

RESOLUTION NO. 4179

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DENISON, TEXAS ADOPTING A PUBLIC IMPROVEMENT DISTRICT POLICY OF THE CITY OF DENISON, TEXAS; PROVIDING A SAVINGS AND REPEAL CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Denison, Texas (the “City”) offers various incentives to encourage developments within the corporate limits of the City and in the extraterritorial jurisdiction; and

WHEREAS, public improvement districts (each, a “PID”) are an economic and community enhancement tool that finances the costs of qualified public improvements which would not be otherwise be provided; and

WHEREAS, Chapter 372 of the Texas Local Government Code allows for the creation of public improvement districts; and

WHEREAS, the City Council wishes to develop guidelines and requirements for consideration in the establishment of a PID; and

WHEREAS, the City of Denison Public Improvement District Policy (“PID Policy”) is provided herein as “**Exhibit A**”.

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

Section 1. The City Council hereby adopts the PID Policy attached hereto and incorporated herein as **Exhibit “A”**.

Section 2. All provisions of any resolution in conflict with this Resolution are hereby repealed to the extent they are in conflict; but such repeal shall not abate any pending action for violation of the repealed resolution, nor shall the repeal prevent an action from being commenced for any violation if occurring prior to the repeal of the resolution. Any remaining portions of said resolutions shall remain in full force and effect.

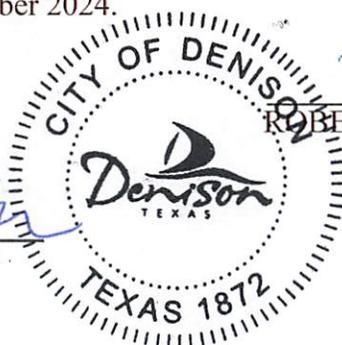
Section 3. The PID Policy may be amended from time to time by resolution of the City Council.

Section 4. That this Resolution shall take effect immediately upon its passage and approval.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF DENISON, TEXAS, this 16th day of December 2024.

ATTEST:


Christine Wallentine, City Clerk




ROBERT CRAWLEY, Mayor

Exhibit “A”

Public Improvement District Policy



City of Denison

Public Improvement District Policy

First Adopted December 16, 2024

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CITY OF DENISON
PUBLIC IMPROVEMENT DISTRICT POLICY

A. OVERVIEW

A Public Improvement District (“PID”) in accordance with Texas Local Government Code Chapter 372 (“Act”), provides the City of Denison (“City”) an economic development and community enhancement tool that finances the costs of qualified public improvements that confer a special benefit for a definable part of the City, including both its corporate limits and its extra-territorial jurisdiction (“ETJ”). Proceeds from assessments and/or PID bonds can be used to finance capital costs of public improvements or enhancements of public improvements which would not otherwise be constructed or provided. The costs of the capital improvements and/or supplemental services are paid entirely by property owners via an assessment that may be in addition to other fees. Proceeds of PID bonds may only be used to pay for public improvements that will ultimately be owned and controlled by the City or another political subdivision within the Public Improvement District that receive special benefits from the capital improvements or services.

The purpose of this policy is to outline the policies and procedures the City will use to consider whether creation of a PID, the levy of PID assessments, issuance of PID bonds, information disclosure to property owners, and determination of annual plans, budgets, and assessments are in the best interests of the City. This policy outlines the items needed to be addressed by the property owners seeking the creation of a PID (“petitioner” or “developer”) before the City Council can support the authorization of the PID. Any requests for adjustments, exceptions, or waivers to this policy must be clearly requested and explained prior to submitting the PID petition, with final determination to be made at the sole discretion of the City Council of the City of Denison. The PID must demonstrate that it confers a special benefit to the property within the PID, meets the requirements of this Policy and promotes the interests of the City.

The City Council will not take any action to commence with the creation of a PID or other related development district prior to the approval of a final Development Agreement on the property in question. In addition, the City Council will not entertain any developer requests for a Municipal Utility District, Water Control & Improvement District or any other taxing special district within the City’s boundaries or ETJ.

B. PURPOSE AND INTENT

The purpose and intent of this PID Policy is to provide policy parameters for establishment and use of PIDs within the City and to outline the issues to be addressed before the City Council can support the establishment of a PID. The City Council supports the use of PIDs to create sustainable developments earlier than they would have otherwise and with a higher level of public improvements than exists in a development that meets the City’s minimum standards. PIDs should be self- supporting, should not place administrative burdens on the City nor involve management or oversight by the City for their daily activities. This PID Policy is intended to provide guidance to developers and City Staff in the creation of a PID and outline pertinent matters including but not limited to petition requirements, qualified costs, financing criteria, information disclosures to property owners, and the determination of annual plans of services, budgets and assessments. The PID Policy shall serve to supplement all other applicable City rules, regulations, and policies. The City Council, upon City Staff recommendation, shall have the authority to establish PIDs that vary from this PID Policy as long as they are in accordance with State law. **Even if all**

conditions of this PID Policy are satisfied, the City Council, in its sole discretion, may choose to approve, modify, or deny a petitioner's proposed PID.

This Policy outlines application requirements that must be satisfied by a petitioner and other conditions such as application requirements, exempt property, qualified costs, financing criteria, information disclosures to property owners, service plans, budgets and assessments. It is not intended to be an all-inclusive list and may exceed the requirements contained in the PID Act and other statutes.

