

# Brinkmann Tract Public Improvement District



PREPARED BY



# Public Improvement Districts

What is a Public Improvement District?

- ***Economic development tool*** created by the State of Texas
- Permits cities to enhance development at ***no cost***
- Finances the construction of ***public infrastructure***
- Provides for ***ultimate control by the city***
- ***All costs are responsibility of residents of the District, not other residents of the city***
- ***All funds held by Trustee selected by city***

# Public Improvement Districts

How does a PID financing benefit Homeowners?

- **Cost certainty** over the life of property ownership through fixed nature of assessments
- **Finite life of obligations** due to fixed term of PID assessment
- **Ultimate flexibility** as assessment can be prepaid by a homeowner at any time with no penalty
- **Increased home values** do not increase assessments
- **A default in payment by one homeowner does not affect any other homeowner**

# Public Improvement Districts

How does a PID financing benefit a City?

- **No costs to city**, as all costs are paid from assessments
- PID bonds are secured solely by assessments on benefitted property
- **City's full faith and credit is not pledged**
- PID bonds **will not reduce city's bonding capacity**
- **No reduction of city sales and ad valorem tax revenues** as occurs with TIRZs
- Increase in residents will generate more sales tax for the city.
- **City retains ultimate control**, unlike MUDs
- Accelerates project development and the related **growth in the city's tax base**
- **PID** bond issuance and structure are **controlled by city**, as it is "the issuer"
- Virtually all administrative obligations may be **outsourced to third parties**

# Public Improvement Districts

## What is the PID Repayment Mechanism?

- Separate assessment is placed on each individual parcel or lot
- Assessments are due **only** for the life of the bond financing
- Assessments are billed and collected with annual property taxes
- ***Landowner is responsible*** only for assessment levied on his lot or parcel
- A homeowner's obligation is ***disclosed and certain*** at time he purchases a home
- ***Assessments can be prepaid in full at any time without penalty***

