

Hackberry Hidden Cove Public Improvement District No. 2

Project Overview

The Hackberry Hidden Cove Public Improvement District No. 2 (the “PID”) was created pursuant to Chapter 372 of the Texas Local Government Code (the “PID Act”) and Resolution No. 119-08 adopted by the City Council of the City of Hackberry, Texas (the “City Council”) on December 9, 2008 (the “PID Resolution”) to finance certain public improvement projects for the benefit of the property in the PID upon petition of the owners of property representing more than fifty percent (50%) of the appraised value of taxable real property liable for assessment within the PID and the property owners who own taxable real property that constitutes more than fifty percent (50%) of the area of all taxable real property that is liable for assessment by the PID.

The PID was created principally to finance certain public improvement projects including roadway improvements (“Road Improvements”) and water distribution, wastewater collection, and storm sewer collection system improvements (collectively “Utility Improvements”) for the residential development located within the extraterritorial jurisdiction of the City. A Service and Assessment Plan for the Utility Improvements was accepted and approved by the City Council pursuant to Resolution No. 128-09 and another Service and Assessment Plan for the Road Improvements was accepted and approved by the City Council pursuant to Resolution No. 129-09 on March 12, 2009 setting forth the plan for apportioning the costs (the “PID Costs”) of certain of the Utility Improvement projects and Road Improvement projects, respectively, to be assessed against properties in the PID and for payment of special assessments with respect thereto.

The City of Hackberry, Texas Combination Special Assessment and Contract Revenue Road Bonds, Series 2009A (Hackberry Hidden Cove Public Improvement District No. 2 Project) in the aggregate principal amount of \$6,020,000; City of Hackberry, Texas Combination Special Assessment and Contract Revenue Road Bonds, Series 2009B in the aggregate amount of \$1,065,000; City of Hackberry, Texas Combination Special Assessment and Contract Revenue Utility Bonds, Series 2009A in the aggregate principal amount of \$8,665,000; and City of Hackberry, Texas Combination Special Assessment and Contract Revenue Utility Bonds, Series 2009B in the aggregate amount of \$1,530,000 (collectively the “Series 2009 Bonds”) were issued Pursuant to the PID Act, the PID Resolution, Ordinance No. 190-09 adopted by the City Council on September 11, 2009 (the “Bond Ordinance”) and a Trust Indenture dated as of October 1, 2009 by and between the City and Regions Bank, as trustee (the “Trustee”).

The Series 2009 Bonds are payable from special assessments (“Assessments”) levied against each parcel of property within the PID pursuant to the applicable resolutions adopted by the City Council and ad valorem taxes (“Contract Taxes”) collected by Denton County Fresh Water Supply District No. 4-A (the “Water District”) pursuant to the Joint Utility Contract and Joint Road Contracts dated as of January 13, 2009 between the City and the Water District. The PID 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.

For additional information regarding the PID, please contact our office at 1-888-648-8482 (toll free).