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**ANNUAL SERVICE AND  
ASSESSMENT PLAN (SAP)  
UPDATE (2020)**

**CITY OF CARROLLTON**

**CASTLE HILLS PUBLIC IMPROVEMENT  
DISTRICT #1**

Report Date: **SEPTEMBER 1, 2020**

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**CITY OF CARROLLTON**



**CARROLLTON**

**T E X A S**

**ANNUAL SERVICE AND ASSESSMENT PLAN (SAP)  
UPDATE (2020)**

**CASTLE HILLS PUBLIC IMPROVEMENT DISTRICT #1**

Prepared for:

City of Carrollton

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Attention: Diana Vaughn, Finance Director

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## **I INTRODUCTION**

The Carrollton Castle Hills Public Improvement District No. 1 (the "PID") was created on January 5, 2016, by City of Carrollton (the "City") Resolution No. 3890 in accordance with the Public Improvement District Act, being Chapter 372 of the Texas Local Government Code (the "PID Act") to finance and/or reimburse the costs of certain public improvements (the "Public Improvement Project") for the benefit of the property in the PID. A Service and Assessment Plan (the "Service and Assessment Plan" or "SAP") was subsequently prepared at the direction of the City identifying the Public Improvement Project and its estimated costs, the manner of assessing the property in the PID for the costs of the Public Improvement Project, and any indebtedness to be incurred. Following a public hearing held on February 2, 2016, the City accepted and approved the Service and Assessment Plan and levied assessments (the "Assessments") with the adoption of City of Carrollton Ordinance No. 3742 (the "Assessment Ordinance").

Pursuant to Sections 372.013 and 372.014 of the PID Act, the Service and Assessment Plan is to be reviewed and updated annually and is to include an Assessment Plan. This Annual Service Plan Update to the Service and Assessment Plan (the "Annual Service Plan Update") for 2020 is comprised of the following four parts:

- Introduction;
- Annual Service Plan Update;
- Annual Assessment Plan Update; and
- Assessment Roll.

**II ANNUAL SERVICE PLAN UPDATE**

Section 372.013 of the PID Act requires that the Annual Service Plan Update (i) define the annual indebtedness and the projected costs of the Projects and (ii) cover a period of at least five (5) years. Please refer the following tables for the aforementioned information.

**A Estimated Costs of Public Improvements**

The estimated costs of the Public Improvement Project are summarized in Table II-1.

**Table II-1: Public Improvement Project Cost Summary**

Description	Revised Estimated Cost	Public Improvements	Private Improvements
<b>Construction</b>			
Wet Utilities			
Storm Drainage Facilities	\$1,766,870	\$1,766,870	\$0
Sanitary Sewer Facilities	\$1,281,604	\$1,281,604	\$0
Water Facilities	\$1,231,554	\$1,231,554	\$0
Road Improvements	\$3,087,940	\$3,087,940	\$0
Earthwork and Retaining Walls	\$4,145,190	\$4,145,190	\$0
Dry Utilities	\$504,353	\$0	\$504,353
Landscaping/Parks	\$1,205,000	\$1,205,000	\$0
<b>Subtotal - Construction</b>	<b>\$13,222,511</b>	<b>\$12,718,158</b>	<b>\$504,353</b>
<b>Soft Costs</b>			
Engineering, Design, and City Fees	\$1,185,000	\$1,185,000	\$0
Property and Roll Taxes and HOA	\$132,600	\$0	\$132,600
Construction Period Interest	\$913,000	\$0	\$913,000
Development/Management Fees	\$894,000	\$0	\$894,000
Development Financing Expenses	\$406,200	\$0	\$406,200
<b>Subtotal - Soft Costs</b>	<b>\$3,530,800</b>	<b>\$1,185,000</b>	<b>\$2,345,800</b>
<b>Grand Total</b>	<b>\$16,753,311</b>	<b>\$13,903,158</b>	<b>\$2,850,153</b>
<b>PID Principal Assessed</b>	<b>\$6,370,434</b>	<b>\$6,370,434</b>	<b>\$0</b>
<b>Interest on Principal Assessed</b>	<b>\$4,731,436</b>	<b>\$4,731,436</b>	<b>\$0</b>
<b>PID Funded Principal and Interest</b>	<b>\$11,101,870</b>	<b>\$11,101,870</b>	<b>\$0</b>

Note:

\*May not sum due to rounding.

