CITY OF HASLET

PUBLIC IMPROVEMENT DISTRICT NO. 6

SERVICE AND ASSESSMENT PLAN

May 15, 2017

CITY OF HASLET

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SERVICE AND ASSESSMENT PLAN

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PLAN DESCRIPTION AND DEFINED TERMS

A. Introduction.

On February 6, 2017, the City of Haslet City Council passed Resolution No. 005-2017 approving and authorizing the creation of City of Haslet Public Improvement District No. 6 ("***PID No. 6***") to finance the costs of certain public improvements for the benefit of property in PID No. 6, all of which is located within the corporate limits of the City of Haslet. This Service and Assessment Plan describes the public improvements to be constructed for the benefit of the assessed property within PID No. 6.

Chapter 372 of the Texas Local Government Code titled the "Public Improvement District Assessment Act" (as amended, the "***PID Act***") governs the creation and operation of public improvement districts within the State of Texas. This Service and Assessment Plan has been prepared pursuant to Sections 372.013, 372.014, 372.015 and 372.016 of the PID Act. According to Section 372.013 of the PID Act, a service plan "must cover a period of at least five years and must also define the annual indebtedness and the projected costs for improvements. The plan shall be reviewed and updated annually for the purpose of determining the annual budget for improvements." The service plan is described in **Section IV** of this Service and Assessment Plan.

Section 372.014 of the PID Act states that "an assessment plan must be included in the annual service plan." The assessment plan is described in **Section V** of this Service and Assessment Plan.

Section 372.015 of the PID Act states that "the governing body of the municipality or county shall apportion the cost of an improvement to be assessed against property in an improvement district." The method of assessing the PID Costs and apportionment of such costs to the assessed property within PID No. 6 are included in **Section V** of this Service and Assessment Plan.

Section 372.016 of the PID Act states that "after the total cost of an improvement is determined, the governing body of the municipality or county shall prepare a proposed assessment roll. The roll must state the assessment against each parcel of land in the district, as determined by the method of assessment chosen by the municipality or county under this subchapter." The Assessment Roll for PID No. 6 is included as **Appendix B** of this Service and Assessment Plan. The Assessments as shown on the Assessment Roll are based on the method of assessment and apportionment of costs described in **Section V** of this Service and Assessment Plan.

Contemporaneously herewith, the City and Developer have entered into that certain PID Reimbursement Agreement – Haslet Public Improvement District No. 6 (Caraway), dated May 15, 2017 (the "***PID Reimbursement Agreement***"). The PID Reimbursement Agreement contains a more detailed description of many of the concepts addressed in this Service and Assessment Plan; therefore, the two documents should be read as a whole in order to have a more complete understanding of the terms addressed in each of the agreements.

B. Definitions. Capitalized terms used herein shall have the meanings ascribed to them as

follows:

"Administrative Expenses" mean the costs associated with or incident to the administration, organization, maintenance and operation of PID No. 6, including, but not limited to, the costs of: (i) creating and organizing PID No. 6, including conducting hearings, preparing notices and petitions, and all costs incident thereto, engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, maintenance and operation of PID No. 6 and the Authorized Improvements, including the cost of each Annual Service Update Plan, and (iii) the Annual Costs of Collection. Amounts collected in conjunction with Annual Installments for Administrative Expenses and not expended for actual Administrative Expenses shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of Administrative Expenses.

"Administrator" means the employee or designee of the City who shall have the responsibilities provided for herein or in any other agreement approved by the City Council relative to PID No. 6.

"Annual Collection Costs" mean the following actual or budgeted costs, as applicable, related to the annual collection costs of outstanding Assessments paid in installments, including the costs or anticipated costs of: (i) computing, levying, collecting and transmitting the Assessments (whether by the City, the Administrator or otherwise), (ii) the City and the Administrator in the discharge of their duties relative to PID No. 6, and (iii) the City in any way related to the collection of the Assessments in installments, including, without limitation, the administration of PID No. 6, maintaining the record of installments, payments and reallocations and/or cancellations of Assessments, including, without limitation, any associated legal expenses, the reasonable costs of other consultants and advisors and contingencies for such costs. Annual Collection Costs collected and not expended for actual Annual Collection Costs shall be carried forward and applied to reduce Annual Collection Costs in subsequent years to avoid the over-collection of Annual Collection Costs.

"Annual Installment" means, with respect to each Parcel, each annual payment of the Assessment, as shown on the Assessment Roll attached hereto as **Appendix B** or an Annual Service Plan Update, and calculated as provided in **Section VI** of this Service and Assessment Plan.

"Annual Service Plan Update" has the meaning set forth in the first paragraph of **Section IV** of this Service and Assessment Plan.

"Assessed Property" means the property on which Assessments have been imposed as shown in the Assessment Roll, as the Assessment Roll is updated each year by the Annual Service Plan Update. Assessed Property includes Parcels within PID No. 6 other than Non-Benefited Property.

"Assessment" means the assessment levied against Parcels within PID No. 6 imposed pursuant to the Assessment Ordinance and the provisions herein as shown on the Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and the PID Act. The Assessment for a Parcel consists of the Annual Installments to be collected in all years and includes the Assessments, interest on the Assessments, and Collection Costs

pertaining to the Assessment.

