

**CITY OF CEDAR HILL
PUBLIC IMPROVEMENT DISTRICT (PID) POLICY**

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CITY OF CEDAR HILL PUBLIC IMPROVEMENT DISTRICT (PID) POLICY

I. PURPOSE:

The City of Cedar Hill (CCH) recognizes that a Public Improvement District (PID) is a valuable tool available to developers and neighborhoods for making enhancements to specifically designated public property beyond the level(s) normally provided by the City.

This document has been adopted by the Governing Body setting forth policy necessary to govern PID creation, operations, expansion, administration, and dissolution. All PID processes and procedures will be accomplished only in accordance with applicable state law(s) this policy and other governing documents (See Appendix B). No deviations from this policy are authorized without the express approval of the Governing Body.

II. DEFINITIONS:

Applicable Governing Documents: Any and all applicable state or federal legislation and/or other state or city official policy directly relevant to the establishment and operation of a PID in the State of Texas and the City of Cedar Hill. See Appendix A for a list of all known applicable governing documents.

CCH: City of Cedar Hill, Texas

City Comprehensive Plan means master plans approved by the Governing Body, such as the Cedar Hill Comprehensive Plan, the Master Water and Wastewater Plan, Parks and Trails Master Plan, City Center Plan, Transportation Plan and Future Land Use Plan.

Cost of Issuance means the City's costs and expenses related to a PID bond issuance, including, but not limited to bond counsel to the City, financial advisor to the City, PID Administrator, disclosure counsel to the City, costs and expenses of City staff, and trustee counsel, as applicable.

Governing Body means the Cedar Hill City Council for all purposes related to this policy and is so referred to throughout this document.

Homeowner's Association (HOA) means a private entity, typically incorporated, established or hired to manage homes, lots and common areas in a residential neighborhood through Articles of Incorporation, Bylaws and Covenants, Conditions and Restrictions (CCRs). Potential homeowners desiring to reside in a neighborhood with an HOA must become members of the HOA, abide by its rules and pay dues or fees for common services rendered. HOA's may also be referred to as a Property Owner's Association, however HOA is used in this document.

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Market Feasibility Study means a study that examines the likelihood that a proposed real estate development project supported by a PID will be financially successful and generate sufficient PID assessments based on historical and projected real estate demand and supply trends.

Owner means owner or owners of real property in the PID.

Petitioner means the owner or owners signing and submitting the Properly Completed Petition and their successors and assigns.

PID Advisory Board of Directors: In Cedar Hill, the PID advisory body referred to in the LGC, Chapter 372, will be called the PID Advisory Board of Directors (the “Board”) and will be so referred to throughout this document. The Board will most usually consist of an all-volunteer group of property owners who meet regularly to manage PID, however a Property Management Company may be hired by the PID to manage the PID in lieu of volunteer property owners. The Board’s membership qualifications, and essential duties and authorities are described in Section V of this policy.

PID Assessment: The mechanism by which PIDs are funded. A PID assessment is a tax levy allowed under the Statute that each taxable property owner who benefits, directly or indirectly, from PID activities pays to receive PID benefits, and is generally based on the appraised market values of real property within the designated area. The PID allocates the cost of its services by having each property pay their proportionate share of the budget, typically based on the taxing district’s assessed market value of their property, however other equitable and authorized assessment determinations may be used. The Governing Body is the sole authority for determination of which properties within a PID are exempt from assessments. Unless specifically exempted as part of the PID creation process, no property located within the boundary of a properly created PID is exempt from PID assessments. Note that typically available property tax exemptions (over 65 years of age, homestead, etc.) are not applicable in the determination of a PID property’s assessment.

PID Bylaws: One of the Applicable Governing Directives, the PID Bylaws are generally the Management Plan specific to any one PID. The Bylaws will typically identify the formal name of the PID, describe its purpose, detail selection and performance criteria for the Board, detail specific administrative requirements such as the meeting schedule, quorum criteria, conflicts of interest, relationships with others and specify any other management requirements.

PID Funded Bonds: PID bonds are special assessment revenue debt issuances issued by CCH backed only by PID assessments and not by the local government's general obligations. They carry separate ratings from the municipality's credit. Proceeds from bonds issued by a PID can finance capital costs and fund supplemental services which could not otherwise be constructed or provided. PID funds may only be used to pay for public improvements.

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PID Supplemental Fund Sources: PIDs can supplement their budgets from other sources such as memberships, grants, fundraising events or other income-producing activities. Detail on the acquisition and use of supplemental fund sources, if available and used, will be included in the Annual Service Plan created each year by the PID Board and forwarded to the Governing Body for approval.

Properly Completed Petition: A petition for the creation of a PID which complies in all respects with Section 372.005 (a), (b) and (c) of the LGC, and which has been validated by the City Secretary.

Public Improvement District (PID): A PID is a legal mechanism, described in Texas Local Government Code (LGC), Chapter 372, Subchapter A, that provides for the financing of qualified public improvements and supplemental services determined by a municipality to confer a special benefit on a specific, geographically defined, tax assessment area within the municipality's corporate limits. Such public improvements and services are financed by assessments against the owners of real property within the designated area so that costs are allocated to the landowners who receive the benefits of the improvements and services, as more particularly defined and discussed herein.

