NOTICE OF
CITY COUNCIL PUBLIC HEARING AND SPECIAL MEETING
CELINA COUNCIL CHAMBERS 302 W. WALNUT ST., CELINA, TX 75009
TUESDAY, SEPTEMBER 1, 2015 AT 6:00 PM

AGENDA

I. CALL TO ORDER:

II. PUBLIC HEARING:

1. The Celina City Council will conduct a public hearing to consider testimony regarding the proposed 2015 Ad Valorem (property tax) rate for the City of Celina. Toutounchian

III. CONSENT AGENDA: Items are considered self-explanatory and will be enacted with one motion. No separate discussion of these items will occur unless so requested by at least one member of the City Council.

1. Consider and act upon approval of the 2015 Annual Service Plan Update including the collection of the 2015-16 Annual Installments for the Creeks of Legacy Public Improvement District. Toutounchian

2. Consider and act upon approval of the 2015 Annual Service Plan Update including the collection of the 2015-16 Annual Installments for the Lakes at Mustang Ranch Public Improvement District. Toutounchian

IV. ADJOURN:

The City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by the Texas Government Code, Chapter 551. "I, the undersigned authority do hereby certify that the Notice of Meeting was posted on the bulletin board at City Hall of the City of Celina, Texas, a place convenient and readily accessible to the general public at all times and said Notice was posted on the following date and time: ____________________ at ____ p.m. and remained so posted continuously for at least 72 hours prior to the scheduled time of said meeting."

____
Vicki Faulkner, TRMC
City Secretary, City of Celina, TX

____
Date Notice Removed

Finance Department
City of Celina, Texas

Memorandum

To:	**Honorable Mayor Terry and the Celina City Council**
From:	Jay Toutounchian, Finance Director
CC:	Mike Foreman, City Manager
Date:	September 1, 2015
Re:	Proposed 2015 Property Tax Rate

Action Requested:

The Celina City Council will conduct a public hearing to consider testimony regarding the proposed 2015 Ad Valorem (property tax) rate for the City of Celina. Toutounchian

Background Information:

A tax rate of $0.645 per $100 valuation has been proposed for adoption by the governing body. This rate exceeds the lower of the effective or roll back tax rate and state law requires that two public hearings be held before adopting the proposed rate. The first public hearing was held on Tuesday, August 25th at 6:00 pm.

Board Review/Citizen Input:

The first public hearing was held on Tuesday, August 25th at 6:00 pm.

Alternatives:

Financial Considerations:

Legal Review:

Supporting Documents:

Required notice attached

Staff Recommendation:

N/A

NOTICE OF 2015 TAX YEAR PROPOSED PROPERTY TAX RATE FOR CITY OF CELINA

A tax rate of $0.645000 per $100 valuation has been proposed for adoption by the governing body of City of Celina. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

PROPOSED TAX RATE	$0.645000 per $100
PRECEDING YEAR'S TAX RATE	$0.645000 per $100
EFFECTIVE TAX RATE	$0.580942 per $100
ROLLBACK TAX RATE	$0.632436 per $100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for City of Celina from the same properties in both the 2014 tax year and the 2015 tax year.

The rollback tax rate is the highest tax rate that City of Celina may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS FOLLOWS:

property tax amount= (rate) x (taxable value of your property)/100

For assistance or detailed information about tax calculations, please contact:
Kenneth L. Maun
Tax Assessor Collector
2300 Bloomdale Road
McKinney, TX 75071
972-547-5020
kmaun@collincountytx.gov
www.celina-tx.gov

You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: August 25, 2015 at 6:00 pm at City of Celina, Council Chamber, 302 W. Walnut Street, Celina, TX 75009.

Second Hearing: September 1, 2015 at 6:00 pm at City of Celina, Council Chamber, 302 W. Walnut Street, Celina, TX 75009.

Finance Department
City of Celina, Texas

Memorandum

To: **Honorable Mayor Terry and the Celina City Council**
From: Jay Toutounchian, Finance Director
CC: Mike Foreman, City Manager
Date: September 1, 2015
Re: Annual Service Plan Update, Creeks of Legacy

Action Requested:

Consider and act upon approval of the 2015 Annual Service Plan Update including the collection of the 2015-16 Annual Installments for the Creeks of Legacy Public Improvement District. Toutounchian

Background Information:

The Creeks of Legacy Public Improvement District was created on April 29, 2014. City of Celina Special Assessment Revenue Bonds were issued in the aggregate principal amount of $6,575,000 to finance or assist in the acquisition, construction and maintenance of public improvements provided for the benefit of the property in the Public Improvement District. A Service and Assessment Plan was prepared identifying the public improvements. Pursuant to Chapter 372 of the Texas Local Government Code, the Service and Assessment Plan must be reviewed and updated annually.

Board Review/Citizen Input:

Alternatives:

Financial Considerations:

Legal Review:

Supporting Documents:

Annual Service Plan Update

Staff Recommendation:

CREEKS OF LEGACY PUBLIC IMPROVEMENT DISTRICT

CELINA, TEXAS

ANNUAL SERVICE PLAN UPDATE

August 27, 2015

CREEKS OF LEGACY PUBLIC IMPROVEMENT DISTRICT

CELINA, TEXAS

ANNUAL SERVICE PLAN

A. Introduction

The Creeks of Legacy Public Improvement District (the "PID") was created pursuant to the PID Act and a resolution of the City Council on April 29, 2014 to finance certain public improvement projects for the benefit of the property in the PID. The City of Celina, Texas Special Assessment Revenue Bonds, Series 2014 (Creeks of Legacy Public Improvement District Phase #1 Project) (the "Phase #1 Bonds") in the aggregate principal amount of $8,750,000, The City of Celina, Texas Special Assessment Revenue Bonds, Series 2014 (Creeks of Legacy Public Improvement District Phases #2-3 Major Improvement Project) (the "Phases #2-3 Bonds") in the aggregate principal amount of $6,575,000, were issued to finance, refinance, provide or otherwise assist in the acquisition, construction and maintenance of the public improvements provided for the benefit of the property in the PID. In addition, reimbursement obligations for the Phase #1 Reimbursement Agreement in the aggregate principal amount of $3,750,000 are secured by special assessments.

A service and assessment plan (the "Service and Assessment Plan") was prepared at the direction of the City identifying the public improvements (the "Authorized Improvements") to be provided by the PID, the costs of the Authorized Improvements, the indebtedness to be incurred for the Authorized Improvements, and the manner of assessing the property in the PID for the costs of the Authorized Improvements. Pursuant to Chapter 372, Texas Local Government Code, the Service and Assessment Plan must be reviewed and updated annually. This document is the annual update of the Service and Assessment Plan for 2015 (the "Annual Service Plan Update").