"Assessment Ordinance" means the ordinance approved by the City Council approving this Service and Assessment Plan (including amendments or supplements to the Service and Assessment Plan) and levying the Assessments.

"Assessment Revenues" mean the revenues actually received by or on behalf of the City from the collection of Assessments or the Annual Installments thereof.

"Assessment Roll" means the "City of Haslet, Texas, Public Improvement District No. 6 Assessment Roll" included in this Service and Assessment Plan as **Appendix B**, as may be updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act.

"Authorized Improvements" mean those public improvements described in **Section III** of this Service and Assessment Plan and Section 372.003 of the PID Act which are constructed pursuant to the PID Reimbursement Agreement, which are to be undertaken for the benefit of property in PID No. 6.

"Authorized Improvement Costs" mean the actual or budgeted costs, as applicable, of all or any portion of the Authorized Improvements, as shown in **Table III-A**.

"Benefited Property" means property within PID No. 6 that receives a benefit from the Authorized Improvements, which consists of all Parcels within PID No. 6 other than Non-Benefited Property.

"City" means the City of Haslet, Texas.

"City Council" means the duly elected governing body of the City.

"Commercial Improvement Area #1" means the approximately 60.393 acres proposed to be developed for commercial / industrial use.

"Commercial Improvement Area #2" means the approximately 9.091 acres proposed to be developed for commercial / retail use.

"Delinquent Collection Costs" mean interest, penalties and expenses incurred or imposed with respect to any delinquent Annual Installments of an Assessment in accordance with §372.018(b) of the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorneys' fees.

"Developer" means Caraway Clearing, LLC, a Texas limited liability company.

"Lot" means a tract of land described as a "lot" in a subdivision plat recorded in the official public records of Tarrant County, Texas.

"**Lot Type**" means a classification of final building Lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, or other uses), as determined by the Administrator. In the case of single family residential Lots, the Lot Type shall be further defined by classifying the residential Lots based on the front footage of the Lot, as determined by the Administrator.

"Non-Benefited Property" means Parcels within the boundaries of PID No. 6 that accrue no special benefit from the Authorized Improvements, including Owner Association Property, Public Property and easements that create an exclusive use for a public utility provider. Property identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to the provisions herein remains subject to the Assessments and requires the Assessments to be prepaid as provided for in **Section VI. C. 2**.

"Owner Association Property" means property within the boundaries of PID No. 6 that is owned by or irrevocably offered for dedication to, whether in fee simple or through an exclusive use easement, a property owners' association.

"Parcel" or **"Parcels"** means a parcel or parcels within PID No. 6 identified by either a tax map identification number assigned by the Tarrant County Appraisal District for real property tax purposes or by lot and block number in a final subdivision plat recorded in the real property records of Tarrant County, Texas.

"PID Act" means the Public Improvement District Assessment Act, Texas Local Government Code Chapter 372, Subchapter A, as amended.

"PID No. 6" means City of Haslet Public Improvement District No. 6.

"PID Costs" mean the portion of the Authorized Improvement Costs to be funded by PID No. 6 as explained in **Section III**.

"Public Property" means property within the boundaries of PID No. 6 that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, the City, a school district, a public utility provider or any other public agency, whether in fee simple or through an exclusive use easement.

"Residential Improvement Area" means the approximately 108.491 acres proposed to be developed as approximately 312 single-family residential Lots.

"Service and Assessment Plan" means this Service and Assessment Plan prepared for PID No. 6 pursuant to the PID Act.

"Trigger Date" for collection of Assessments levied against a Lot or Parcel means the date the Authorized Improvements benefitting such Lot or Parcels as shown on the final plat recorded in the real property records of Tarrant County, Texas have been accepted by the City as evidenced by a letter stating the same issued by the City Public Works Department.

SECTION II
PROPERTY INCLUDED IN THE PID

PID No. 6 is located within the corporate limits of the City of Haslet, Texas and contains approximately 253.425 acres of land with approximately 75.45 to be used as open space or parkland. A map of the property within PID No. 6 is shown on **Appendix A** to this Service and Assessment Plan.

The property to be developed within the PID consists of three separate areas:

- **Residential Improvement Area**: Approximately 108.491 acres proposed to be developed as approximately 312 single-family residential Lots.
- **Commercial Improvement Area #1**: Approximately 60.393 acres proposed to be developed for commercial / industrial use.
- **Commercial Improvement Area #2**: Approximately 9.091 acres proposed to be developed for commercial / retail use.

The current Parcels in PID No. 6 are shown on the Assessment Roll attached as **Appendix B**.

When the final plat is filed with the City, **Appendix B** shall be immediately updated to show the identification of the Parcels within each Area and the final number of Lots within each Area as shown on the final plat.

Table II-A
Proposed Residential Development

Description	No. of Platted Lots
Single Family Residential Lots	312

Table II-B
Proposed Commercial Development

Description	Acres
Commercial Improvement Area #1	60.393
Commercial Improvement Area #2	9.091

SECTION III
DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

Section 372.003 of the PID Act defines the improvements that may be undertaken by a municipality or county through the establishment of a public improvement district, as follows:

372.003. Authorized Improvements

(a) If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.