Types of PIDs authorized to be created in the City of Cedar Hill include the following:

- a. Maintenance and Operations (M&O) PID: M&O PIDs are created in established (existing) commercial and/or residential developments within a specific, geographically defined, tax assessment area to provide additional services or improvements supplemental to those provided by the governing municipality.
- b. Development PID: A Development PID is a special purpose district created to help spur economic development by providing a means to finance the costs of infrastructure that promotes development and benefits a definable part of the municipality, with such costs being borne by the property owners within the PID boundaries who receive special benefits from the public improvements.

Service and Assessment Plan means an ongoing plan approved by the Governing Body that covers a period of five years from the date of approval that defines the annual installments on the total PID assessment and the projected cost for PID improvements, and that is updated annually by the City Council to establish the annual installments and budget for the PID.

Special Benefits means those community benefits that are superior to the benefits that would be typically generated by development projects that do not involve PID financing, including, but not

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limited to projects or services that will generate long-term economic development benefits to the City; projects or services that advance the City's Comprehensive Plan; projects or services that create or enhance parks, hike and bike trails, and open spaces that exceed what is required by applicable development regulations; projects or services that enhance or extend existing infrastructure or projects that enhance the appearance, value or safety of neighborhoods.

III. PID CREATION PROCESS

A PID may be created at any time after the Governing Body's receipt and majority approval of a Properly Completed Petition. The Governing Body may consider approval of the petition only after the Governing Body holds a public hearing on the advisability of the PID, and the public hearing must meet all requirements specified in Section 372.009 of the LGC, including notices and notifications, and the Governing Body has six (6) months after the date of the final adjournment of the public hearing to conduct its vote (Section 372.10). Generally, a PID must demonstrate that its existence confers a special benefit, not only to the properties within the district, but also to the "public" which includes the city. The Governing Body establishes a PID by adoption of a resolution after the public hearing.

Although a PID may be created at any time, in order to be assessed in the October following the PID's creation, the Properly Completed Petition must be received by the Neighborhood Services Department (M&O PIDs) or the Planning Department (Development PIDs) by February 1st.

The key indicator distinguishing an existing neighborhood or business district (M&O PID) from a new development (Development PID) is whether the majority of lot ownership is held by the developer or by the residents.

To establish a new PID, an area must have a minimum of 175 parcels when development is complete; requests for smaller PIDs may be considered on a case-by-case basis; however, in all cases land included in the PID area must be contiguous.

a. Existing Neighborhood or Existing Business District (M&O PID):

- 1. Property owners interested in establishing an M&O PID in an existing development** should determine the support of their community and present a Properly Completed Petition to CCH Neighborhood Services Department along with the following minimum supporting documents:

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- a) A non-refundable application fee of \$3,000 to be charged against first year revenue. This fee is regulatory in character and approximates the cost of evaluating and processing the PID petition.
- b) Proposed district boundaries including a map of the area and a legal description of the boundaries for legal notices.
- c) Identification of potential Board members (names, addresses and phone numbers)
- d) Confirmation that the persons signing the petition request or concur with the establishment of the PID and understand that the PID is funded through a tax levy (assessment) on their property that is in addition to the property tax levy.
- e) A list of classes of affected property subject to or requested to be exempt from assessment, and the proposed method of assessment (i.e., flat rate or % applied to appraised market value)
- f) A management plan (the Bylaws) for the PID.
- g) A list and general description of planned or proposed improvements and maintenance program items, including replacement of existing infrastructure, if applicable
- h) Estimated costs associated with the projected improvements and maintenance projects.
- i) The proposed apportionment of costs between the PID and the municipality as a whole (the transfer); if applicable

b. Development PID:

- 1. All new residential developments in CCH with planned common or amenity areas shall have both an HOA and a PID. Petitioners needing to establish a PID should submit a Properly Completed Petition to the CCH Planning Department **and obtain approval from the Governing Body for the PID before the final plat is applied for**. The submittal will include the following supporting documentation.
 - a) A non-refundable application fee of \$12,000 to be submitted with the application. This fee is regulatory in character and approximates the cost of evaluating and processing the PID petition.
 - b) Proposed district boundaries including a map of the area and a legal description of the boundaries for legal notices.
 - c) Identification of potential Board members (names, addresses and phone numbers)

