

**RESOLUTION NO. 2026-01R, TOOL PUBLIC IMPROVEMENT DISTRICT (PID) POLICY**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TOOL, TEXAS, APPROVING A PUBLIC IMPROVEMENT DISTRICT POLICY; PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, The Mayor and City Council of the City of Tool support Tool projects in the creation of Public Improvement Districts throughout the city to strengthen and connect neighborhoods; and

**WHEREAS**, Texas Local Government Code, Chapter 372 allows for the creation of Public Improvement Districts; and

**WHEREAS**, the City of Tool recognizes that Public Improvement Districts are valuable tools which projects use to enhance the maintenance of public property beyond the level normally provided by the City.

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

**SECTION 1.** The City Council hereby adopts the Public Improvement District policy with amendments, which is attached hereto and incorporated herein as Exhibit "A".

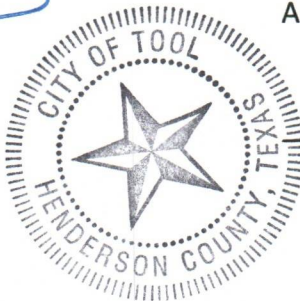
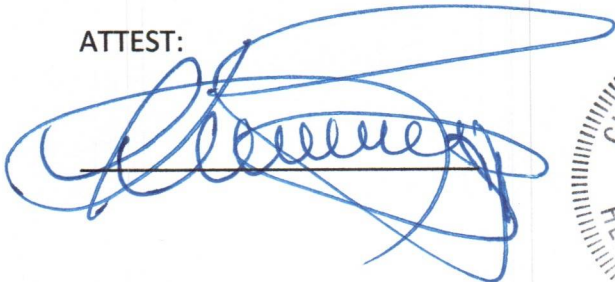
**SECTION 2.** That all resolutions of the City of Tool heretofore adopted which are in conflict with the provisions of this resolution be, and the same are hereby repealed, and all resolutions of the City of Tool not in conflict with the provisions hereof shall remain in full force and effect.

**SECTION 3.** If any article, paragraph, subdivision, clause or provision of this resolution, as hereby amended, be adjudged invalid or held unconstitutional for any reason, such judgement or holding shall not affect the validity of this resolution as a whole or any part or provision thereof, as amended hereby, other than the part so declared to be invalid or unconstitutional.

**SECTION 4.** That this Resolution shall take effect Immediately from and after its passage, as the law and charter in such cases provide.

**DULY PASSED** and approved by the City Council of the City of Tool, Texas, on this the 15<sup>th</sup> day of January, 2024.

ATTEST:



APPROVED:





## CITY OF TOOL

# PUBLIC IMPROVEMENT DISTRICT (PID) POLICY

### OVERVIEW

Pursuant to the Texas Local Government Code Chapter 372 (the "PID Act"), Public Improvement Districts ("PIDs") provide the City of Tool (the "City") an economic development tool that permits the financing of qualified public improvement costs that confer a special benefit on a definable part of the City. The costs of the capital improvements are paid entirely by property owners within the Public Improvement District that receive special benefits from the capital improvements. A PID may only be used to pay for qualified public improvements under the PID Act.

A PID is a defined area of properties, whose owners have petitioned the City to form a PID. City Council establishes a PID by adoption of a resolution after a public hearing. The public hearing is publicized, and written notification of the hearing is mailed to all property owners in the proposed PID. By petition, the owners pledge to pay a special assessment in order to receive enhanced services and/or improvements within the PID, to the extent permitted by the PID Act. The PID must demonstrate that it confers a benefit to the properties within the PID.

### PURPOSE AND INTENT

The purpose and intent of this Policy is to provide the 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 than exists in a typical development that meets the City's minimum standards. PIDs are a viable tool for financing public improvements that allow developers to allocate funds towards unique neighborhood design, enhanced open spaces, and enriched neighborhood amenities. **Within the City, 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.**

PIDs enable the City to allocate costs of improvements to future residents who most directly benefit from such improvements. Therefore, should any type of special financing options be proposed as permitted within Texas Local Government Code, PIDs are the City's preference. The Developer shall prove the development will generate greater economic development benefits to the City beyond the normal development or the use of a PID. City Council reserves the ultimate right to approve or disapprove any special financing options as permitted under state law.