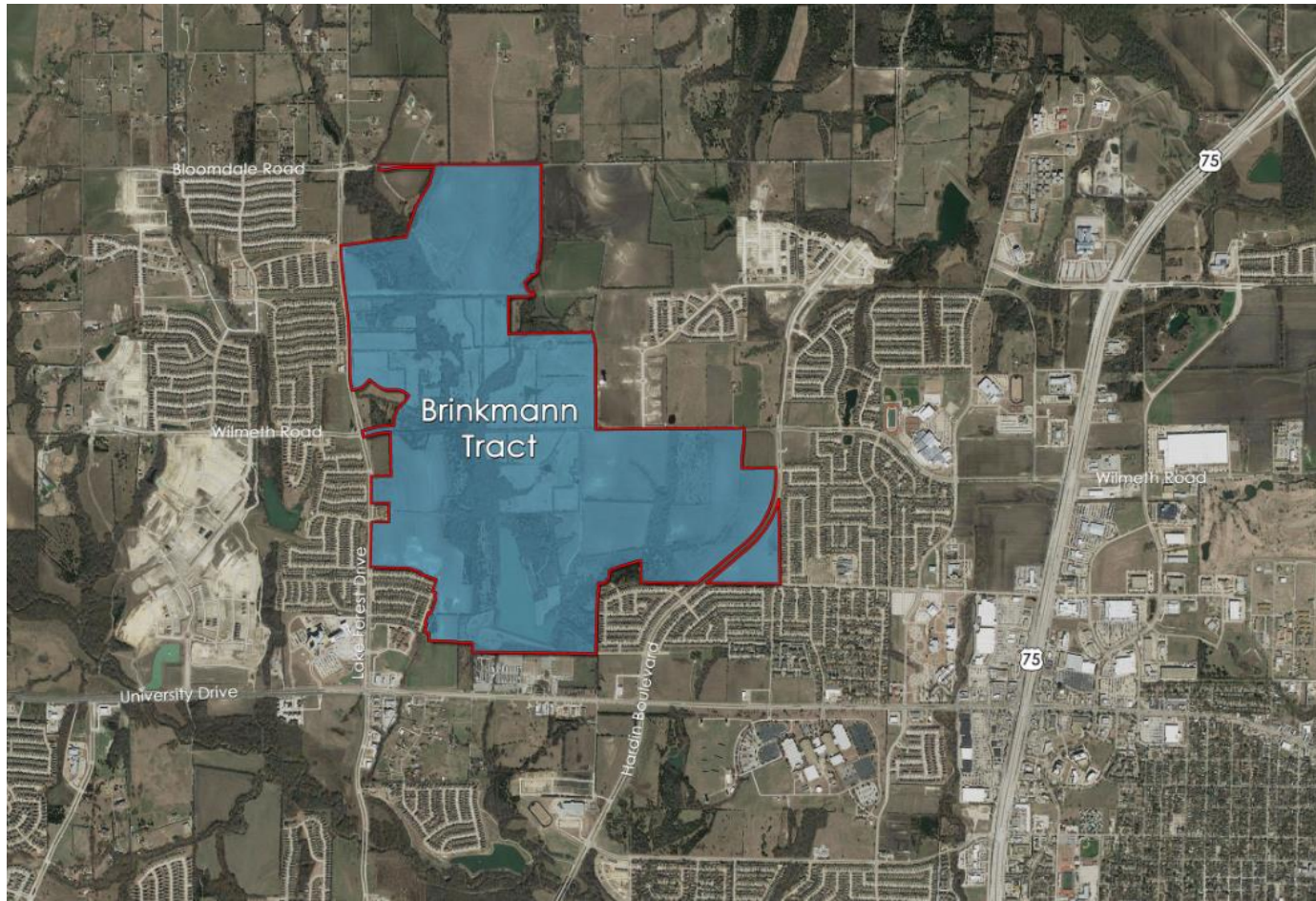
# Public Improvement Districts

## What is the PID Bond Collateral?

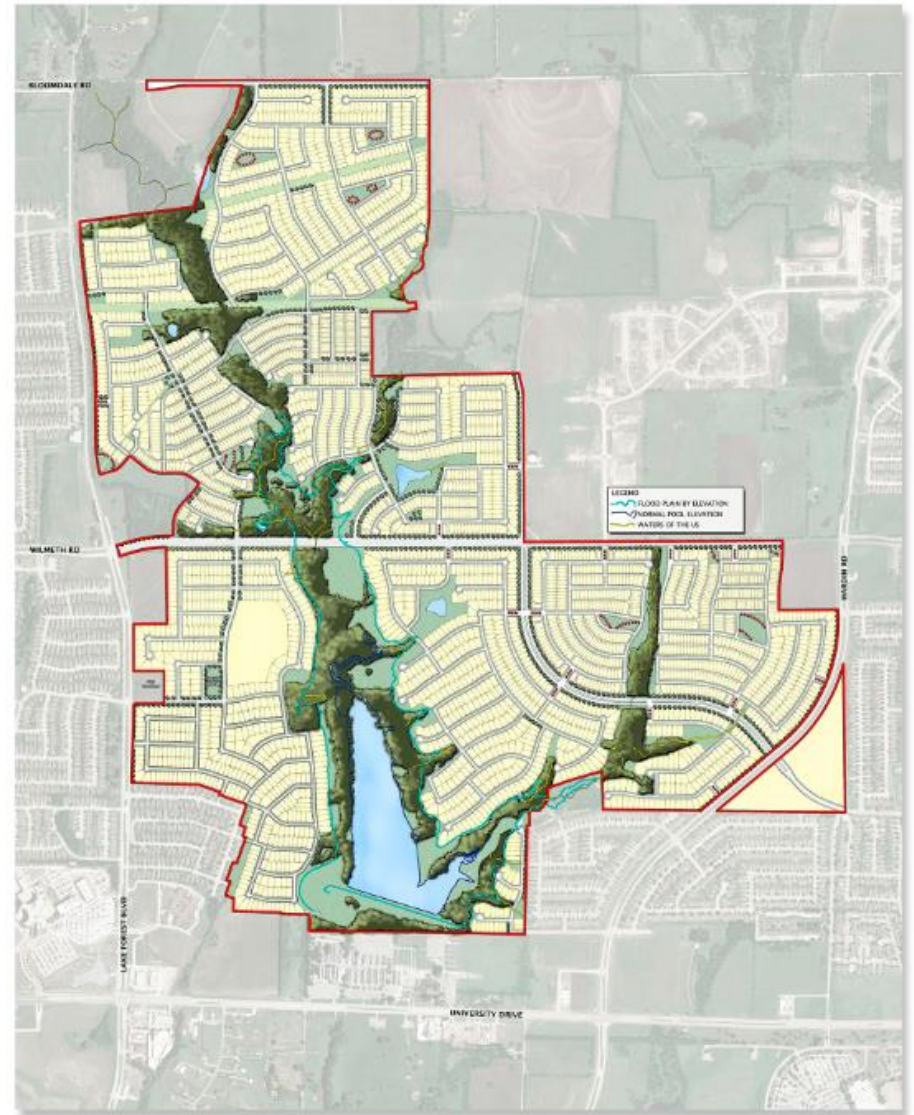
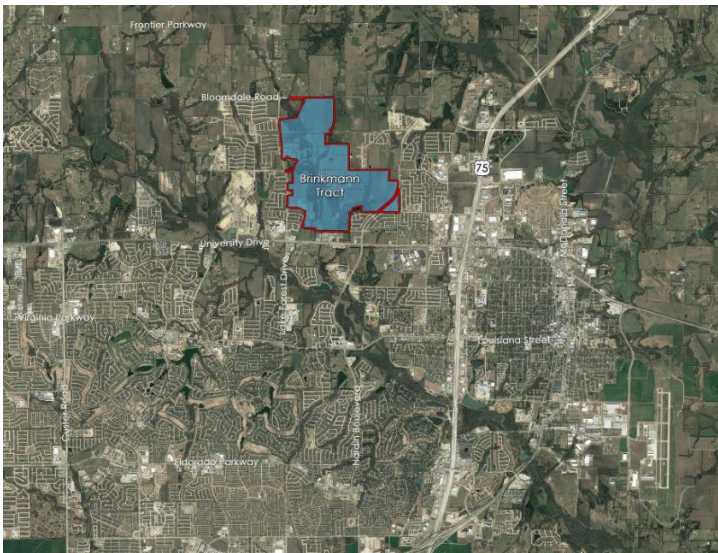
- ***City Tax Lien remains in first priority position***
- The PID debt is ***secured by a Special Assessment Lien*** on the PID Land
- Special Assessment Lien pre-empts any mortgage lien, but is subordinate to all ad valorem tax liens
- Project appraised value (land “as is” plus value of improvements to be constructed with bond funds) is primary factor in determining bond capacity (***typical bond size does not exceed 1/3 of appraised value***)
- ***Does not rely upon future development*** to ensure debt payment

