

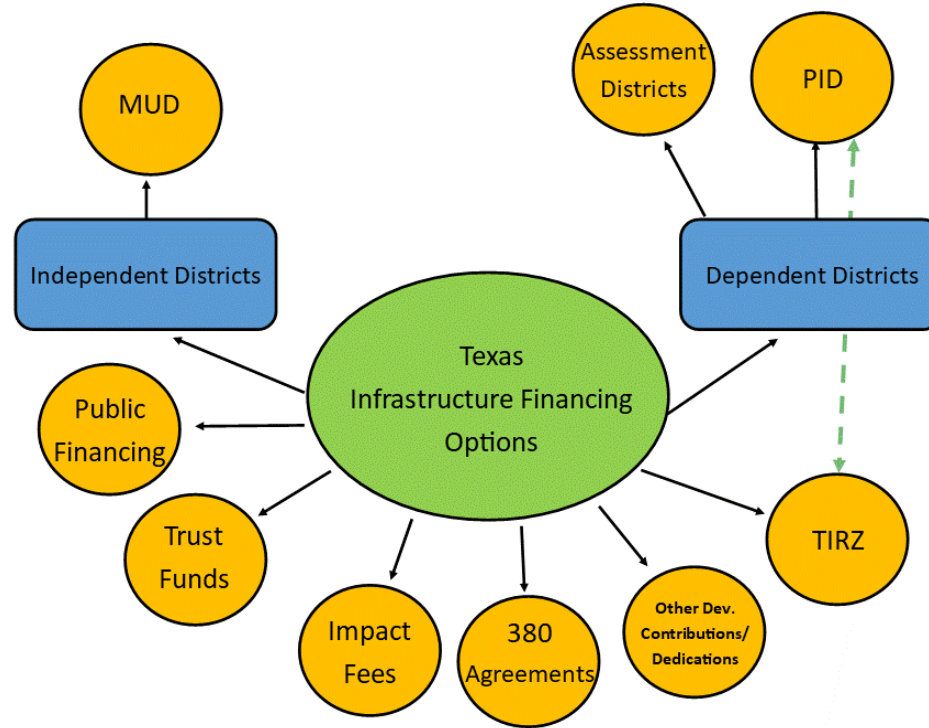
Public Improvement District (PID) Policy



**Planning Commission Presentation
August 7, 2019**



Texas Infrastructure Financing Options





Background

1. Authorized by Ch. 372 of the Texas Local Government Code
2. Majority of property owners must petition city or county for creation of a PID
3. City or County can create a PID, but City must authorize creation of PID within City limits or ETJ
4. Elected officials serve as governing body – review PID assessments and budget
5. PIDs must provide public benefit – improvements in a gated community would not qualify
6. Revenues come from special assessments on properties in district – either fixed amount or a rate
7. May issue special assessment revenue bonds



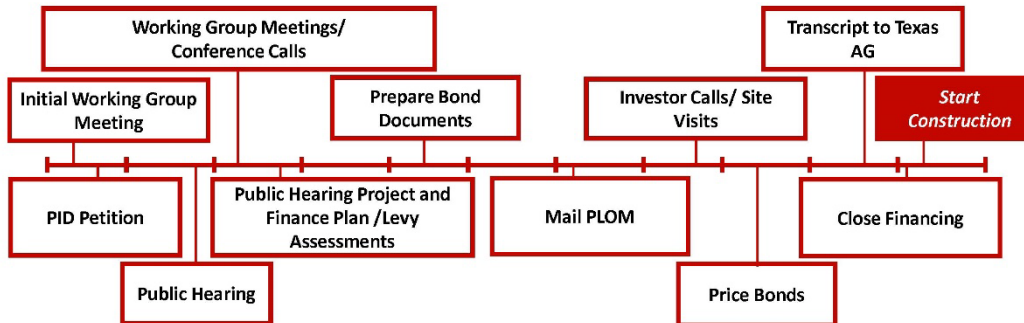
PID Process

Possible Transaction Participants / Process

Representing Issuer	Developer / Landowner	Investors
City Staff	Developer's Counsel	Underwriter
Financial Advisor	Assessment Consultant / FA	Underwriter's Counsel
Bond Counsel	Engineer	Trustee
Assessment Administrator (Post-Issue)	Market Feasibility	Trustee's Counsel
Appraiser*	Dissemination Agent	Appraiser*
Dissemination Agent		Dissemination Agent

* Appraiser will prepare a report for the benefit of the underwriter and issuer

Process may take 9 – 12 Months from introduction of project through close



“Process may take 9-12 months from introduction of project through close”

Source: R.R. “Tripp” Davenport, III, fms bonds, “Public Improvement Districts” presentation. February 2016.