## PID OBJECTIVES

The PID Act allows for PID funds to be used, among others, in the construction of roadways, water, wastewater, drainage, landscaping, parks, and expenses incurred in the establishment, and administration of the PID. Generally, a PID may be created for proposals that:

- \* Meet or preferably enhance the City's Comprehensive Plan, Master Thoroughfare Plan, Capital Improvement Plan, and Parks and Trails Master Plan;
- \* Exceed the City's requirements for neighborhood design as detailed in the Neighborhood Vision Book;
- \* Are master-planned that include multiple types of single family residential, multifamily residential and/or mixed use while not generally used for multifamily residential and/or commercial.
- \* Are within the ETJ so long as the property owners have successfully petitioned for voluntary annexation.
- \* Priority will be given to PID improvements:
  - a. In support of development that will generate greater economic development benefits to the City beyond the normal development;
  - b. That provide enhanced aesthetic features (e.g., entryways, landscaping, fountains, specialty lighting, art, decorative and landscaped streets and sidewalks, bike lanes, multi-use trails, signage);
  - c. That meet specific community needs (e.g., enhanced drainage improvements, parks and off-street public parking facilities, wastewater and or water on or off-site upsizing of line improvements) and,
  - d. Which provide contributions towards the City's Capital Improvement Plans. The City Council, upon City staff recommendation, shall have the authority to consider other projects that may be different from those listed above in accordance with the applicable state law. Furthermore, the City Council reserves the right, on a case-by-case basis to approve or disapprove the PID application.

## GENERAL

1. A PID may be created and utilized to construct qualified public improvements and/or reimburse a Developer's actual, documented costs required to serve the development;
2. PIDs must be financially 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. If any City costs are incurred for the aforementioned items, those costs may be reimbursed by PID assessments as allowed by law. Additionally, the PID will not increase the cost of any aspect of City service delivery.
3. A PID's budget shall include sufficient funds to pay for all additional costs incurred by the City above its normal operational costs, including additional administrative and/or operational costs. The City will require a Developer to enter into a Professional Service Agreement, a form of which is attached hereto as Attachment B, 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 fees will pay for such costs as:
  - a. Reviewing the PID petition.

- b. Publishing related notices.
  - c. 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, attorney, bond counsel and financial advisor.
  - d. Bond issuance.
  - e. Review and approval of plan for and inspection of construction of PID improvements.
  - f. Procurement of contracts for PID administration and operation, collections of assessments, foreclosures, etc.
  - g. The City's ongoing administrative and operational costs related to an approved PID, such as collection of PID assessments, review and approval of service and assessment plan updates, and other costs shall be reimbursed by PID assessments. The City's costs shall be determined on an annual basis.
  - h. Administration and management of ongoing PID responsibilities, such as preparations and updating of the service and assessment plan, issuance of notices for annual City Council action on the service and assessment plan and other related matters shall be paid by PID assessments and performed by a third party under contract with the City.
- 4. The City will use PID bond proceeds or assessment revenues only to pay or to reimburse the cost of PID improvements that have been designed and constructed to the standards of the governmental entity responsible for them.
  - 5. 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 in accordance with the provisions of the Texas Property Code. 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. Costs related to the filing will be reimbursed to the City.
  - 6. No PIDs will be allowed to be created that overlap the boundaries of another PID.
  - 7. PID boundaries of an existing PID can be dissolved and recreated to incorporate the larger boundaries provided no assessments have been levied and such requests meet the minimum criteria for PID creation according to State Law and this Policy. No other boundary changes outside the above provision shall be approved by City Council.
  - 8. Property owned by the City of Tool that is located in the boundaries of the PID shall not be subject to any assessment by the PID, to the maximum extent permitted by law.
  - 9. 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.
  - 10. 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. All closing statements must specify who is responsible for payment of the PID assessment on a pro rata share. 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.

## **ESTABLISHMENT OF PIDS**

Following is a summary of the major steps involved in the establishment of a PID. Detailed steps are included in Attachment A.