C. PID REQUIREMENTS

- a. The PID shall meet all requirements of the Act. To the extent of a conflict between the terms of this Policy and the Act, the Act shall prevail. Certain requirements of this PID Policy may be in addition to those of the Act and other state laws.
- b. A PID may be created and utilized to construct qualified public improvements and/or reimburse a developer's actual and documented costs of standard infrastructure with a strong preference for promoting enhanced infrastructure and improvements to serve the development.
- c. PIDs must be self-sufficient and fund all costs incurred by the City associated with the formation of the PID, bond issuance costs, PID administration, the construction of PID improvements and other PID related costs. The City will require a developer to enter into a Professional Service Agreement and pre-fund an escrow fund in order to cover fees related to the PID before such time as assessments may be levied. The payment of fees is not a guarantee that the City will approve the PID. The escrow fund will pay for costs such as:
 - 1) Negotiating and drafting a development agreement.
 - 2) Reviewing the PID petition,
 - 3) Publishing related notices,
 - 4) Preparing and reviewing the appraisal, the initial service and assessment plan, and the market feasibility study, including the costs of all services provided by City consultants, such as attorney, bond counsel, PID administrator and financial advisor,
 - 5) Costs of bond issuance not reimbursed to City through PID Bond proceeds, and
 - 6) Review and approval of engineer's opinion of probable costs for design, construction and inspection of PID improvements.
- d. A PID's budget shall include sufficient funds to pay for all costs related to the PID incurred by the City, including but not limited to all administrative and/or operational costs associated with the administration, management, audit, disclosure and reporting of the PID.
- e. Any requested adjustments and or deviations from the terms and conditions of the City's PID Policy shall be clearly requested and explained in, or submitted prior to or with, the PID petition for that PID. Any adjustments or deviations to be granted shall be at the sole discretion of the City Council. Additionally, the City Council maintains discretion to approve or disapprove the PID application.
- f. Property owned by the City that is located in the boundaries of the PID shall not be subject to any assessment by the PID even if it receives a special benefit from PID assessment expenditures.
- g. The PID must not impact the City's bond ratings, cost of capital or access to capital. The developer shall be required to pay costs to offset any impact on the City's ability to issue qualified tax-exempt obligations because of the issuance of bonds related to the PID.
- h. No PIDs will be allowed to be created that overlap the boundaries of another PID.

- i. In order to consent to the creation of a PID, City Council must determine that the PID will provide community benefits within its boundaries and promotes the policy objectives of the City. City Council will evaluate whether the PID's projects, services or improvements:
 - 1) Generate primary employment and other long-term economic and superior development benefits to the City beyond what a typical development would generate, i.e. exceeds city minimum standards;
 - 2) Provide for improvements in the public right of way (e.g., entryways, landscaping, fountains, specialty lighting, art, decorative and landscaped streets and sidewalks, bike lanes, multi-use trails, signage);
 - 3) Meet community needs;
 - 4) Opens new areas to development through utility extensions;
 - 5) Promote development in accordance with the City's Comprehensive Plan or other City or regional plans and initiatives;
 - 6) Create opportunities to redevelop aging or underutilized areas of the City;
 - 7) Provide for enhanced recreation and public open spaces, low impact development (LID), green building rating system features, increased native landscaping or xeriscaping, land and infrastructure for re-irrigation of treated stormwater; or protects or restores natural amenities and environmental assets such as the lakes, trees, creeks, ponds, floodplains, and wildlife habitats;
 - 8) Create new or enhance existing multimodal transportation options such as complete streets, parks, promenades, hike and bike trails, off-street public parking facilities, and integrated open spaces with an overall goal to decrease single-occupancy vehicle trip rates to/from the PID;
 - 9) Exceeds the City's development requirements through enhanced architectural standards, building materials and/or finishes;
 - 10) Protects and preserves existing historical buildings, structures, features or places or which establish a unified architectural or design theme throughout the development that complements the community's character and heritage; and/or
 - 11) Includes placemaking features such as decorative entryways, ornamental gateways, fountains, specialty lighting, art, signage, terminating vistas, decorative pedestrian or street lighting, pedestrian safety elements, etc.
- j. All persons selling land in a PID must include a "title encumbrance" which notifies any prospective property owner of the existence or proposal of special assessments on the property. Additionally, notices required by the Texas Property Code must be provided to a prospective purchaser in connection with the purchase and sale of real property within the PID.
- k. The City will not waive any fees that impact the ability of any City department to cover costs of service for the development or improvement of PID projects, unless required by state law.
- l. The PID shall be located entirely within the City's corporate limits prior to creation of the PID.
- m. The PID shall not finance improvements or services within a gated community or a development in which PIO improvements would not be accessible to the general public.
- n. The proposed development shall be consistent with the entitlements on the property. All required zoning and other land use regulations shall be in place for the development prior to the levying of assessments.
- o. Property within the PID shall obtain retail water and wastewater utilities from the City.

- p. The public improvements funded through special assessment revenues shall fund public improvements that not only meet infrastructure standards in place at the time of PID application but also deliver improvements superior to development standards. Ideally the PID will fund the incremental cost of development exceeding basic development standards.

D. ESTABLISHMENT OF PIDS

1. Professional Services Reimbursement Agreement

A Professional Services Agreement (PSA) will be entered into with the developer (template attached as Attachment A). The PSA will require the developer to initially deposit funds to pay for third-party consultants including, but not limited to, bond counsel, financial advisor, PID administrator, appraiser, and market study analysis. Additional deposits will be required when the deposit balance meets a minimum threshold as described below. Funds that have been spent for payment to the City's consultants are non-refundable. The unused balance will be rolled into the PID administration costs for the creation of the PID or refunded to developer depending on circumstances. For PIDs, the Initial Amount is \$25,000 with additional \$10,000 increments when deposit balance reaches \$5,000.

