

City of Willow Park, TX

Beall-Dean Ranch PID

PID Related Considerations and Risk Factors⁽¹⁾

Prepared for November 12, 2024

Precedence

- This is the City's first PID and the terms, financing conditions, and structure could set a precedent for future developer requests on subsequent PIDs

Value-to-lien

- One measure of the amount of debt put on a particular property
- Lower value to lien means more debt is placed on a property
- Higher debt = higher payment/assessment which will need to be carried until the lot owner takes over the assessment - adds to the possible developer contribution
- The minimum value-to-lien is 1.75:1 with a holdback value-to-lien of 3:1
 - The holdback restricts the developer's ability to get the full amount of reimbursement for public infrastructure costs until taxable value is placed on the ground
- An inflated debt level could potentially limit future marketability

Independent developer - non publicly traded entity without comparable completion record as it specifically relates to a public improvement district

	Beall Analysis 10/21/2024 *
Total Estimated Improvement Cost	\$ 63,713,134
Estimated Net PID Bond Proceeds	(30,974,460)
Needed Developer Contribution	\$ 32,738,674

* based on multi-phased project totals

- Financial wherewithal to complete projects
 - Cash is required per the Development Agreement

Assessment per Unit

- Beall's calculated Equivalent Tax Rate of 65 cents (compared to the City total tax rate of 43.26 cents)
 - Net of TIRZ credit, Equivalent Tax Rate of 42 cents
- Per draft Development Agreement, Equivalent Tax Rate not to exceed 85 cents prior to TIRZ credit
- Analysis assumes full assessment on all commercial/retail/multifamily properties
 - Doubtful that all commercial/retail entities will accept an assessment lien
 - Would result in a lower amount of reimbursement available to the developer from the PID

(1) Preliminary; Based on project estimates to date; All future risks cannot be fully predicted, and others may result if material changes to the project occur.

- High percentage of commercial/retail/multifamily coupled with planned developer ownership and operation of multifamily housing could potentially limit future bond marketability

Timing/Offsite Improvements

- City funded water and sewer will need to be completed and connected to fully finish the development

TIRZ

- 50% of the City's M&O tax rate
- TIRZ Credit used to offset annual assessment
 - TIRZ revenue in excess of TIRZ Credit to pay administrative cost and fund 380 economic development incentives

Chapter 380 Economic Development Agreement

- Additional revenue to fund a) public infrastructure not otherwise reimbursed through the PID and b) incentive agreements for commercial/retail tenants
 - Additional 15% of the City's M&O tax rate
 - 50% of the City's I&S tax rate
 - City's portion shall not exceed \$25 million; maximum term of 40 years
- City and Beall to seek approval from Parker County ESD #1 for sales tax revenue contribution

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