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- d) Confirmation that the persons signing the petition request or concur with the establishment of the PID
- e) A list of classes of affected property subject to or requested to be exempt from assessment, and the proposed method of assessment (i.e., flat rate or % applied to appraised market value)
- f) A management plan (the Bylaws) for the PID.
- g) A list and general description of planned or proposed improvements and maintenance program items, including replacement of existing infrastructure, if applicable.
- h) Estimated costs associated with the projected improvements and maintenance
- i) The proposed apportionment of costs between the PID and the municipality as a whole (the transfer); if applicable
- j) A plan for turning the PID over to the property owners/residents when the developer has finished the residential development. The plan should include an approximate date for relinquishing control to the property owners and the specific triggers for giving control to a Board, such as 50% of development. The developer will be responsible for: scheduling a meeting with property owners; informing the property owners of the purpose, date, time, and location of the meeting; attending this meeting with the property owners; explaining how the PID works; helping property owners to nominate a Board; and providing the new Board with a detailed accounting of prior expenditures.
 - 1. For developments planning for common or amenity areas, an HOA will be established on or before building permits have been issued for ninety five percent (95%) of the buildable lots in the area designated as the PID, and the HOA Board of Directors will be co-designated as PID Advisory Board.
 - 2. This Board will have all the duties and responsibilities related to the PID expressed in Section V of this policy
 - 3. Following their construction, development/project amenities that are to be operated, maintained, and/or supervised by the HOA shall be dedicated by easement or deeded in fee simple ownership interest to the HOA by the Owner (or prior to such construction upon furnishing a surety bond acceptable to CCH, covering such proposed construction and satisfying all applicable standard terms, conditions and requirements of CCH with respect thereto, in order to secure Owner's continuing obligation to timely construct the project amenities) and after the PID has been established. The specific project amenities will be clearly identified on the recorded Final Plat of the property
- k) In addition to the application fee, developers forming PIDs for new developments are required to obtain permits and pay fees for such items as:

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- 1) Meter fees
- 2) Tap fees (if the work is done by the city)
- 3) Security deposits
- 4) Impact fees
- 5) Inspection fees
- 6) Permits as required
- 7) Other City fees as required

c. When a PID creation request is submitted to the City, Neighborhood Services will convene a PID Working Group consisting of representatives from Neighborhood Services, Finance, City Attorney, Planning, Public Works, and Parks and Recreation to review the initial submittal. The Finance Department will take the lead in the review process for M&O PID creation requests and the Planning Department will take the lead in the review process for Development PID creation requests. The following documents are the minimum required to constitute a complete PID creation submittal:

1. An estimated assessment rate applied to the expected appraised value of property to sufficiently fund a budget.
2. A five-year, pro-forma service and assessment plan based on the estimated assessment rate and revenue projections for all known revenue sources with funding for the following major cost categories:
 - a) Annual routine maintenance of improvements;
 - b) Reserves to fund long term major maintenance and replacement of improvements;
 - c) Associated city out-of-pocket administrative costs; and
 - d) Projected debt service costs if known.
3. Description of procedures for the nomination of a Board. The Board will recommend specific improvements, oversee the annual budget and long-term plans, and manage day-to-day operations, contracts and services.
4. A properly completed petition.

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5. If applicable, a description of the division of PID and HOA responsibilities and the relationship between PID fees and HOA dues.

6. Other documentation requested by the city.

The review will determine whether the submitted documentation is complete and sufficient. If so, the PID Working Group will then prepare and schedule the Public Hearing and the Governing Body agenda item. If not, the petitioner will be notified that deficiencies exist in the submission which must be rectified before the review and approval process can continue, or that questions exist which require responses to continue the process. The PID Review committee may communicate with the petitioner, request additional information or documentation and involve other city departments as necessary to complete the review.

IV. PID GENERAL GUIDELINES

The following guidelines are applicable to all PIDS created in CCH.

- a. **Self-Sufficiency:** PIDs must be self-sufficient, financially self-sustaining and not require the City to incur any costs associated with the PID, including but not limited to costs associated with the formation and administration of the PID, PID operations, or costs for financing and construction of PID improvements.

1. CCH will charge each PID an annual Administration Fee scaled to the size of the PID to cover costs associated with providing various city services to the PID. These fees will start in year 2 of the PID's existence and the application fee will cover administrative fees associated with creating the PID and first year administration. M&O application fees will be collected in year 2 of the PID's existence once assessment revenue becomes available.

2. CCH will not waive any fees that impact the ability of any city department to cover costs for services to PID's, except waivers granted through participation in other CCH programs where waivers are expressly offered.

- b. **Legal Notices and Property Disclosures:** The City requires that the Petitioner comply with the following requirements:

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1. A Landowner's Agreement shall be recorded in the Official Public Records of the County in which the PID is located which, among other things, will notify any potential owner of the existence of or proposal for any special assessments on the property.
2. All closing statements and sales contracts for lots within a PID shall disclose responsibility for the payment of any PID assessments or a prorated share thereof until such time as the PID assessment is paid in full.
3. All property owners or realtors electing to use the Multiple Listing Service (or other comparable mass distribution service of available properties for sale) are required to include within such listing notification of the existence/presence of the PID and the estimated annual installments due.
4. A PID must be identified as a PID with the use of signage along the main entry/exits located at the boundaries of the PID. All signage will be clearly visible to all motorists entering and exiting the PID.

c. **Exclusivity:** No PID will be created with a boundary that overlaps another existing PID or that extends outside the legal jurisdiction of the city.

d. **Timeliness of Petition:** All signatures on PID petitions must be obtained within the six (6) months preceding the submission of the application.

e. **Exemptions from Assessments:** The Governing Body is the sole authority for determination of which properties within a PID are exempt from assessments. Unless specifically exempted by the Governing Body as part of the PID creation process, no property located within the boundary of a properly created PID is exempt from PID assessments.

