

PUBLIC IMPROVEMENT DISTRICT (PID) POLICY

Adopted on _____, 2022 via Resolution No. _____

I. OVERVIEW

The City of Schertz, Texas (“the City”) has adopted this Public Improvement District Policy (“PID Policy”) in order to outline conditions that must be satisfied by a Developer seeking to establish a public improvement district (“PID”). For the purposes of this PID Policy, the terms “Petitioner” and “Developer” may be used interchangeably and shall refer to any person(s) or entity(ies) which is responsible for requesting the PIDs creation or for managing the development of the property within the limits of the PID.

PIDs are economic development financing tools authorized pursuant to Chapter 372 of the Texas Local Government Code (the “PID Act”) that allow for financing costs of certain qualified public improvements that confer a special benefit on the property within the PID. A City, through a PID may provide a means to fund certain public improvements that meet or exceed community needs and that might not otherwise be constructed as quickly, or at all, by levying assessments on properties that directly benefit from the eligible public improvements.

This PID Policy has been prepared and approved to guide the creation, operations and management of a PID, and the guidelines set forth herein are not intended to be an all-inclusive list.

II. 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 or its ETJ 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 with a higher level of public improvements (and maintenance of those 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. This PID Policy also addresses PID administration requirements, which requirements may exceed the requirements contained in the PID Act and other statutes. 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.

III. TYPES OF PIDS

1. **Capital PIDs** are those that are established to construct infrastructure within a development. There are two types of Capital 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 assessment revenue bonds for the construction of improvements and/or reimbursement to the Developer and such bonds are repaid from assessments collected annually.

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. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE WILL BE PLEDGED TO THE PAYMENT OF ANY PID BONDS.

Capital PIDs may be created for an industrial development (“Industrial Capital PID”) or a mixed-use development with significant non-residential component.

Capital PIDs will have a termination date of either the maturity of the bonds for Bonded PIDs, or full repayment of the reimbursement obligation for Reimbursement PIDs.

Capital PIDs have a termination date of either the maturity of the bonds for Bonded PIDs, or full repayment of the reimbursement obligation for Reimbursement PIDs. The maximum term for PID special assessments to be levied for a single-phase development shall not exceed 30 years. The maximum term for PID special assessments to be levied for a multiple-phase development shall not exceed 30 years for each phase of development requiring a separate PID assessment levy.

2. **Operation and Maintenance PIDs** (“O&M PIDs”) are used to fund ongoing required or enhanced operation and maintenance for public improvements such as parks, public open space, trails and other public improvements.

There may be no termination date with an O&M PID until City Council decides otherwise.

The assessment is determined annually based on a budget to maintain and operate the PID.

Payment of the assessment is on an annual basis, and no pre-payment can occur since there is no principal amount.

The City may create advisory boards for Maintenance PIDs.

Development projects may include both Capital PIDs and Maintenance PIDs.

IV. GENERAL

A PID may be created and utilized to construct qualified public improvements and/or reimburse a portion of the Developer's actual and documented costs required for public improvements to serve the development. Such incremental costs shall be associated with the construction of qualified public improvements.

PIDS MUST BE SELF-SUFFICIENT AND NOT REQUIRE THE CITY TO INCUR ANY COSTS ASSOCIATED WITH THE FORMATION OF THE PID, BOND ISSUANCE COSTS, PID ADMINISTRATION OR THE CONSTRUCTION OF PID IMPROVEMENTS.

PID 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 the special assessments, located within the proposed PID. Priority will be given to PIDs with the support of 100% of the landowners, who will be responsible for the payment of the special assessments, within a PID.

A PID petition will be more likely to be approved if the development project includes one or more aspects of the following types of improvements which:

1. generate economic development benefits to the City beyond what normal development would and are consistent with the City's Master Thoroughfare Plan and other city and regional plans and initiatives;
2. provide for improvements in the public right-of-way that a) are consistent with the City's Master Thoroughfare Plan, b) create new or enhanced public roads and streets (e.g., entryways, gateways, landscaping, street trees, fountains, specialty lighting, art, decorative and landscaped streets and sidewalks, bike lanes, multi-use trails, signage, terminating vistas, decorative pedestrian lighting, pedestrian safety elements, ADA accessibility, underground utilities, street lighting, etc.);, and (c) enhance and create opportunities to redevelop older or underutilized areas of the City);
3. meet community needs (e.g., enhanced drainage improvements, land and infrastructure for re-irrigation of treated wastewater, off-street public parking facilities, pedestrian and trail

connectivity, mobility enhancements and workforce housing)