### **Professional Services Reimbursement Agreement**

If the City determines, in its sole discretion, that one is needed, a Professional Services Agreement (PSA) will be entered into with the Developer (template attached as Attachment B). The PSA will require the Developer to initially deposit funds to pay for third-party consultants including, but not limited to, Bond Counsel, the City Attorney, 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. The unused balance will be rolled into the PID admin costs for the creation of the PID or refunded to Developer depending on circumstances.

PSA Deposits: Developer must pre-fund an escrow account with an initial amount specified by the City and additional incremental payments when the deposit balance falls below a minimum threshold determined by the City.

### **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 C- Petition Requirements and Attachment D- Petition Template. The PID petition should be substantially similar to Attachment D. Stated below are additional requirements that supplement the Petition and shall be submitted to the City at time of Petition submission.

1. The basic terms and conditions for creation of the PID, including the provision of benefits to the property to be included within the PID as well as compliance with the objectives set forth in this Policy.
2. The petitioner's qualifications and previous experience with real estate development, financing of the development, prior PIDs, etc.; if any.
3. 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.
4. A current tax roll of the owners in the PID.
5. Any plan for phasing of both the real estate development supported by the PID and construction of public improvements in the PID.
6. Indication of the estimated costs of the proposed improvements (in dollars, \$)
7. Indication of the Maximum Assessment (in dollars, \$).
8. Maximum Bond Issuance (in dollars, \$)
9. Maximum Tax Rate Equivalent (in cents per 100, \$).
10. A sunset clause, and a pre-executed petition to dissolve the PID by the landowner in the event levies are not assessed to assessment rolls within at the latest, three (3) years.
11. 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.

12. 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.
13. A section, which clearly identifies the benefit of the PID to the affected property owners.
14. 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.
15. 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.
16. A certified check for the application fee, as referenced in the Master Fee Chart, will be paid by the applicant to reimburse the City for the cost of evaluating the petition. This application fee must be paid in full when the petition is submitted to the City for evaluation and review.
17. Application fees and a Professional Services Agreement are intended to pay for all costs incurred by the City that are associated with establishing the PID including, but not limited to: fees for City staff, City Attorney, Financial Advisor, PID consultant fees, bond attorney fees, independent appraisal fees, engineering costs, and all other reasonable and appropriate expenses, which shall be replenished by the Developer once initial funds are expended, as described above.
18. 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 maintenance, operations and administration; and costs for later revision, repair or replacement of any improvements.
19. PID petitions for new residential developments must contain a minimum of 100 lots and be located in the city limits or in the City's extraterritorial jurisdiction (the "ETJ"). If the land is in the City's ETJ, the landowner must voluntarily annex into the City of Tool, Texas.
20. The PID will be managed by the municipality. No petition will be accepted that identifies the district management to belong to a county or by the private sector.
21. 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."
22. The submittal of a petition letter that is signed not more than six months preceding submittal of PID application by:
  - a. 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,
  - b. Record owners of real property liable for assessment under the proposal who constitute 100 percent of all record owners of property that is liable for assessment under the proposal; or own taxable real property that constitutes more than 75% of the area of all taxable real property that is liable for assessment under the proposal.

### **PID Administration/Service and Assessment Plan**

1. The City will contract with a qualified third-party company to manage and administer the PID, subject to oversight by City staff. The selection of the third-party administrator will be the sole responsibility of the City.
2. The PID Administrator will coordinate with the City to prepare the Preliminary Service and Assessment Plan ("SAP") based on an Engineer's opinion of probable costs of the public improvements to construct and complete the project. The parameters of the SAP will be based on the City staff's direction regarding the amount to be reimbursed relative to the type of PID, the Policy objectives, and the recommendation of the City's consultants. The PID Administrator will also complete the annual update to the SAP (annual PID budget), which will be submitted to the City Council for consideration in accordance with the PID Act. An approved SAP and each annual update to the SAP will be filed by the City with each County in which the PID resides within seven days of its approval.

### **Maximum Assessment**

The maximum assessment per \$100 valuation, when added to the total (City, County, School, etc.) tax rate, may not exceed the highest total tax rate in effect for any property in the City.