2. Pre-PID Petition Submittal

After execution of a PSA and at least 120-days before submission of a PID petition seeking creation of the PID, the petitioner should submit the following to the City for review and analysis:

- a. The basic terms and conditions for creation of the PID, including the provision of community benefits;
- b. The petitioner's qualifications and previous experience with real estate development, financing of the development, prior PIDs, etc.;
- c. A legal description of the boundaries of the PID, a black and white map of the PID boundaries suitable for publication for the legal notices and a "commonly known" description of the area to be included in the District;
- d. A current tax roll of the owners of all property proposed to be located in the PID;
- e. Any plan for phasing of both the real estate development supported by the PID and construction of public improvements in the PID;
- f. Indication of the estimated costs of the proposed improvements (in dollars, \$);
- g. Indication of the Maximum Assessment (in dollars, \$);
- h. Maximum Bond Issuance (in dollars, \$);
- i. Maximum Tax Equivalent Rate (in cents, \$);
- j. A section, which clearly identifies the benefit of the PID to the affected property owners (for use in benefit hearings) and to the city as a whole (i.e., public purpose);
- k. Description of all city-owned land within the District as well as its proposed share of project costs;
- l. Specified assurances to the City that the construction of improvements in the public right-of-way will be maintained by the PID and in no way obligates the City to future maintenance or operational costs, unless otherwise stated in a subsequent agreement;
- m. Statement that the petitioners understand that the annual budget for the District is subject to review by city staff with final approval by the City Council;
- n. A Capital PID requesting bond financing must be owned by a single owner and their affiliated entities;

- o. All estimated costs must be identified before a decision is reached on a request to establish a PID. Costs to be identified include costs related to establishing the District; costs for design, construction and inspection of improvements, operations and administration; and costs for later revision, repair or replacement of any improvements; and
- p. A statement that petitioner intends to commence development within three (3) years.

3. PID Petition

Petitions requesting establishment of a public improvement district must satisfy all statutory requirements under §372.005 of the Texas Local Government Code, as stated in Attachment B- Petition Requirements and Attachment C- Petition Template. Once it has been determined by the City Staff and City Council that a PID is appropriate for the project, a petition for the creation of the PID shall be submitted. The PID petition should be substantially similar to Attachment C, and in accordance with the following:

- a. The submittal of a petition that is signed by record owners of real property representing more than 50% of the appraised value of taxable real property liable for assessment under the proposal, as determined by the current roll of the appraisal district in which the property is located.
- b. The petition must be submitted using the form included as attachment B. See the petition requirements for additional specific requirements.
- c. Be submitted with a pre-executed petition to dissolve the PID by the landowner in case the project does not move forward within three (3) years.
- d. Be submitted with a contingency plan to address the maintenance or disposition of PID improvements and or property that has not been dedicated to the public if a PID is dissolved.
- e. Be submitted with evidence that the petition's signatures meet the state law requirements, or the petition will be accompanied by a reasonable fee to cover the city costs of signature verification.
- f. If the proposed PID is an expansion of an existing public improvement district, a petition for the new segment of the proposed PID must identify each subdivision, or portion thereof, within the proposed boundaries of the new PID, and each subdivision or portion thereof, that is not currently in an existing PID shall individually satisfy the requirements for a petition under §372.005 of the Texas Local Government Code.

Petitions for creation for a PID in the City's ETJ may be submitted if the petitioner is requesting annexation of the property.

4. Assessments

- a. The maximum assessment will be set on a case-by-case basis to account for the periodic changes in the real estate and bond market as well as other project specific requirements or targets the City may want to consider. However, the PID assessment combined with the ad valorem tax burden shall not exceed a total of \$3.00 per \$100 of taxable property value at the time the assessments are levied. The total annual assessment burden per \$100 of taxable property value is inclusive of all taxing jurisdictions assessing the property, PID assessment (as an equivalent tax rate) and any other special assessment secured by a lien calculated as an equivalent property tax assessment rate.
- b. Tax rates are subject to change annually. City staff may update applicable maximum tax rates each year and such annual updates shall not require formal amendment to this policy.

- c. PID assessments for Capital PIDs with bond financing will be divided equally throughout the PID by acreage at a fair, logical and equitable process based on benefit commensurate with the bond repayment schedule and annual expenses.
- d. The City will determine assessment amount and levy assessments by ordinance. The annual cash and tax equivalent assessments must be level or descending.

1. Collection of Assessments

The City will enter into an agreement, as applicable, with the appropriate tax collecting entity (i.e. the entity collecting the City ad valorem taxes) to include the annual assessments on the appropriate property tax bill. If such agreement is not feasible, the City will pursue other available alternatives for collecting the assessments and annual installments.

2. Developer Reimbursement

- a. The developer will submit expenses for reimbursements, no more frequently than monthly, in accordance with the requirements of the applicable financing or construction funding agreement.
- b. The City’s appointed designee(s) will verify the eligibility and validity of such reimbursement requests in accordance with the applicable agreements and/or PID documents.
- c. Once expenses have been verified, payment will be processed within the timeframe stipulated in the applicable agreements and/or PID documents.

E. CAPITAL PIDS

The City may consider a petition and application for the Capital PID structure. Capital PIDs are those that are established within a development. There are two types of PIDs:

- *Reimbursement PID*: The developer pays for the infrastructure up front and is reimbursed from assessments collected over time.
- *Bonded PID*: The City issues special revenue bonds for the construction of improvements and/or reimbursement to the developer and such bonds are repaid from assessments collected annually.

