

RESOLUTION NO. 16-1494

A RESOLUTION APPROVING THE FISCAL YEAR 2016-2017 SERVICE AND ASSESSMENT PLAN FOR EULESS MIDTOWN PUBLIC IMPROVEMENT DISTRICT (PID)

WHEREAS, pursuant to Chapter 372 of the Texas Local Government Code (the "Act"), on August 25, 2015, the City Council of the City of Euless adopted Resolution No. 15-1471 creating Euless Midtown Public Improvement District(PID); and

WHEREAS, in accordance with Section 372.013 of the Act, the City Council approved a service and assessment plan for PID; and

WHEREAS, as required by Section 372.013(b) of the Act, the service and assessment plan shall be reviewed and updated annually.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EULESS, TEXAS, THAT:

SECTION 1.

The City Council of the City of Euless, in accordance with Chapter 372, Texas Local Government Code, hereby approves the FY 2016-2017 Service and Assessment Plan for Euless Midtown Public Improvement District, attached hereto as **Exhibit A**.

SECTION 2.

The City Council hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and such recitals are incorporated as part of this Resolution.

SECTION 3.

This Resolution shall take effect immediately from and after its passage in accordance with the Charter of the City of Euless, and it is accordingly so resolved.

APPROVED at a regular meeting of the Euless City Council on September 13, 2016 by a vote of ___ ayes, ___ nays, and ___ abstentions.

APPROVED:

ATTEST:

Linda Martin, Mayor

Kim Sutter, TRMC, City Secretary

EULESS MIDTOWN
PUBLIC IMPROVEMENT DISTRICT
EULESS, TEXAS
ANNUAL SERVICE PLAN UPDATE

September 8, 2016

EULESS MIDTOWN PUBLIC IMPROVEMENT DISTRICT

EULESS, TEXAS

ANNUAL SERVICE PLAN UPDATE

A. Introduction

The Eules Midtown Public Improvement District (the “PID”) was created pursuant to the PID Act and a resolution of the City Council on August 25, 2015 to finance certain public improvement projects for the benefit of the property in the PID. The City issued Certificates of Obligations (“CO”) in the aggregate principal amount of \$16,450,000 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 City 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 Chapter 372, Texas Local Government Code, the Service and Assessment Plan must be reviewed and updated annually. This document is the annual update of the Service and Assessment Plan for 2016-17 (the “Annual Service Plan Update”). Capitalized terms shall have the meanings set forth in the Service and Assessment Plan unless otherwise defined herein.

The City also adopted an assessment roll (the “Assessment Roll”) 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 Roll for 2016-17.

B. Update of the Service Plan

Annual Budget for the Authorized Improvements

The current total estimated costs of the Authorized Improvements are equal to \$16,417,980, which remain the same as the budget estimates included in the original Service and Assessment Plan. According to the certification for payment submitted by the Developer, there have been budget line item amount revisions for the Authorized Improvements from the amounts originally included in the Service and Assessment Plan as shown in Appendix A-3 to this Annual Service Plan Update.

As shown in Table A below, the PID has incurred indebtedness in the total amount of \$16,450,000 in the form of the COs, which are to be repaid from Assessments.

Table A
Sources and Uses of Funds
Authorized Improvements

<u>Sources of Funds:</u>		Funded by the PID
CO proceeds		\$16,450,000
Total sources of funds		\$16,450,000
<u>Uses of Funds:</u>		
Construction costs:		
Estimated construction costs paid with CO		\$16,417,980
Subtotal: Construction costs		\$16,417,980
Costs of issuing the CO		
Net CO issuance costs		\$32,020
Subtotal: Costs of issuing the CO		\$32,020
Total uses of funds		\$16,450,000

A service plan must cover a period of five years. All of the Authorized Improvements are expected to be built within a period of five years. The anticipated budget for the Authorized Improvements over a period of five years and the indebtedness expected to be incurred for these costs is shown in Table B.

Table B
Authorized Improvements
PID Sources and Uses of Funds
2016 - 2020

Year	Annual Projected Costs	Annual Projected Indebtedness	Projected Annual Installments¹
2016	\$16,450,000	\$16,450,000	\$350,920
2017	\$0	\$0	\$607,588
2018	\$0	\$0	\$988,302
2019	\$0	\$0	\$1,114,530
2020	\$0	\$0	\$1,112,248
Total	\$16,450,000	\$16,450,000	\$4,173,587

¹ - The projected Annual Installments shown do not include any TIRZ Credit.

Debt Service and Collection Costs

Annual Installments

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 twenty-six annual installments of principal and interest beginning with the tax year following the issuance of the COs.