Top 10 Texas Cities

City	Population*	Use PIDs	Have a PID Policy
Houston	2,308,000	Yes ✓	No ✗
San Antonio	1,521,000	Yes ✓	No ✗
Dallas	1,362,000	Yes ✓	Yes ✓
Austin	959,000	Yes ✓	Yes ✓
Ft. Worth	876,000	Yes ✓	Yes ✓
El Paso	685,000	Yes ✓	No ✗
Arlington	394,000	Yes ✓	No ✗
Corpus Christi	325,000	Yes ✓	No ✗
Plano	284,000	Yes ✓	No ✗
Laredo	264,000	No ✗	No ✗

* January 1, 2018 population estimates from Texas Demographic Center.



Comparison of PID Policy Components

	Dallas (pop 1,362,000)	Ft. Worth (pop 876,000)	Lubbock (pop 254,000)	Grand Prairie (pop 196,000)	Kyle (pop 43,000)	Sealy (pop 7,000)	Marble Falls (pop 7,000)
Minimum Size	Must be existing, developed area	1,500 acres	None	175 parcels	None	50 acres	None
Limitation on Assessment Rate	\$0.15 per \$100	None	None	None	None	\$0.60 per \$100	None
Limitation on Terms	None	20 years	None	None	20 years	25 years	30 years
Administration	Internal and 3 rd party	Internal and 3 rd party	Internal	Internal	Internal and 3 rd party	3 rd party	Internal and 3 rd party
Value/Lien Ratio	None	3:1 ratio	None	None	3:1 ratio	None	3:1 ratio
Limitation on Project Type	Limitations on improvements allowed in single-fam dist.	Major infrastructure only (arterials & mains)	Bond financing poss. for projects of at least \$20M	No standard construction typical of new subdivisions	Public Improvements	None	Preference for improvements that exceed development req.
Annexation Requirements	Within City limit & existing developed areas	City limits	None	None	Annexation required immediately after PID approval	None	Preference for PIDs within city limits
Application Fee	\$15,000	\$35,000 + \$150,000 for 3 rd party & add'l amount as req.	\$5,000 & add'l amount as req.	None	\$15,000	\$5,000 (not incl. in policy)	\$15,000 & add'l amount as req.



Corpus Christi PID Policy Components

	Corpus Christi
Limitation on Size	None
Limitation on Assessment	None
Limitation on Terms	20 years
Administration	Internal or Third Party
Value/Lien Ratio	3:1 ratio
Limitation on Project Type	Preference for projects that exceed development standards, provide enhanced benefits, and meet community needs
Annexation Requirements	Yes or Development agreement for future voluntary annexation
Application Fee	\$15,000

*Chapter 372 of the Texas Local Government Code



Bond Counsel Recommendations

1. Add provision that if there is any conflict between the city's policy and the TX Local Government Code, the Code prevails (Overview, last sentence)
2. Delete statement of council right to waive requirements in the policy since this is understood (General, #7)
3. Add provision for revision of PID boundaries only if no PID bonds have been issued (General, #11)
4. Delete language regarding PID expansion requiring each subdivision of proposed new PID to meet petition requirements (Petition Requirements, 3rd section #1)
5. Add language that assessment will only be increased if no bonds have been levied (Financing Criteria, #4)
6. Add language requiring verification of costs for public infrastructure that is to be reimbursed by PID (Financing Criteria, 12)
7. Non-substantive editorial updates



Recommendation

Staff Recommends Approval of the Resolution
Adopting the PID Policy
with Bond Counsel's Recommendations