1. Specifics of Bonded PID

All Capital PIDs established by the City with an intent to fund improvements through bond financing shall be limited by the following restrictions and requirements:

- a. The developer, all related parties and professionals must submit to full disclosure due diligence, and be approved by the City’s bond counsel, city attorney, financial advisor, etc. prior to consideration of issuance of debt.
- b. The developer must be compliant with all aspects of the development agreement, current on all taxes, fees, and assessments, not be involved in any disputes or lawsuits with the City or any overlapping jurisdiction.

- c. The terms of repayment for any bonds issued for Capital PIDs shall specify a maturity date not longer than thirty (30) years from the date of issuance.
 - 1) The maturity date for any bond issued shall not exceed the useful life of any assets constructed.
 - 2) The maturity date for any bond issued shall not exceed the initial authorization term of the Capital PID.
 - 3) The annual debt service payments and corresponding assessments shall not increase over the life of the debt but shall be level or descending from year to year.
 - 4) The average life of the PID bonds shall not be extended if refunded.
 - 5) The maximum term for PID Assessments to be levied for a single-phase development shall not exceed 30 years.
- d. Minimum value to lien ratio of 3:1 based on an independent third-party appraisal, such appraiser to be approved by the City. On a case-by-case basis, the City Manager may recommend to City Council and City Council may approve a reduced value to lien ratio should the City Manager review and determine that such a rate is appropriate for the proposed development based on proposed project profile, petitioner profile, proposed public and private financing structure of the development, prevailing market and industry trends and other relevant factors. In no case shall the total value-to-lien ratio be less than 2:1.
- e. To the extent feasible, preliminary design and engineering work for public improvements to be funded with PID Bonds shall be completed prior to the levy of assessments.
- f. PID bonds that may be issued by the City shall never constitute an indebtedness or general obligation of the City, the state or any other political subdivision of the state, within the meaning of any constitutional provision or statutory limitation whatsoever, but the PID bonds will be limited and special obligations of the City payable solely from the PID special assessments to be collected. PID bonds will constitute a special obligation of the City, secured by and payable solely from the PID's special assessment revenues. Neither the faith, credit, general revenue nor the taxing power of the City, the state or any other political subdivision of the state will be pledged to the payment of PID bonds.
- g. PID bond project proceeds for professional services rendered to or on behalf of the petitioner, including attorney fees and consultant and/or advisory fees, shall be limited to 6.5% of the par value of the bond issuance to ensure the maximum amount of PID bond proceeds are spent on authorized improvements.
- h. One hundred percent (100%) of the project's major and internal public costs must be cash funded at closing: total public costs minus PID project fund = developer cash deposit. In the event of issuance of PID refunding bonds, a lower debt service reserve fund may be allowed on a case-by-case basis.
- i. The amount of interest that may be capitalized within the debt issuance shall be equal to no more than 2 years of interest payments.
- j. Capitalized interest shall terminate at the end of the fiscal year before transfer of any property to 3rd parties.
- k. Proceeds of Capital PID debt issuance, along with any required cash contribution to fully fund project costs, will be placed in a trust administered by a trust indenture.
- l. Excess proceeds from a debt issuance must be applied to prepay outstanding bond principal outstanding debt payments.

- m. A Debt Service Reserve Fund shall be established in an amount equal to 1.0 times the maximum annual debt service payment.
- n. A draft Service and Assessment Plan for debt issuance must be submitted and approved by City Staff before consideration of debt financing.
- o. Issuance of debt in arrears will only be considered if the following requirements are met:
 - 1) Developer will advance fund any cash necessary for the project;
 - 2) A Service and Assessment Plan and debt issuance structure must be completed;
 - 3) A trust indenture and trustee must be appointed; and
 - 4) A reimbursement resolution must be completed prior to incurring any expenses.
- p. All costs incurred by the City that are associated with the administration of the PID shall be paid out of special assessment revenue levied against property within the PID. City administration costs shall include those associated with continuing disclosure, agent fees, staff time, regulatory reporting and legal and financial reporting requirements.
- q. The City shall choose and utilize its own financing team including, but not limited to, city attorney, bond counsel, financial advisor, assessment consultant, and underwriters related to bond financing proceedings.
- r. The City shall choose and utilize its own continuing disclosure consultant and arbitrage rebate consultant. Any and all costs incurred by these activities will be included in City administration costs recouped from special assessments. The continuing disclosure will be divided into City disclosure and developer disclosure, and the City will not be responsible or liable for developer disclosure, but the City's disclosures professional will be used for both disclosures.
- s. The petitioner agrees to provide periodic information and notices of material events regarding the petitioner/developer and the developer's development within the PID in accordance with Securities and Exchange Commission Rule 15cc2-12.
- t. Developers requesting establishment of a Capital PID with bond financing must participate in the City's continuing annual financial disclosures.
- u. City Staff has been delegated authority from the Mayor and City Council to initiate foreclosure proceedings on any delinquent property for failure to pay the special assessment associated with the PID, as allowed by law.
- v. In the event of a default on bonds issued for Capital PIDs, all associated parties and their affiliates shall be barred indefinitely from submitting a petition to the City requesting establishment of any future PID.
- w. The aggregate principal amount of PID Bonds issued and to be issued shall not exceed amounts sufficient to fund the public improvements.
- x. Each series of PID Bonds shall be in an amount estimated to be sufficient to fund the authorized improvements or portions thereof for which such PID Bonds are being issued.
- y. Delivery by developer to the City of a certification or other evidence from an independent appraiser or other professional confirming that the special benefits conferred on the properties being assessed for the Public Improvements increase the value of the property by an amount at least equal to the amount assessed against such property.
- z. Approval by the Texas Attorney General of the PID Bonds and registration of the PID Bonds by the Comptroller of Public Accounts of the State of Texas.
- aa. Developer is current on all taxes, fees and obligations to the City.
- bb. Developer is not in default under any agreement with the City.