# Brinkmann Tract

## Public Improvement District Map

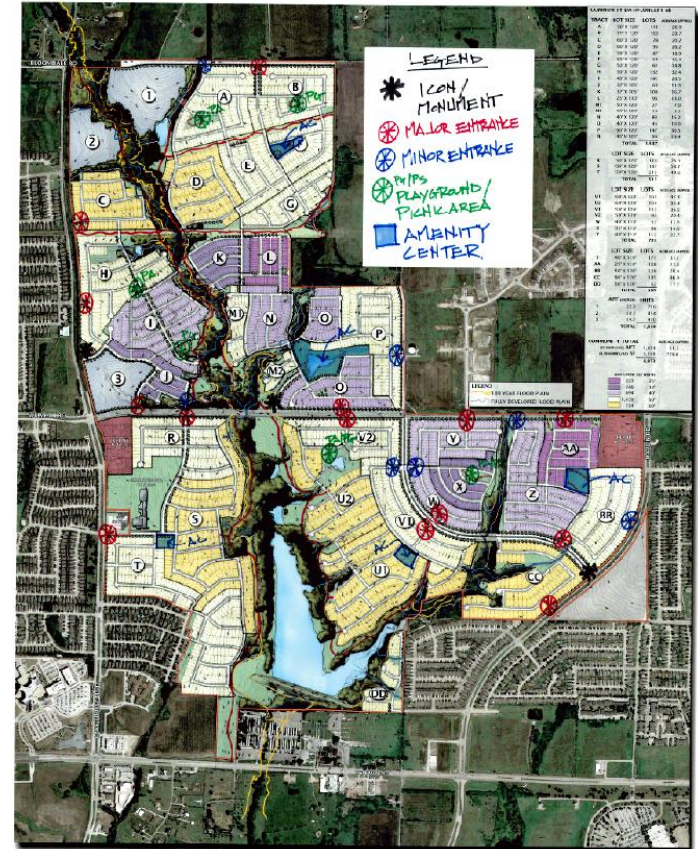


# Brinkmann Tract Concept Plan



# Brinkmann Tract- Community Amenities

- Master Planned Community
- New roadway connections (Wilmeth and 2040 Road)
- Five different product types (lot sizes) to appeal to a wide homebuyer profile
- Multi-family and commercial pad sites
- Approximately five miles of hike and bike trail system on both sides of the lake / Franklin Branch
- Parks and open space
- ±42 acre recreational lake
- Five amenity centers
- Consistent hardscape and entry monumentation design
- Elementary school site (McKinney ISD)



# Community Lifestyle



# Community Lifestyle

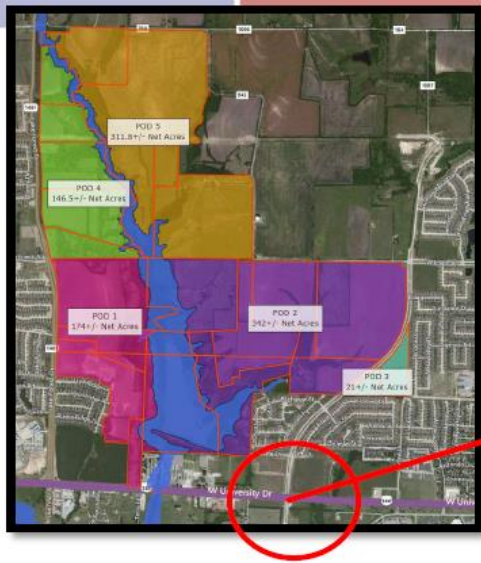


# Community Lifestyle





# New Commercial Activity



Costco anchored commercial center planned for Hardin & 380 intersection



- Homeowners living in the Brinkmann Tract will generate sales tax revenue for the City

# Brinkmann Public Improvement District

- **Approximately 1,170 acres of land**
- **Proposed (PD) zoning as a Master Planned Community estimated for approximately:**
  - 3,403 single family units
  - 1,634 multi-family units
  - 120,000 square feet of commercial (C2 Local Commercial District)
- **Project assessed value at build-out is approximately \$1,955,000,000**  
(does not include valuation of commercial and multi-family tracts)

# **Public Benefits to City**

## **Regional Transportation Improvements - \$15.6M**

- Wilmeth Road - \$10.3M four lanes from Lake Forest Blvd. to 2040 Road, two lanes from 2040 Road to Hardin Rd.
- 2040 Road - \$5.3M from Wilmeth Rd. to Taylor Burk Dr.
- Much needed relief for traffic congestion on HWY 380
- Quicker impact on traffic versus HWY 380 Bypass (TxDOT)

## **Regional Sewer Improvements - \$9.8M**

- Parallel sanitary sewer lines east and west of the lake/creek from HWY 380 north to Bloomdale Road

## **Regional Water Improvements - \$0.9M**

- Bloomdale and Wilmeth 12" Water Mains

## **Regional Park and Trail System – \$6M**

- Over 5 miles of trails and park system on both sides of the lake/creek

# Hurdles to Development

## ▪ Hurdles

- Large amount of infrastructure needed to support development and meet City's needs
- Total Public Infrastructure budgeted at \$95.4M (PID Infrastructure budgeted at \$32.2M)
- Exceeds any one property owner's ability to fund up front

## ▪ Solution

- Public/Private partnership utilizing PID to finance major infrastructure at developer's risk.
- City acts as vehicle to provide fixed rate tax exempt financing of infrastructure, which financing is secured solely by priority assessment lien on the land

