

Somerset Public Improvement District No. 1
Lot Type 4 – Office

Project Overview

The Somerset Public Improvement District No. 1 (the “District”) was created by the City Council of the City of Sinton (the “City Council”) on May 18, 2021, pursuant to the Public Improvement District Act, Texas Local Government Code, Chapter 372, as amended (the “Act”), and Resolution No. 20210518 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 (the “Authorized Improvements”) that specially benefit assessed property in the District. On January 18, 2022, the City Council approved Ordinance No. 2022-02 (the “Assessment Ordinance”) accepting and approving a Service and Assessment Plan for the District (the “Service and Assessment Plan”) and levying special assessments (the “PID 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 City issued the City of Sinton, Texas Special Assessment Revenue Bonds, Series 2022 (Somerset Public Improvement District No. 1) (the “Series 2022 Bonds”) in the aggregate amount of \$11,735,000 pursuant to the Act, in Ordinance 2022-03 (the “Bond Ordinance”) adopted by the City Council on January 18, 2022 and an Indenture of Trust dated as of January 1, 2022 entered into by and between the City, and UMB Bank, N.A., as trustee.

On January 1, 2022, the City and Developer entered into a certain Somerset Public Improvement District No. 1 Reimbursement Agreement (the “PID Reimbursement Agreement”) with a total principal amount payable to the Developer of \$17,071,452. The PID Reimbursement Agreement will finance the Actual Costs of only a portion of the Authorized Improvements. The Series 2022 Bonds and PID Reimbursement are payable from the PID Assessments levied against each parcel of Assessed Property within the District pursuant to the Assessment Ordinances and Service and Assessment Plan.

All 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. **For tax year 2023, Annual Installments are billed by the District Administrator and are due and payable as provided on the Annual Installment assessment bill. It is anticipated that future billings will be billed by the San Patricio County Tax Office.** Annual installments are expected to be billed and collected on the same schedule as property taxes. The 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, PID Assessments and the due dates of the Annual Installments of the PID Assessments may be obtained from MuniCap, Inc., the District Administrator, located at 600 E. John Carpenter Freeway, Suite 150, Irving, TX 75062 and available by telephone at (469) 490-2800 or toll-free at (866) 648-8482 (toll free) and email at txpid@municap.com.

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

TION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF SINTON, TEXAS
CONCERNING THE FOLLOWING PROPERTY

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Sinton, Texas (the "City"), 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 Somerset Public Improvement District No. 1 (the "District") created under Subchapter A, Chapter 372, Local Government Code.

The exact amount of the assessment may be obtained from the City. The exact amount of each annual installment will be approved each year by the City 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 City or MuniCap, Inc., the District Administrator for the City, 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.

Date: _____

Signature of Seller

Date:

Signature of Purchaser

§§§

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

Somerset Public Improvement District No. 1
Schedule of Projected Annual Installments

Lot Type	Lot Type 4 (Office)
Equivalent Units	0.74
Outstanding Assessment (Per 1,000 GSF)	\$26,920

