

Lake Shore Harbour Sec. 5 PID No. 2

Lake Shore Harbour

Frequently **A**sked **Q**uestions

Most questions are derived from the January 15, 2020
Community Meeting at the Lake Shore Harbour
Community Center,
3205 Turtle Beach Ln., Missouri City Texas at
6:30 PM

City officials, agents, and staff in attendance:

Jeffrey L. Boney, Council Member - District B
Anthony Maroulis, Council Member - District C
Floyd Emery, Council Member - District D
Abdi Yassin, Senior VP of Municap, Inc., PID Consultant
Allena Portis, Director of Financial Services
Anthony Snipes, City Manager
Joseph N. Quintal, Assist. City Attorney, PID Coordinator
E. Joyce Iyamu, City Attorney
Otis T. Spriggs, Director of Development Services
Kelly Matte, Community Relations Coordinator



Public Improvement District (PID) FAQs

January 15, 2020 Community Meeting Presentation Recap

A Public Improvement District (PID) defined:

Like municipal utility districts (better known as MUD's), a public improvement district (PID) is another form of a special purpose district. PIDs are provided for by Texas Local Government Code, Chapter 372. Chapter 372 authorizes the financing of certain public infrastructure within the PID.

A PID is created and defined by a specific geographic area. Once an area is designated as a PID, that geographic area does not change. The purpose for defining that geographic area is to identify the specific boundary of property that may benefit from the PID.

1. What is the purpose of creating a Public Improvement District (PID)?

The purpose of creating a PID is to undertake an improvement project that confers a special benefit on a definable geographic area.

2. How is the creation of a PID different from other types of special improvement districts such as a Municipal Utility District (MUD)?

A MUD is created by the legislature or by the Texas Commission on Environmental Quality (TCEQ). A public improvement district may be created by a city after the city receives a petition from a majority of the owners of the property contained within the PID. The party that is responsible for running the PID is the City Council, whereas in a MUD, an independently elected board runs the district.

3. What is the definition of a public improvement?

A public improvement under the PID law includes, but is not limited to, lighting, sidewalks, streets, water and wastewater facilities, and parks. The authorized public improvements for LSH include paving, water lines, storm sewer, and sanitary sewer lines. LSH's improvements in Section 5 have already been constructed.

4. What are the key benefits of creating a Public Improvement District?

In accordance with Texas Local Government Code Chapter 372, the key benefit of creating a PID is to provide a specific benefit to the properties within the district. A property owner in a PID can only be asked to pay for the debt that funded the improvements that specifically benefit the property owner's property. When a property owner receives the assessment amount, this represents the property owner's share of the benefits from the public improvement.

5. Does a PID assessment have a term or time limitation?

Yes. The date the PID assessment is set, the portion of the benefit that each property owner is paying is calculated, a dollar amount is assigned to it, and the property owner is held to the obligation of the total (\$18,282.15 per lot), and he or she has the option to pay that off over a thirty (30) year period, on day one when the assessment payments begin, or at any time thereafter.

6. How are public improvement costs verified?

In the LSH agreement to reimburse the developer, the agreement provides that the cost of public improvements must be verified by a certified public accountant prior to reimbursement.

7. When was Public Improvement District No. 2 (PID No. 2) originally created?

PID No. 2 was created in 2001 to provide a mechanism to finance public improvements for the Lake Shore Harbour subdivision, including storm sewer, water lines, sanitary sewers, paving and public landscaping. The cost of these public improvements are to be paid solely through assessment of property owners within the PID.

8. What are the boundaries for PID No. 2, the Lake Shore Harbour (LSH) portion, and how many subdivision sections are included?

Lake Shore Harbour covers eight (8) subdivision sections; however most of Lake Shore Harbour Sections 6 & 7 are actually within a MUD. Only six (6) lots in Section 6 are included in PID No. 2.