# Brinkmann Public Improvement District

## *How Does a PID Benefit the City?*

### ▪ **Project Specific Benefits**

- City gains 5 miles of Trail and Park system; Wilmeth Road connection; 2040 Road completed from Wilmeth Road to Taylor Burk Dr.; Sewer service extended to Bloomdale Road
- City gains large ad valorem tax generator
- City gains Assessed Values and AV Taxes years sooner
- City gains large sales tax generator
- City gains large property tax generator
- All the above benefits at no cost to the general tax base

# Public Improvement Districts

## *Development Using Public Improvement Districts*

### Who uses Public Improvement Districts?

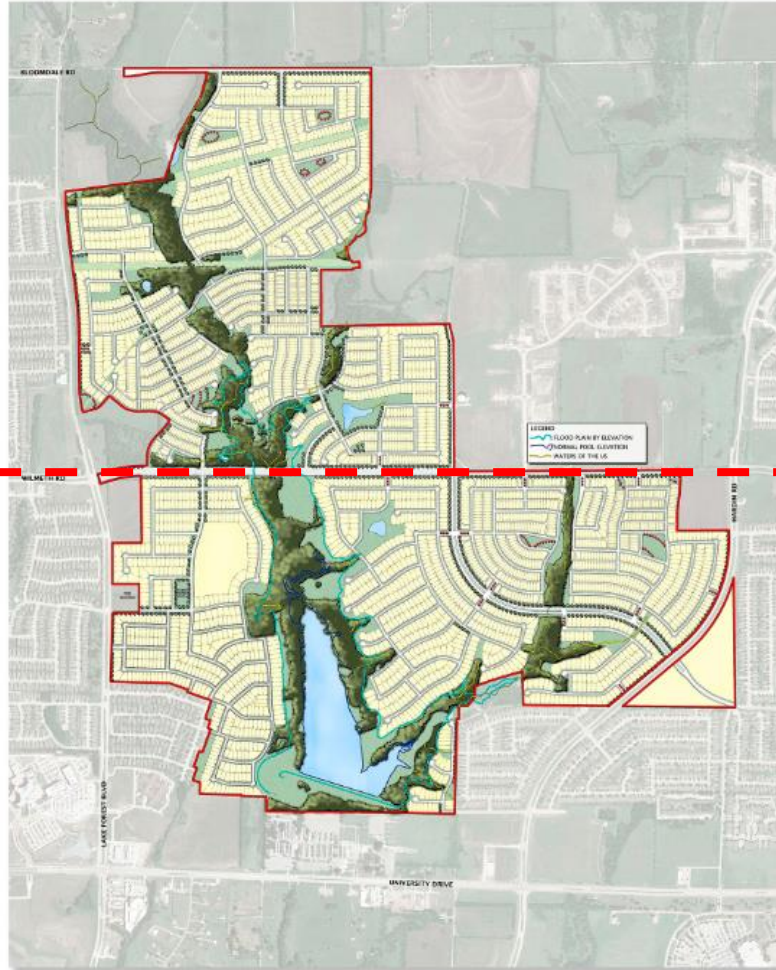
Public Improvement Districts (PID) are economic tools available to cities and counties to fund public improvements that benefit the area within the PID boundaries. PIDs have been used by cities and counties for residential (and commercial) development in lieu of other Special Districts (MUDs, FWSDs, WCIDs) to fund roads, water, sewer, and other eligible costs. The following is a partial list of Texas cities / counties that have utilized PIDs for development:

