

Questions From Cash Flow

1. The Series shows 1, 2, 3, 5 & 7. Does this mean there are other bond issues planned by the District?

No. All of the projected bond issues are included. The reason the “Series” number skips is because the model assumes annual issuances, and when there are not sufficient revenues to support a bond issue in a year, it skips that series.

2. AV at issuance – Do these values represent Mid-year valuation from an Estimate of Value that will be used in a TCEQ application to support the debt issue?

Yes, this AV is the assumed AV at the time of issuance which will be used to determine feasibility of the bond issue. For purposes of the analysis, we assumed a dated date of 11/1 each year.

3. Prior Year’s Assessed Valuation – This column header shows a limited TAV compared to the TIRZ. Is this because the District is planning to give a tax abatement to the industrial user? Is the District planning to use the value not shown to support additional debt issues that we are not seeing?

In order to be marketable to the industrial user, they are not in the MUD. However, that property would be included in the TIRZ, hence the different values. The MUD would construct the facilities to serve the industrial user, using the TIRZ revenues to support the bonds.

4. TIRZ Prior Year Assessed Valuation – Please provide a split out of the value so we can see what value is going to homes (that would support the 5% estimated exemptions), the multi-family project, the commercial and the industrial values.

See attached.

5. Utility & Parks Tax Rate per \$100 of AV – I see the levy produced off this is tied back to the lower value of “Prior Year’s Assessed Valuation.” I understand that this represents the debt levy of the MUD. Again, please explain other debt or why the value is not the same.

See (3) above. The model assumes that the MUD would issue debt based upon the MUD tax rate and the TIRZ rebate, which is sometimes referred to as a “double-barrel” pledge. By issuing the debt with this pledge, the TIRZ revenues can be more efficiently pledged to the bonds, resulting in less rebate necessary to support the project plan.

6. If there is other debt to be issued, please provide a pro-forma for that debt issuance.

See (1) above.