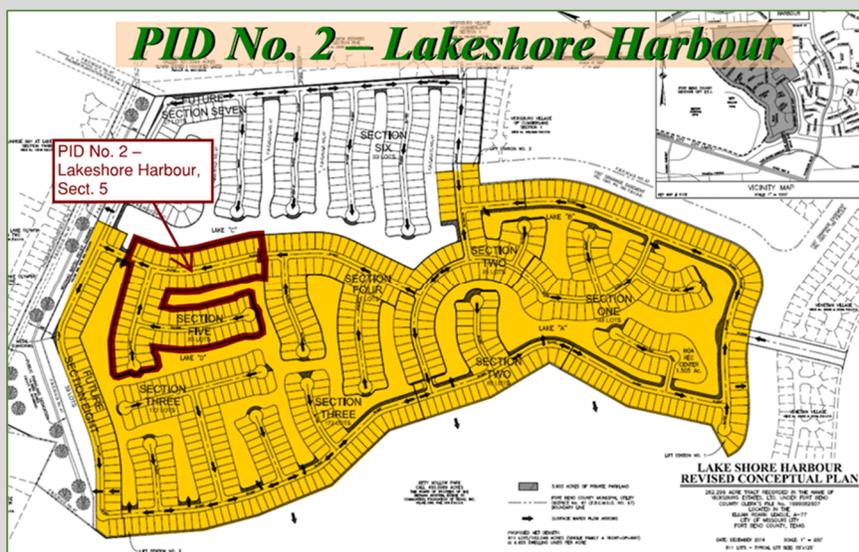
8a. How many lots are in each section of Lake Shore Harbour PID No. 2, and what are the annual assessment amounts per lot?

The table below shows the annual assessment total per lot, per section, total number of lots per section and the first year that assessment payments were initiated for Lake Shore Harbour PID No. 2. Section 8 is the last section under construction and certificates of occupancy are pending. Note that the payments begin the next tax year after which a building certificate of occupancy (C.O.) is issued for the affected properties.

Section Number	Total Number of Lots	Annual Assessment Amount	First Year Assessed
Section 1	148 lots	\$1,148.53	2005
Section 2	86 lots	\$1,148.53	2006
Section 3	172 lots	\$1,328.93	2008
Section 4	91 lots	\$1,400.00	2013
Section 5*	80 lots	\$1,400.00	2016 (*Note only 53 lots are paying assessments to-date)
Section 6	6 lots	\$781.24	2017
Section 8	38 lots	\$2,884.63	(Pending/Future C.O.)

8b. In the current list of assessments for each section, why are different sections paying different amounts?

The total amount paid is contingent upon the cost of the improvements that benefit that particular section.



9. Which properties within PID No. 2, Lake Shore Harbour, Section 5 are not currently paying the PID assessment in accordance with the approved assessment plan?

There are 27 properties that are not paying into PID No. 2, that are located within Lake Shore Harbour Section 5. Currently, 53 properties within Section 5 have been assessed and have started making payments. Due to an error on the assessment roll and assessment ordinance for this section, the noted 27 properties were not included in the original assessment ordinance.



10. To date, what payments have been reimbursed to the developer for Lake Shore Harbour (LSH) Subdivision under the PID No. 2 Assessment Plan?

The City has reimbursed the developer \$9,688,674.78, with a remaining balance of \$246,278 to be paid. The City issued a total of \$ 7,375,000 in total debt to finance the reimbursement.

11. What are the next steps as it relates to PID 2, Lake Shore Harbour, Section 5 and the pending 27 properties that need to be assessed?

A public hearing has occurred in which no action was taken by council. Another public hearing for the 27 properties in Section 5 may be scheduled in February 2020, and Council will be presented a new ordinance adding the 27 properties to the Section 5 assessment roll (to be marked as "New" Assessment: \$18,282.15 per lot, with annual installments of \$1,400.00 - 30 years with interest). This will be consistent with Council's approved assessment plan, which is also scheduled to be updated.

12. During the Lake Shore Harbour community meeting, why were questions only allowed related to Section 5, when PID No. 2 covers all of the subdivision sections?