- cc. No related outstanding PID Bonds are in default and no reserve funds have been drawn upon that have not been replenished.
- dd. Review and approval by the City of the plats and construction plans for the public improvements.
- ee. The PID administrator has certified that the costs of the public improvements to be paid from the proceeds of the PID Bonds are eligible to be paid with the proceeds of such PID Bonds.
- ff. The public improvements to be financed by the PID Bonds have been or will be constructed according to the approved design specifications and construction standards imposed by the Development Agreement and the City's Code of Ordinances.
- gg. The City's evaluation and determination that there will be no negative impact on the City's creditworthiness, bond rating, access to or cost of capital, or potential for liability.
- hh. The City has determined that the PID assessment level, structure, terms, conditions and timing of the issuance of the PID Bonds are reasonable for the project costs to be financed and that there is sufficient security for the PID Bonds to be creditworthy.
- ii. In recognition of the significant amount of City time and resources required to support the issuance of PID bonds, the City requires a minimum par amount feasible of \$2,000,000 financed for each bond issuance. Unless otherwise agreed to by the City, the PID Bonds shall be sold and may be transferred or assigned only in minimum denominations of \$100,000 or integral multiples of \$1,000 in excess thereof; provided that the limitation on transferability or assignment shall not apply (A) if the PID Bonds are assigned a rating of not less than rated "BBB" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., "Baa" by Moody's Investors Service, Inc., or an equivalent rating by a nationally recognized municipal securities rating service acceptable to the City, and upon compliance with applicable securities laws. The City agrees that if the PID Bonds have an investment grade rating, they may be sold in minimum denominations of \$5,000 or integral multiples of \$1,000 in excess thereof.
- jj. No information regarding the City, including without limitation financial information, shall be included in any offering document relating to PID Bonds without the consent of the City.
- kk. Developer shall simultaneously fund the public improvements to the extent that the public improvements have not already been completed and paid for by developer or otherwise to the extent that the PID Bonds are insufficient to fund such public improvements.
- ll. Per the PID Act, construction of PID improvements shall not begin until the later of the twenty-first (21) day after the date of the City Council's approval or the final resolution of any protest.

2. Other Financing Considerations

- a. General Obligation Bonds or Certificates of Obligation will not be utilized by the City to fund or support a PID.
- b. PID Bonds may be issued in advance of construction as a whole or on a phase-by-phase basis, as determined by the City.
- c. All proposed initial and subsequent PID Bond issues for a project, if any, will be subject to approval by the City Council.
- d. **The City shall not be obligated to provide funds for any improvement except from the proceeds of the PID Bonds and PID assessments and no other City funds, revenues, taxes, income, or property shall be used; and the PID Bonds shall never constitute an indebtedness**

or general obligation of the City, the State, or any other political subdivision of the State but shall be limited and special obligations payable solely from the assessments to be collected.

- e. Each PID Bond Indenture will contain language explicitly precluding the City from making any debt service payments for the PID Bonds other than from available PID assessment revenues. There will be no tax pledge from the City to support PID Bonds.
- f. Each PID Reimbursement Agreement funded by assessments (instead of bonds) will contain language explicitly precluding the City from making any reimbursement payments for the PID Reimbursement Agreement other than from available PID assessment revenues. There will be no tax pledge from the City to support PID Reimbursement Agreements.

F. ADMINISTRATION AND OVERSIGHT

- 1. PIDs should be financially self-supporting including any costs associated with the formation of the PID, bond issuance costs, PID administration or the construction of authorized improvements. City Council may appoint an advisory body with the responsibility of developing and recommending an improvement plan to the governing body.
- 2. The City may contract with a qualified third-party company to manage and administer the PID, subject to appropriate oversight by City staff. Alternatively, the City may provide for the administration of the PID through in-house resources. Provision for the costs associated with administration, whether the services are provided by third parties or the City, shall be included in any budget proposed by the developer.
- 3. For cash (no bonds) PIDs, any reimbursement of construction costs will occur after construction of the authorized improvements has been completed and the authorized improvements have been inspected and accepted., which reimbursement shall be limited to assessments collected.
- 4. The PID administrator, whether the City or by a third-party, shall:
 - a. Prepare and submit in a form appropriate for consideration and adoption by the City Council each year an Annual Service and Assessment Plan Update (SAP Update). The SAP Update shall include a budget and five-year service plan. The budget shall provide for sufficient funding to pay for all costs above and beyond the City's ordinary costs, including additional administrative costs resulting from the PID.
 - b. Provide for the calculation of the assessment and allocation to the respective parcels in the PID and provide information to the appropriate County tax office. The PID administrator and developer will coordinate to ensure that the billing/assessment information provided to the tax office includes all pertinent properties.
 - c. The PID administrator will coordinate with City staff to ensure timely filing of annual Service and Assessment Plan updates in the real property records of Grayson County as required by the appropriate statute.
 - d. Review submission of draws submitted by the developer. Prepare summary annual reports, based on data received from Grayson County, which reflect the imposition and collection of the assessments.

- e. Include in the SAP Update the property buyer form(s) consistent with the appropriate statute.