Pursuant to the Service and Assessment Plan, each Assessment shall bear interest at the rate on the COs commencing with the issuance of the COs. The effective interest rate of the CO interest payments due in 2017 is 2.98 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, an additional interest of one-half of one percent (0.5%) is added to the estimated Annual Collection Costs for 2016-17 and such additional interest amount will be used to fund prepayment and delinquency reserves as described in the Service and Assessment Plan. These payments, the “Annual Installments” of the Assessments, shall be billed by the City in 2016 and will be delinquent on February 1, 2017.

Pursuant to the Service and Assessment Plan, the Annual Service Plan Update will show the remaining balance of the Assessments, the Annual Installment due for 2016-17 and the Annual Collection Costs to be collected from each Parcel. Annual Collection Costs shall be allocated to each Parcel pro rata based on the Annual Installment on a Parcel to the total 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, such as the incremental taxes available to the PID (the TIRZ Credit), 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 COs from the collection of the Annual Installments. In addition, Annual Collection Costs 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.

Annual Installments to be collected for 2016-17

The budget for the PID will be paid from the collection of Annual Installments collected for 2016-17 as shown in Table C.

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Table C
Budget for the Annual Installments
To be collected for 2016-17

	<u>Total Amounts</u>
Interest payment on February 15, 2017	\$244,819
Interest payment on August 15, 2017	\$244,819
Principal payment on August 15, 2017	\$0
<i>Subtotal debt service on bonds</i>	<i>\$489,638</i>
Annual Collection Costs	\$117,950 ¹
<i>Subtotal Expenses</i>	<i>\$607,588</i>
Available TIRZ Credit	\$0
Other available funds	\$0
<i>Subtotal funds available</i>	<i>\$0</i>
Annual installment to be collected	\$607,588

¹ – The Annual Collection Costs amount includes \$82,250 ($\$16,450,000 \times 0.5\% = \$82,250$) in additional interest to be collected for prepayment and delinquency reserves and \$35,700 for other PID estimated administration expenses through January 31, 2018.

As shown in Table C above, the total Annual Installment for 2016-17 is equal to \$607,588. The total debt service payments on the COs and the Annual Collection Costs for 2016-17 are shown as \$489,638 and \$117,950, respectively.

According to the Service and Assessment Plan, the Annual Installments shall be collected in an amount sufficient to pay principal and interest on the COs, to fund the prepayment reserve and delinquency reserve described in Section V of the Service and Assessment Plan, and to cover Annual Collection Costs of the PID. The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Credit applicable to the Parcel. The TIRZ Credit for each Parcel shall be calculated using the following formula:

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

Where the terms have the following meanings:

- A = the TIRZ Credit amount for a Parcel
- B = the total TIRZ Revenues collected and available for the preceding year
- C = the total Equivalent Unit of the Parcel
- D = the total Equivalent Units of all Parcels

The TIRZ Revenues collected and available in any given year shall be used to calculate the TIRZ Credit in the following year (i.e., TIRZ Revenues collected in 2015 shall be used to calculate the TIRZ Credit applicable to Annual Installments to be collected in 2016). TIRZ Credits shall be calculated for those Parcels that are subject to Assessments by the PID. The total TIRZ Revenues collected from all Parcels in the PID shall be used to calculate the TIRZ Credit applicable to each Parcel in the PID based on the above formula. The total TIRZ increment amount generated by all Parcels of Assessed Property

will be divided by the total Equivalent Units in the PID to determine the TIRZ credit applicable to each Parcel of Assessed Property. The Equivalent Units to be used for the calculation of the TIRZ Credit shall be determined by the Administrator based on the information available to the Administrator at the time of such calculations.

The TIRZ was created in 2015 and, hence, the 2015 assessed values of the Parcels in the TIRZ were used as base year amounts. As a result, there are no TIRZ Revenues collected for 2015 that can be used as TIRZ Credit in 2016.

According to the Service and Assessment Plan, residential and non-residential development with a total of 348.60 Equivalent Units are estimated to be built within the PID. Accordingly, the principal and interest portion of Annual Installment to be collected from each Equivalent Unit will be \$1,404.60 (i.e. $\$489,638 \div 348.60 = \$1,404.60$) and the Annual Collection Costs to be collected from each Equivalent Unit will be \$338.36 (i.e. $\$117,950 \div 348.60 = \338.36). As a result, the total Annual Installment to be collected from each Equivalent Unit in the PID will be \$1,742.96 (i.e. $\$1,404.60 + \$338.36 = \$1,742.96$). The Annual Installment to be collected from each Parcel in the PID is calculated by multiplying the Annual Installment for each Equivalent Unit of \$1,742.96 by the total estimated Equivalent Units for each Parcel in the PID.