The City also adopted assessment rolls (the "Assessment Rolls") identifying the assessments on each parcel within the PID, based on the method of assessment identified in the Service and Assessment Plan. This Annual Service Plan Update also updates the Assessment Roll for 2015.

B. Update of the Service Plan

Annual Budget for the Public Improvements

The current total estimated costs of the Major Improvements is equal to $13,300,000 and the total estimated cost of the Phase #1 Improvements Costs (including the proportional share of the Major Improvement Costs) is equal to $14,265,000, which remain the same as the budget estimates included in the original Service and Assessment Plan. According to the Developer, there have been no budget line item amount revisions for the Authorized Improvements reported by the Developer and therefore no changes for the Annual Service Plan Update.

As shown by Table A below, the PID has incurred indebtedness in the total amount of $24,413,055 in the form of the Bonds and reimbursement agreements, which are to be repaid from assessments.

Table A
Sources and Uses of Funds
Public Improvements

Sources of Funds	**Phase #1A Bonds**	**Phase #1 Reimbursement Agreement**	**Phases #2-3 Major Improvement Bonds**	**Total**
Estimated Bond par amount	$8,750,000	$3,750,000	$6,575,000	$19,075,000
Other funding sources	$542,012	$4,280,000	$516,043	$5,338,055
Total Sources	**$9,292,012**	**$8,030,000**	**$7,091,043**	**$24,413,055**
Uses of Funds				
Major Improvements				
Road improvements	$1,673,669	$1,200,981	$2,571,523	$5,446,172
Water distribution system improvements	$327,703	$235,151	$503,501	$1,066,355
Sanitary sewer improvements	$355,325	$254,972	$545,942	$1,156,239
Storm drainage improvements	$669,216	$480,212	$1,028,223	$2,177,652
Other soft and miscellaneous costs	$313,891	$225,240	$482,281	$1,021,413
Subtotal	$3,339,804	$2,396,556	$5,131,470	$10,867,831
Phase 1 Improvements				
Road improvements	$1,161,501	$1,503,499	$0	$2,665,000
Water distribution system improvements	$344,310	$445,690	$0	$790,000
Sanitary sewer improvements	$475,061	$614,939	$0	$1,090,000
Storm drainage improvements	$642,857	$832,143	$0	$1,475,000
Other soft and miscellaneous costs	$1,093,354	$1,415,285	$0	$2,508,639
Subtotal	$3,717,083	$4,811,556	$0	$8,528,639
Estimated Bond issue costs	$2,235,125	$821,887	$1,959,573	$5,016,585
Total Uses	**$9,292,012**	**$8,030,000**	**$7,091,043**	**$24,413,055**

Notes: The information provided is based on the draft bond cash flows and is subject to change as the bond cash flows are updated. Phase #1 Improvements include the Authorized Improvements listed under this heading plus the estimated $5.736 mil pro rata share of the Major Improvements allocated to Phase #1.
The Phase #1A Reimbursement Agreement will finance the remaining Phase #1 Improvements after a portion of such improvements are finances through the Bonds to be issued in 2014.

A service plan must cover a period of five years. All of the Authorized Improvements are expected to be built within a period of five years. The anticipated budget for the Authorized Improvements over a period of five years and the indebtedness expected to be incurred for these costs is shown by Table B.

Table B
Authorized Improvements
PID Sources and Uses of Funds
2014 - 2018

Year	Annual Projected Cost	Annual Projected Indebtedness	Sources other than PID Bonds
2014	$16,383,055	$15,325,000	$1,058,055
2015	$0	$0	$0
2016	$0	$0	$0
2017	$8,030,000	$3,750,000	$4,280,000
2018	$0	$0	$0
	$24,413,055	**$19,075,000**	**$5,338,055**

Debt Service and Collection Costs

Phase #1 - Annual Installments

The Assessment imposed on any parcel may be paid in full at any time. If not paid in full, the Assessment shall be payable in thirty annual installments of principal and interest beginning with the tax year following the issuance of the Bonds and/or execution of the Phase #1 Reimbursement Agreement.

Pursuant to the Service and Assessment Plan, each Assessment shall bear interest at the rate on the Bonds commencing with the issuance of the Bonds. The effective interest rate on the Phase #1A Bonds is 6.73 percent and the interest rate applicable to the Phase #1 Reimbursement Agreement is 7.79 percent per annum. Pursuant to Section 372.018 of the PID Act, the interest rate for that assessment may not exceed a rate that is one-half of one percent higher than the actual interest rate paid on the debt. Accordingly, the effective interest rate on the Phase #1A Bonds (6.73%) plus an additional interest of one-half of one percent are used to calculate the interest on the Assessments. These payments, the “Annual Installments” of the Assessments, shall be billed by the City in 2015 and will be delinquent on February 1, 2016.

Pursuant to the Service and Assessment Plan, the Annual Service Plan Update shall show the remaining balance of the Assessments, the Annual Installment due for 2015 and the Administrative Expenses to be collected from each Parcel. Administrative Expenses shall be allocated to each Parcel pro rata based upon the amount the Annual Installment on a Parcel bears to the total amount of Annual Installments in the PID as a whole that are payable at the time of such allocation. Each Annual Installment shall be reduced by any credits applied under applicable documents including the Service and Assessment Plan and Bond Ordinance, such as the Tax Increment Reinvestment Zone No. 2. (the “TIRZ”) incremental taxes available to the PID (the ”TIRZ Credit”), capitalized interest and interest earnings on any account balances and by any other funds available to the PID.

Annual Budget for the Repayment of Indebtedness

Debt service will be paid on the Phase #1A Bonds and Phase #1 Reimbursement Agreement from the collection of the Annual Installments. In addition, Administrative Expenses are to be collected with the Annual Installments to pay expenses related to the collection of the Annual Installments. The additional interest collected with the Annual Installments will be used to pay the prepayment and delinquency reserve amounts as described in the Service and Assessment plan and applicable Trust Indenture.

Phase #1 Annual Installments to be collected for 2015

The budget for Phase #1 of the PID will be paid from the collection of Annual Installments collected for 2015 as shown by Table C.

Table C
Budget for the Phase #1 Annual Installments
To be collected for 2015

	Phase #1A Bonds	**Phase #1 Reimbursement Agreement**	**Total**
Interest payment on March 1, 2016	$316,344	$146,063	$462,406
Interest payment on September 1, 2016	$316,344	$146,063	$462,406
Principal payment on September 1, 2016	$150,000	$0	$150,000
Subtotal debt service on bonds	$782,688	$292,125	$1,074,813
Annual collection costs	$24,992	$10,711	$35,704
Subtotal Expenses	$807,680	$302,836	$1,110,516
Available TIRZ Revenues	$0	$0	$0
Available reserve fund income	$0	$0	$0
Available capitalized interest account	$0	$0	$0
Available Administrative Expense account	$0	$0	$0
Subtotal funds available	$0	$0	$0
Annual Installments	**$807,680**	**$302,836**	**$1,110,516**

1 – The debt service on the Phase #1 Reimbursement Agreement includes the period June 18, 2014 through August 31, 2015.