(b) A public improvement may include:

(i) landscaping;

(ii) erection of fountains, distinctive lighting, and signs;

(iii) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;

(iv) construction or improvement of pedestrian malls;

(v) acquisition and installation of pieces of art;

(vi) acquisition, construction, or improvement of libraries;

(vii) acquisition, construction, or improvement of off-street parking facilities;

(viii) acquisition, construction, improvement, or rerouting of mass transportation facilities;

(ix) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;

(x) the establishment or improvement of parks;

(xi) projects similar to those listed in Subdivisions (i)-(x);

(xii) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;

(xiii) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement; and

(xiv) payment of expenses incurred in the establishment, administration and operation of the district.

After analyzing the public improvement projects authorized by the PID Act, the City has determined that the Authorized Improvements as described below should be undertaken by the City for the benefit of the property within PID No. 6. The estimated Authorized Improvement Costs are shown by **Table III-A**.

Table III-A
Estimated Authorized Improvement Costs

Authorized Improvements:	
Earthwork Related to Authorized Improvements	$ 3,388,000
Sanitary Sewer Improvements	1,017,000
Water System Improvements	1,040,000
Storm Drainage Improvements	1,575,000
Road Improvements	6,430,000
Soft Costs (city, professional and misc. fees)	2,470,000
PID Creation and First Year Administration Costs	75,000
Total Estimated Authorized Improvement Costs	$15,995,000

The costs shown in **Table III-A** are current estimates and may be revised in Annual Service Plan Updates. The Authorized Improvements include the following on-site improvements and limited off-site improvements:

- **EARTHWORK** including clearing and grubbing, tree protection, demolition, excavation, embankment, soil haul-off and import required to construct the Authorized Improvements.
- **SANITARY SEWER IMPROVEMENTS** consist of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to the Assessed Property. The sanitary sewer improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.
- **WATER SYSTEM IMPROVEMENTS** consist of construction and installation of on-site and off-site water lines, mains, pipes, valves and appurtenances, necessary to provide water service to the Assessed Property. The water system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.
- **STORM DRAINAGE IMPROVEMENTS** consist of construction and installation of pipes, inlets, manholes, detention ponds, and appurtenances necessary to provide storm drainage to the Assessed Property. The storm drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.
- **ROAD IMPROVEMENTS** consist of construction of internal and perimeter public roads, including paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic

control devices. The road improvements will provide street access to each Lot within PID No. 6 as well as access to community roadways and state highways. All roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- **SOFT COSTS** consist of costs related to engineering, design, inspection and review of the Authorized Improvements.
- **PID CREATION AND FIRST YEAR ADMINISTRATION** incurred in the establishment of PID No. 6 and costs related to the first year of administration and operation of PID No. 6.

Table III-B shows the allocation of the Authorized Improvements costs to PID No. 6.

Table III-B
Allocation of the Authorized Improvement Costs

Authorized Improvements:	Estimated Cost:	Percentage Allocated
Earthwork Related to Authorized Improvements	$ 3,388,000	100%
Sanitary Sewer Improvements	1,017,000	100%
Water System Improvements	1,040,000	100%
Storm Drainage Improvements	1,575,000	100%
Road Improvements	6,430,000	100%
Soft Costs (city, professional and misc. fees)	2,470,000	100%
PID Creation and First Year Admin. Costs	75,000	100%
Total Estimated Authorized Improvement Costs	$15,995,000	

All of these costs are for facilities and capacities solely to serve the Lots to be developed within PID No. 6.

The costs shown in **Tables III-A** and **III-B** are estimates and may be revised in Annual Service Plan Updates. Savings from one line item may be applied to a cost increase in another line item. These savings may be applied only to increases in costs of the Authorized Improvements.

SECTION IV
SERVICE PLAN

A. Sources and Uses of Funds

The PID Act requires a service plan to cover a period of at least five years. The service plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within PID No. 6. As of the date of this Service and Assessment Plan, the Developer has paid approximately $300,000 in costs for the Authorized Improvements. PID No. 6 will not directly fund any of the Authorized Improvements. Instead, in accordance with the PID Reimbursement Agreement the Developer will pay the costs of the Authorized Improvements and the City will reimburse the Developer solely from the net proceeds of the Assessment Revenues. The plan shall be reviewed and updated annually for the purpose of determining the annual budget for the Authorized Improvements. The annual update to this Service and Assessment Plan is herein referred to as the "Annual Service Plan Update."

Table IV-A shows the sources.

Table IV-A
Sources and Uses of Funds

Source of Funds:	Reimbursed by PID:	Not Reimbursed by PID	Total:
Developer Funded:			
Construction Costs:	$ 9,555,000	$ 3,895,000	$ 13,450,0000
Soft Costs	2,470,000	0	2,470,000
PID Creation Costs:	75,000	0	75,000
Total:	$ 12,100,000	$ 3,895,000	$ 15,995,000

This sources and uses of funds table is subject to revision and the actual sources and uses of funds for any line item may be different than shown above. The sources and uses of funds shown in **Table IV-A** shall be updated each year in the Annual Service Plan Update to reflect any budget revisions or actual costs of the Authorized Improvements.

