

## **EXHIBIT A**

### **PID GUIDELINES**

Chapter 372 of the Texas Local Government Code, the “Public Improvement District (PID) Assessment Act” (the “Act”) allows the City of Sanger to levy and collect special assessments on property that is within the City or within the City’s extraterritorial jurisdiction in order to make certain improvements to the infrastructure to facilitate economic growth, as authorized by the Act. A PID can finance capital costs and fund supplemental services to meet community needs that could not otherwise be constructed or provided. **A PID may only be used to pay for public improvements under the PID Act.**

The City reserves the right to consider PID applications on a case-by-case basis as indicated in these guidelines, and these guidelines do not require or commit the City Council to participate in any particular PID.

#### **MINIMUM REQUIREMENTS FOR CONSIDERATION OF CREATION**

1. A proposed PID must be located in the City’s extraterritorial jurisdiction and the owner is willing to voluntarily annex into the City. The City will not consider the creation of a PID where any large portion of the property is already located within the City limits.
2. A proposed PID must consist of at least 300 acres in developable total land area.
3. If it is proposed that debt obligations secured by and payable from PID assessments are to be issued to reimburse for public improvements that a developer would ordinarily fund at its own cost, the petition must demonstrate how the creation of the PID and financing of the infrastructure provides extraordinary benefits to the City as a whole and to the property in the PID, such as accelerated development or furtherance of a major City policy objective. The City will not create a PID only to finance the costs of the construction of infrastructure without special benefit to the City.
4. All estimated costs must be identified within a financing plan before a decision is reached on a request to establish a PID. Costs to be identified include costs related to establishing the PID; costs for maintenance, operation, and administration; and costs for future revision, repair, or replacement of any improvements.
5. Water/Sewer Capacity. The Developer is responsible to provide the infrastructure and facilities required to accommodate the development at the developer’s cost. On a case-by-case basis, the City may consider allowing the developer to borrow certain City water and/or sewer capacity, if available, while the developer constructs the necessary infrastructure to service the project.

#### **PID OBJECTIVES**

PID consideration may be granted for projects that:

1. Demonstrate an extraordinary benefit and public purpose evidenced through:

- a. Advancing the vision and goals of the Sanger 2040 Comprehensive Plan by meeting or preferably enhancing the City's master plan, thoroughfare plan, and water and wastewater plans; advance the City's trail and park plans;
  - b. Exceeding the City's requirements for design, building standards, amenities, and landscaping;
  - c. Accomplishing a particular housing objective or goal established by City Council;
- 2. Are comprised of mixed residential and commercial use;
- 3. Are master-planned residential communities;
- 4. There is an underlying district (such as MUD) already created but still undeveloped with no bonds issued, and the developer is willing to give up the right to sell district bonds and dissolve the district in exchange for PID financing.
- 5. Are located in the Water CCN of another service provider and the developer is willing to decertify its land from the other CCN so City can acquire CCN and serve; and/or
- 6. Require public participation to materialize.
- 7. Priority will be given to PID projects:
  - a. In support of development that will generate greater economic development benefits to the City beyond the project and not merely as a financing source for the developer.
  - 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); and,
  - c. That meet specific community needs.

## **GENERAL**

- 1. A PID may be created and utilized to construct qualified public improvements and/or reimburse a developer's actual, documented costs above and beyond the costs for standard infrastructure required to serve the development. Such incremental costs shall be associated with the construction of qualified public improvements.
- 2. 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 unless otherwise agreed for oversizing consideration.
- 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 administrative and/or operational costs.
- 4. Property owned by the City of Sanger that is located in the boundaries of the PID shall not be subject to any assessment by the PID.

## **BOND FINANCING FOR PIDs**

In addition to other conditions set forth in a development agreement, the following performance standards and limitations shall apply to PID debt issues approved by the City:

1. The maximum term of a PID assessment is not to exceed 30 years and the assessment term must equal the bond term.
2. Minimum appraised value to lien ratio of 3:1, unless otherwise approved by the City.
3. No annual assessment increases once assessments are levied. Assessments for future phases will remain competitive with the tax rate equivalent of the original Phase and Lot Type(s) as defined in the Service and Assessment Plan (SAP).
4. Any debt requested will be for reimbursement of costs.
5. Not more than 70% of the total cost of capital improvements may be included in any debt issuance unless otherwise approved by the City.
6. At least 50% of the direct transactional costs of debt issuance shall be paid by the applicant without remuneration or inclusion in the debt financing unless otherwise approved by the City.

## **OTHER**

The Developer is required to enter into a Professional Services Reimbursement Agreement with the City and pay the required deposit to cover the expenses incurred by the City through the entire PID review process until final completion of the development including but not limited to: professional services, legal publications, notices, reproduction of materials, public hearings, recording of documents, engineering fees, attorney fees, and special consultant fees.

Entering into a Professional Services Reimbursement Agreement with the Developer does not obligate the City to establish a PID.

These guidelines may also apply to Municipal Management Districts (MMDs), if applicable.