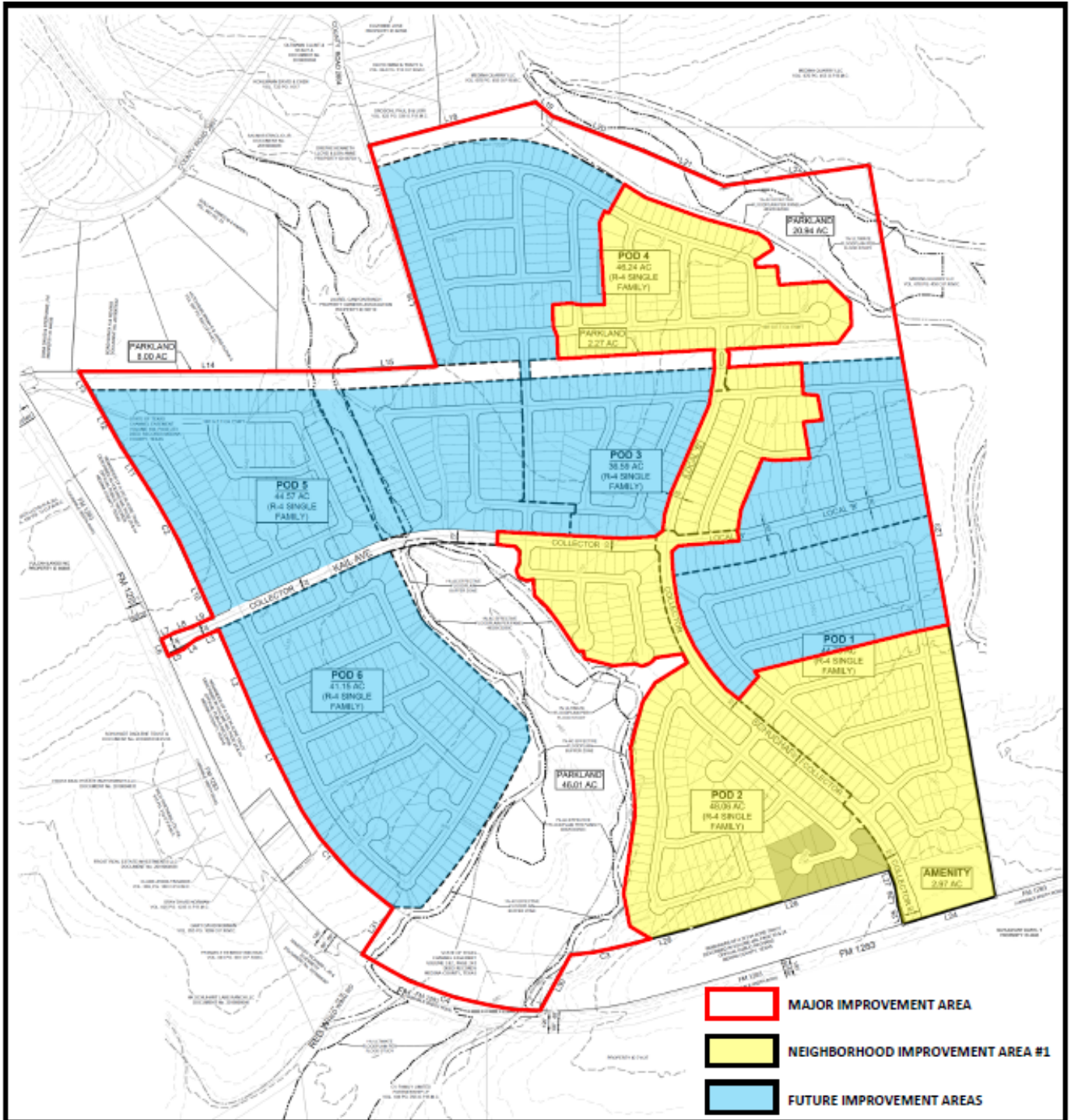
B. PREPAYMENT OF ASSESSMENTS

As of July 31, 2022, there have been no prepayment of Assessments for any Parcel within the PID.

The complete Assessment Roll is available for review at the Commissioners Court Office, located at 1300 Avenue M, Hondo, Texas 78861.

APPENDIX A
PID MAP

Appendix A – PID MAP



APPENDIX B
PREPAID PARCELS

APPENDIX B

As of July 31, 2022, there have been no prepayment of Assessments for any Parcel within the PID.