B. Annual Costs and Indebtedness

The annual projected costs and annual projected indebtedness is shown by **Table IV-B**. The annual projected costs and indebtedness is subject to revision and shall be updated each year in the Annual Service Plan Update to reflect any changes in the PID Costs expected for each year and the cumulative amounts owed to the Developer. Notwithstanding the preceding, the Developer shall be reimbursed solely from the net proceeds (after payment of all costs of the City) of the Assessments which will be significantly less than total projected costs of the Authorized Improvements and the total amount reimbursed to the Developer from Assessments will not exceed $12,100,000.

Table IV-B
Annual Projected Costs and Indebtedness

Year End 12/31	Annual Projected Costs	Annual Projected Indebtedness
2017	$ 5,525,000	$ 5,525,000
2018	7,823,000	6,575,000
2019	2,647,000	0
2020	0	0
2021	0	0
Total	**$ 15,995,000**	**$ 12,100,000**

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SECTION V
ASSESSMENT PLAN

A. Introduction

The PID Act requires the City Council to apportion the PID Costs on the basis of special benefits conferred upon the property because of the Authorized Improvements. The PID Act provides that the PID Costs may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, 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 property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements. **Section V** of this Service and Assessment Plan describes the special benefit received by each Parcel of Assessed Property as a result of the Authorized Improvements, provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments, and establishes the methodology by which the City Council allocates the special benefit of the Authorized Improvements to Parcels in a manner that results in equal shares of the PID Costs being apportioned to Parcels similarly benefited. The determination by the City Council of the assessment methodology set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners within the Assessed Property.

B. Special Benefit

Benefited Property receives a benefit from the Authorized Improvements. Among the Benefited Property, the Assessed Property will receive a direct and special benefit from the Authorized Improvements, and this benefit will be equal to or greater than the amount of the Assessments. The Authorized Improvements and the costs incurred in the establishment, administration, and operation of the PID No. 6 shown in **Table III-A** are authorized by the PID Act. These improvements are provided specifically for the benefit of the Assessed Property.

The owner of all of the Assessed Property has acknowledged and agreed to the determinations and findings as to benefits by the City Council in the Service and Assessment Plan and the Assessment Ordinance, specifically including the special benefit conferred on the Assessed Property by the Authorized Improvements, as well as any other terms and provisions within these documents, and has, therefore, consented to the imposition of the Assessments to pay the PID Costs. The owners are acting in their own interests in consenting to this imposition, because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Assessments. The public improvements provide a special benefit to the Assessed Property as a result of the close proximity of these improvements to the Assessed Property and the specific purpose of these improvements of providing infrastructure for the Assessed Property. In other words, the Assessed Property could not be used in the manner proposed without the construction of the Authorized Improvements. The Authorized Improvements are being provided specifically to meet the needs of the Assessed Property as required for the proposed use of the property.

The Assessments are being levied to provide the Authorized Improvements, which are required for the highest and best use of the Assessed Property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as "the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value." *(Dictionary of Real Estate Appraisal, Third Edition.)* The Authorized Improvements are expected to be required for the proposed use of the Assessed Property to be physically possible, appropriately supported, financially feasible, and maximally productive.

The Developer has evaluated the potential use of the property and has determined that the highest and best use of the property is the use intended and the legal use for the property as described in **Section II** of this Service and Assessment Plan. The use of the Assessed Property as described herein will require the construction of the Authorized Improvements.

Funding of the PID Costs by the Developer and reimbursement of the Developer by PID No. 6 is determined to be the most beneficial means of providing for the Authorized Improvements. Since the Authorized Improvements are required for the highest and best use of the Assessed Property, and PID No. 6 provides the most beneficial means of providing the Authorized Improvements, the Assessments result in a special benefit to the Assessed Property and this special benefit exceeds the amount of the Assessments. This conclusion is based on and supported by the evidence, information, and testimony provided to the City Council.

In summary, the Assessments result in a special benefit to the Assessed Property for the following reasons:

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, are necessary for the proposed best use of the property and provide a special benefit to the Assessed Property as a result;

2. The Developer has consented to the imposition of the Assessments for the purpose of providing the Authorized Improvements and the Developer is acting in its interest by consenting to this imposition;

3. The Authorized Improvements are required for the highest and best use of the property;

4. The highest and best use of the Assessed Property is the use of the Assessed Property that is most valuable (including any costs associated with the use of the Assessed Property);

5. Financing of the PID Costs by PID No. 6 is determined to be the most beneficial means of providing for the Authorized Improvements; and,

6. As a result, the special benefits to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

C. Assessment Methodology

1. The PID Costs may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the Assessments. The PID Costs may be assessed using any methodology that results in the imposition of equal shares of the PID Costs on Assessed Property similarly benefited.