f. **Financial Reporting:** PID Board are generally responsible for careful stewardship of funds provided through the assessment process, whether managed by a property owner Board or a management company. Additionally, Boards are required to assist the Finance Department in quarterly reporting by itemizing expenditures for that quarter and year-to-date. The CCH Finance Department will specify the template and schedule for the necessary expenditure information and will provide initial training on the report development process.

g. **Right to Audit:** CCH retains the right to audit and inspect the financial records, books or other financial documents of any PID within the city. When executing this option, CCH will provide reasonable written notice of the audit and will conduct the audit during normal business hours. CCH agrees to maintain the confidentiality of all audited documents unless documents are required

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by court order, lawfully issued subpoena, State Law, municipal ordinance or direction of the Texas Attorney General.

h. **Indemnification:** All PID agreements will include language that indemnifies CCH for construction of public improvements. The appropriate language is provided at Appendix C.

V. PID OPERATIONS:

It is the intent of the Governing Body that daily management and oversight of PID operations be conducted by a PID Advisory Board of Directors (the “Board”) designated for each PID. However, neither PIDs nor PID Boards are legal entities so Board members serve only in advisory capacities. All legally binding decisions related to the PID will be made by the Governing Body.

a. **Membership:** Board members will initially be identified during the Board creation/petition process and nominees will be submitted along with the petition for approval by the Governing Body (see Section III of this policy). If the district fails to appoint an advisory board but wishes to continue the PID assessments and maintenance, the city will maintain the district through a contract with a property management company with all expenses to be paid from PID assessments. The following are the minimum qualifications for Board membership:

1. The PID Advisory Board will consist only of record owners of real property within the district who are liable for assessments under the proposed PID
2. After the Governing Body has approved the PID, for the first two years of the PID’s existence a City Council member will be appointed as a member of the Board.
3. Board members will not be paid for their participation on the Board. The Board will consist only of volunteers. However, certain actual expenses may be reimbursed and the specific nature of the expenses and the process for reimbursement will be explained in the PID’s Bylaws.
4. The Board will consist as a minimum of a President, Treasurer and a Secretary. A Board may add other positions up to a maximum of nine (9) as deemed necessary by the Board. All Board members must be approved by the Governing Body prior to conducting business as a Board member.
5. Every effort will be made to fill Board positions with individuals who have past or present expertise related to the position. For example, a Treasurer should have financial skills if

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possible. However, this policy recognizes that finding volunteers with matching skills may not always be possible.

6. Following creation of the PID, Board members are required to be appointed every two years. Nominees for appointment will be identified at the annual public meeting in June when the majority of the property owners present at the meeting vote to renominate the incumbent or nominate another applicant for the position. If there are multiple applicants vying for a single position, a vote will be conducted to determine which candidate will be nominated for the position. The Board President is responsible for the management and conduct of any vote required under this provision and the election process for Board members will be detailed in the PID's Bylaws. Individuals nominated by the Board will then be presented to the Governing Body for approval and appointment to the Board.
7. PID Board members are subject to and will comply with all applicable laws, policies, and procedures identified in Appendix B of this Policy. If a Board member knowingly or intentionally violates any of these laws, policies, or procedures, the Governing Body may remove the member from the Board and appoint a replacement.

b. Board Authority: The PIDs and PID Boards, performing the tasks of the PID that are authorized or mandated by the City, are authorized by the City to perform those tasks, and to the extent possible, are afforded the appropriate rights and protections of other City volunteers if they act strictly in accordance with city policies and procedures. PID Board members must obtain the advice of experts when appropriate and obtain the approval of the city or Governing Body as specified and/or required in this policy or other Governing Documents.

c. Board Liability and Responsibility: The Board agrees to the following disclaimer:

The PID assumes responsibility for third party liability for any and all claims or suits for damage to any persons or property, including that property purchased, installed, operated, and maintained by the PID, arising out of or in connection with, directly or indirectly, the construction, maintenance, occupancy, use, existence or location of said uses granted hereunder, whether or not caused, in whole or in part, by alleged negligence of officers, agents, servants employees, contractors, subcontractors, licensees, or invitees of the PID. The PID maintains rights, at the option of the PID, to repair, replace, or to remove, any property installed, operated, and maintained by the PID. The PID will assume responsibility for any and all claims or suits for personal injury, including death, to any and all persons, of whatsoever kind or character, arising out of or in connection with, directly or indirectly, the construction, maintenance, occupancy, use, existence or location of said uses granted hereunder, whether or not caused, in whole or in part, by alleged negligence of officers, agents, servants employees, contractors, subcontractors, licensees or invitees of the PID. The PID will assume responsibility for any and all injury or property damage

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arising out of or in connection with any and all acts or omissions of the PID, its officers, agents, servants, employees, contractors, subcontractors, licensees, invitees, or trespassers.

d. Bylaws: Each PID must adopt Bylaws which will be reviewed by the City Attorney and approved by the Governing Body. The Board may amend the Bylaws as necessary, however amended Bylaws must be approved by the Governing Body before becoming effective. The City will provide a template for Bylaws and Boards may adopt any or all portions of the template except that the Bylaws will include as a minimum:

1. The number of members, with a minimum of 3 and a maximum of 9
2. The number of regular meetings, with a minimum of one (1) per year.

