

MEMORANDUM

TO: Donna Barron, City Manager

FROM: Brenda Martin, Director of Finance

DATE: September 21, 2018

SUBJECT: **Consideration of an Ordinance Updating the Assessment/Service Plan and Assessment Roll for Lewisville Castle Hills Public Improvement District No. 7 Project; Providing a Repealer; Providing For Severability; Providing an Effective Date; and Declaring an Emergency**

BACKGROUND

Chapter 372 of the Local Government Code authorizes the creation of Public Improvement Districts (PIDs) to provide a tool by which a city can levy and collect special assessments on property that is within the city or within the city's extraterritorial jurisdiction (ETJ) for designated purposes including the construction of street and water/wastewater improvements. In 1996, the city entered into a development agreement with Denton County Fresh Water Supply Districts (DCFWSD) No. 1-A and No. 1-B and Bright Farm Partnerships to create PIDs to provide the financing necessary for infrastructure development in the city's ETJ.

Since the approval of the 1996 agreement, DCFWSD 1-A divided into additional districts—1-C, 1-D, 1-E, 1-F, 1-G and 1-H. PIDs have been approved by the City Council as follows:

PID No. 1	DCFWSD 1-B
PID No. 2	DCFWSD 1-D
PID No. 3	DCFWSD 1-E
PID No. 4	DCFWSD 1-F
PID No. 5	DCFWSD 1-G
PID No. 6	DCFWSD 1-H
PID No. 7	DCFWSD 1-C

Combination Contract Revenue and Special Assessment bonds have been issued in the districts which are paid via property tax collections in the respective district (an assessment on property owners in the districts would only occur if tax collections were insufficient to cover debt payments). Total outstanding debt for these PIDs as of date of this meeting is \$142.87M. This debt is strictly a liability of the districts and not the City of Lewisville.

ANALYSIS

On May 6, 2013, the City Council passed a resolution approving and authorizing the creation of PID No. 7 to finance the costs of certain authorized public improvements. On March 3, 2014,

City Council approved a resolution calling for a public hearing on March 17, 2014 to consider, approve and adopt the Service and Assessment Plan and Assessment Roll and any official reports filed with the City in support of the Plan and Roll. This hearing was continued to May 19, 2014 and held, and the Plan and Roll was approved and adopted.

The original Assessment and Roll encompassed approximately 261 acres subdivided into 135 residential lots and 223 acres of commercial tracts, which include a golf course and related clubhouse facilities. On April 6, 2015, the Town of Hebron disannexed a 34.733 acre tract of land and relinquished its ETJ in said land in favor of the City of Lewisville of which 33.094 acres remain currently in the City's ETJ. A petition was submitted by the property owner to add these acres to PID No. 7 and City Council approved the additional land on April 20, 2015. The original Assessment and Roll was amended to include the additional land and after public hearing, was approved on October 3, 2016.

The Service and Assessment Plan identifies the public improvements to be provided by the PID, the cost of the public improvements, the indebtedness to be incurred for the public improvements, and the manner of assessing the property in the PID for the costs of the public improvements. The Assessment Roll identifies the assessment on each parcel, based on the method of assessment identified in the Plan. The plan is being updated now to reflect current status.

Pursuant to the requirement of the Attorney General (AG), the City levied assessments on property in PID No. 7. The assessments were set up to be 1% of the total voted bond authority for District 1-C and therefore pay 1% of the debt payments. The remaining 99% of debt payments is paid via interest and sinking (I&S) property taxes. The assessments were structured such that when a certificate of occupancy (CO) was issued to a builder by the City, the builder or developer prepaid the total amount of the assessment so that no assessments would be outstanding when the homes were sold to end users. Currently, final public improvement costs that have been provided by the PID are known (\$6,500,420.48) and all assessments and annual installments (interest on the assessment accrued between time assessments are levied and CO was issued) have been paid and completed (\$81,840.50). To date, these assessments and annual installments have redeemed (prepaid) \$50,000 of principal on debt that has been issued for the PID.

RECOMMENDATION

It is City staff's recommendation that the City Council approve the ordinance as set forth in the caption above.