As shown in Table C above, the total Annual Installment for 2015 is equal to $1,110,516. The total debt service payments on the Phase #1A Bonds and the Phase #1 Reimbursement Agreement and the Administrative Expenses for 2015 are shown as $1,074,813 and $35,704, respectively.

According to the Service and Assessment Plan, the Annual Installments shall be collected in an amount sufficient to pay principal and interest on the Phase #1 Bonds, to fund the prepayment reserve and delinquency reserve described in Section V, and to cover Administrative Expenses of Phase #1. The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Credit applicable to the Parcel. The TIRZ Credit for each Parcel shall be calculated using the following formula:

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

Where the terms have the following meanings:

A = the TIRZ Credit amount for a Parcel
B = the total TIRZ Revenues collected for the preceding year
C = the total Equivalent Unit of the Parcel
D = the total Equivalent Units of all Parcels

The TIRZ Revenues collected in any given year shall be used to calculate the TIRZ Credit in the following year (i.e., TIRZ Revenues collected in 2014 shall be used to calculate the TIRZ Credit applicable to Annual Installments to be collected in 2015). TIRZ Credits shall be calculated for those Parcels that are subject to Assessments by the PID. The total TIRZ Revenues collected from all Parcels in each Phase shall be used to calculate the TIRZ Credit applicable to each Parcel within the Phase based on the above formula. The total TIRZ increment amount generated by all Phase #1 Assessed Property will be divided by the total Equivalent Units in Phase #1 to determine the TIRZ credit applicable to each Phase #1 Assessed Property. The total TIRZ increment amount generated by all Phase #2-3 Assessed Property will be divided by the total Equivalent Units in Phase #2-3 Assessed Property to determine the TIRZ credit applicable to each Phase #2-3 Assessed Property. The Equivalent Units to be used for the calculation of the TIRZ Credit shall be determined by the Administrator based on the information available to the Administrator at the time of such calculations.

According to the City, there have been no TIRZ increments to be used as TIRZ Credit in 2015. As a result, there are no TIRZ Revenues collected for 2015 that can be used as TIRZ Credit in 2016.

According to the Service and Assessment Plan, 427 units representing 374.80 total Equivalent Units are estimated to be built within Phase #1 of the PID. Accordingly, the principal and interest portion of Annual Installment to be collected from each Equivalent Unit will be $2,867.70 (i.e. $1,074,813 ÷ 374.80 = $2,867.70) and the Administrative Expenses to be collected from each Equivalent Unit will be $95.26 (i.e. $35,704 ÷ 374.80 = $95.26). As a result, the total Annual Installment to be collected from each Equivalent Unit within Phase #1 will be $2,962.96 (i.e. $2,867.70 + $95.268 = $2,962.96). The Annual Installment to be collected from each Parcel within Phase #1 is calculated by multiplying the Annual Installment for each Equivalent Unit of $2,962.96 by the total estimated Equivalent Units for each Parcel in Phase #1.

The list of parcels within Phase #1 of the PID, the estimated number of units to be developed on the current residential parcels, the corresponding total Equivalent Units, the total Assessment, the Annual Assessment, the Administrative Expenses and the Annual Installment to be collected for 2015 are shown in the assessment roll summary attached hereto as Appendix A-2.

Phases #2-3 - Annual Installments

The Assessment imposed on any parcel may be paid in full at any time. If not paid in full, the Assessment shall be payable in thirty annual installments of principal and interest beginning with the tax year following the issuance of the Bonds.

Pursuant to the Service and Assessment Plan, each Assessment shall bear interest at the rate on the Bonds commencing with the issuance of the Bonds. The effective interest rate on the Phases #2-3 Major Improvement Bonds is 7.37 percent. Pursuant to Section 372.018 of the PID Act, the interest rate for that assessment may not exceed a rate that is one-half of one percent higher than the actual interest rate paid on the debt. Accordingly, the effective interest rate on the Phases #2-3 Bonds (7.87%) plus an additional interest of one-half of one percent are used to calculate the interest on the Assessments. These payments, the “Annual Installments” of the Assessments, shall be billed by the City in 2015 and will be delinquent on February 1, 2016.

Pursuant to the Service and Assessment Plan, the Annual Service Plan Update shall show the remaining balance of the Assessments, the Annual Installment due for 2015 and the Administrative Expenses to be collected from each Parcel. Administrative Expenses shall be allocated to each Parcel pro rata based upon the amount the Annual Installment on a Parcel bears to the total amount of Annual Installments in the PID as a whole that are payable at the time of such allocation. Each Annual Installment shall be reduced by any credits applied under an applicable Bond Ordinance, such as TIRZ Credit, capitalized interest and interest earnings on any account balances and by any other funds available to the PID.

Annual Budget for the Repayment of Indebtedness

Debt service will be paid on the Phases #2-3 Bonds from the collection of the Annual Installments. In addition, Administrative Expenses are to be collected with the Annual Installments to pay expenses related to the collection of the Annual Installments. The additional interest collected with the Annual Installments will be used to pay the prepayment and delinquency reserve amounts as described in the Service and Assessment plan and applicable Trust Indenture.

Phases #2-3 Annual Installments to be collected for 2015

The budget for Phases #2-3 of the PID will be paid from the collection of Annual Installments collected for 2015 as shown by Table D.

Table D
Budget for the Phases #2-3 Annual Installments
To be collected for 2015

	Total
Interest payment on March 1, 2016	$258,719
Interest payment on September 1, 2016	$258,719
Principal payment on September 1, 2016	$0
Subtotal debt service on bonds	$517,438
Annual collection costs	$13,681
Subtotal Expenses	$531,119
Available TIRZ Credit	$0
Available reserve fund income	$0
Available capitalized interest account	$0
Available Administrative Expense account	$0
Subtotal funds available	$0
Annual Installments	**$531,119**

As shown in Table C above, the total Annual Installment for 2015 is equal to $531,119. The total debt service payments on the Phases #2-3 Bonds and the Administrative Expenses for 2015 are shown as $517,438 and $13,681, respectively.

As explained for Phase #1 above, there are no TIRZ Revenues collected for 2014 that can be used as TIRZ Credit in 2015.