<b>Hays County</b>	<b>Bexar County</b>	<b>Travis County</b>	<b>City of Dallas</b>
<b>Comal County</b>	<b>City of Rhome</b>	<b>City of Galveston</b>	<b>City of Manor</b>
<b>City of Haslet</b>	<b>Town of Trophy Club</b>	<b>City of Roanoke</b>	<b>City of Dripping Springs</b>
<b>City of Aubrey</b>	<b>Town of Northlake</b>	<b>City of Forney</b>	<b>City of Rockwall</b>
<b>City of Argyle</b>	<b>City of Lavon</b>	<b>City of Fate</b>	<b>City of Ponder</b>
<b>City of Hackberry</b>	<b>City of Westlake</b>	<b>Town of Flower Mound</b>	<b>City of Hickory Creek</b>
<b>City of Leander</b>	<b>City of Horseshoe Bay</b>	<b>City of Lago Vista</b>	<b>City of Liberty Hill</b>
<b>City of Celina</b>	<b>City of McAllen</b>	<b>City of Coppell</b>	<b>City of Shenandoah</b>
<b>City of El Paso</b>	<b>City of Irving</b>	<b>City of Lewisville</b>	<b>City of Tomball</b>
<b>City of Little Elm</b>	<b>City of Lubbock</b>	<b>City of Waxahachie</b>	<b>City of Sugar Land</b>
<b>City of Irving</b>	<b>The Colony</b>	<b>City of Fort Worth</b>	<b>City of Princeton</b>
<b>City of Royse City</b>	<b>City of Tomball</b>	<b>City of Mesquite</b>	<b>City of Anna</b>

# Site Plan with Improvement Zones

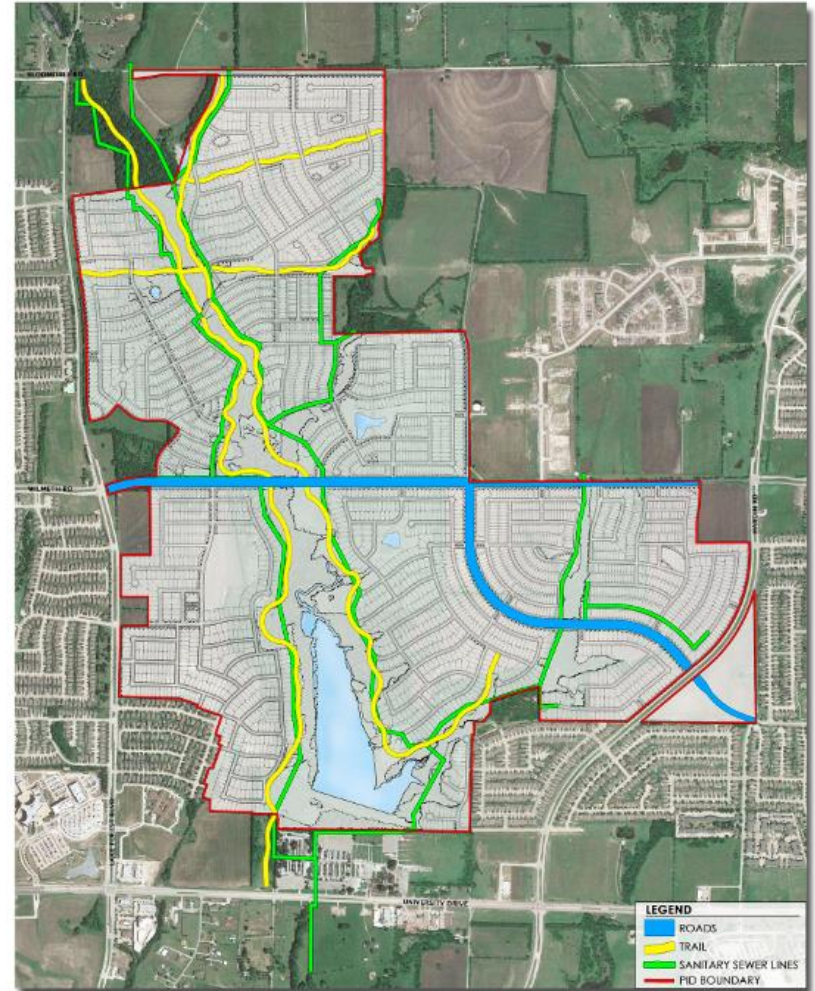
Improvement Zone 2  
North of Wilmeth

Improvement Zone 1  
South of Wilmeth



# Brinkmann Tract Infrastructure

- Regional Transportation Improvements - **\$15.6M**
- Regional Sewer Improvements - **\$9.8M**
- Regional Water Improvements - **\$0.9M**
- Regional Park and Trail System - **\$6.0M**