2. For purposes of this Service and Assessment Plan, the City Council has determined that the PID Costs shall be allocated to the Assessed Property as follows:

   a. **Residential Improvement Area**: the PID Costs shall be allocated equally on the basis of two distinct Lot Types:

      i. **Residential Lot Type 1**: projected to be developed for an approximately 2,900 square feet single family home on a 65' ft lot and allocated $34,500 per Lot for PID Costs related to all of the Authorized Improvements.

      ii. **Residential Lot Type 2**: projected to be developed for an approximately 3,500 square feet single family home on either an 80' Lot or 100' Lot and allocated $39,500 per Lot for PID Costs related to all of the Authorized Improvements.

   b. **Commercial Improvement Area #1**: the PID Costs shall be allocated equally on the basis of acreage for the benefit conferred by only the Authorized Improvements consisting of Road Improvements, related Earthwork, related Soft Costs, and PID Creation and 1st Year Administration Costs in a total amount of $670,126 based on the *Traffic Impact Analysis for Caraway Mixed-Use Project, Haslet, Texas*, dated October 14, 2016.

   c. **Commercial Improvement Area #2**: the PID Costs shall be allocated equally on the basis of acreage for the benefit conferred by only the Authorized Improvements consisting of Road Improvements, related Earthwork, related Soft Costs, and PID Creation and 1st Year Administration Costs in a total amount of $100,874 based on the *Traffic Impact Analysis for Caraway Mixed-Use Project, Haslet, Texas*, dated October 14, 2016.

3. Having taken into consideration the matters described above, the City Council has determined that allocating the PID Costs among Residential Lots based on anticipated approximate home size; and Commercial Lots based on acreage results in the imposition of equal shares of the PID Costs on Assessed Property similarly benefited. Accordingly, Assessments are allocated to each Parcel of Assessed Property on the basis of it being fully developed and a final plat has been recorded.

4. The following table (**Table V-A**) shows the calculation of the Assessment per Lot Type. The following table (**Table V-B**) shows the calculation of the estimated Annual Installment per improved Lot Type 1 from the Trigger Date and the next table (**Table V-C**) shows the calculation of the estimated Annual Installment per improved Lot Type 2 from the Trigger Date.

Table V-A
Assessment per Improved Lot Type

Lot Type	Projected Number of Lots / Acres	Projected per Lot / Acre Assessment	Total Assessments
Residential Lot Type 1	199 Residential Lots	$34,500 per Lot	$ 6,865,500
Residential Lot Type 2	113 Residential Lots	$39,500 per Lot	$ 4,463,500
Commercial IA #1	approximately 60.393 acres	$11,096.08 per acre	$ 670,126
Commercial IA #2	approximately 9.091 acres	$11,096.08 per acre	$ 100,874

Each Assessment shall run from the Trigger Date and if not paid in full, shall be amortized over thirty (30) Annual Installment payments including principal and interest at the rate of 5.95% per annum. In addition, each year the City shall charge an annual Administrative Expense of $15,000 (estimated to be approximately $45.19 per residential lot) to reimburse the City for its Administrative Expenses (including Annual Collection Costs) which shall be allocated to the Residential Improvement Area, Commercial Improvement Area #1 and Commercial Improvement Area #2 based on the amount of outstanding assessment for each Improvement Area type as follows:

Table V-B
Annual Administrative Expenses by Improvement Area

	Total Assessments	% of Total Assessments	Annual Administrative Cost
Residential Improvement Area	$ 11,329,000	94%	$ 14,100
Commercial Improvement Area #1	670,126	5%	$ 750
Commercial Improvement Area #2	100,874	1%	$ 150
Total	**$ 12,100,000**	**100%**	**$ 15,000**

In the event that such amount for Administrative Expenses is not sufficient to reimburse the City for its Administrative Expenses and Annual Collection Costs, the City may increase such expense in an Annual Service Plan Update.

For illustration purposes only, **Table V-C** on the following page shows the estimated Annual Installment per Lot Type 1 from the Trigger Date through the thirty (30) year amortization of such Assessment and **Table V-D** on the following page shows the estimated Annual Installment per Lot Type 2 from the Trigger Date through the thirty (30) year amortization of such Assessment. **Table V-C** and **Table V-D** may be updated in an Annual Service Plan Update.

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Table V-C
Annual Installment per Improved Lot Type 1 from Trigger Date

Year	Principal	Interest	Total Payment	Plus Annual Administrative Expenses
1	$ 440.24	$ 2,052.75	$ 2,492.99	$ 45.19
2	466.43	2,026.56	2,492.99	45.19
3	494.19	1,998.80	2,492.99	45.19
4	523.59	1,969.40	2,492.99	45.19
5	554.74	1,938.25	2,492.99	45.19
6	587.75	1,905.24	2,492.99	45.19
7	622.72	1,870.27	2,492.99	45.19
8	659.77	1,833.22	2,492.99	45.19
9	699.03	1,793.96	2,492.99	45.19
10	740.62	1,752.37	2,492.99	45.19
11	784.69	1,708.30	2,492.99	45.19
12	831.38	1,661.61	2,492.99	45.19
13	880.85	1,612.14	2,492.99	45.19
14	933.26	1,559.73	2,492.99	45.19
15	988.79	1,504.20	2,492.99	45.19
16	1,047.62	1,445.37	2,492.99	45.19
17	1,109.95	1,383.04	2,492.99	45.19
18	1,175.99	1,317.00	2,492.99	45.19
19	1,245.97	1,247.02	2,492.99	45.19
20	1,320.10	1,172.89	2,492.99	45.19
21	1,398.65	1,094.34	2,492.99	45.19
22	1,481.87	1,011.12	2,492.99	45.19
23	1,570.04	922.95	2,492.99	45.19
24	1,663.46	829.53	2,492.99	45.19
25	1,762.43	730.56	2,492.99	45.19
26	1,867.30	625.69	2,492.99	45.19
27	1,978.40	514.59	2,492.99	45.19
28	2,096.11	396.88	2,492.99	45.19
29	2,220.83	272.16	2,492.99	45.19
30	2,353.23	140.02	2,493.25	45.19
Total	**$ 34,500.00**	**$ 40,289.96**	**$74,789.96**	