According to the Service and Assessment Plan, 594 units representing 494.19 total Equivalent Units are estimated to be built within Phases #2-3 of the PID. Accordingly, the principal and interest portion of Annual Installment to be collected from each Equivalent Unit will be $1,047.04 (i.e. $517,438 ÷ 494.19 = $1,047.04) and the Administrative Expenses to be collected from each Equivalent Unit will be $27.68 (i.e. $13,681 ÷ 494.19 = $27.68). As a result, the total Annual Installment to be collected from each Equivalent Unit within Phases #2-3 will be $1,074.73 (i.e. $1,047.04 + $27.68 = $1,074.73). The Annual Installment to be collected from each Parcel within Phases #2-3 is calculated by multiplying the Annual Installment for each Equivalent Unit of $1,074.73 by the total estimated Equivalent Units for each Parcel in Phases #2-3.

The list of parcels within Phases #2-3 of the PID, the estimated number of units to be developed on the current residential parcels, the total Assessment, the Annual Assessment, the Administrative Expenses and the Annual Installment to be collected for 2014 are shown in the assessment roll summary attached hereto as Appendix A-3.

C. Update of the Assessment Plan

The Service and Assessment Plan adopted by the City Council provided that the Authorized Improvement Costs shall be allocated to the Assessed Property equally on the basis of the number of residential dwelling units anticipated to be built on each Parcel once such property is fully developed, and that such method of allocation will result in the imposition of equal shares of the Authorized Improvement Costs to Parcels similarly benefited.

This method of assessing property has not been changed and Assessed Property will continue to be assessed as provided for in the Service and Assessment Plan.

D. Update of the Assessment Roll

Pursuant to the original Service and Assessment Plan, the Assessment Roll shall be updated each year to reflect:

> (i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.H of this Service and Assessment Plan.

The summary Assessment Rolls are shown in Appendix A-2 and A-3. Each parcel in the PID is identified, along with the Assessment on each Parcel and the Annual Installment to be collected from each parcel. Assessments are to be reallocated for the subdivision of any parcels.

According to the Service and Assessment Plan, upon the subdivision of any Parcel, the Administrator shall reallocate the Assessment for the Parcel prior to the subdivision 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 Equivalent Units to be built on each newly subdivided Parcel

D = the sum of the estimated Equivalent Units to be built on all of the new subdivided Parcels

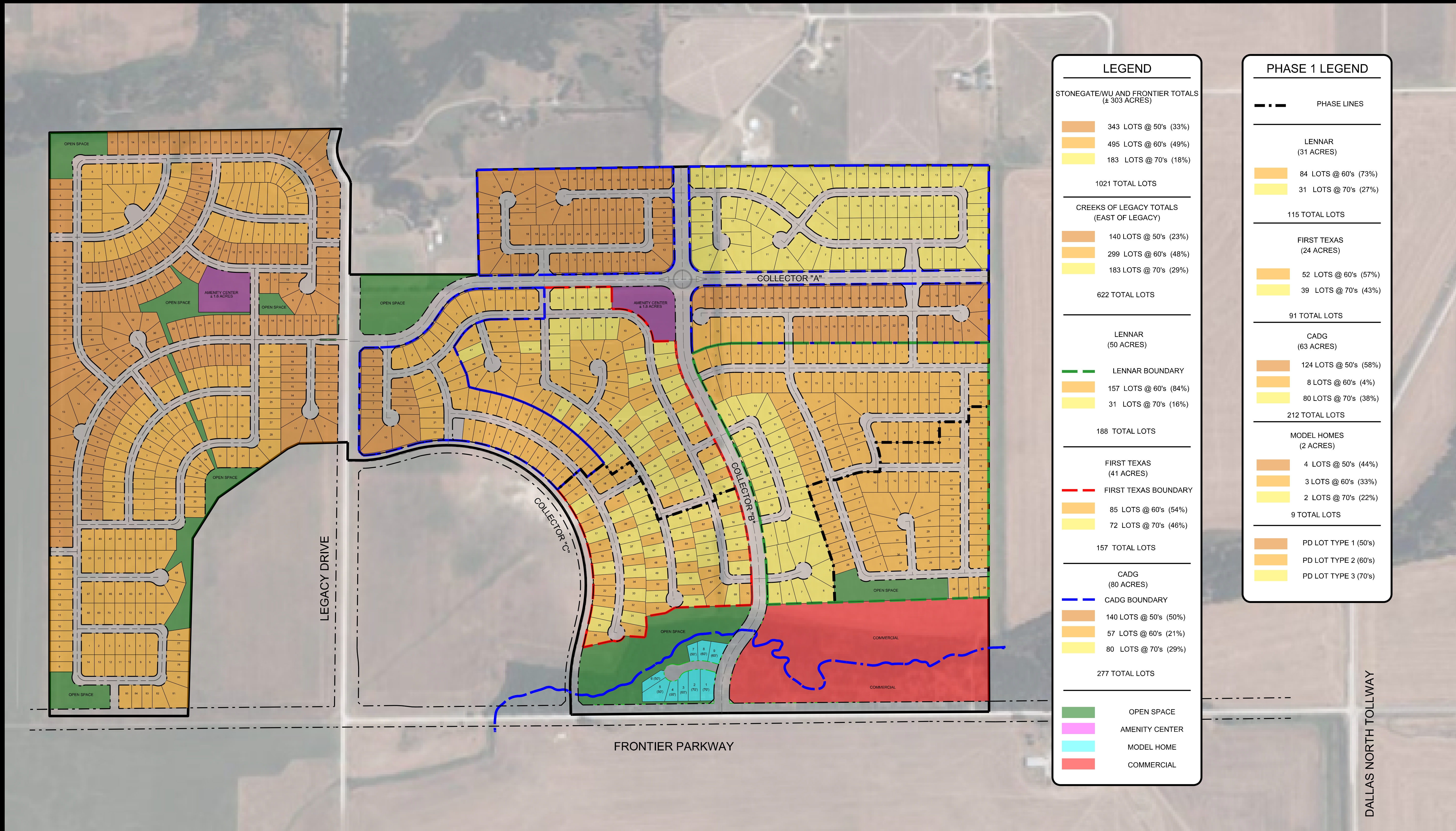
The calculation of the estimated number of units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

According to the Developer and the City, there have been no parcel subdivisions in the PID applicable for the Annual Installments to be collected in 2015.

There have been no Assessment prepayments as of July 31, 2015.

The complete Assessment Roll is available for review at the City hall, located at 142 N Ohio, Celina, Texas 75009.