The list of parcels in the PID, the estimated total Equivalent Units, the total Assessment, the annual principal and interest, the Annual Collection Costs and the Annual Installment to be collected for 2016-17 are shown in the assessment roll summary attached hereto as Appendix A-2.

C. Update of the Assessment Plan

The Service and Assessment Plan adopted by the City Council provided that the Authorized Improvement Costs shall be allocated to the Assessed Property equally on the basis of the Equivalent 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.

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.

D. Update of the Assessment Roll

Pursuant to the Service and Assessment Plan, the Assessment Roll 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 this 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.C of the Service and Assessment Plan.

The summary Assessment Roll is shown in Appendix A-2. 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.

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 number of units to be built on each newly subdivided Parcel
- D = the sum of the estimated number of 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 City Council 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.

According to the Developer, there have been no parcel subdivisions in the PID applicable for the Annual Installments to be collected in 2016-17.

There have been no Assessment prepayments as of August 31, 2016.

The complete Assessment Roll is available for review at the City hall, located at 201 N Ector, Euless, Texas 76039.

Appendix A-1
PID Map

Exhibit A:
The PID Map



Appendix A-2
Assessment Roll Summary – 2016-17

Account No.	Total Estimated Equivalent Units	Total Assessment	Annual Installments – 2016-17		
			Principal and Interest	Annual Collection Costs	Total Annual Installment
03927210	8.45	\$398,750	\$11,868.86	\$2,859.12	\$14,728
04670248	4.55	\$214,711	\$6,390.92	\$1,539.53	\$7,930
03927229	22.58	\$1,065,534	\$31,715.84	\$7,640.11	\$39,356
03927059	39.50	\$1,863,977	\$55,481.65	\$13,365.11	\$68,847
03274594	8.69	\$410,075	\$12,205.96	\$2,940.32	\$15,146
03927237	12.32	\$581,372	\$17,304.66	\$4,168.56	\$21,473
03926907	30.15	\$1,422,757	\$42,348.65	\$10,201.47	\$52,550
03274608	30.55	\$1,441,785	\$42,915.02	\$10,337.91	\$53,253
03926966	22.00	\$1,038,165	\$30,901.17	\$7,443.86	\$38,345
03926974	12.32	\$581,372	\$17,304.66	\$4,168.56	\$21,473
03926982	7.90	\$372,795	\$11,096.33	\$2,673.02	\$13,769
00669814	47.38	\$2,235,960	\$66,553.79	\$16,032.31	\$82,586
03926931	3.95	\$186,398	\$5,548.16	\$1,336.51	\$6,885
05990343	0.00	\$0	\$0.00	\$0.00	\$0
03927296	49.00	\$2,312,276	\$68,825.34	\$16,579.51	\$85,405
03927342	49.25	\$2,324,073	\$69,176.49	\$16,664.10	\$85,841
00936863	0.00	\$0	\$0.00	\$0.00	\$0
Total	348.60	\$16,450,000	\$489,638	\$117,950	\$607,588

Appendix A-3

Estimated Authorized Improvement Costs

Description of Improvements	Estimated Cost	Budget Changes	Revised Budget
Paving	\$2,500,255	\$147,855	\$2,648,110
Demolition and remediation	\$2,700,000	(\$617,550)	\$2,082,450
<i>Subtotal: Roadway improvements</i>	<i>\$5,200,255</i>	<i>(\$469,695)</i>	<i>\$4,730,560</i>
Water distribution system improvements	\$1,787,071	(\$354,066)	\$1,433,005
Sanitary sewer collection system improvements	\$1,540,751	(\$100,851)	\$1,439,900
Storm sewer collection system improvements	\$1,522,678	\$26,227	\$1,548,905
Right-of-Way and drainage pond acquisition:	\$2,100,000	\$0	\$2,100,000
<i>Subtotal: Storm sewer collection system improvements</i>	<i>\$3,622,678</i>	<i>\$26,227</i>	<i>\$3,648,905</i>
Hardscaping and amenities	\$2,111,201	\$50,464	\$2,161,666
Bonding & Mobilization	\$431,900	(\$31,155)	\$400,745
Civil Eng. Design, Surveying, Staking & CA services	\$1,145,559	(\$145,259)	\$1,000,300
Construction Contingency	\$578,565	\$619,765	\$1,198,330
Construction management	\$0	\$254,569	\$254,569
Administrative costs	\$0	\$150,000	\$150,000
<i>Subtotal: Other soft costs</i>	<i>\$2,156,024</i>	<i>\$847,920</i>	<i>\$3,003,944</i>
Subtotal: Estimated Authorized Improvement Costs	\$16,417,980	(\$0)	\$16,417,980
Add: Estimated costs for issuing Bonds	\$32,020	\$0	\$32,020
Total Estimated Costs	\$16,450,000	\$0	\$16,450,000