1. Property Owner Disclosures

To satisfy disclosure to homeowners, the City will require the petitioner to comply with the following:

- a. A landowner's agreement to be recorded in the Official Public Records of Grayson County, which, among other things, will notify any prospective owner of the existence or proposal of PID assessments on the property. All closing statements and sales contracts for lots must specify who is responsible for payment of any existing PID assessment or a pro rata share thereof until such time as the PID assessment is paid in full.
- b. Signage at major entryways and exits as approved by City Staff. All signage shall be clearly visible to all motorists entering and exiting the PID.
- c. Developer and assigns must provide signage and information flyers for use at sales offices and model homes as approved by the PID administrator.
- d. A PID must be identified as a PID with use of signage approved by the City along the main entry/exits located at the boundaries of the PID. All signage shall be clearly visible to all motorists entering and exiting the PID.
- e. Homebuyer disclosure documents in accordance with Section 5.014 of the Texas Property Code to be signed both at contract signing and at closing with such agreements maintained on file by each homebuilder and available for inspection by the City.
- f. Requirement to provide notice of the PID to builders and/or buyers in addendum to contracts and to disclose the PID on any MLS listing.

2. Miscellaneous

- a. Severability: If any section, subsection, sentence, clause, phrase, or word of this Policy is declared unconstitutional or invalid for any purpose, the remainder of this Policy shall not be affected.
- b. Any exceptions or waivers to this Policy must be approved by the City Council.
- c. The City shall, upon reasonable prior written notice to the developer and during normal business hours, have the right to audit and inspect the developer's records, books, and all other relevant records related to reimbursements through the PID. All parties agree to maintain the appropriate confidentiality of such records, unless disclosure of such records and information shall be required by a court order, a lawfully issued subpoena, State Law, municipal ordinance, or at the direction of the Office of the Texas Attorney General.

ATTACHMENTS

ATTACHMENT A
Professional Services Agreement (PSA)

Reimbursement Agreement (this "Agreement"), effective as of the ___ day of _____, 202__, (the "Effective Date"), is made and entered into by and between the CITY OF DENISON, TEXAS (the "City") and _____, a Texas _____ ("Developer"), herein collectively referred to as ("Party" or "Parties").

RECITALS

WHEREAS, Developer owns approximately 1,100 acres of real property located in Grayson County, Texas, and within the City Limits as depicted in Exhibit A attached hereto (the "Development Land");

WHEREAS, the Developer intends to develop a high-quality, master-planned development;

WHEREAS, the City and the Developer have an existing development agreement between the parties with respect to the development of the Development Land or use of a special district(s) to finance costs of public improvements necessary for the development of the Development Land; and

WHEREAS, the Parties have determined that they wish to explore and negotiate the possibility of financing of a portion of the costs of the public improvements necessary for the development of the Development Land by means of a public improvement district or other similar special purpose district requested by Developer in its application; and

WHEREAS, the Developer desires to develop the Development Land; and

WHEREAS, the Parties hereto recognize that the City will incur and continue to incur expenses, at reasonable market rates, through the entire review process until final completion of the development including but not limited to: professional services, legal publications, notices, reproduction of materials, public hearing expenses, recording of documents, engineering fees, attorney fees, financial consultants, special consultant fees, and fees for administrative time of City staff ("City Expenses").

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Incorporation of Recitals. The recitals above are incorporated for all purposes as if fully set forth herein.
2. Payment for Professional Services. The Developer shall deposit with the City \$25,000 for payment of City Expenses necessary to conduct the review of the development financing options, municipal service and entitlement matters within ten (10) days of receipt of request by the City:
 - (a) City agrees to document all Developer's contributions in a separate line item which may only be used for City Expenses defined herein or provide for any separate accounting that may clearly show Developer's contributions and City expenses.

(b) The City will pay City Expenses out of the amount deposited with the City and keep accounting of all charges for City Expenses incurred for the review and any unused contributions shall be returned to the Developer.

(c) Developer agrees that in the event the funds for City Expenses balance falls below \$5,000, then Developer shall remit an additional amount of not less than \$10,000.

(d) In the event the balance for City Expenses is exhausted, upon notice, Developer shall pay the balance owed in full within fifteen (15) days in addition to the remittance of the additional funds as provided above.

(e) In the instance that deposits of additional funds are not timely made, the City has no obligation to incur any additional costs and expenses in connection with the development financing options, municipal service and entitlement matters.

(f) Failure of Developer to meet its obligations above may result in the suspension or revocation of any active development permits.

3. No Obligation to Establish PID. The Developer acknowledges that the City has no obligation to establish the PID or to issue any bonds or other indebtedness with respect thereto, and nothing contained within this Agreement shall create any such obligation. The Developers obligation to pay the City Expenses shall exist and continue independent of whether the PID or bonds or other indebtedness are approved. This Agreement shall confer no vested rights or development rights on the Development Land or to the Developer. Further, this Agreement shall provide no assurances, promises, or covenants to approve any development in the Development Land.

4. Termination. This Agreement shall terminate on November 30, 2027, or an earlier date upon Developer's or City's delivery of five (5) calendar days' prior written notice of termination to the other party (the "Termination Date"); provided, however fees for City Expenses incurred by the City on or before the Termination Date may be funded under Section 1. The Parties may extend this Agreement in writing at any time prior to the Termination Date.

5. Entire Agreement. This Agreement contains the entire agreement between the Parties with respect to the transactions contemplated herein.

6. Amendment. This Agreement may only be amended, altered or revoked by written instrument approved by the City Council.

7. Successors and Assigns. Neither City nor Developer may assign or transfer their interest in the Agreement without prior written consent of the other Party.

8. Notice. Any notice and/or statement required and permitted to be delivered shall be deemed delivered by depositing same in the United States Mail, Certified, with Return Receipt Requested, postage prepaid, addressed to the appropriate party at the following addresses, or at such other addresses provided by the parties in writing or when delivered by email, addressed to the intended recipient at the email address shown below.