Appendix A-1
PID Map



CONCEPT PLAN
CREEKS OF LEGACY
CELINA, TEXAS
MAY 6, 2014

PELOTON
LAND SOLUTIONS
10875 JOHN W. ELLIOT DR., STE 400|FRISCO, TX 75033|469-213-1800

Appendix A-2
Phase #1 Assessment Roll Summary – 2015

Apepndix A-2

Creeks of Legacy Public Improvement District
Assessment Roll Summary - Phase #1
2015

Parcel	Estimated No. of units	Total Equivalent Units	Total Assessment	Annual Assessment	Administrative Expenses	Annual Installment
2696827	80	73.64	$2,455,977	$211,177.14	$7,014.96	$218,192.10
2696792	119	108.68	$3,624,600	$311,661.21	$10,352.87	$322,014.08
2697055	90	68.94	$2,299,226	$197,698.97	$6,567.23	$204,266.20
2697056	138	123.54	$4,120,197	$354,275.18	$11,768.44	$366,043.61
Total	**427**	**374.8**	**$12,500,000**	**$1,074,812.50**	**$35,703.50**	**$1,110,516.00**

Appendix A-3
Phases #2-3 Assessment Roll Summary – 2015

Appendix A-3

Creeks of Legacy Public Improvement District
Assessment Roll Summary - Phases #2-3
2015

Parcel	Estimated No. of units	Total Equivalent Units	Total Assessment	Annual Assessment	Administrative Expenses	Annual Installment
2696827	59	54.44	$724,302	$57,000.95	$1,507.13	$58,508.07
2696792	102	90.96	$1,210,186	$95,238.91	$2,518.16	$97,757.06
2697055	34	26.92	$358,160	$28,186.36	$745.26	$28,931.62
52660	71	56.03	$745,457	$58,665.74	$1,551.15	$60,216.89
52644	24	19.92	$265,028	$20,857.07	$551.47	$21,408.54
75817	47	37.16	$494,399	$38,908.07	$1,028.75	$39,936.81
149097	10	7.30	$97,124	$7,643.40	$202.09	$7,845.50
149098	3	2.19	$29,137	$2,293.02	$60.63	$2,353.65
530240	244	199.27	$2,651,208	$208,643.98	$5,516.63	$214,160.62
Total	**594**	**494.19**	**$6,575,000**	**$517,437.50**	**$13,681.26**	**$531,118.76**

Finance Department
City of Celina, Texas

Memorandum

To:	**Honorable Mayor Terry and the Celina City Council**
From:	Jay Toutounchian, Finance Director
CC:	Mike Foreman, City Manager
Date:	September 1, 2015
Re:	Annual Service Plan Update, Lakes at Mustang Ranch

Action Requested:

Consider and act upon approval of the 2015 Annual Service Plan Update including the collection of the 2015-16 Annual Installments for the Lakes at Mustang Ranch Public Improvement District. Toutounchian

Background Information:

The Lakes at Mustang Ranch Improvement District was created on March 10, 2008. City of Celina Special Assessment Revenue Bonds were issued in the aggregate principal amount of $13,150,000 to finance or assist in the acquisition, construction and maintenance of public improvements provided for the benefit of the property in the Public Improvement District. A Service and Assessment Plan was prepared identifying the public improvements. Pursuant to Chapter 372 of the Texas Local Government Code, the Service and Assessment Plan must be reviewed and updated annually.

Board Review/Citizen Input:

Alternatives:

Financial Considerations:

Legal Review:

Supporting Documents:

Annual Service Plan Update

Staff Recommendation:

The Lakes At Mustang Ranch Public Improvement District

Celina, Texas

Annual Service Plan Update

August 27, 2015

THE LAKES AT MUSTANG RANCH PUBLIC IMPROVEMENT DISTRICT

CELINA, TEXAS

ANNUAL SERVICE PLAN UPDATE

A. Introduction

The Lakes at Mustang Ranch Public Improvement District (the "PID") was created pursuant to the PID Act and a resolution of the City Council on March 10, 2008 to finance certain public improvement projects for the benefit of the property in the PID. The City of Celina, Texas Special Assessment Revenue Bonds, Series 2015 (The Lakes at Mustang Ranch Public Improvement District Phase #1 Project) (the "Phase #1 Bonds") in the aggregate principal amount of $9,000,000, The City of Celina, Texas Special Assessment Revenue Bonds, Series 2015 (The Lakes at Mustang Ranch Public Improvement District Phases #2-9 Major Improvement Project) (the "Phases #2-9 Bonds") in the aggregate principal amount of $13,150,000, were issued to finance, refinance, provide or otherwise assist in the acquisition, construction and maintenance of the public improvements provided for the benefit of the property in the PID. In addition, reimbursement obligations for the Phases #2-9 Reimbursement Agreement in the aggregate principal amount of $5,000,000 and a prorated share of the City Contributed Major Improvements in the total amount of $3,730,000 are secured by special assessments.

A service and assessment plan (the "Service and Assessment Plan") was prepared at the direction of the City identifying the public improvements (the "Authorized Improvements") to be provided by the PID, the costs of the Authorized Improvements, the indebtedness to be incurred for the Authorized Improvements, and the manner of assessing the property in the PID for the costs of the Authorized Improvements. Pursuant to Chapter 372, Texas Local Government Code, the Service and Assessment Plan must be reviewed and updated annually. This document is the annual update of the Service and Assessment Plan for 2015 (the "Annual Service Plan Update").

The City also adopted assessment rolls (the "Assessment Rolls") identifying the assessments on each parcel within the PID, based on the method of assessment identified in the Service and Assessment Plan. This Annual Service Plan Update also updates the Assessment Roll for 2015.

B. Update of the Service Plan

Annual Budget for the Public Improvements

The current total estimated costs of the Major Improvements is equal to $18,150,000, the total estimated cost of the Phase #1 Improvements Costs (including the proportional share of the Major Improvement Costs) is equal to $10,897,224, and the current prorated share of the total estimated costs of the City Contributed Major Improvements allocable to the PID is equal to $3,730,000, which remain the same as the budget estimates included in the original Service and Assessment Plan. According to the Developer, there have been no budget line item amount revisions for the Authorized Improvements reported by the Developer and therefore no changes for the Annual Service Plan Update.

As shown by Table A below, the PID has incurred indebtedness in the total amount of $32,777,224 in the form of the Bonds, reimbursement agreements and City Contributed Major Improvements, which are to be repaid from Assessments.