**B PID Expenditures and Anticipated Installments**

Projected annual assessment installment revenues and PID expenditures are shown in Table II-2 below. The District is not anticipated to incur any bonded indebtedness.

Table II-2: 5-Year Cash Flow Projections (2021-2025)

Description	Total	2021	2022	2023	2024	2025
<b>Revenues</b>						
Assessment Installments	\$2,858,039	\$571,608	\$571,608	\$571,608	\$571,608	\$571,608
<b>Total Revenues</b>	<b>\$2,858,039</b>	<b>\$571,608</b>	<b>\$571,608</b>	<b>\$571,608</b>	<b>\$571,608</b>	<b>\$571,608</b>
<b>Expenditures</b>						
Interest	\$1,542,820	\$336,511	\$323,342	\$309,392	\$294,615	\$278,960
Reimbursement Principal	\$1,235,597	\$219,487	\$232,500	\$246,293	\$260,911	\$276,405
Collection Expenses	\$79,622	\$15,609	\$15,765	\$15,923	\$16,082	\$16,243
<b>Total Expenditures</b>	<b>\$2,858,039</b>	<b>\$571,608</b>	<b>\$571,608</b>	<b>\$571,608</b>	<b>\$571,608</b>	<b>\$571,608</b>

Note:

\*May not sum due to rounding.

**C Description of Public Improvement Project**

A description of the Public Improvement Projects follows below.

- Storm drainage improvements, including but not limited to, storm drains, junction boxes, curb inlets, and headwalls;
- Sanitary sewer facilities, including, but not limited to, sewer mains and laterals, manholes, and all other works, and equipment for the collection and transportation of wastewater;
- Water facilities, including but not limited to, water mains and laterals, valves, fittings, and fire hydrants;
- Road improvements, including, but not limited to, on-site street base and paving, ramps, and sidewalks and off-site base and paving, ramps, and sidewalks associated with new turn lanes;
- Earthwork/grading and retaining walls;
- City, professional, and other fees, including, but not limited to, engineering, materials/soils testing, plan check and inspection fees, construction staking, and construction management.

### III ANNUAL ASSESSMENT PLAN UPDATE

Pursuant to Section 372.015 of the PID Act, the cost of an improvement to be assessed against property in an improvement district shall be apportioned on the basis of the special benefits accruing to the property because of the improvement. The costs of an improvement may be assessed (i) equally per front foot or square foot, (ii) according to the value of the property as determined by the Council, with or without regard to improvements on the property, or (iii) in any other manner that results in imposing equal shares of the cost on properties similarly benefitted. Furthermore, Section 372.015 of the PID Act provides that the Council may establish by ordinance or order (i) reasonable classifications and formulas for the apportionment of the cost between the municipality or county and the area to be assessed and (ii) the methods of assessing the special benefits for various classes of improvements.

The Assessment Plan describes the special benefit received by each classification of property from the Public Improvement Project. It also provides the basis and justification for the determination that the special benefit is equal to or greater than the amount of the Assessments, and establishes the methodology by which the Council apportions costs in a manner that results in equal shares allocated to parcels similarly benefitted. The determination by the Council of the assessment methodology set forth herein is the result of the discretionary exercise by the Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners of assessed parcels. This PID is created to provide for reimbursement or payment of improvement costs for the PID; no alternate financing is approved through the approval of this SAP. The City shall not be liable for payment of any costs from general funds or other municipal revenues. The City assumes no financial obligation whatsoever in the event of default or foreclosure of any portion or phase of the development projects within the PID.