Bylaws may also incorporate the use of geographic divisions to ensure property owner representation from various areas of the district, as well as at-large representation. The use of geographic divisions is optional.

e. Meetings: Each PID is required to hold at least one regular meeting each year in a public building during the month of June. The City will provide notice of the meetings to all PID property owners, and each PID will pay for such notification costs. The June meeting agenda will include as a minimum the creation of (if not already created) and approval by majority vote of the PID's five-year service and assessment plan, including the PID budget, and nomination of Board members as required by vacancies or term expirations. The board-approved service and assessment plan and list of nominated board members will then be forwarded to the CCH Neighborhood Services Department for approval by the Governing Body and incorporation into the City's annual budget.

The Board may schedule other meetings during the year as determined necessary and will notify the City of their time and location at least seven business days in advance. To the maximum extent possible all meetings will be regular meetings specified in the Bylaws. The city will post the meeting information on the City website and the PID advisory board may advertise the meetings in other ways as deemed necessary by the board. All meetings where PID business is to be conducted shall comply with the Texas Open Meetings Act. The Board shall be fully responsible for compliance with the Texas Open Meetings Act. Every Board Member shall, within 15 days of appointment to the Board, complete the State of Texas' online Open Meetings Act training at: <https://www.texasattorneygeneral.gov/open-government/open-meetings-act-training>.

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f. Services and Improvements:

Improvements and services are authorized if CCH finds that the improvement or service promotes the interests of Cedar Hill and that it confers a special benefit within the area defined by the approved PID boundary. Listed below are services and improvements which approved PIDs in CCH may initiate, provide or maintain. Other improvements not on this list but allowed by the LGC and desired by the PID will be reviewed and considered individually by the city on a case-by-case basis.

1. Landscaping and irrigation
2. Right-of-way, median, and other open space maintenance, such as residential detention ponds
3. Constructing or improving perimeter fencing
4. Acquiring, constructing and or improving entry features
5. Constructing, installing and maintaining fountains, distinctive lighting and/or signs
6. Acquiring and installing pieces of art or decorations
7. Constructing or improving sidewalks
8. Establishing or improving PID owned Parks
9. Special supplemental services for improvement and promotion of the district including advertising, promotion, public safety, security, business recruitment, development, recreation, and cultural enhancements
10. Payment of expenses necessary for the establishment, administration, and operation of the district (i.e., management, insurance, etc.)

Improvements and maintenance services authorized by PIDs are supplemental to the general operations of the city and will be paid entirely from PID assessments. Should the PID Board fail to meet its financial obligations, the city will maintain the improvements at PID expense until such time as the improvements are paid for or a new advisory board is established.

PIDs assuming responsibility for maintaining arterial and thoroughfare rights-of-way and medians within their areas will be paid an amount each year by the City equivalent to the cost of maintaining public medians and rights-of-way at the standard level provided to the taxpayers generally. The city payment shall be based on an average per mile or acre maintenance cost calculated as the total linear miles or actual acreage of medians and rights-of-way to be maintained in the city divided into the city's total right-of-way/median maintenance budget. The payments to the PIDs shall be calculated annually by the Finance Department in collaboration with the Public Works Department for inclusion in the city and PID budgets.

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g. Construction Projects:

Construction projects are a specific type of improvement and require considerable coordination with the city for successful execution. A PID may undertake construction projects defined as structural additions, alterations, conversions, expansions, reconstruction, renovations, rehabilitations, and/or replacements of existing structures within the designated PID area where expressly authorized in the LGC Section 372.003. Typically, PID initiated and funded construction projects will be focused on perimeter fencing and entry features, however other authorized projects may be initiated as well. Boards desiring to undertake a construction project will comply with the following guidance.

1. Project Approval: Boards desiring to undertake construction projects will first obtain formal Board approval (majority vote) for the project at a regular meeting. Following Board approval and prior to any work related to the project, the Board will begin the city approval process by completing the Construction Project Request form at Appendix B of this policy and submitting it to the city's City Engineer in the Public Works Department.
2. The Public Works Department will:
 - a. Confirm that the requested project is an authorized improvement as specified in the LGC Section 372.002
 - b. Work with the submitting Board to refine and validate project feasibility, scope, cost and schedule.
 - c. Ensure the project has addressed any right-of-way, easement, traffic impact or utility related (above ground or underground) concerns if they exist.
 - d. If the project requires a contract to be executed, the Public Works Department will route the contract for approval (The City Manager if under \$50,000 and Governing Body if \$50,000 or greater) prepare the agenda item (if required) and supporting documentation for the approval. If Governing Body approval is required, a representative from the PID Board will attend the meeting on which the project agenda item appears to respond to questions regarding the project.
 - i. Note that all project-related contracts will be reviewed and approved by the City Attorney prior to contract approval by the Governing Body.
 - e. Approve the Construction Project Request form and forward to the Finance Department.