# Assessed Value Estimates

Product Type	Lot Width	Lot Count	Home Value At Beginning	Home Value At 10 yr Buildout*	Total Values at Buildout
Attached	25	281	244,318	344,635	96,842,414
Patio	32	283	290,909	410,356	116,130,749
SF-40	40	663	363,636	512,945	340,082,538
SF-50	50	1545	431,818	609,122	941,093,787
SF-60	60	631	518,182	730,947	461,227,324
		3403			1,955,376,811

\* - 3.5% annual price escalation (based on 20 year historical average)

- Does not include valuation of multi-family and commercial tracts

## Ad Valorem Benefit to all Local Taxing Jurisdictions

Taxing Jurisdiction	AV Tax Rate per \$100	Taxes estimated at Full Buildout (AV = \$1,955,376,000)
City of McKinney	0.5730	\$11,204,304
Collin County	0.2084	\$4,075,004
Collin College District	0.0812	\$1,587,765
McKinney ISD	<u>1.6200</u>	<u>\$31,677,091</u>
<b>Total</b>	<b>2.4826</b>	<b>\$48,544,165</b>

Total Taxes to all Jurisdictions

# Tax Rate Comparison

<i>Taxing Entity</i>	Hollyhock	Windsong Ranch	Timber Creek	Brinkmann Ranch	Auburn Hills	Mustang Lakes	Trinity Falls	Light Farms
Collin County			\$0.2084	\$0.2084	\$0.2084	\$0.2084	\$0.2084	\$0.2084
Denton County	\$0.2484	\$0.2484						
City of McKinney			\$0.5730	\$0.5730	\$0.5730			
Town of Prosper		\$0.5200						
City of Celina						\$0.6450		
City of Frisco	\$1.4600							
McKinney ISD			\$1.6200	\$1.6200			\$1.6200	
Prosper ISD		\$1.6700			\$1.6700	\$1.6700		\$1.6700
Frisco ISD	\$0.4500							
Collin College			\$0.0812	\$0.0812	\$0.0812	\$0.0812	\$0.0812	\$0.0812
McKinney MUD #1							\$1.0500	
Mustang Lakes PID						\$0.3534		
Collin County MUD No. 1								\$1.0500
Brinkmann PID*				\$0.2472				
Total Overlapping Rate per \$100/Valuation	\$2.1584	\$2.4384	\$2.4826	\$2.7298	\$2.5326	\$2.9580	\$2.9596	\$3.0096

\* For purposes of this chart we have converted the PID assessment to an ad valorem tax

*All tax rate data is reflective of 2016 rates via Collin and Denton County Appraisal Districts*

# Process of Creation and Financing

- Submit petition to City
- City may request feasibility report
- City may establish Advisory Body
- City holds Public Hearing
- City adopts Resolution to create district
- The District adopts bond documents  
(i.e. Engineer's Report, Methodology, resolution)
- City adopts Preliminary Service Plan/Assessment Plan
- Bond Pricing
- Adopt final assessments
- Bond Validation
- Bond Closing