#### A Allocation of Cost of the Public Improvement Projects to PID

All costs of the Public Improvement Projects are allocated to the residential lots within the PID (the "Assessment Parcels"). The Public Improvement Project is comprised of local public improvements that are a condition for developing and designed specifically to serve the residential lots within the PID. Therefore, the Assessment Parcels will receive a direct and special benefit from the Public Improvement Projects, and this benefit will be equal to or greater than the amount of the Assessment.

#### B Assessment Methodology

The Council has decided to allocate the costs of the Public Improvement Projects to the residential lots within the PID in proportion to the estimated average build-out value (i.e., estimated completed home values), and that creating assessment classifications based on the two (2) anticipated lot types will result in imposing equal shares of costs on properties similarly benefitted. Average build-out values for each lot type are shown in **Table III-1** below, and the allocation of the costs of the Public Improvement Projects, the

portion of such allocated costs to be funded by the PID, and the estimated total Installment Payment applicable to each lot type is shown in Table III-2 below.

**Table III-1: Average Build-Out Values**

Lot Classification	Minimum Lot Width	Average Build-Out Value	Lots	Total Build-Out Value	Percent (%) of Total
1	41 Feet	\$426,000	81	\$34,506,000	22.17%
2	50 Feet	\$520,000	233	\$121,160,000	77.83%
<b>Total</b>			<b>314</b>	<b>\$155,666,000</b>	<b>100.00%</b>

**Table III-2: Cost Allocation, Assessments, and Average Installments**

Lot Classification	Percent (%) of Total	Allocated Costs	PID Principal	Assessment Per Lot	Average Installment Payment
1	22.17%	\$4,015,563	\$1,413,146	\$17,446	\$1,565.42
2	77.83%	\$14,086,513	\$4,957,288	\$21,276	\$1,909.05
<b>Total</b>	<b>100.00%</b>	<b>\$18,102,076</b>	<b>\$6,370,434</b>		

### C Terms of the Assessments

A lien has been established against the property assessed effective as of the date of the Assessment Ordinance, privileged above all other liens, except for liens for State, county, school district or municipality ad valorem taxes, including prior mortgage liens, to the extent allowed by Section 372.018(b) of the Local Government Code. The Assessments shall be imposed and may be collected in annual installments from real property within the PID through the application of the procedures described below. The Assessments shall terminate on the date the Assessments are paid in full, including unpaid assessment installment payments, if any.

#### C.1 Assessment Roll

The Assessment for each Assessment Parcel within the District shall be shown on the Assessment Roll attached hereto as **Appendix A**. Note, the final Plat for Castle Hills #1 (Phase 11) was recorded on September 11, 2017.

No Assessment shall be charged hereafter except pursuant to the provisions provided for herein or as permitted under the PID Act. The Assessment Roll shall be updated following the payment of any Assessment in lump sum and each year to reflect any subdivision and/or consolidation of Assessment Parcels within the District.

The Administrator shall prepare for Council approval updates to the Assessment Roll

each year to reflect (i) the identification of each Assessment Parcel by Tax Parcel number, if available, (ii) the Assessments and/or any supplemental Assessments pursuant to Section 372.019 of the PID Act, including any adjustments as provided in this Annual Service Plan Update, (iii) the Collection Expenses allocable to each parcel, and (iv) any other changes permitted by law.

### ***C.2 Apportionment of Assessment Upon Subdivision***

Upon the subdivision of an Assessment Parcel, including a replat, the Assessment for each of the resulting Tax Parcels shall be equal to the Assessment corresponding to the lot classification for such Tax Parcel as determined by reference to the Preliminary Plat Castle Hills – Singer Tract. However, the Assessment for any Tax Parcel that is not located in a recorded final residential plat shall be equal to the sum of the Assessments for the anticipated number and classification of lots as determined by reference to the Preliminary Plat Castle Hills – Singer Tract.

### ***C.3 Apportionment of Assessment Upon Consolidation***

Upon the consolidation of one or more Assessment Parcels, the Assessment for the resulting new Assessment Parcel shall be equal to the sum of the Assessments for the Assessment Parcels which were consolidated.