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3. The Finance Department will:

- a. Verify that funds are or will be available in the PID budget to fund all phases of the project.
- b. If a debt issuance is required, the Finance Department will prepare the agenda item and supporting documentation for the Governing Body's approval of the issuance. A representative from the PID Board will attend the meeting on which the project agenda item appears to respond to questions regarding the project. The following limitations will govern debt (bond) issuances executed on behalf of any PID.
 - i. Minimum appraised value to lien ratio at date of each bond issue -- 3:1
 - ii. Minimum annual permitted increase for the debt service component of the annual assessment installment -- 0%
 - iii. Maximum maturity for each series of bonds to the extent allowed by law -- 30 years
- c. Ensure that the Board is aware of and will comply with applicable portions of the City's policies for proper acquisition of goods and services (i.e., number of required bidders for contracts, anti-nepotism policies, etc.).
- d. Approve the Construction Project Request form and forward to the Planning Department

4. The Planning Department will:

- a. Verify that the project is not in conflict with the City's Comprehensive Plan, other Master Planning documents, guidance on historic structures or areas, or any other relevant city documents or ordinances;
- b. Verify compliance with all applicable zoning and land use ordinances; and
- c. Approve the Construction Project Request form and return to Board.

5. Upon receipt of the approved Construction Project Request Form and Governing Body approval, the Board may initiate work on the project. The Board is responsible for successful project progress and delivery; however, city staff is available for consultation as needed. The Board will:

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- a. Negotiate with and select any contractors needed for execution of the project;
- b. Ensure each contractor is properly insured; and
- c. Ensure permits are obtained and fees are paid. PIDs are required to pay the same fees and obtain the same permits as would be required of a department of the city. Those fees and permits not required of city departments are not required of the PIDs. PIDs will pay through the interdepartmental billing system. PIDs must pay for:
 - i. Meter fees;
 - ii. Tap fees (if the work is done by the city); and
 - iii. Collection costs for the PID assessments.
- d. PIDs in existing neighborhoods are exempt from:
 - i. City security deposits;
 - ii. City impact fees;
 - iii. City permit fees (permits, however, are required);
 - iv. City inspection fees (inspections, however, are required); and
 - v. Other City fees.

f. Maintenance Projects: The PID is expected to maintain improvements it completes as well as providing maintenance services to the PID area in general when the Board approves such services. Boards must comply with the following guidance related to maintenance projects and contracted maintenance services:

1. Boards should pursue annual contracts for all services where possible and shall be subject to the following requirements:
 - a. Boards shall negotiate all contracts for work within their respective PIDs
 - b. Boards shall comply with applicable policies or sub-policies for acquisition of goods and services when identifying and selecting contractors.

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- c. All contracts must be reviewed and approved by the City Attorney prior to contract approval.
- d. All contracts with a value of less than \$50,000 will be approved by the City Manager and signed by the Mayor.
- e. All contracts with value at or exceeding \$50,000 will be approved by the Governing Body and signed by the Mayor.

2. Insurance: All PID landscapers/other artisan contractors must provide the following:

- a. Contractor shall provide PID/City a Certificate of Insurance.
- b. Contractor's Insurance certificate shows \$1,000,000 each of general, automobile, and employer's liability.
- c. The Contractor's certificate should name the City of Cedar Hill as additional named insured on general and automobile liability and include a waiver of subrogation clause naming the City of Cedar Hill on all types of coverage.
- d. Contractor Exception: If the contractor is a sole proprietor and does not have any employees, then employer's liability insurance is not required. However, the sole proprietor must complete the Employer Notice of No Coverage current form and provide a copy of the confirmation.

g. Insurance-General: The PID Boards will work with the City to acquire, retain and keep in force liability insurance, such coverage to be paid for from PID assessments. The City will acquire insurance for the PIDs through the Texas Municipal League (TML) at government rates and the cost of TML liability insurance will be allocated to each PID based on PID area maintained or PID budget. PIDs will pay their own deductibles.

The PID agrees to provide to the City sufficient funds as required by the City through its PID Administrator to enable the City to arrange, purchase, and maintain insurance on behalf of the PID.

The PID understands and agrees that the City's insurance coverage amount requirements may be revised upward at City's option.

h. Assessment Adjustments:

A PID may determine periodically that an assessment adjustment is warranted and the adjustment could either be an increase or a decrease. In either case, if a PID desires an assessment rate

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adjustment, the PID must hold at least one additional homeowner meeting within the month before the assessment hearing to announce the adjustment, provide financial information (estimated revenue resulting from the adjustment, annual assessment per unit data and changes in expenditures (up or down) driving the adjustment) , and answer questions. The PID may hold additional homeowner meetings as needed.

VI. PID ADMINISTRATION:

Although the Board is responsible for day-to-day operations, City staff and other key stakeholders are responsible for facilitating the successful operation of each PID and should regularly interact with each of the PID boards to provide assistance in their respective functional areas of expertise as necessary. The following list identifies city staff and key stakeholders along with their typical responsibilities, but others may provide support or assistance as or when necessary.