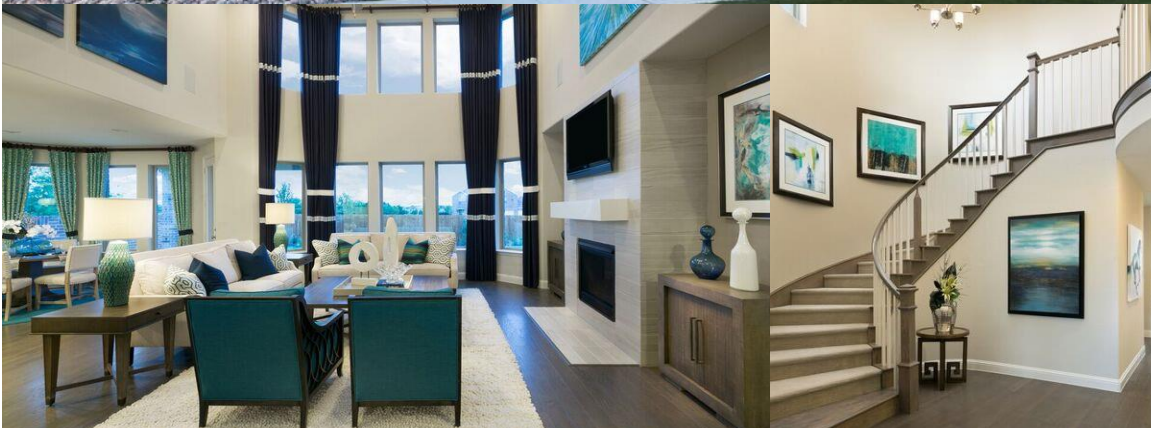
# Product Designs



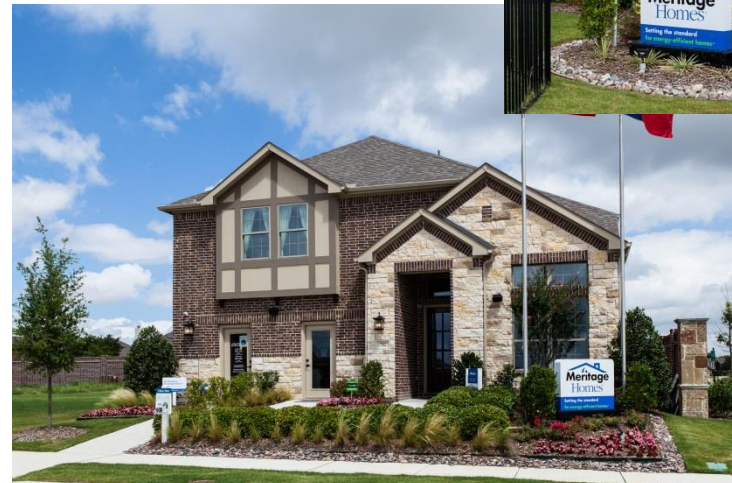
# Product Designs



# Product Designs



# Product Designs – Ansley Meadow, Allen



# Amenity Centers – Auburn Hills, McKinney

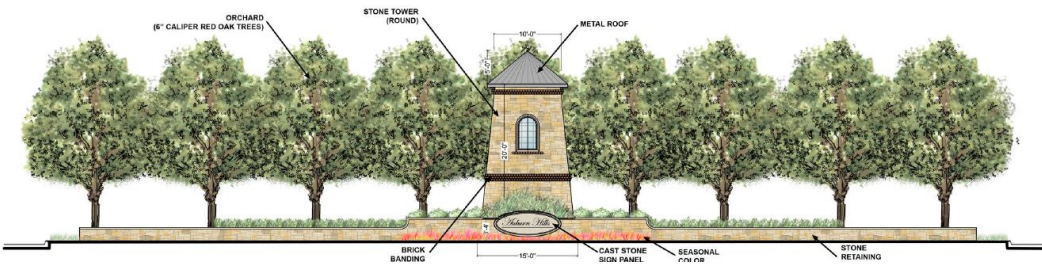


# Amenity Center – Willow Wood, McKinney



# Auburn Hills

McKinney, TX  
324 Acres  
Approx. 859 lots



# Willow Wood

McKinney, TX  
306 Acres  
Approx. 856 lots





## Additional Developments

Community	City	Builder	Acres	Lots
Ansley Meadow	Allen	Meritage, Pulte	44.7	178
Avondale	Carrollton	American Legend	13.0	65
Austin Hills	Carrollton	American Legend	12.0	48
Eastlake	Coppell	Toll Brothers	22.0	58
Copper Creek	Fort Worth	DR Horton, Lennar	291.0	965
Waterside	Irving	American Legend	8.5	41
Kensington at Stonebridge Ranch	McKinney	Pulte	13.4	55
Willow Wood	McKinney	Bloomfield, Chesmar, First Texas	306.0	856
Auburn Hills	McKinney	Meritage, MHI, Darling, Pulte	324.0	859
Renaissance	Plano	Megatel	6.1	31
Stone River	Royse City	Bloomfield, Impression	53.4	195
Grayhawk Park	Wylie	First Texas, Pulte	45.6	151
<b>TOTAL</b>			<b>1139.7</b>	<b>3,502</b>