### ***C.4 Payment and Collection of Assessments***

The PID Act provides that an Assessment may be paid in full at any time, without penalty, which amount includes the remaining unpaid principal balance along with interest that has accrued on the Assessment to the date of prepayment. If the Assessments are not paid in full, the PID Act authorizes the District to collect interest and Collection Expenses on the outstanding Assessments. An Assessment that is not paid in full will be collected in annual installments each year in the amounts shown on the Assessment Roll, which include interest on the outstanding balance of such Assessment and Collection Expenses.

#### ***C.4.i Payment in Annual Installments***

The Public Improvement Project will be financed from the payment of the Assessments in periodic installments (the "Installment Payments") which, pursuant to Sections 372.017 and 372.018 of the PID Act, may bear interest at the rate specified by and beginning at the time or times or on the occurrence of one or more events specified by the Council and will (i) be in amounts necessary to meet the annual costs for the improvements and (ii) continue for the period approved by the Council for the payment of the installments. The Council has determined that the Assessments shall be payable as shown in the Assessment Roll in twenty (20) annual installments commencing with the 2017 Installment. Payments made after January 31 in a given year shall be subject to delinquency and interest penalties. The City or County Tax Assessor/Collector will invoice each owner of an Assessment Parcel for the Installment Payment at the same time as the County's annual property tax bill,

and the installments shall be due and payable in the same manner as provided for the County's property taxes. Thereafter, subsequent installments shall be due in the same manner in each succeeding calendar year until the assessment together with interest and Collection Expenses as provided herein has been paid in full. Failure of an owner to receive an Installment Payment on the property tax bill shall not relieve the owner of the responsibility for the Assessment or the Installment Payment. The City Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. In the event of default or foreclosure of any element of the Project, the City has no financial obligations under the Reimbursement Agreement other than the enforcement of the collection of the Assessments.

The Assessments are personal obligations of the person owning an Assessment Parcel in the year an Installment Payment becomes due. Any sale of property for nonpayment of the Installment Payments shall be subject to the lien established for the remaining unpaid Installment Payments against such Assessment Parcel, and such Assessment Parcel may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Installment Payments against such Assessment Parcel as they become due and payable.

A schedule of the Installment Payments for each Assessment Parcel is included in **Appendix A**.

**C.4.ii Collection Expenses**

Collection expenses for the District are estimated at \$15,000 initially and may escalate annually, as set forth in **Appendix A**, and are allocated in proportion to the Assessments.

**C.4.iii Delinquencies and Penalties**

Pursuant to 372.018(f) of the Act, delinquent installments of the assessment shall incur interest, penalties, and attorney's fees in the same manner as delinquent ad valorem taxes.

**C.4.iv Payment in Full**

The Assessment for any Assessment Parcel may be paid in full, without penalty, by paying to the City the remaining unpaid principal balance along with interest that has accrued on the assessment to the date of prepayment. Unpaid but billed Installment Payments shall remain due and payable notwithstanding any Assessment payoff; any such amounts shall be refunded following their receipt by the fiscal agent and/or trustee.

**C.4.v Payment in Part**

The Assessment for any Assessment Parcel may be paid in part by paying to the City

a portion of the remaining unpaid principal balance along with interest that has accrued on such unpaid principal balance to the date of prepayment.

**C.4.vi Application of Assessment Payoff Amount**

The Assessment payoff amount calculated above shall be paid to the City and applied toward the payment or reimbursement of costs of the Public Improvement Project in accordance with the Reimbursement Agreement. Upon the payment of the Assessment either in full or in part to the City, the Assessment Roll shall be amended accordingly and in the event the Assessment has been paid in full the appropriate party shall cause an Assessment lien release for the applicable Assessment Parcel to be recorded.

**C.4.vii Reduction of Assessments from Excess Improvement Funds**

If the actual cost of the Public Improvement Project is less than the cost used to calculate the Assessments, then the Assessment for each Assessment Parcel shall be reduced by an equal percentage such that the sum of the resulting reduced Assessments for all Assessment Parcels equals the actual costs of the Public Improvement Project.