

# City Council Meeting

## Agenda Item

### Data Sheet

Meeting Date: January 3, 2022

#### Topic:

Adopt, on Second Reading, Ordinance Number 2021-40, an Ordinance of the City Council of Tomball, Texas, Levying the Assessment against Section Two properties within the City of Tomball Public Improvement District Four, Alexander Estates Subdivision.

#### Background:

Public infrastructure improvements are nearly complete for Section Two (87 lots) of Alexander Estates Subdivision within Public Improvement District Number Four created by the City in 2019. Per Chapter 372 of the Local Government Code, a service and assessment plan was already approved and the assessment roll for Section One was approved by City Council in 2020 that levied the assessment on each of the lots in Section One (164 lots). It is requested that the assessment roll for Section Two be approved in the same manner as Section One. This will complete the assessments for each of the 251 total lots in Alexander Estates.

The assessments prescribed in the Plan are by lot and for two (2) different lot categories and are the same in Section One and Section Two. The total, one-time assessment per lot is specified in the plan as well as the annual installment (financed assessment rate at 4.5% annual interest) as follows:

#### 50-Foot Lots

|              | Annual      | Financed   | Annual         | Total       |
|--------------|-------------|------------|----------------|-------------|
| Total        | Assessment  | Assessment | Administrative | Annual      |
| Assessment   | Installment | Term       | Cost           | Payment     |
| \$ 26,052.50 | \$2,425.85  | 15 years   | \$ 121.29      | \$ 2,547.14 |

#### 60-Foot Lots

|              | Annual      | Financed   | Annual         | Total       |
|--------------|-------------|------------|----------------|-------------|
| Total        | Assessment  | Assessment | Administrative | Annual      |
| Assessment   | Installment | Term       | Cost           | Payment     |
| \$ 31,263.00 | \$2,911.02  | 15 years   | \$ 121.29      | \$ 3,032.31 |

The annual payment, principal, and interest are demonstrated on the attached example amortization schedule for a 50-foot lot which will be kept for each property covered by the assessment. The principal amount of the assessment is payable at any time by each homeowner which would terminate the assessment.

The assessments are formulated to reimburse the developer for the public infrastructure costs of the development plus interest while staying around the equivalent of a \$0.75 tax rate. For illustration, the attached amortization schedule details the amortization for each lot in Section One. It is estimated that

Proper disclosure notices detailing the assessment will be presented to potential homebuyers by the homebuilders, and for acknowledgement at closing in the same manner as disclosure notices used in MUDs and other special districts with an ad valorem tax rate.

Future Actions

The District Administrator will work with City staff on the collection of the assessments. The PID assessments will be collected on an annual basis in the same manner as property taxes and transferred to a City-established PID revenue fund. A reimbursement report will be performed by an independent CPA firm prior to reimbursement to the developer. The revenues will be disbursed to the developer once a year after administrative costs have been deducted.

**Amortization Schedule**

|                         |             |
|-------------------------|-------------|
| Duration (in years)     | 15          |
| Interest Rate           | 4.50%       |
| Annual Payment Amount   | \$2,425.85  |
| Total Lifetime Payments | \$36,387.71 |
| Total Principal         | \$26,052.50 |
| Total Interest          | \$10,335.21 |

|   | Payment    | Principal  | Interest   | Payment | Payments collected | Principal Balance      |
|---|------------|------------|------------|---------|--------------------|------------------------|
|   |            |            |            |         |                    | <div>\$26,052.50</div> |
| 1 | \$1,253.48 | \$1,172.36 | \$2,425.85 |         |                    | \$24,799.02            |
| 2 | \$1,309.89 | \$1,115.96 | \$2,425.85 |         |                    | \$23,489.12            |
| 3 | \$1,368.84 | \$1,057.01 | \$2,425.85 |         |                    | \$22,120.29            |

|    |            |          |            |             |
|----|------------|----------|------------|-------------|
| 4  | \$1,430.43 | \$995.41 | \$2,425.85 | \$20,689.85 |
| 5  | \$1,494.80 | \$931.04 | \$2,425.85 | \$19,195.05 |
| 6  | \$1,562.07 | \$863.78 | \$2,425.85 | \$17,632.98 |
| 7  | \$1,632.36 | \$793.48 | \$2,425.85 | \$16,000.61 |
| 8  | \$1,705.82 | \$720.03 | \$2,425.85 | \$14,294.79 |
| 9  | \$1,782.58 | \$643.27 | \$2,425.85 | \$12,512.21 |
| 10 | \$1,862.80 | \$563.05 | \$2,425.85 | \$10,649.41 |
| 11 | \$1,946.62 | \$479.22 | \$2,425.85 | \$8,702.79  |
| 12 | \$2,034.22 | \$391.63 | \$2,425.85 | \$6,668.57  |
| 13 | \$2,125.76 | \$300.09 | \$2,425.85 | \$4,542.81  |
| 14 | \$2,221.42 | \$204.43 | \$2,425.85 | \$2,321.39  |
| 15 | \$2,321.39 | \$104.46 | \$2,425.85 | \$0.00      |

|       |             |             |             |
|-------|-------------|-------------|-------------|
| TOTAL | \$26,052.50 | \$10,335.21 | \$36,387.71 |
|-------|-------------|-------------|-------------|

**Origination:** Scott Bean, Hawes Hill Calderon, LLP

**Recommendation:**

Adopt Ordinance Number 2021-40, levying an assessment against Section Two properties with the City of Tomball Public Improvement District Number Four, Alexander Estates Subdivision, on First Reading.

**Party(ies) responsible for placing this item on agenda:** Meagan Mageo, Project Coordinator

**FUNDING (IF APPLICABLE)**

Are funds specifically designated in the current budget for the full amount required for this purpose?

Yes: \_\_\_\_\_ No: \_\_\_\_\_ If yes, specify Account Number: # \_\_\_\_\_

If no, funds will be transferred from account # \_\_\_\_\_ To account # \_\_\_\_\_

|        |                     |             |              |
|--------|---------------------|-------------|--------------|
| Signed | <u>Meagan Mageo</u> | Approved by | _____        |
|        | Staff Member        |             | City Manager |
|        | Date                |             | Date         |