- a. City Administration
 1. Provides leadership and direction to City staff related to interacting with and supporting PID operations.
- b. Neighborhood Services Department (NSD)
 1. The Special District Administrator in the NSD acts as primary point of contact for PID interactions with the city and other governmental stakeholders (i.e., appraisal districts). PID's may interact directly with other city departments as necessary to conduct daily operations, however the NSD is the primary conduit for Board-City or City-Board communications.
 2. Reviews and updates this PID Policy no less frequently than annually, but more frequently if significant changes necessitate an update. Constructs and submits the City Council agenda item for PID Policy annual approval.
 3. Assists existing neighborhoods or business districts complete required actions associated with creation of a PID if these groups are interested in creating a PID.
 4. Establishes and implements a formal Board member orientation for new Board members
 5. Participates in annual, June PID Board meetings and participates in other PID meetings as staff availability allows. Facilitates participation by other city departments and key stakeholders at Board meetings when their participation is necessary.

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6. Coordinates and initiates all necessary public notices and mailings for public meetings *required* by the LGC or by this policy.
7. Reviews and verifies annually to the appropriate appraisal district each PID's portfolio data
8. Assists Boards prepare for their annual budget related public hearings on assessments and schedules those meetings in coordination with Finance and the City Secretary.
9. Selects a contract property management company and manages the contract for those PIDs who have chosen not to nominate a Board but desire to continue the PID. The cost for the property management contract is paid from PID assessments.
10. Develop and provide Boards with a template for Bylaws

c. Finance Department

1. Collects and journalizes current and delinquent PID assessments.
2. Collects and journalizes PID application and annual administrative fees.
3. In collaboration with Neighborhood Services, assists Boards prepare for their annual budget related public hearings on assessments
4. Accounts for each PID's assets, revenues, and expenses separately and reports these values to each Board no less than quarterly.
5. Makes a Purchasing Policy presentation to each Board no less than annually to ensure Boards stay current on rules for acquisition of goods and services, HUD/MWBE requirements and approval thresholds for each type of acquisition.
 - a. Not all policies are applicable to every acquisition of goods or services. Training will include presentations of typical examples of acquisitions (maintenance contracts, projects, etc.) and explanations of which policies are applicable in those cases.
 - b. These training presentations may be made in a group setting so long as each PID board has representation. No acquisitions or projects for any individual PID will be approved by the city if that particular Board's training is not current)

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6. Establishes procedures for periodic, regular reviews of PID expenditures (audits) and pays PID invoices after review and approval by the Board
7. Upon receipt of a valid petition for creation of a PID *for an existing neighborhood or business development*, leads a CCH working group in a formal review of the submission. (See Section III of this policy - PID Creation)
8. Provides initial training to the PID Board or contract management company on quarterly financial reporting requirements and formatting.

d. Public Works Department

1. Assists with O&M or Capital Project (“Project”) development and execution by providing technical expertise as requested on the City’s construction criteria and project review processes.
2. Assists PID with developing the agenda for City Council project approval if the nature of the project warrants Governing Body approval.
3. Reviews and approves all O&M or Capital Projects prior to any Notice to Proceed (NTP).
4. Provides guidance on how to establish annual contracts for maintenance, repair and construction services.
5. Provides guidance on best practices related to contractor negotiation and selection.

e. Planning Department

1. Upon receipt of a valid petition for creation of a PID *from a developer for undeveloped property*, leads a CCH working group in a formal review of the submission. (See Section III of this policy - PID Creation)
2. Reviews all PID project requests to ensure compliance with zoning and land use policies and ordinances

f. City Secretary

1. Certifies the validity of the petition submitted for creation of a PID.
2. Tracks PID related Open Records Requests (Note: PID records are open to the public)

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g. City Attorney

- a. Reviews all PID related agreements related to PID establishment.
- b. Reviews all project related contracts, agreements and agenda items as necessary prior to presentation to the Governing Body for approval or adoption.

VII. PID EXPANSION:

Expansion of an established PID requires that a Properly Completed Petition of the owners of the subject property be submitted to the established Board. For an expansion, there is no minimum number of parcels, and land proposed to be annexed into the PID must be contiguous to the existing PID. If the subject property is contiguous to an existing PID and neither area has outstanding debt, it will be annexed into the existing PID after a public hearing and approval by the Governing Body.

- a. The petition shall include:
 1. Formal request to be annexed into PID including petition of property owners (meeting Section 372.005 of state statute) if more than a single owner.
 2. Fully completed exhibit which contains the name of each parcel owner, the parcel legal description (subdivision name, lot, block, etc.) and the tax account number for each parcel.
 3. Description of property including metes and bounds, name of subdivision or property, boundary map, and site plan.
 4. Description and scaled site plan of proposed improvements including landscape plan, landscape irrigation plan, signage, etc.
- b. If the expansion is a new development, the petition shall include:
 1. Letter of commitment that developer/property owner shall maintain improvements for a period of two years after annexation into improvement district.
 2. Commitment that developer/property owner shall pay any costs associated with annexation.
- c. Fees and Permits: New developments joining existing PIDs are required to obtain permits and pay fees for such items as:

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1. Meter fees
2. Tap fees (if the work is done by the City)
3. Security deposits
4. Impact fees
5. Inspection fees
6. Permits as required
7. Other City fees as required

VIII. PID DISSOLUTION

A PID may be dissolved at any time after the Governing Body's receipt and majority approval of a Properly Completed Petition requesting dissolution of the PID that meets the content and sufficiency requirements defined in Section 372.005(b) of the LGC. The Governing Body may consider approval of the submitted petition only after the Governing Body holds a public hearing on the dissolution of the PID. The public hearing must meet all requirements specified in Section 372.009 of the LGC, including notices and notifications.