4. exceed development requirements of the City; in particular enhanced architectural standards, floorplan variety (if applicable), enhanced landscaping, low impact development (LID) features, impervious cover limitations, parking lot shading, and which provide for a superior design of lots or buildings including green building ratings systems for energy efficiency;
5. provide for increased recreation and open space opportunities for public use as well as protect and preserve natural amenities and environmental assets such as the lakes, trees, creeks, ponds, floodplains, slopes, hills, viewscapes, and wildlife habitats;
6. protect and preserve existing historical buildings, structures, features or places and preserve the rural and community amenities or features that further the look and feel of the hill country or would otherwise be of special benefit to the property users or community; or which establish a unified architectural or design theme throughout the development that complements the community's character and heritage; and
7. are associated with property located within the city limits.

Any requested adjustments or deviations from the terms of this PID Policy for a proposed PID shall be clearly requested and explained (including a detailed description of the basis for such a request under the PID Act) prior to submitting the PID petition. Any adjustments or deviations granted are at the sole discretion of the City.

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 shall not be subject to any assessment by the PID.

No PIDs will be allowed to be created that overlap the boundaries of another PID.

V. PETITION REQUIREMENTS

In addition to the requirements of Texas Local Government Code §372.005(a) and Attachment B to this PID Policy, all petitions requesting establishment of a PID shall include at a minimum the following additional requirements, the satisfaction of which shall be determined in the sole discretion of the City:

1. 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.
2. 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.

3. If a Petitioner submits a petition that seeks to add to or expand an existing PID, such petition shall be subject to this PID Policy.
4. 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.
5. A section that clearly, and in detail, identifies the extraordinary benefit of the PID to the affected property owners (for use in public hearings) and to the City in general (i.e., distinct public purpose).
6. 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, other public safety facilities, libraries, or parks.
7. 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.
8. A budget, including the PID's revenues in addition to the assessments, and how all funds will be managed.
9. Specified procedure for eventual termination of the PID.
10. Statement that the Petitioner understands the annual budget for the PID is subject to review by City staff with final approval by the City Council.
11. A professional management plan detailing who will be responsible for addressing problems and corrective actions to be taken, including a comprehensive list of financial, management and legal consultants and their respective qualifications.

VI. REQUIRED FEES, ADDITIONAL DOCUMENTS AND INFORMATION

The following must be provided or addressed before the City Council will consider a petition:

1. A non-refundable application fee of \$20,000 will be required with the filing of a petition to create a PID. This fee is regulatory in character and approximates the City staff costs of evaluating the PID petition. In addition to the application fee, any other related City-required cost, limited to actual costs as are documented by the City, is the responsibility of the Petitioner.

Additionally, if the City determines it is in its best interest to establish a PID, a Professional Services Agreement (“PSA”) will be entered into with the Petitioner. The PSA will require the Petitioner to initially deposit funds to pay for the City's 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 expended for payment to the City’s consultants are non-refundable except for potential reimbursements from bond proceeds or special assessments. The unused balance will be rolled into the PID administration costs for the creation of the PID or refunded to Petitioner at the discretion of the City depending on circumstances. For Capital PIDs, the initial amount is \$35,000 with additional \$15,000 increments when deposit balance reaches \$5,000.

In addition to the application fee, the Petitioner will agree to enter into a professional services agreement (PSA) any other related City-required cost, limited to actual costs as are documented by the City, is the responsibility of the Developer.

2. A current tax roll, or other acceptable evidence of ownership, with notations indicating the owners registering support for the petition.
3. A copy of the Preliminary PID Finance Plan shall be submitted with the petition. This Finance Plan shall include at a minimum:
 - a. Description and estimated costs of the proposed public improvements to be financed;
 - b. Description of the proposed development;
 - c. Proposed timetable of the development including anticipated horizontal and vertical construction timelines;
 - d. Detailed development financing plan showing breakdown of proposed private (loan and equity) and public financing structure;
 - e. Targeted gross assessment amount;
 - f. Estimated ad valorem revenue generated;
 - g. Projected Annual installment per unit;
 - h. Estimated number of bond issuances;
 - i. Proposed maturity dates for assessments; and
 - j. Any other such supporting information related to the success of the PID.