The agenda for the community meeting scheduled for January 15, 2020, was duly posted to discuss PID No. 2, Lake Shore Harbour Section 5 only. Further, the purpose of the meeting was to address questions and concerns regarding the 27 properties in Section 5 that were not included on the initial Section 5 assessment ordinance.

13. According to City records, the developer has been paid back approximately \$9.7 million; a little over \$200,000 is the balance owed for developing the public infrastructure. What is the other money going to?

The City paid the developer by issuing 30-year debt, which has a schedule. The City issued bonds (i.e. a loan) to reimburse the developer. The debt is paid over a 30-year period with interest (i.e. similar to a mortgage payment). Debt payments are made using the assessments.

14. Work was completed on the improvements and inspection of work was performed, what is the warranty?

Streets and public improvements such as sidewalks are constructed in compliance in accordance with the adopted City Infrastructure Design Manual. They are inspected and placed within a 1-year maintenance period prior to acceptance under city's ownership and maintenance.

15. Is a property owner able to claim a tax deduction on a PID?

This determination should be referred to the homeowner's tax professional.

16. Are the lakes within Lake Shore Harbour a part of the PID assessment?

The lakes and open space areas are private amenities subject to the homeowner's association. Such amenities are not covered under the PID.

The PID assessments cover only infrastructure projects that are a part of the PID Assessment Plan (i.e paving, waterlines, sanitary sewer lines, storm drainage lines, etc.).

17. What is the City's plan moving forward to aide in the disclosure and proper reporting of PID assessments on properties?

*The City has formed an oversight committee** that will review each PID assessment plan, map the properties and data collection in the GIS Mapping program, review the repayment schedule for each lot on an annual basis, and report to the Fort Bend County Tax Assessor each fall. This will ensure that the previous error of not assessing the 27 properties will not occur in the future.*

The responsibility of disclosing a property's location within a PID to a buyer is typically the responsibility of the seller (this is governed by a separate property code). The City is not a party

to, nor in control of that disclosure during a property sales transaction. The City's responsibility arises for the public hearing notification process for assessments.

Property owners should consider reviewing their property's taxing entities on the Fort Bend Central Appraisal District website (www.fbcad.org). All taxing entities are listed there. For the 27 property owners, they will see the listing of PID No. 2, but will see that \$0 dollars is being assessed to date.

***PID Oversight Committee comprises of staff members from Development Services, Legal Services, Financial Services, Public Works & Geographical Information Systems, and Administration.*

18. How does a property owner gain access to documents or agreements between the City and the developer on the public improvement district (PID)?

Open records requests can be requested online (www.missouricitytx.gov) through the City's Secretary's office.

**Note that all current and recent City Council agendas and supportive documents for Council action and consideration are placed on the City's website for a period of at least two years.*

19. If the 27 properties within LSH Section 5 that have not been assessed for the past three years, are assessed in 2020, will the property owners have to pay the assessments for the last three years upon the 2020 assessment?

No. The thirty (30) year time-clock will start after the assessment. The annual \$1,400.00 payment will be due on January 31, 2021. The other 53 properties of Section 5 will have begun their 30-year time clock three (3) years in advance.

If passed by City Council, the assessment on the 27 properties will be reported late fall of 2020 to the Fort Bend County Tax assessors along with any annual PID assessments due on the tax rolls. Tax bills to be paid in the following year are then mailed to the property owners. Owners may prepay the total balance at any time after the assessment is levied.

20. It was observed that the notice of the public hearing did not include details on the total number of properties to be assessed; it only gave the total costs of the improvements at \$1,462,572.00. Why? *State law requires that the notice shall state the total costs of the improvements, contemplated to be levied into an assessment, and not further detail. The breakdown is explained and discussed during the public hearing.*

21. What if a LSH property owner were to sell his or her home prior to the 30 year assessment period end date? *The assessment runs with the property and is not tied to the homeowner. Moreover, the home sale is a private arrangement in regards to disclosure and terms.*

Note: A copy of the meeting presentation was sent to the HOA representatives to be later distributed to the Lake Shore Harbor residents as requested.