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.

Tax rates are subject to change annually. City staff may update the applicable maximum tax rates each year and such annual updates shall not require formal amendment to this policy.

### **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.

### **Disclosure to Homeowners**

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

- \* Landowner's Agreement to be recorded in the Official Public Records of the applicable County.
- \* Signage and information flyers for use at sales offices and model homes as provided by City's PID Administrator.
- \* Homebuyer disclosure documents in accordance with Section 5.014 of the Texas Property Code, as amended, 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.
- \* Requirement to provide notice of the PID to builders in addendum to contracts and to disclose the PID on any

MLS listing.

## **CAPITAL PIDS**

The City may consider a petition and application for the Capital PID structure. 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 revenue bonds for the construction of improvements and/or reimbursement to the Developer and such bonds are repaid from assessments collected annually.

Capital PIDs have a termination date of either the maturity of the bonds for Bonded PIDs, or repayment to the Developer for Reimbursement PIDs as described in an applicable reimbursement agreement.

The maximum term for PID special assessments to be levied for a single-phase development shall not exceed 30 years (payments made toward the principal). The maximum term for PID special assessments to be levied for a multiple-phase development shall not exceed 30 years (payments made toward the principal) for each phase of development requiring separate PID assessment levy.

The principal amount of an assessment for a Capital PID may be paid in full or in part by the property owner at any time without any prepayment penalty.

### **Specifics of Bonded PID**

If the City issues PID Bonds for the Developer to construct the improvements, the following must be met:

- \* 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 higher value to lien ratio should the City Manager review and determine that such a rate is appropriate for the proposed development.
- \* 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.
- \* Developer is required to provide a cash deposit at closing of the PID Bonds, which represents the difference between the budgeted cost to complete the public improvements for the applicable phase of development assumed to be complete in the appraisal and the net project proceeds of the PID Bonds. In addition, the Developer will be required to fund at closing of the PID Bonds any private improvements needed in order to produce a finished lot. The cash deposit will be determined by the City (in consultation with its financial advisors, consultants and participating underwriters) on a case-by-case basis.
- \* The Bonds must be approved by the Texas Attorney General's office.

### **Other Financing Considerations**

1. PID Bonds may be issued in advance of construction as a whole or on a phase-by-phase basis subject to

compliance with the applicable standards.

2. General Obligation Bonds or Certificates of Obligation will not be utilized by the City to fund or support a PID.
3. All proposed initial and subsequent PID Bond issues for a project, if any, will be subject to approval by the City Council.
4. **The City shall not be obligated to provide funds for any improvement except from the proceeds of the PID Bonds and 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.**
5. 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 assessment revenues. There will be no tax pledge from the City to support PID Bonds.

#### **Developer Reimbursement**

1. 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.
2. 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.
3. Once expenses have been verified, payment will be processed within the timeframe stipulated in the applicable agreements and/or PID documents.

#### **Assessment Term/Bond Term**

The maximum term of a Capital PID assessment is not to exceed 30 years (payments made toward the principal) and the assessment term must equal the bond term.

#### **Miscellaneous**

1. 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.
2. Any exceptions or waivers to this Policy must be approved by the City Council.
3. 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: Projected Timeline and Responsible Parties

Attachment B: Profession Services Agreement

Attachment C: PID Petition Requirements

Attachment D: Petition

**CITY OF TOOL**  
**Public Improvement District (PID)**  
**Projected Timeline**

**Responsible Parties**

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BC - Bond counsel  
 CA - City attorney  
 CC- City Council  
 CS - City staff  
 CSEC- City Secretary  
 DC - Developer's counsel  
 DEV - Developer  
 DE - Developer Engineer  
 DD - Due diligence sub-committee includes the underwriter, underwriter's counsel and others as needed.  
 MA - Market consultant  
 MC - MuniCap  
 UW - Underwriter  
 UC - Underwriter's counsel  
 INV - Investor  
 Team – BC, CA, CS, DC, DEV, MC, DD