Table A
Sources and Uses of Funds
Public Improvements

Sources of Funds	Phases# 2-9 Major Improvement Area Bonds	Phases #2 - 9 Future Phases Major Improvements	Phase #1 Bonds	City Contributed Major Improvements	Total
Estimated Bond par amount	$13,150,000	$5,000,000	$9,000,000	$0	$27,150,00
City Contribution	$0	$0	$0	$3,730,000	$3,730,00
Developer Contribution	$0	$0	$1,897,224	$0	$1,897,22
Total Sources	**$13,150,000**	**$5,000,000**	**$10,897,224**	**$3,730,000**	**$32,777,22**
Uses of Funds					
Major Improvements					
Road improvements	$6,315,471	$2,105,628	$1,945,169	$0	$10,366,26
Water distribution system improvements	$468,504	$277,719	$172,368	$1,595,538	$2,574,12
Sanitary sewer improvements	$859,158	$482,585	$309,926	$1,603,141	$3,254,81
Storm drainage improvements	$712,550	$724,465	$331,933	$0	$1,768,94
Other soft and miscellaneous costs	$222,589	$124,446	$80,161	$531,321	$958,51
Subtotal	**$8,578,271**	**$3,714,843**	**$2,839,556**	**$3,730,000**	**$18,862,67**
Phase 1 Improvements					
Road improvements	$0	$0	$3,088,351	$0	$3,088,35
Water distribution system improvements	$0	$0	$914,569	$0	$914,56
Sanitary sewer improvements	$0	$0	$780,469	$0	$780,46
Storm drainage improvements	$0	$0	$1,142,382	$0	$1,142,38
Other soft and miscellaneous costs	$0	$0	$432,000	$0	$432,00
Subtotal	**$0**	**$0**	**$6,357,771**	**$0**	**$6,357,77**
Estimated Bond issue costs	**$4,571,729**	**$1,285,157**	**$1,699,897**	**$0**	**$7,556,78**
Total Uses	**$13,150,000**	**$5,000,000**	**$10,897,224**	**$3,730,000**	**$32,777,22**

A service plan must cover a period of five years. All of the Authorized Improvements are expected to be built within a period of five years. The anticipated budget for the Authorized Improvements over a period of five years and the indebtedness expected to be incurred for these costs is shown by Table B.

Table B
Authorized Improvements
PID Sources and Uses of Funds
2015 - 2019

Year	Annual Projected Cost	Annual Projected Indebtedness	Sources other than PID Bonds
2015	$23,484,069	$22,445,000	$1,039,069
2016	$2,275,000	$2,275,000	$0
2017	$1,160,000	$1,160,000	$0
2018	$0	$0	$0
2019	$5,858,155	$5,000,000	$858,155
	$32,777,224	**$30,880,000**	**$1,897,224**

Debt Service and Collection Costs

Phase #1 - Annual Installments

The Assessment imposed on any parcel may be paid in full at any time. If not paid in full, the Assessment shall be payable in thirty annual installments of principal and interest beginning with the tax year following the issuance of the Bonds.

Pursuant to the Service and Assessment Plan, each Assessment shall bear interest at the rate on the Bonds commencing with the issuance of the Bonds. The effective interest rate on the Phase #1 Bonds is 5.64 percent for 2015-16. Pursuant to Section 372.018 of the PID Act, the interest rate for that Assessment may not exceed a rate that is one-half of one percent higher than the actual interest rate paid on the debt. Accordingly, the effective interest rate on the Phase #1 Bonds (5.64%) plus an additional interest of one-half of one percent are used to calculate the interest on the Assessments. In addition, the total 2015-16 debt service interest amount applicable to the City Contributed Major Improvements is $73,622.88, 14.26% ($10,498.62) of which is proportionally allocated to the PID, as provided by the City. The prorated share of Phase #1 is equal to $1,970 ($10,498.62 × 18.76% = $1,970). These payments, the "Annual Installments" of the Assessments, shall be billed by the City in 2015 and will be delinquent on February 1, 2016.

Pursuant to the Service and Assessment Plan, the Annual Service Plan Update shall show the remaining balance of the Assessments, the Annual Installment due for 2015 and the Administrative Expenses to be collected from each Parcel. Administrative Expenses shall be allocated to each Parcel pro rata based upon the amount the Annual Installment on a Parcel bears to the total amount of Annual Installments in the PID as a whole that are payable at the time of such allocation. Each Annual Installment shall be reduced by any credits applied under applicable documents including the Service and Assessment Plan and Bond Ordinance, such as capitalized interest and interest earnings on any account balances and by any other funds available to the PID.

Annual Budget for the Repayment of Indebtedness

Debt service will be paid on the Phase #1 Bonds from the collection of the Annual Installments. In addition, Administrative Expenses are to be collected with the Annual Installments to pay expenses related to the collection of the Annual Installments. The additional interest collected with the Annual Installments will be used to pay the prepayment and delinquency reserve amounts as described in the Service and Assessment plan and the applicable Trust Indenture.

Phase #1 Annual Installments to be collected for 2015

The budget for Phase #1 of the PID will be paid from the collection of Annual Installments collected for 2015 as shown by Table C.

Table C
Budget for the Phase #1 Annual Installments
To be collected for 2015

	Phase #1 Bonds	City Contributed Major Improvements[1]	Phase #1 Bonds
Interest payment on March 1, 2016	$276,469	$985	$277,454
Interest payment on September 1, 2016	$276,469	$985	$277,454
Principal payment on September 1, 2016	$0	0	$0
Subtotal debt service on bonds	$552,938	$1,970	$554,908
Annual collection costs	$15,201	$54	$15,255
Subtotal Expenses	$568,138	$2,024	$570,163
Available reserve fund income	$0	0	$0
Available capitalized interest account	$157,820	0	$157,820
Available Administrative Expense account	$0	0	$0
Subtotal funds available	$157,820	$0	$157,820
Annual Installments	**$410,318**	**$2,024**	**$412,343**

2 – The interest due on the City Contributed Major Improvements is calculated as 14.26% of the total such debt service amount of $73,622.68, as provided by the City. 18.74% of this prorated amount is allocated to the Phase #1 based on the ratio of total Equivalent Units in the PID.

As shown in Table C above, the total Annual Installment for 2015 is equal to $412,343. The total debt service payments on the Phase #1 Bonds and the Administrative Expenses for 2015 are shown as $397,088 ($554,908 - $157,820) and $15,255, respectively.

According to the Service and Assessment Plan, the Annual Installments shall be collected in an amount sufficient to pay principal and interest on the Phase #1 Bonds, to fund the prepayment reserve and delinquency reserve described in Section V, and to cover Administrative Expenses of Phase #1.

According to the Service and Assessment Plan, 334 units representing 209.97 total Equivalent Units are estimated to be built within Phase #1 of the PID. Accordingly, the principal and interest portion of Annual Installment to be collected from each Equivalent Unit will be $1,891.16 (i.e. $397,088 ÷ 209.97 = $1,891.16) and the Administrative Expenses to be collected from each Equivalent Unit will be $72.65 (i.e. $15,255 ÷ 209.97 = $72.65). As a result, the total Annual Installment to be collected from each Equivalent Unit within Phase #1 will be $1,963.82 (i.e. $1,891.16 + $72.65 = $1,963.82). The Annual Installment to be collected from each Parcel within Phase #1 is calculated by multiplying the Annual Installment for each Equivalent Unit of $1,963.82 by the total estimated Equivalent Units for each Parcel in Phase #1.