4. 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.
5. A preliminary appraisal within any proposed Industrial Capital PID showing the estimated appraised value of the property ‘as-is’ and ‘as improved’ with the proposed public improvements.
6. A preliminary market study for any proposed Industrial Capital PID.
7. Copies of letter of intent (LOI) or other similar documents for Industrial Capital PIDs.

VII. ADDITIONAL SUBMISSION REQUIREMENTS FOR BONDED PIDS

If it is proposed that debt obligations secured by and payable from assessments (“PID Bonds”) are to be issued to reimburse for authorized improvements that a developer would ordinarily fund at its own costs, the petition must demonstrate how creation of the PID and financing of the public infrastructure provides a special benefit to the property that, but for the PID, would not occur. Examples of “special benefits” under which the City is willing to consider a PID include, but are not limited to, the following: accelerated development of neighborhood amenities, high quality development (i.e. amenities, sustainability, etc.) or furtherance of a major City Policy objective.

The following requirements must be met in connection with a PID Bond issuance:

1. Value-to-lien ratio of 3:1 based on third party appraisals approved by the City. The City will evaluate the value-to-lien ratio requirements on a case-by-case basis and may increase or reduce the required value-to-lien ratio for the issuance of PID Bonds based on proposed project profile, developer profile, proposed public and private financing structure of the development, prevailing market and industry trends and other relevant factors.
2. 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 assessment.
3. Petitioner is required to provide evidence of financing of the non-public improvements,

which may include closed loan(s) from a bank or a financial institution in an amount necessary to fund the Private Improvements for the applicable PID Phase for which PID Bonds are being sold. Any loan agreement for such Private Improvements shall have no conditions to funding other than those customarily included in similar financings and such loan must meet the approval of the City's financial advisor and the City.

4. Petitioner is required to demonstrate committed capital (acceptable to the City) in the form of cash deposit, proof of bank financing and/or equity capital, or letter of credit, which represents the difference between budgeted costs to complete the public improvements assumed to be complete in the appraisal and the net proceeds of the PID Bonds. The form of acceptable committed capital (cash deposit or letter of credit) will be determined by the City (in consultation with its financial advisors, consultants and participating underwriters) on a case-by-case basis. Terms of any letter of credit used to satisfy the requirements of this paragraph will include:
 - a. an irrevocable and unconditional letter of credit issued by one or more banks satisfactory to the City and on terms and conditions satisfactory to the City to provide a funding source
 - b. for the agreed upon cost of infrastructure improvements that will be constructed with funds other than bond proceeds;
 - c. the City being named as the beneficiary;
 - d. provisions that would enable the City, upon presentment of a properly executed draft request to the provider of the letter of credit, to draw upon the letter of credit to fund any obligation of the Developer, including funding to pay for a portion of the costs to the public infrastructure improvements that are not being funded with the proceeds of any bonds issued by the City; and
 - e. a commitment by an acceptable letter of credit provider with a long-term rating by a nationally recognized ratings service of at least an A or better.
5. In the event that issuance of PID Bonds in a calendar year causes other City debt issuances not to qualify as "qualified tax-exempt obligations" under section 265(b)(3) of the Internal Revenue Code of 1986, as amended, the Petitioner will be required to pay the additional costs of the City incurred as a result thereof.

VIII. MAXIMUM ASSESSMENT

The initial maximum assessment per \$100 valuation at the time of assessment levy, when added to the total (City, County, School, etc.) tax rate, may not exceed the maximum total tax rate (including any PID assessments) prevailing in Bexar County, Guadalupe County, or Comal County. For example, in 2021-22, the highest applicable total tax rate (excluding any PID assessment) is \$_____ per \$100 valuation.

IX. PID ADMINISTRATION

The City may contract with a qualified third-party company to manage and administer the PID (the PID Administrator”), subject to appropriate oversight by City staff.