City:

City of Denison
Attention: City Manager

With a Copy to:

Julie Fort, City Attorney
Messer Fort, PLLC

300 W. Main St.
Denison, TX 75020

6371 Preston, Suite 200
Frisco, Texas 75034

Developer:

With a Copy to:

9. Interpretation. Regardless of the actual drafter of this Agreement, this Agreement shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against either party.

10. Applicable Law. This Agreement is made and shall be construed in accordance with the laws of the State of Texas and venue shall lie in Grayson County, Texas.

11. Severability. In the event any portion or provision of this Agreement is illegal, invalid, or unenforceable under present or future law, then and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the parties to this Agreement that in lieu of each clause or provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

12. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed effective as of the Effective Date.

CITY OF DENISON, TEXAS

By: _____

Bobby Atteberry, Interim City Manager

DEVELOPER

ATTACHMENT B
PETITION REQUIREMENTS

Petition Requirements

In accordance with Texas Local Government Code 372.005(a) the petition must state:

1. The general nature of the proposed improvements'
 - a. A PID shall not finance improvements or provide services within a gated community or a development in which PID improvements would not be accessible to the general public.
 - b. The proposed development shall be consistent with the entitlements on the property. All required zoning and other land use regulations shall be in place for the development prior to the levying of assessments.
2. The estimated cost of the improvements;
3. The boundaries of the proposed assessment district;
4. The proposed method of assessment, which may specify included or excluded classes of assessable property;
 - a. Property owned by the City or that is intended to be conveyed or dedicated to the City and located within the boundaries of the PID is considered non-assessed property and shall not be subject to any assessment by the PID. Other non-assessed property not subject to PID Assessments shall be determined at the establishment of the PID.
 - b. Property in the PID owned by another governmental entity may be assessed only pursuant to an interlocal agreement or contract between the entity and the City.
5. The proposed apportionment of costs between the PID and the municipality or county as a whole;
6. Whether the PID will be managed by the municipality or county, by the private sector, or by a partnership of the two;
7. That the persons signing the petition request or concur with the establishment of the PID; and
8. That an advisory body may be established to develop and recommend an improvement plan to the Board of Commissioners.
9. Demonstration of long-term financial capital for the PID development in the form of a cash deposit, proof of financing and/or equity capital from an investment grade financial institution, or letter of credit in favor of the City with an amount confirmed by an engineer's opinion of probable costs, or other commitments from verified funding sources which funding sources are subject to approval by the City;
10. A section that clearly, and in detail, identifies the special benefit of the PID to the affected property owners (for use in public hearings) and to the City (i.e., distinct public purpose);
11. Evidence that the Petition's signatures meet the ownership requirements of the PID Act and this PID Policy. If the petitioner fails to provide sufficient evidence, the petitioner shall reimburse all City's costs of signature verification. Petition signatures will reflect that a reasonable attempt was made to obtain the full support of the PID by all the property owners, who will be responsible for the payment of Assessments;
12. Specified procedure for eventual termination of the PID, if applicable;
13. Contingency plans to address how, if a PID is dissolved, the PID improvements and any property belonging to the PID that have not been dedicated to the public will be maintained or disposed of upon such dissolution. A PID cannot be dissolved as long as debt obligations secured by the PID's Assessments remain outstanding.

14. Identification of all land within the proposed PID that is, or will be, publicly owned including, but not limited to, sites for public schools, fire stations, police stations, etc.
15. Description of all City-owned and City-maintained land within the PID as well as any project costs for which the City is expected to be responsible.
16. A budget, including the PID's revenues in addition to the Assessments, and how all funds will be managed.
17. Statement that the developer understands the annual budget for the PID is subject to review by City staff with final approval by the City Council.
18. A current tax roll, or other acceptable evidence of ownership, with notations indicating the owners registering support for the Petition.
19. A copy of the Preliminary PID Finance Plan shall be submitted with the Petition. This Finance Plan shall include a description and estimated costs of the proposed public improvements to be financed. In addition, for an Infrastructure PID, the Finance Plan shall include the following:
 - a. Description of the proposed development;
 - b. Proposed timetable of the development including anticipated horizontal and vertical construction timelines;
 - c. Detailed development financing plan showing breakdown of proposed private (loan and equity) and public financing structure;
 - d. Targeted gross Assessment amount;
 - e. Estimated ad valorem revenue generated;
 - f. Projected Annual Installment per unit;
 - g. Estimated number of bond issuances;
 - h. Proposed maturity dates for bonds and PID Assessments; and
 - i. Any other such supporting information related to the success of the PID.
20. For an Infrastructure PID, a copy of a Project Feasibility Report which demonstrates the economic feasibility of the proposed development project and includes the following information:
 - a. An assessment revenue pro forma for the proposed development project;
 - b. A financial review of the development projections and absorption schedule;
 - c. Analysis of above describing the timing and amount of assessment revenue which will be generated based upon varying levels of assessments; and
 - d. Comparison of the development project with other similar projects in the area that will not have an assessment.

Additional requirements include:

1. Signatures on the PID petition will include the signature of the owner, the owner's printed name, the address of the property, the GCAD account number of the property, and any other information deemed appropriate by the City.
2. Signatures for PID petitions must be gathered not more than three months preceding submittal of the PID Application.
3. PID petitions shall include this additional note: "With respect to community property, the City may accept the signature of a spouse as a representation of both spouses that they support the creation or renewal of the PID absent a separate property agreement. *However, if City staff is made aware of any disagreement among owners of community property, those petitions will not be counted.*"

For a PID to be established, a petition shall include the following:

1. Evidence that the petition's signatures meet the state law requirements. If the proposed district is an expansion of an existing district, a petition for the new portion of the district must identify each subdivision, or portion thereof, within the proposed boundaries of the new district, and each subdivision or portion thereof that is not currently in an existing PID shall individually satisfy the requirements for a petition under Section 372.005 of the Texas Local Government Code. Subdivision has the meaning assigned by Section 232.021 of the Texas Local Government Code.
2. Map of the area, a legal description of the boundaries of the district for the legal notices, and a "commonly known" description of the area to be included in the district.
3. Statement that the petitioners understand that the improvements assessed for, the amount of the assessments, and any annual budget for the PID is subject to review by City staff with final approval by the City Council.