The list of parcels within Phase #1 of the PID, the estimated number of units to be developed on the current residential parcels, the corresponding total Equivalent Units, the total Assessment, the Annual Assessment, the Administrative Expenses and the Annual Installment to be collected for 2015 are shown in the Phase #1 Assessment Roll summary attached hereto as Appendix A-2.

Phases #2-9 - Annual Installments

The Assessment imposed on any parcel may be paid in full at any time. If not paid in full, the Assessment shall be payable in thirty annual installments of principal and interest beginning with the tax year following the issuance of the Bonds and/or execution of the Phases #2-9 Reimbursement Agreement.

Pursuant to the Service and Assessment Plan, each Assessment shall bear interest at the rate on the Bonds commencing with the issuance of the Bonds. The effective interest rate on the Phases #2-9 Major Improvement Bonds is 6.05 percent and the interest rate applicable to the Phase #2-9 Reimbursement Agreement is 9.43 percent per annum for 2015-16. Pursuant to Section 372.018 of the PID Act, the interest rate for that Assessment may not exceed a rate that is one-half of one percent higher than the actual interest rate paid on the debt. Accordingly, the effective interest rate on the Phases #2-9 Bonds (6.05%) plus an additional interest of one-half of one percent and the effective interest rate on the Phases #2-9 Reimbursement Agreement (9.43%) plus an additional interest of one-half of one percent are used to calculate the interest on the Assessments. In addition, the total 2015-16 debt service interest amount applicable to the City Contributed Major Improvements is $73,622.88, 14.26% ($10,498.62) of which is proportionally allocated to the PID, as provided by the City. The prorated share of Phases #2-9 is equal to $8,529 ($10,498.62 × 81.24% = $8,529). These payments, the "Annual Installments" of the Assessments, shall be billed by the City in 2015 and will be delinquent on February 1, 2016.

Pursuant to the Service and Assessment Plan, the Annual Service Plan Update shall show the remaining balance of the Assessments, the Annual Installment due for 2015 and the Administrative Expenses to be collected from each Parcel. Administrative Expenses shall be allocated to each Parcel pro rata based upon the amount the Annual Installment on a Parcel bears to the total amount of Annual Installments in the PID as a whole that are payable at the time of such allocation. Each Annual Installment shall be reduced by any credits applied under an applicable Bond Ordinance, such as capitalized interest and interest earnings on any account balances and by any other funds available to the PID.

Annual Budget for the Repayment of Indebtedness

Debt service will be paid on the Phases #2-9 Bonds from the collection of the Annual Installments. In addition, Administrative Expenses are to be collected with the Annual Installments to pay expenses related to the collection of the Annual Installments. The additional interest collected with the Annual Installments will be used to pay the prepayment and delinquency reserve amounts as described in the Service and Assessment plan and applicable Trust Indenture.

Phases #2-9 Annual Installments to be collected for 2015

The budget for Phases #2-9 of the PID will be paid from the collection of Annual Installments collected for 2015 as shown by Table D.

Table D
Budget for the Phases #2-9 Annual Installments
To be collected for 2015

	Phases #2-9 Bonds	Phases #2-9 Reimbursement Agreement[1]	City Contributed Major Improvements[2]	Total
Interest payment on March 1, 2016	$430,438	$248,250	$4,264	$682,952
Interest payment on September 1, 2016	$430,438	$248,250	$4,264	$682,952
Principal payment on September 1, 2016	$0	$0	$0	$0
Subtotal debt service on bonds	**$860,875**	**$496,500**	**$8,529**	**$1,365,904**
Annual collection costs	$22,500	$12,977	$223	$35,700
Subtotal Expenses	**$883,375**	**$509,477**	**$8,752**	**$1,401,604**
Available reserve fund income	$0	$0	$0	$0
Available capitalized interest account	$795,125	$0	$0	$795,125
Available Administrative Expense account	$0	$0	$0	$0
Subtotal funds available	**$795,125**	**$0**	**$0**	**$795,125**
Annual Installments	**$88,250**	**$509,477**	**$8,752**	**$606,479**

1 – The interest due on the Phases #2-9 Reimbursement Agreement amount of $5,000,000 is calculated using the effective interest rate of 9.93% described above).

2 – The interest due on the City Contributed Major Improvements is calculated as 14.26% of the total such debt service amount of $73,622.68, as provided by the City. 81.24% of this prorated amount is allocated to the Phase #2-9 Major Improvement Area based on the ratio of total Equivalent Units in the PID.

As shown in Table D above, the total Annual Installment for 2015 is equal to $606,479. The aggregate debt service payments on the Phases #2-9 Bonds, the Phases #2-9 Reimbursement Agreement and the City Contributed Major Improvements as well as the Administrative Expenses for 2015 are shown as $570,779 ($1,365,904 - $795,125) and $35,700, respectively.

According to the Service and Assessment Plan, 1,465 units representing 909.01 total Equivalent Units are estimated to be built within Phases #2-9 of the PID. Accordingly, the principal and interest portion of Annual Installment to be collected from each Equivalent Unit will be $627.91 (i.e. $570,779 ÷ 909.01 = $627.91) and the Administrative Expenses to be collected from each Equivalent Unit will be $39.27 (i.e. $35,700 ÷ 909.01 = $39.27). As a result, the total Annual Installment to be collected from each Equivalent Unit within Phases #2-9 will be $667.19 (i.e. $627.91 + $39.27 = $667.19). The Annual Installment to be collected from each Parcel within Phases #2-9 is calculated by multiplying the Annual Installment for each Equivalent Unit of $667.19 by the total estimated Equivalent Units for each Parcel in Phases #2-9.

The list of parcels within Phases #2-9 of the PID, the estimated number of units to be developed on the current residential parcels, the total Assessment, the Annual Assessment, the Administrative Expenses and the Annual Installment to be collected for 2015 are shown in the Phases #2-9 Assessment Roll summary attached hereto as Appendix A-3.

C. Update of the Assessment Plan

The Service and Assessment Plan adopted by the City Council provided that the Authorized Improvement Costs shall be allocated to the Assessed Property equally on the basis of the number of residential dwelling units anticipated to be built on each Parcel once such property is fully developed, and that such method of allocation will result in the imposition of equal shares of the Authorized Improvement Costs to Parcels similarly benefited.

This method of assessing property has not been changed and Assessed Property will continue to be assessed as provided for in the Service and Assessment Plan.

D. Update of the Assessment Roll

Pursuant to the original Service and Assessment Plan, the Assessment Roll shall be updated each year to reflect:

> (i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.H of this Service and Assessment Plan.