In the event that at the time of the Governing Body's approval of the request for dissolution of the PID, the PID has indebtedness obligations for improvements, the PID will remain in effect until such time that all indebtedness obligations are satisfied.

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Appendix A

Source Documents and References

Texas Local Government Code, Title 12, Subtitle A, Chapter 372

Texas Open Meetings Act

City of Cedar Hill PID Policy

All City of Cedar Hill Code of Ordinances

Bylaws of the Public Improvement District

City of Cedar Hill Financial Management Policy Statements

City of Cedar Hill Purchasing Policy

City of Cedar Hill Contracts & Agreements Policy

City of Cedar Hill Code of Ordinances, Chapter 2, Article IX (Code of Conduct)

Local Government Code, Title 5, Subtitle C, Chapter 176 (Disclosure of Certain Relationships)

City of Cedar Hill Construction Criteria

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Appendix B

Construction Project Request Form

Project Name: _____

Project Description and Scope: _____

Estimated Cost and Fund Source:

Cost: \$_____

Fund Source: _____

Project Schedule: **From** _____ **To** _____

Planning: _____

Final Scope: _____

City Approvals: _____

Contractor Selection(s): _____

Design: _____

Construction: _____

Project Closeout: _____

Reviewed and Approved:

Public Works Department: _____

Finance Department: _____

Planning Department: _____

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Appendix C

PID Agreement Indemnification Language

THE (PID NAME, DEVELOPER) COVENANTS AND AGREES TO FULLY INDEMNIFY AND HOLD HARMLESS, CITY (AND THEIR ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS, AND REPRESENTATIVES), INDIVIDUALLY AND COLLECTIVELY, FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES (INCLUDING BUT NOT LIMITED TO THE CITY'S RESULTING ATTORNEYS' FEES AND COSTS OF DEFENSE LITIGATION), FINES, PENALTIES, PROCEEDINGS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND SUITS OF ANY KIND AND NATURE, BROUGHT BY ANY THIRD PARTY AND RELATING TO CONSTRUCTION OF PUBLIC IMPROVEMENTS INCLUDING BUT NOT LIMITED TO PERSONAL INJURY OR DEATH AND PROPERTY DAMAGE, INCLUDING LOSS OF USE, MADE UPON THE CITY OR DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO (PID NAME, DEVELOPER) OR (PID NAME, DEVELOPER)'S CONTRACTORS' NEGLIGENCE, WILLFUL MISCONDUCT OR CRIMINAL CONDUCT IN ITS ACTIVITIES; AS WELL AS SUCH ACTS OR OMISSIONS OF THE (PID NAME, DEVELOPER) OR (PID NAME, DEVELOPER)'S CONTRACTORS, ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANT OR SUBCONSULTANTS OF (PID NAME, DEVELOPER)'S CONTRACTORS AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS AND REPRESENTATIVES, ALL WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY, UNDER TEXAS LAW AND WITHOUT WAIVING AND DEFENSES OF THE PARTIES UNDER TEXAS LAW. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLEY FOR THE BENEFIT OF THE CITY AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. (PID NAME, DEVELOPER) SHALL PROMPTLY ADVISE CITY IN WRITING OF ANY CLAIM OR DEMAND AGAINST CITY, RELATED TO OR ARISING OUT OF (PID NAME, DEVELOPER)'S CONTRACTORS ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION OF SUCH CLAIM OR DEMAND AT THE (PID NAME, DEVELOPER)'S COST TO THE EXTENT REQUIRED UNDER THE INDEMNITY IN THIS PARAGRAPH.

IT IS THE EXPRESS INTENT OF THIS SECTION OF THE AGREEMENT THAT THE IMMUNITY PROVIDED TO THE CITY AND THE (PID NAME, DEVELOPER) SHALL SURVIVE THE TERMINATION AND/OR EXPIRATION OF THIS AGREEMENT AND SHALL BE BROADLY INTERPRETED AT ALL TIMES TO PROVIDE THE MAXIMUM INDEMNIFICATION OF THE CITY AND/OR THEIR OFFICERS, EMPLOYEES AND ELECTED OFFICIALS PERMITTED BY LAW.

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**CITY OF CEDAR HILL
PUBLIC IMPROVEMENT DISTRICT POLICY
AS ADOPTED BY THE CITY COUNCIL JANUARY 26, 2021**

I have read, understand and will comply with this PID policy.

Signature

Date

Printed Name

Board Position

Name of PID

(Please sign, date, and return this page to the Neighborhood Services Director)