Table V-D
Annual Installment per Improved Lot Type 2 from Trigger Date

Year	Principal	Interest	Total Payment	Plus Annual Administrative Expenses
1	$ 504.05	$ 2,350.25	$ 2,854.30	$ 45.19
2	534.04	2,320.26	2,854.30	45.19
3	565.82	2,288.48	2,854.30	45.19
4	599.48	2,254.82	2,854.30	45.19
5	635.15	2,219.15	2,854.30	45.19
6	672.94	2,181.36	2,854.30	45.19
7	712.98	2,141.32	2,854.30	45.19
8	755.41	2,098.89	2,854.30	45.19
9	800.35	2,053.95	2,854.30	45.19
10	847.97	2,006.33	2,854.30	45.19
11	898.43	1,955.87	2,854.30	45.19
12	951.88	1,902.42	2,854.30	45.19
13	1,008.52	1,845.78	2,854.30	45.19
14	1,068.53	1,785.77	2,854.30	45.19
15	1,132.11	1,722.19	2,854.30	45.19
16	1,199.47	1,654.83	2,854.30	45.19
17	1,270.83	1,583.47	2,854.30	45.19
18	1,346.45	1,507.85	2,854.30	45.19
19	1,426.56	1,427.74	2,854.30	45.19
20	1,511.44	1,342.86	2,854.30	45.19
21	1,601.37	1,252.93	2,854.30	45.19
22	1,696.65	1,157.65	2,854.30	45.19
23	1,797.61	1,056.69	2,854.30	45.19
24	1,904.56	949.74	2,854.30	45.19
25	2,017.88	836.42	2,854.30	45.19
26	2,137.95	716.35	2,854.30	45.19
27	2,265.16	589.14	2,854.30	45.19
28	2,399.93	454.37	2,854.30	45.19
29	2,542.73	311.57	2,854.30	45.19
30	2,693.75	160.28	2,854.03	45.19
Total	**$ 39,500.00**	**$ 46,128.73**	**$ 85,628.73**	

SECTION VI
TERMS OF THE ASSESSMENTS

A. Amount of Assessments

The Assessment for each Parcel is shown on the Assessment Roll, and no Assessment shall be changed except as authorized by this Service and Assessment Plan (including the Annual Service Plan Updates) and the PID Act. The Assessments shall not exceed the amount required to repay the Developer including interest and Collection Costs.

B. Reallocation of Assessments

1. Subdivision

Upon the subdivision of any Parcel, the Assessment for the Parcel prior to the subdivision shall be reallocated among the new subdivided Parcels according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

A = the Assessment for each new subdivided Parcel

B = the Assessment for the Parcel prior to subdivision

C = the estimated number of units (residential lots or commercial acres as applicable) on each newly subdivided Parcel

D = the sum of the estimated number of units (residential lots or commercial acres as applicable) on all of the new subdivided Parcels

The calculation of the estimated number of units (residential lots or commercial acres as applicable) on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units (residential lots or commercial acres as applicable) on a Parcel may be estimated by net land area and reasonable density ratios.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for a Parcel may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

2. Consolidation

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for a Parcel may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

C. Mandatory Prepayment of Assessments

1. If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the Assessment on such Parcel, prior to any such transfer or act.

2. The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

D. Reduction of Assessments

1. If after all Authorized Improvements have been completed, the total Authorized Improvement Costs are less than the total Assessments, then the Assessments and Annual Installments for each Parcel shall be reduced by an equal percentage such that the sum of the resulting reduced Assessments and Annual Installments for all Parcels equals the amount required to repay the Authorized Improvement Costs and interest owed thereon, and Collection Costs. The Assessment for each Parcel shall be reduced by an equal percentage such that the sum of the resulting reduced monies owed Developer is equal to the outstanding principal amount of the Assessments.

2. If all the Authorized Improvements are not undertaken, resulting in the total amount owed Developer being less than the total amount of Assessments, then the Assessments and Annual Installments for each Parcel shall be appropriately reduced by the City Council to reflect only the amounts required to repay Developer, including interest and Collection Costs. The City Council may reduce the Assessments and the Annual Installments for each Parcel (i) in an amount that represents the Authorized Improvements provided for each Parcel, or (ii) by an equal percentage, if determined by the City Council to be the most fair and practical means of reducing the Assessments for each Parcel, such that the sum of the resulting reduced Assessments equals the amount required to repay the Developer, including interest and Collection Costs. The Assessment for each Parcel shall be reduced pro rata to the reduction in the Assessments for each Parcel such that the sum of the resulting reduced Assessments is equal to the outstanding principal amount owed Developer.

E. Payment of Assessments

1. *Payment in Full*

(a) The Assessment for any Parcel may be paid in full at any time.

(b) If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.

(c) Upon payment in full of the Assessment, the City shall deposit the payment in accordance with the applicable governing document; whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.