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TASK	PARTY RESPONSIBLE
<b>PHASE I PLAN OF FINANCE</b>	
<b>Preparation of PID bond projections and feasibility analysis:</b>	
Prepare and distribute draft PID projections	MC
Conference call to discuss projections	MC/DEV
Prepare and distribute updated PID projections	MC
Conference call to discuss projections	MC/DEV
Revise and distribute final PID projections	MC
<b>Preparation of Preliminary Service and Assessment Plan (SAP):</b>	
Draft assessment methodology	MC
Conference call to discuss assessment methodology	MC/DEV

Revise assessment methodology and prepare assessment roll	MC
Conference call to finalize content of Preliminary SAP	MC/DEV

## **PHASE II GOVERNMENT APPROVAL**

### **Public Improvement District (PID)**

Draft Development Agreement	CA
Conference call to discuss Development Agreement	DC/CA
Finalize Development Agreement	DC/CA/BC/MC
Adopt Development Agreement	CS/CC
Draft PID creation petition	DC/MC
File PID creation petition	DEV
Draft resolution accepting petition	BC/CA
Adopt resolution accepting the petition and calling public hearing on PID creation	CC
Draft resolution creating PID	DC/CA/BC
Hold public hearing on PID creation	CC
Adopt resolution creating PID and file in land records	CC
Generate Opinion of Probable Costs	DEV/DE
Draft Service and Assessment Plan (SAP) and prepare assessment roll	MC
Draft resolution accepting the preliminary assessment hearing & setting levy and assessment hearing date	BC/CA
Accept resolution determining Opinion of Probable Costs with Preliminary SAP & sets levy and assessments hearing date	CS/CC
Filing of proposed Assessment Roll	DC/CSEC
Publish Notice of Levy and Assessment Hearing in newspaper	CS
Mail Notice of Levy and Assessment Hearing to all property owners in the proposed PID	CS
Draft Assessment Ordinances, Bond Ordinances, and other Agreements	BC/CA/DC
Public hearing on proposed Levy and Assessment	CS/CC
Discussion on, and adoption of, the Construction, Funding and Acquisition Agreements	CS/CC/CA/BC
Discussion of, and adoption of, Bond Ordinances and Final Offering Statements	CS/CC/CA/BC
Posting of Final Official Statements	UW

### **PHASE III ISSUANCE OF BONDS**

Prepare first draft of market study	MA
Prepare second draft of market study	MA

Conference call to discuss second draft of market study	MA, DD
Prepare final market study	MA

#### *Opinion of Probable Cost*

Prepare Opinion of Probable Cost	DE
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#### *Appraisal<sup>1</sup>*

Select appraiser	DEV/UW
Send letter of instructions to appraiser	UW
Prepare first draft of appraisal	APP
Meeting to discuss appraisal	APP, DD
Prepare second draft of appraisal	APP
Conference call to discuss second draft of appraisal	APP, DD
Prepare final appraisal	APP

#### *Assessed Value and Tax Increment Report*

Start preparation of report on assessed value and tax increment projections	MC
Prepare first draft of report	MC
Meeting to discuss report	MC, DD
Prepare second draft of report	MC
Conference call to discuss second draft of report	MC, DD
Prepare final report on assessed value and tax increment revenues	MC

#### **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; landowner agreement, and reimbursement agreement (if needed)	BC
Meeting to review documents	Team
Select trustee	CS/BC/UW
Prepare third draft of trust indenture and second draft of other agreements, if required	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 agreement, if required	BC/DC
Prepare form of legal opinions and other documents	DC/BC/CA
Conference call to review documents	Team
Final revisions to documents	BC/DC

#### **MARKETING AND CLOSING OF BOND ISSUE**

Prepare first draft of preliminary offering statement (POS)	UC
Conference call to review first draft of POS	Team
Prepare second draft of POS and first draft of bond purchase agreement (BPA)	UC
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	UC
Print POS	UW
Mail POS to potential investors	UW
Site visit with potential investors	Team/INV/ DE
Price bonds	UW
Levy Assessment and file assessment ordinance in land records	CC
Prepare final offering statement	Team
Bond closing	Team

<sup>1</sup>Depending on quality of market section and underwriter, a market study may need to be prepared in addition to the appraisal.