The Phase #1 and Phases #2-9 summary Assessment Rolls are shown in Appendix A-2 and A-3, respectively. Each parcel in the PID is identified, along with the Assessment on each Parcel and the Annual Installment to be collected from each parcel. Assessments are to be reallocated for the subdivision of any parcels.

According to the Service and Assessment Plan, upon the subdivision of any Parcel, the Administrator shall reallocate the Assessment for the Parcel prior to the subdivision 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 Equivalent Units to be built on each newly subdivided Parcel

D = the sum of the estimated Equivalent Units to be built on all of the new subdivided Parcels

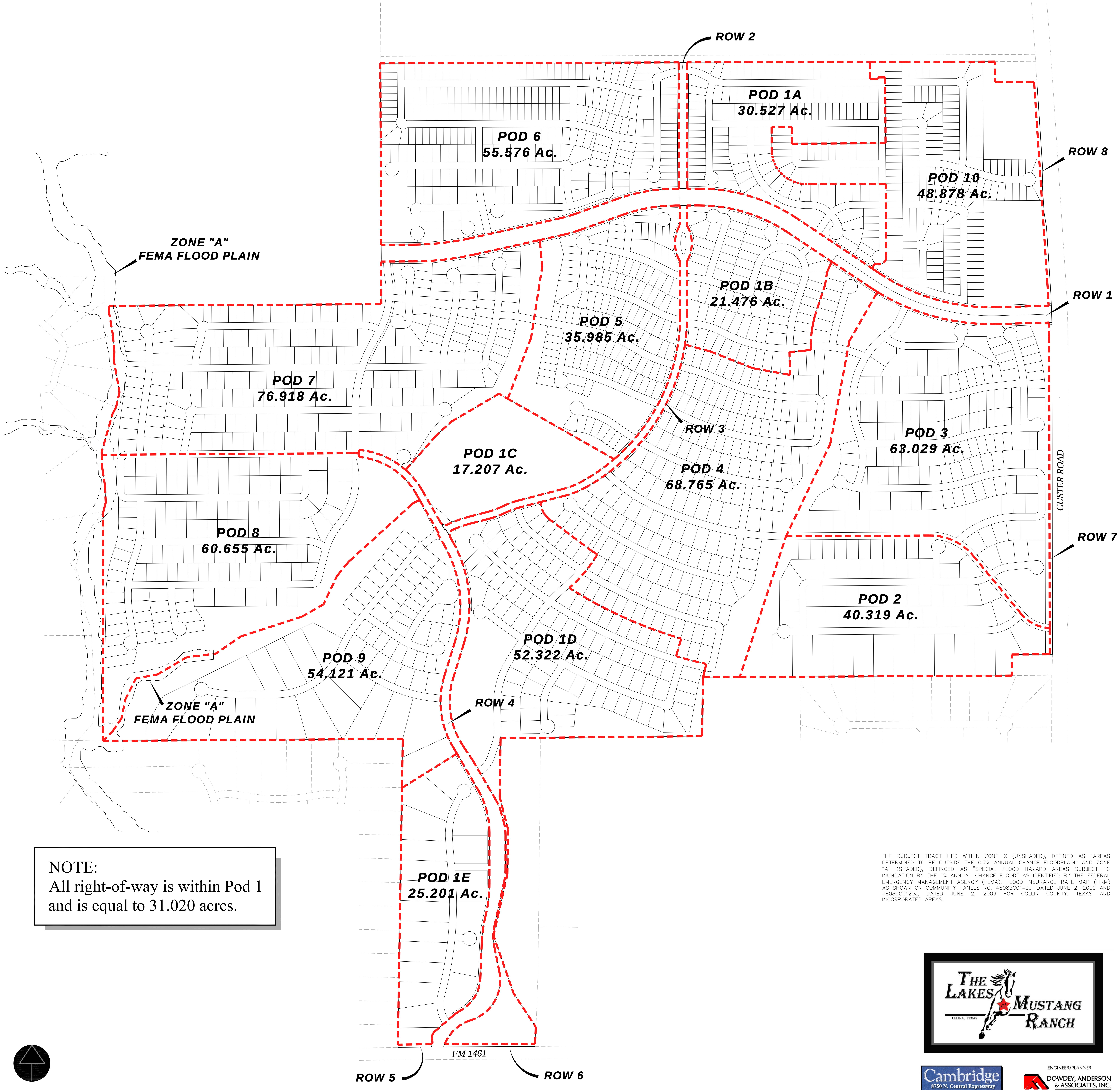
The calculation of the estimated number of units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

According to the Developer and the City, there have been no parcel subdivisions in the PID applicable for the Annual Installments to be collected in 2015.

There have been no Assessment prepayments as of July 31, 2015.

The complete Assessment Roll is available for review at the City hall, located at 142 N Ohio, Celina, Texas 75009.

Appendix A-1
PID Map



NOTE:
All right-of-way is within Pod 1 and is equal to 31.020 acres.

THE SUBJECT TRACT LIES WITHIN ZONE X (UNSHADED), DEFINED AS "AREAS DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE FLOODPLAIN" AND ZONE "A" (SHADED), DEFINCED AS "SPECIAL FLOOD HAZARD AREAS SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD" AS IDENTIFIED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA), FLOOD INSURANCE RATE MAP (FIRM) AS SHOWN ON COMMUNITY PANELS NO. 48085C0140J, DATED JUNE 2, 2009 AND 48085C0120J, DATED JUNE 2, 2009 FOR COLLIN COUNTY, TEXAS AND INCORPORATED AREAS.

THE LAKES MUSTANG RANCH
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Appendix A-2
Phase #1 Assessment Roll Summary – 2015

Creeks of Legacy Public Improvement District
Assessment Roll Summary - Phase #1
2015

Parcel	Estimated No. of units	Total Equivalent Units	Total Assessment	Annual Assessment	Administrative Expenses	Annual Installment
R694500402601	334	209.97	$9,699,913	$397,087.50	$15,255.00	$412,342.50
Total	**334**	**209.97**	**$9,699,913**	**$397,087.50**	**$15,255.00**	**$412,342.50**

Appendix A-3
Phases #2-9 Assessment Roll Summary – 2015

Creeks of Legacy Public Improvement District
Assessment Roll Summary - Phases #2-9
2015

Parcel	Estimated No. of units	Total Equivalent Units	Total Assessment	Annual Assessment	Administrative Expenses	Annual Installment
R694500402601	1,465	909.01	$21,180,088	$570,778.66	$35,700.00	$606,478.66
Total	**1,465**	**909.01**	**$21,180,088**	**$570,778.66**	**$35,700.00**	**$606,478.66**