The City’s contract with a PID Administrator to manage and administer the PID for the City shall provide authority for the PID Administrator to:

1. Prepare and submit a budget and five-year service and assessment plan to the City Council for consideration and adoption. The budget shall provide for sufficient funding to pay for all costs above and beyond the City’s ordinary costs, including additional administrative and/or operational costs as well as additional maintenance costs resulting from the PID.
2. Provide for the calculation of the assessment and allocation to the respective parcels in the PID and shall provide for the billing of the assessments to the property owners or 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.
3. Prepare annual updates and reports for the Service and Assessment Plan as required by the PID Act and submit an annual Service and Assessment Plan in a form appropriate for consideration and adoption by the City Council each year and assist the City Council and staff in adopted the annual Service and Assessment Plan updates. The PID Administrator will coordinate with City staff to ensure timely filing of annual Service and Assessment Plan updates with County as required by the PID Act.
4. Prepare annual reports reflecting the expenditure of Bond Proceeds or the reimbursement of Developer expenditures as appropriate.
5. Prepare annual reports reflecting the imposition and collection of the assessments and the balances in the various accounts related to the PID to be provided a monthly or other periodic basis as may be required by the City.
6. Design and implement a property buyer disclosure program consistent with the PID Act and other requirements of the City.
7. Prepare, provide or undertake any other reports, information or tasks required by the City or the development project under the PID Act, the governing documents or the applicable contract for PID administration.

The contract with a PID Administrator to manage the PID shall not preclude the City from entering into a contract with another taxing unit for the collection of the assessments levied for the PID.

The City may alternatively provide for the administration of the PID through in-house resources.

Provision for the costs associated with the provision of the administrative services, whether the services are provided by third parties or the City, shall be included in any budget proposed by the Developer.

The PID Administrator may be required to submit reports of all activities and expenditures to the City until the project is built out at the frequency to be determined and adjusted from time to time by the City.

If the City elects to hire a qualified third party PID administrator to administer the PID, the costs for such administration shall be paid for with PID funds.

The City may request an independent audit at any time.

X. DISCLOSURE TO PROPERTY BUYERS

To satisfy disclosure to property buyers within a PID, the City will require the petitioner to comply with the following:

1. A landowner's agreement must be recorded in the official public records of the County in which the PID is located which, among other things, will notify any prospective owner of the existence or proposal of assessments on the property. All closing statements and sales contracts for lots must specify who is responsible for payment of any existing assessment or a pro rata share thereof until such time as the PID assessment is paid in full.
2. 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.
3. Signage and information flyers for use at sales offices and model homes as approved by the City and provided by the PID Administrator.
4. PID 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.
5. Requirement to provide notice of the PID to builders in addendum to contracts and to disclose the PID on any listing.
6. Comply with any property buyer disclosure program designed and implemented by the City or the PID Administrator.

XI. MISCELLANEOUS.

If any section, subsection, sentence, clause, phrase, or word of this PID Policy is declared unconstitutional or invalid for any purpose, the remainder of this PID Policy shall not be affected.

Waivers to or deviations from this PID Policy may only be approved by the City unless otherwise stated herein.

No Personal Liability of Public Officials. No public official or employee shall be personally responsible for any liability arising under or growing out of any approved or disapproved PID or petition for the formation of a PID. Any obligation or liability of the Petitioner or Developer whatsoever that may arise at any time under the approved PID or obligation or liability which may be incurred by the Petitioner or Developer pursuant to any other instrument transaction or undertaking as a result of the PID shall be satisfied out of the assets of the Petitioner or Developer only, and the City shall have no liability.

Indemnification. All PID agreements shall include Indemnification language as follows:

“Indemnification. DEVELOPER COVENANTS AND AGREES TO FULLY INDEMNIFY AND HOLD HARMLESS CITY (AND ITS ELECTED OFFICIALS, EMPLOYEES, OFFICERS, ATTORNEYS, DIRECTORS, AND REPRESENTATIVES), INDIVIDUALLY AND COLLECTIVELY, FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PRECEEDINGS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND SUITS OF ANY KIND AND NATURE BROUGHT BY ANY THIRD-PARTY AND RELATING TO DEVELOPER’S ACTIONS ON THE PROJECT INCLUDING, BUT NOT LIMITED TO PERSONAL INJURY OR DEATH AND PROPERTY DAMAGE, MADE UPON

CITY OR DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO DEVELOPER OR DEVELOPER’S AGENTS’ OR REPRESENTATIVES’ NEGLIGENCE, WILLFUL MISCONDUCT OR CRIMINAL CONDUCT IN ITS ACTIVITIES UNDER THIS AGREEMENT, INCLUDING ANY SUCH ACTS OR OMISSIONS OF DEVELOPER OR DEVELOPER’S AGENTS OR REPRESENTATIVES, AND ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANTS OR SUBCONSULTANT OF DEVELOPER OR DEVELOPER’S AGENTS OR REPRESENTATIVES, AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS AND REPRESENTATIVES WHILE IN THE EXERCISE OR PERFORMANCE OF THE RIGHTS OR DUTIES UNDER THIS AGREEMENT, ALL WITHOUT, HOWEVER WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO CITY, UNDER STATE LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER STATE LAW. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE CITY AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. DEVELOPER SHALL PROMPTLY ADVISE CITY IN WRITING OF ANY CLAIM OR DEMAND AGAINST THE CITY, RELATED TO OR ARISING OUT OF DEVELOPER OR DEVELOPER’S AGENTS’ OR REPRESENTATIVES’ ACTIVITIES UNDER THIS

AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT THE DEVELOPER'S COST TO THE EXTENT REQUIRED UNDER THE INDEMNITY IN THIS PARAGRAPH. CITY SHALL HAVE THE RIGHT, AT ITS OPTION AND AT ITS OWN EXPENSE, TO PARTICIPATE IN SUCH A DEFENSE WITHOUT RELIEVING DEVELOPER OF ANY OF ITS OBLIGATIONS UNDER THIS PARAGRAPH.

IT IS THE EXPRESS INTENT OF THIS SECTION THAT THE INDEMNITY PROVIDED TO THE CITY SHALL SURVIVE THE TERMINATION AND OR EXPIRATION OF ANY AGREEMENT TO WHICH THE DEVELOPER OR ITS AGENTS OR REPRESENTATIVES ARE A PARTY RELATED TO THE PID AND SHALL BE BROADLY INTERPRETED AT ALL TIMES TO PROVIDE THE MAXIMUM INDEMNIFICATION OF THE CITY AND / OR THEIR OFFICERS, ATTORNEYS, EMPLOYEES AND ELECTED OFFICIALS PERMITTED BY LAW.

XII. ATTACHMENTS:

- Attachment A: PID Process Outline
- Attachment B: Petition Requirements
- Attachment C: Petition Template

ATTACHMENT A
PUBLIC IMPROVEMENT DISTRICT (PID) PROCESS OUTLINE

TASK	PARTY RESPONSIBLE
PRELIMINARY PHASE	
Developer to meet with City staff to discuss proposed development and potential PID elements	CS/DEV/DE/FA
City staff will coordinate with PID Administrator and Financial Advisor to determine PID feasibility (1)	CS/PA/FA
Developer executes Professional Services Agreement	CS/PA/DEV
Developer pays initial PID Administration costs to the City	CS/DEV
PHASE I - PLAN OF FINANCE	
Preparation of PID bond projections and feasibility analysis:	
Prepare and distribute draft PID projections	PA
Conference call to discuss projections	PA/DEV/FA
Prepare and distribute updated PID projections	PA
Conference call to discuss projections	MSC/DEV/PA/FA
Revise and distribute final PID projections	PA
Preparation of Preliminary Service and Assessment Plan (SAP):	
Draft assessment methodology	PA
Conference call to discuss assessment methodology	PA/DEV
Revise assessment methodology and prepare assessment roll	PA
Conference call to finalize content of Preliminary SAP	PA/DEV
PHASE II - GOVERNMENT APPROVAL	
Public Improvement District (PID)	
Draft Development Agreement	DC/BC
Conference call to discuss Development Agreement	DC/CA/BC/FA
Finalize Development Agreement	DC/CA/BC
Adopt Development Agreement	CS/City Council
Draft PID creation petition	DC/PA/BC
File PID creation petition	DEV
Hold public hearing on PID creation	City Council
Draft resolution creating PID	DC/CA/BC
Adopt resolution creating PID	City Council
Generate Opinion of Probable Costs	DEV/DE
Draft Service and Assessment Plan (SAP) and prepare assessment roll	PA?
Public hearing on resolution determining Opinion of Probable Costs with Preliminary SAP & sets levy and assessments hearing date	CS/City Council/BC
Filing of proposed Assessment Roll	DC/City Secretary
Publish Notice of Levy and Assessment Hearing in newspaper	City

Mail Notice of Levy and Assessment Hearing to all property owners in the proposed PID	City
Considers adoption of resolution approving the distribution of the Preliminary Official Statement	CS/City Council/CA/BC
Public hearing on proposed Levy and Assessment	CS/City Council
Discussion on, and adoption of, the Construction, Funding and Acquisition Agreements	CS/City Council/CA/BC/FA
Discussion of, and adoption of, Bond Ordinances and Final Offering Statements	CS/City Council/CA/BC/FA
Posting of Final Official Statements	UW