**ATTACHMENT B**  
**PROFESSIONAL SERVICES AGREEMENT (PSA)**  
**[COMPANY LOGO]**

[Date]

[CONTACT]

**[DEVELOPER ENTITY]**

[STREET NUMBER & NAME]

[SUITE]

[CITY] [STATE] [ZIP]

**RE: Payment Structure for [CONSULTANT NAME]      [CONSULTANT'S SERVICES]**

Dear [CONTACT]:

[CONSULTANT NAME] is the PID Administrator for the City of Tool (the "City") for special assessment financing. The City has requested [CONSULTANT NAME] provide \_\_\_\_\_ (the "Developer") with assistance in preparing [CONSULTANT'S SERVICES] for a proposed Public Improvement District (PID) for evaluation by the City.

[CONSULTANT NAME] will not be able to work under contract with or represent the Developer, as it is already under contract with the City. The [CONSULTANT'S SERVICES] to be prepared by [CONSULTANT NAME] will evaluate the potential use of a PID in conformance with the City's guidelines for special assessment financing.

The City's guidelines for special assessment financing require that developers directly cover the costs of efforts related to a PID prior to the approval of the PID by the City Council. Accordingly, the costs of [CONSULTANT NAME] efforts as provided for in this letter are to be paid by the Developer by providing the City with an initial deposit of \$\_\_\_\_\_ to be held in an account and used to pay [CONSULTANT NAME] for services described in this letter. Funds will be replenished in accordance with the City's PID Policy as follows:

- Capital PIDs: Developer must establish an escrow account with an initial amount of \$\_\_\_\_\_ and additional incremental payments of \$\_\_\_\_\_ when the deposit balance falls below a threshold determined by the City.

**ATTACHMENT B**  
**PROFESSIONAL SERVICES AGREEMENT (PSA)**  
**[COMPANY LOGO]**

The City will pay [CONSULTANT NAME] for work provided in accordance with the Agreement for Administrative Services. All funds are non-refundable. In addition to the funds being used to pay [CONSULTANT NAME], they will also be used to pay any other city costs associated with the PID including, but not limited to, the City's Bond Counsel, Financial Advisor, PID Administrator, Appraiser, and Market Study Analysis. The funds may also be used to pay City staff time in excess of time which would be considered customary and usual for a typical development.

Work under this letter will only be performed at the request of and with the direction of the Developer. [CONSULTANT NAME] is providing these services under contract with the City of Tool and, by contract, is obligated to serve the City's best interests. By signing below, Developer recognizes that the formation of the PID is at the City's discretion. The payment of the deposit for administrative services or any other preliminary documentation does not obligate the City to the formation of a PID. Developer is encouraged to read the City's PID Policy and Chapter 372 of the Texas Local Government Code (the "PID" Act) to become familiar with the policies, laws and procedures that will be used in the evaluation and creation of a PID.

**[CONSULTANT NAME]**

By: \_\_\_\_\_ [NAME] [TITLE]

**[DEVELOPER ENTITY]**

By: \_\_\_\_\_ [NAME] [TITLE]

City of Tool

By: \_\_\_\_\_

Julius Kizzee  
City Administrator

## ATTACHMENT C

### 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 or county as a whole; 6. The PID will be managed by the municipality not the 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 the District be established and managed without the creation of an the advisory body.

Additional requirements include: 1. 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." 2. Signatures for PID petitions must be gathered not more than six 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, or the petition must be accompanied by a reasonable fee to cover the City's costs of signature verification. 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 annual budget for the PID is subject to review by City staff with final approval by the City Council.

## ATTACHMENT D

### PETITION TEMPLATE: PETITION FOR THE CREATION OF A PUBLIC IMPROVEMENT DISTRICT WITHIN THE CITY OF TOOL, TEXAS FOR THE \_\_\_\_\_ PUBLIC IMPROVEMENT DISTRICT

This petition ("Petition") is submitted and filed with the City Secretary of the City of Tool, 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 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. 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 on 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: \_\_\_\_\_ [Representative]

By: \_\_\_\_\_ [Company Name]