Year ¹	Cumulative Outstanding Principal	Bond Principal ²	Bond Interest ²	R.A. Principal ³	R.A. Interest ³	Administrative Expenses ⁴	Total Annual Installment
2023	\$26,920	\$189	\$613	\$299	\$704	\$49	\$1,853
2024	\$26,432	\$197	\$604	\$313	\$690	\$50	\$1,854
2025	\$25,922	\$206	\$594	\$327	\$677	\$51	\$1,854
2026	\$25,389	\$215	\$584	\$341	\$662	\$52	\$1,854
2027	\$24,833	\$224	\$574	\$355	\$647	\$53	\$1,853
2028	\$24,253	\$235	\$562	\$369	\$631	\$54	\$1,851
2029	\$23,650	\$246	\$549	\$388	\$615	\$55	\$1,853
2030	\$23,016	\$258	\$537	\$407	\$598	\$56	\$1,855
2031	\$22,352	\$270	\$523	\$421	\$580	\$57	\$1,851
2032	\$21,661	\$283	\$509	\$444	\$562	\$58	\$1,856
2033	\$20,934	\$298	\$493	\$463	\$542	\$59	\$1,855
2034	\$20,173	\$314	\$476	\$481	\$522	\$60	\$1,853
2035	\$19,378	\$330	\$458	\$505	\$500	\$62	\$1,855
2036	\$18,544	\$348	\$440	\$523	\$478	\$63	\$1,852
2037	\$17,673	\$365	\$420	\$547	\$455	\$64	\$1,852
2038	\$16,761	\$385	\$400	\$570	\$431	\$65	\$1,851
2039	\$15,806	\$406	\$378	\$598	\$406	\$67	\$1,854
2040	\$14,802	\$427	\$355	\$626	\$379	\$68	\$1,856
2041	\$13,749	\$449	\$331	\$649	\$352	\$69	\$1,851
2042	\$12,650	\$474	\$306	\$682	\$323	\$71	\$1,856
2043	\$11,494	\$499	\$279	\$710	\$293	\$72	\$1,853
2044	\$10,285	\$526	\$250	\$743	\$262	\$74	\$1,855
2045	\$9,016	\$555	\$220	\$776	\$229	\$75	\$1,855
2046	\$7,685	\$586	\$188	\$808	\$195	\$77	\$1,854
2047	\$6,291	\$618	\$154	\$846	\$159	\$78	\$1,855
2048	\$4,827	\$651	\$119	\$883	\$122	\$80	\$1,855
2049	\$3,293	\$688	\$81	\$920	\$83	\$81	\$1,854
2050	\$1,684	\$725	\$42	\$959	\$42	\$83	\$1,851
Total		\$10,966	\$11,038	\$15,953	\$12,139	\$1,801	\$51,898

- | |
|--|
| <p>1 - For tax year 2023, Annual Installments are billed by the District Administrator and are due and payable as provided on the Annual Installment assessment bill. It is anticipated that future billings will be billed by the San Patricio County Tax Office.</p> <p>2 - The principal and interest amounts represent the final numbers of the Series 2022 Bonds and will not increase during the life of the bonds. Interest is calculated assuming an interest rate of 4.375% in years 1 through 5 (2023-2027), 4.750% in years 6 through 10 (2028-2032), 5.125% in years 11 through 20 (2033-2042), and 5.250% in years 21 through 28 (2043-2051).</p> <p>3 - Represents the principal and interest on the PID Reimbursement Agreement. Interest is calculated assuming an interest rate of 4.41%.</p> <p>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.

Property Owners may choose to prepay their Assessment at any time. Effective January 1, 2024, for any single-family residential parcel prepaying an Assessment, a \$500 fee will be included in the total payoff amount to cover processing and other lien release related filing expenses. If interested in prepaying an Assessment, please contact, MuniCap by telephone at (469) 490-2800 or email at txpid@municap.com.

Somerset Public Improvement District No. 1 (PID)
& Reinvestment Zone No. 1 (TIRZ)

The property in the PID is also located in the City of Sinton Tax Increment Reinvestment Zone No. 1. Various taxing jurisdictions have committed to use a portion of their annual incremental 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.

If a property owner is to receive a TIRZ Credit, the Annual Installment shown on their tax statement will be the projected Annual Installment shown in the attached schedule **LESS** any TIRZ Credit.

Please see below for a summary of the percentage of annual ad valorem tax that each participating taxing jurisdiction has committed:

Real Property Tax 2023 Tax Rates ¹ <i>(per \$100 of taxable value)</i>		Committed Participation Percentage ²	
City of Sinton (M&O)	\$ 0.6911840	50%	\$0.3455920
San Patricio County (M&O)	\$0.3419090	50%	\$0.1709545
San Patricio County Drainage District (M&O)	\$0.0534520	50%	\$0.0267260
	\$1.0865450		\$0.5432725

1 – The tax rates included in the table above reflect 2023 tax rates as reported on <https://www.co.san-patricio.tx.us/page/sanpatricio.Tax.Rate>, which are subject to change.

2 – Committed participation percentages shown in the table above are as reported in the TIRZ No. 1 Project and Financing Plan.

For additional information regarding the exact amount of TIRZ Credit for a specific parcel, refer to the property search feature on the Municap website: <https://municap.clearbasinsystems.com/disclaimer>. The applicable amount of TIRZ Credit will be reviewed and approved each year by the City Council in the Annual Service Plan Update for the District.

More information about the TIRZ Credit may be obtained from MuniCap, Inc., available by telephone at (469) 490-2800 or (866) 648-8482 (toll free) and email at txpid@municap.com.

(the remainder of this page is intentionally left blank)