PHASE III - ISSUANCE OF BONDS

Prepare first draft of market study	MSC
Meeting to discuss market study	MSC, DD
Prepare second draft of market study	MSC
Conference call to discuss second draft of market study	MSC, DD
Prepare final market study	MSC
Opinion of Probable Cost	
Prepare opinion of probable cost	DE
Appraisal ⁽¹⁾	
Select appraiser	CS/DEV/UW
Send letter of instructions to appraiser	UW
Prepare first draft of appraisal	AP
Meeting to discuss appraisal	AP,DD,CS,PA/BC/
Prepare second draft of appraisal	AP
Conference call to discuss second draft of appraisal	AP,DD,CS,PA
Prepare final appraisal	AP
Market Study ⁽¹⁾	
Select Market Study Consultant	CS/DEV/UW
Send letter of instructions to Market Study Consultant	UW
Prepare first draft of market study	MSC
Meeting to discuss market study	MSC,DD,CS,PA
Prepare second draft of market study	MSC
Conference call to discuss second draft of market study	MSC,DD,CS,PA
Prepare final market study	MSC
Preparation of bond documents	
Prepare first draft of trust indenture	BC
Conference call to review trust indenture	Team
Prepare second draft of trust indenture	BC
Prepare first draft of construction, acquisition, and funding agreement	DC/BC/CA
Meeting to review documents	Team
Select trustee	CS/FA/BC/UW
Prepare third draft of trust indenture and second draft of funding agreement	Team
Conference call to review documents	Team
Receive comments from trustee on trust indenture	Team
Prepare fourth draft of trust indenture and third draft of funding	BC/DC

agreement	
Prepare form of legal opinions and other documents (including bond ordinance and assessment ordinance)	DC/BC/CA/UWC
Conference call to review documents	Team
Final revisions to documents	BC/DC/UWC
Marketing and closing of bond issue	
Prepare first draft of preliminary offering statement (POS)	UWC
Conference call to review first draft of POS	Team
Prepare second draft of POS and first draft of bond purchase agreement (BPA)	UWC
Conference call to review second draft of POS and BPA	Team
Send term sheet to potential investors and prepare short list of target investors	UW
Preparation of final POS and BPA	UWC
Print POS	UW
Mail POS to potential investors	UW
Site visit with potential investors	Team/INV
Price bonds	UW
Levy Assessment	City Council
Prepare final offering statement	Team
Bond closing	Team

⁽¹⁾ Draft appraisal and market study will be required as part of the preliminary phase for Industrial Capital PIDs

- AP – Appraiser
- BC - Bond Counsel
- CA - City Attorney
- CS - City Staff
- DC - Developer's Counsel
- DEV - Developer
- DE - Developer Engineer
- DD - Due diligence sub-committee includes the underwriter, underwriter's counsel
- FA – City’s Financial Advisor
- INV - Investor
- MSC - Market Study Consultant
- PA – PID Administrator
- UW - Underwriter
- UWC – Underwriter Counsel

ATTACHMENT B
PETITION REQUIREMENTS

In accordance with the PID Act, the petition must state:

1. The general nature of the proposed improvements;
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;
5. The proposed apportionment of costs between the PID and the municipality as a whole;
6. Whether the PID will be managed by the municipality, 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

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 CAD 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.

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 PID Act. 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 SCHERTZ, TEXAS FOR THE _____ PUBLIC IMPROVEMENT DISTRICT

This petition ("Petition") is submitted and filed with the City Clerk of the City of Schertz, Texas ("City"), by _____, a _____, owner of a majority 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 (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; (vii) payment of costs associated with operating and maintaining the public improvements listed in subparagraphs (i) - (v) above; and (viii) payment of costs associated with developing and financing the public improvements listed in subparagraphs (i) - (v) above, and costs of establishing, administering and operating the District. These Authorized Improvements shall promote the interests of the City and confer a special benefit upon the Property.

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 as shown in Attachment A.

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, in compliance with the Act. 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 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 on the District, and possible tax increment reinvestment zone revenue. 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.

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 more than 50 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 more than 50 percent of all record owners of property that is liable for assessment under the proposal; or (B) own taxable real property that constitutes more than 50 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 Clerk of the City, or other officer performing the functions of the City Clerk, 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.

RESPECTFULLY SUBMITTED, on this day of _____, 20____.

EXHIBIT A
Metes and Bounds

EXHIBIT B
Property Depiction