APPENDIX C
**REVISED NEIGHBORHOOD IMPROVEMENT AREA #1 REIMBURSEMENT
AGREEMENT DEBT SERVICE SCHEDULE**

The Woodlands Public Improvement District
Neighborhood Improvement Area #1 Reimbursement Agreement

Parcel Units Assessment	All Parcels 413 \$6,800,000
--------------------------------	--

Assessment Year ending 09/01	NIA #1 R.A. Principal	NIA #1 R.A. Interest	Total Annual Installment
2021	\$0	\$0	\$0
2022	\$128,000	\$296,357	\$424,357
2023	\$133,000	\$290,213	\$423,213
2024	\$127,000	\$283,829	\$410,829
2025	\$153,000	\$277,733	\$430,733
2026	\$153,000	\$270,389	\$423,389
2027	\$153,000	\$263,779	\$416,779
2028	\$153,000	\$257,170	\$410,170
2029	\$178,000	\$250,560	\$428,560
2030	\$178,000	\$242,870	\$420,870
2031	\$178,000	\$235,181	\$413,181
2032	\$178,000	\$227,491	\$405,491
2033	\$204,000	\$219,802	\$423,802
2034	\$204,000	\$210,989	\$414,989
2035	\$204,000	\$202,176	\$406,176
2036	\$229,000	\$193,363	\$422,363
2037	\$229,000	\$183,470	\$412,470
2038	\$229,000	\$173,578	\$402,578
2039	\$254,000	\$163,685	\$417,685
2040	\$254,000	\$152,712	\$406,712
2041	\$280,000	\$141,739	\$421,739
2042	\$280,000	\$129,643	\$409,643
2043	\$280,000	\$117,547	\$397,547
2044	\$305,000	\$105,451	\$410,451
2045	\$305,000	\$92,275	\$397,275
2046	\$331,000	\$79,099	\$410,099
2047	\$331,000	\$64,800	\$395,800
2048	\$356,000	\$50,501	\$406,501
2049	\$382,000	\$35,122	\$417,122
2050	\$431,000	\$18,619	\$449,619
Total	\$6,800,000	\$5,230,142	\$12,030,142

1 - The Neighborhood Improvement Area #1 Reimbursement Agreement principal and interest repayment schedule is recalculated as a result of non-collection of Annual Installments for Assessment Year ending 2021.

2 - This recalculation is preliminary and will be official after Commissioners Court approval as part of the 2021-22 Annual Service Plan Update.

APPENDIX D
NEIGHBORHOOD IMPROVEMENT AREA #1 ASSESSMENT ROLL – 2022-23

**THE WOODLANDS PUBLIC IMPROVEMENT DISTRICT
NEIGHBORHOOD IMPROVEMENT AREA #1 ASSESSMENT ROLL
2022-23**

Parcel ID	Acreage	% of Assessment for allocating 2022-23 Annual Installment	Outstanding Assessments	Prinicipal	Interest	Administrative Expense	Maintenance Expense	Excess Interest for Reserves	2022-23 Annual Installment
4465 509703	96.72	100.00%	\$13,172,000.00	\$263,000.00	\$581,694.06	\$52,000.00	\$0.00	\$32,500.00	\$929,194.06
Total	96.72	100.00%	\$13,172,000.00	\$263,000.00	\$581,694.06	\$52,000.00	\$0.00	\$32,500.00	\$929,194.06

APPENDIX E
MAJOR IMPROVEMENT AREA ASSESSMENT ROLL – 2022-23

**THE WOODLANDS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA ASSESSMENT ROLL
2022-23**

Parcel ID	Acreage	% of Assessment for allocating 2022-23 Annual Installment	Outstanding Assessments	Principal	Interest	Administrative Expense	Maintenance Expense	Excess Interest for Reserves	2022-23 Annual Installment
4465									
11083									
509701									
509702	241.86	100.00%	\$4,700,000.00	\$0.00	\$0.00	\$31,000.00	\$0.00	\$0.00	\$31,000.00
509704									
509705									
509706									
Total	241.86	100.00%	\$4,700,000.00	\$0.00	\$0.00	\$31,000.00	\$0.00	\$0.00	\$31,000.00

APPENDIX F
PID ASSESSMENT NOTICE

PID Assessment Notice

NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO
COUNTY OF MEDINA COUNTY, 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 County of Medina County, Texas (the "County"), 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 Woodlands Public Improvement District (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 County. The exact amount of each annual installment will be approved each year by the Commissioners Court 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 County or MuniCap, Inc., the District Administrator for the County, 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@unicap.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 Seller

Signature of Seller

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