(d) At the option of the owner, the Assessment on any Parcel may be paid in part. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

2. *Payment in Annual Installments*

The PID Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the PID Act authorizes the Assessment to be paid in installments and additionally allows the City to collect interest, administrative expenses and other authorized charges in installments. An Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown on the Assessment Roll, as updated as provided for herein, which include interest, Administrative Expenses, and Annual Collection Costs. Payment of the Annual Installments shall commence with tax bills mailed after the levy of the Assessments.

Each Assessment shall be paid with interest of no more than six percent per annum. The Assessment Roll sets forth for each year the Annual Installment for each Parcel with interest at the rate of 5.95% per annum. In addition, each year the City shall charge an annual Administrative Expense of $15,000 to reimburse the City for its Administrative Expenses (including Annual Collection Costs). In the event that such amount for Administrative Expenses is not sufficient to reimburse the City for its Administrative Expenses and Annual Collection Costs, the City may increase such expense in an Annual Service Plan Update.

F. Collection of Annual Installments

No less frequently than annually, the Administrator shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and a calculation of the Annual Installment for each Parcel. Annual Collection Costs shall be allocated among Parcels in proportion to the amount of the Annual Installments for the Parcels. Each Annual Installment shall be reduced by any credits applied, such as interest earnings on any account balances, and any other funds available to the City for such purpose. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies

as are provided for ad valorem taxes of the City. The City Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the PID Act.

Any sale of property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Installments against such property as they become due and payable.

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SECTION VII
THE ASSESSMENT ROLL

Appendix B identifies each Parcel within PID No. 6 as Benefited Property or Non-Benefitted Property. The Assessment Roll shows each Parcel of Assessed Property, the Assessment imposed on each Parcel, and the Annual Installments to be paid each year for each Parcel if the Assessment is not paid in full for any Parcel. The Assessment on each Parcel is based on the number of residential lots to be built on each Parcel within the Residential Improvement Area and is based on the number of commercial acres within Commercial Improvement Area #1 and Commercial Improvement Area #2; and, the Assessment per applicable unit results as explained herein.

Each Parcel of Assessed Property within the Residential Improvement Area has been evaluated by the City Council (based on the developable area, proposed Owner Association Property and Public Property, best and highest use of the property, and other development factors deemed relevant by the City Council) to determine, the number of dwelling units anticipated to be developed on a Parcel. Each dwelling unit is then multiplied by the Assessment per Lot Type as set forth in **Table V-A** of this Service and Assessment Plan, and the total of such amounts for all dwelling units for the Parcel shall constitute the "Assessment" for the Parcel as set forth on the Assessment Roll. The Assessment Roll shall be updated upon the preparation of each Annual Service Plan Update to reflect, for each Parcel, subdivisions, consolidations, prepayments, and reductions authorized by this Service and Assessment Plan.

Each Parcel of Assessed Property within the Commercial Improvement Area #1 and Commercial Improvement Area #2 has been evaluated by the City Council (based on the developable area, proposed Owner Association Property and Public Property, best and highest use of the property, and other development factors deemed relevant by the City Council) to determine, the number of acres within each Parcel. Each acre is then multiplied by the Assessment per Lot Type as set forth in **Table V-A** of this Service and Assessment Plan, and the total of such amounts for all acres for the Parcel shall constitute the "Assessment" for the Parcel as set forth on the Assessment Roll. The Assessment Roll shall be updated upon the preparation of each Annual Service Plan Update to reflect, for each Parcel, subdivisions, consolidations, prepayments, and reductions authorized by this Service and Assessment Plan.

As part of the Annual Service Plan Update, the Administrator shall prepare and the City Council shall review and approve annual updates to the Assessment Roll to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the PID Act: (i) the identification of each Parcel as Benefited Property and Non-Benefitted Property; (ii) the Assessment for each Parcel, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Parcel for each year is not paid in full for any Parcel; and (iv) mandatory pre-payments of any Assessments, if any, as provided by **Section VI(C)** of this Service and Assessment Plan.

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SECTION VIII
MISCELLANEOUS PROVISIONS

A. Administrative Review

An owner of an Assessed Parcel claiming that a calculation error has been made in the Assessment Roll, including the calculation of the Annual Installment, shall send a written notice describing the error to the City not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Parcel owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made and the Assessment Roll should be modified or changed in favor of the Assessed Parcel owner, such change or modification shall be presented to the City Council for approval, to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Parcel owner (except for the final year during which the Annual Installment shall be collected or if it is determined there are sufficient funds to meet the expenses of the PID No. 6 for the current year), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to the Assessment Roll may be appealed to the City Council. Any amendments made to the Assessment Roll pursuant to calculation errors shall be made pursuant to the PID Act.

The decision of the Administrator, or if such decision is appealed to the City Council, the decision of the City Council, shall be conclusive as long as there is a reasonable basis for such determination. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

B. Termination of Assessments

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable "Notice of Cancellation of PID No. 6 Assessment."

C. Amendments

The City Council reserves the right to the extent permitted by the PID Act to amend this Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels: (i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide procedures for the collection and enforcement of Assessments, Collection Costs, and other charges imposed by the Service and Assessment Plan.

D. Administration and Interpretation of Provisions

The City Council shall administer PID No. 6, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act, and shall make all interpretations and determinations related to the application of this Service and Assessment Plan unless stated otherwise herein, such determination shall be conclusive. The City Council may elect to designate a third party to serve as Administrator for PID No. 6.