ATTACHMENT C

PETITION TEMPLATE: PETITION FOR THE CREATION OF A PUBLIC IMPROVEMENT DISTRICT WITHIN THE CITY OF DENISON, TEXAS FOR THE _____ PUBLIC IMPROVEMENT DISTRICT

This petition ("Petition") is submitted and filed with the City Secretary of the City of Denison, Texas ("City"), by _____, a _____, owner of 100 percent of the real property (the "Petitioner") located within the proposed boundaries of the District, as hereinafter defined. Acting pursuant to the provisions of Chapter 372, Texas Local Government Code, as amended (the "Act"), the Petitioner requests that the City create a public improvement district (the "District"), to include property located [within the City limits of the City][within the extraterritorial jurisdiction of the City] (the "Property"), more particularly described by a metes and bounds description in Exhibit A and depicted in Exhibit B. In support of this Petition, the Petitioner would present the following:

Section 1. General Nature of the Authorized Improvements. The general nature of the proposed public improvements (collectively, the "Authorized Improvements") may include: (i) street and roadway improvements, including related sidewalks, drainage, utility relocation, signalization, landscaping, lighting, signage, off-street parking and right-of-way; (ii) establishment or improvement of parks and open space, together with the design, construction and maintenance of any ancillary structures, features or amenities such as trails, playgrounds, walkways, lighting and any similar items located therein; (iii) sidewalks and landscaping, including entry monuments and features, fountains, lighting and signage; (iv) acquisition, construction, and improvement of water, wastewater and drainage improvements and facilities; (v) projects similar to those listed in subsections (i) - (iv) above authorized by the Act, including similar off-site projects that provide a benefit to the property within the District; (vi) special supplemental services for improvement and promotion of the District; and (viii) payment of costs associated with developing and financing the public improvements listed in.

Section 2. Estimated Cost of the Authorized Improvements. The estimated cost to design, acquire, and construct the Authorized Improvements, together with bond issuance costs, eligible legal and financial fees, eligible credit enhancement costs and eligible costs incurred in the establishment, administration, and operation of the District is \$_____.00. The City will pay none of the costs of the proposed improvements from funds other than such assessments. The remaining costs of the proposed improvements will be paid from sources other than the City or assessments of property owners.

Section 3. Boundaries of the Proposed District. The District is proposed to include the Property described in Exhibit A and depicted by map in Exhibit B.

Section 4. Proposed Method of Assessment. The City shall levy assessments on each parcel within the District in a manner that results in imposing equal shares of the costs on property similarly benefited. All assessments may be paid in full at any time (including interest and principal), and certain assessments may be paid in annual installments (including interest and principal). If an assessment is allowed to be paid in installments, then the installments must be paid in amounts necessary to meet annual costs for those Authorized Improvements financed by the assessment and must continue for a period necessary to retire the indebtedness incurred to pay the costs of those Authorized Improvements (including interest).

Section 5. Proposed Apportionment of Costs between the District and the City. The City will not be obligated to provide any funds to finance the Authorized Improvements, other than from assessments

levied in the District. No municipal property in the public improvement district shall be assessed. The Petitioner may also pay certain costs of the improvements from other funds available to the Petitioner.

Section 6. Management of the District. The Petitioner proposes that the District be managed by the City, with the assistance of a consultant, who shall, from time to time, advise the City regarding certain operations of the District.

Section 7. The Petitioner Requests Establishment of the District. The person signing this Petition requests the establishment of the District, is duly authorized, and has the corporate authority to execute and deliver the Petition. This petition may be signed in multiple counterparts which, when taken together, shall be deemed one original.

Section 8. Advisory Board. The Petitioner proposes that the District be established and managed without the creation of an advisory board. If an advisory board is created, the Petitioner requests that a representative of the Petitioner be appointed to the advisory board.

Section 9. Landowner(s). This Petition has been signed by (1) the owners of taxable real property representing 100 percent of the appraised value of taxable real property liable for assessment under the proposal, as determined by the current roll of the appraisal district in which the property is located; and (2) record owners of real property liable for assessment under the proposal who: (A) constitute 100 percent of all record owners of property that is liable for assessment under the proposal; or (B) own taxable real property that constitutes 100 percent of the area of all taxable real property that is liable for assessment under the proposal.

This Petition is hereby filed with the City Secretary of the City, or other officer performing the functions of the municipal secretary, in support of the creation of the District by the City Council of the City as herein provided. The undersigned request that the City Council of the City call a public hearing on the advisability of the Authorized Improvements, give notice thereof as provided by law and grant all matters requested in this Petition and grant such other relief, in law or in equity, to which Petitioner may show itself to be entitled. With respect to community property, the City may accept the signature of a spouse as a representation of both spouses that they support the creation or renewal of the PID absent a separate property agreement. However, if City staff is made aware of any disagreement among owners of community property, those petitions will not be counted.

RESPECTFULLY SUBMITTED, on this _____ day of _____.

OWNER: _____, a Texas _

By:[Company Name]

By [Name]

Its

EXHIBIT A
Metes and Bounds

EXHIBIT B
Property Depiction/Locator Map