E. Severability

If any provision, section, subsection, sentence, clause or phrase of this Service and Assessment Plan or the application of same to an Assessed Parcel or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Service and Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Service and Assessment Plan that no part hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this Service and Assessment Plan are declared to be severable for that purpose.

If any provision of this Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

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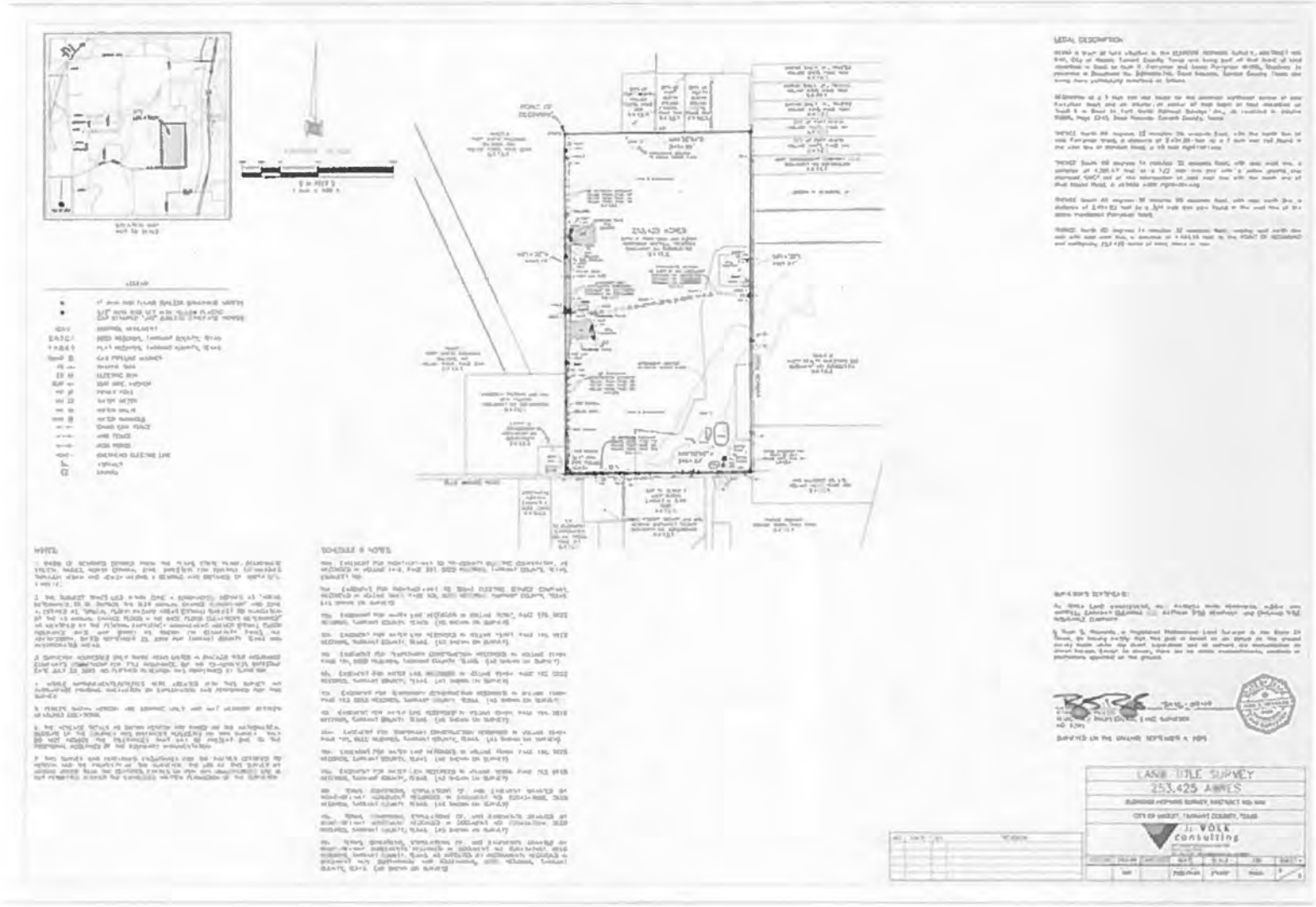
APPENDIX A

MAP OF PID NO. 6



APPENDIX B
CITY OF HASLET, TEXAS
PUBLIC IMPROVEMENT DISTRICT NO. 6
ASSESSMENT ROLL

IMPROVEMENT AREA	TAX PARCEL ID	TOTAL ASSESSMENT
Residential Improvement Area		$ 11,329,000
Commercial Improvement Area #1		$ 670,126
Commercial Improvement Area #2		$ 100,874
Owner Association Property (Non-Benefitted)		$ 0
Public Property (Non-Benefitted)		$ 0

The Assessment Roll is based on the *Preliminary Plat Caraway* approved by the City on May 15, 2017 for the 253.425 acres located within PID No. 6, which reflects the land being developed as 312 residential lots, approximately 75.45 acres of open space and parkland, and approximately 69.484 acres of commercial development. When the final plat is filed with the City, the identification of the Parcels and final numbers of Lots in this **Appendix B** shall be immediately updated as shown on such final plat. The collection of the Assessments for each Parcel shall begin on the Trigger Date as described in the Service and Assessment Plan.