

PUBLIC IMPROVEMENT DISTRICT (PID) GLOSSARY OF TERMS

“Acquisition and Reimbursement Agreement” or **“A&RA”** this document sets out the terms for the City’s acquisition of public improvements constructed by the developer whether funded through PID bond proceeds, PID assessments or a combination.

“Actual Costs” this term covers any costs eligible to be paid with PID assessment revenues and generally includes the cost of acquisition, design, and construction of public improvements and related professional services.

“Annual Collection Costs” this term covers the annual costs of administering the PID and collecting the assessment revenues.

“Annual Installment” this term covers the amount owed annually for each assessed property (which maybe prepaid).

“Assessed Property” this term covers each parcel in the district that receives a special benefit from the public improvements and which have an assessment levied against it to pay the costs of the public improvements.

“Assessment” this term covers the dollar amount levied against properties in the district, as provided for in an assessment ordinance approved by the City Council in order to pay the costs of the public improvements and to cover the costs to administer the district.

“Authorized Improvements” this term covers the public improvements authorized by Section 372.003 of the PID Act, which are usually further described in the Service and Assessment Plan.

“Bond Counsel” this term covers the person or entity designated by the City to negotiate and prepare transcript documents and obtain the Attorney General approval for the issuance of the PID bonds.

“Bond Purchase Agreement” this document establishes the terms for the purchase of the PID bonds between the City and the Underwriter and identifies the documents required for and the process to follow for closing the transaction.

“City Attorney” or **“City’s Legal Counsel”** this term covers the person or entity designated by the City to negotiate terms of the development for the City, manages the production and finalization of all documents presented to City Council in accordance with the City’s meeting schedule and PID bond closing schedule. They also provide an opinion letter regarding the issuance of the PID bonds to Bond Counsel, Trustee and Underwriter.

“Continuing Disclosure Agreement” this document sets out the City’s commitment to provide ongoing information about the project to financial markets and is referenced and incorporated in the PLOM.

“Development Agreement” this document generally includes development standards, City and developer’s obligations pertaining to the public improvements and PID true up provisions.

“District” or **“PID”** the term covers the public improvement district created by the City through a creation resolution.

“Due Diligence Questionnaire” or **“DDQ”** this document is provided by the Underwriter Counsel which provides information and representations made by the City and developer for inclusion in the PLOM.

“Financial Advisor” this term covers the person or entity designated by the City to assist with the review of due diligence questionnaire, PFA and PLOM. They also usually draft the closing memorandum.

“Improvement Area” or **“IA”** this term covers the area defined by properties receiving proportionality the same level of benefits from designated public improvements and may include an MIA or NIA.

“Indenture” this document is an agreement between the City and trustee regarding the issuance of the proceeds and the repayment of the PID bonds for financing the costs of

the public improvements. The document incorporates terms from the SAP, PFA and A&RA and is included in the PLOM.

“Limited Offering Memorandum” or “LOM” this document is deemed the final version of the PLOM upon the City Council’s authorization of the sale of the bonds.

“Major Improvement Area” or “MIA” this term covers the largest category of improvement areas that includes public improvements which benefit the entire district and can include smaller improvement areas or neighborhood improvement areas.

“Maximum Equivalent Tax Rate” this term covers the maximum amount of assessment and taxes that the owner of a parcel will be required to pay in any year. This number is used to compare cost of ownership throughout the area and to set the maximum amount of annual installments and is identified in the SAP.

“Neighborhood Improvement Area” or “NIA” this term covers an improvement area that is smaller than the whole district and is usually located within an MIA.

“PID Act” this term refers to Chapter 372 of the Texas Local Government Code.

“PID Administrator” this term covers a person or entity designated by the City to assist in determining the feasibility of the PID by reviewing the PID analysis usually provided by the developer, preparing the preliminary SAP, SAP and SAP updates and administers the PID.

“PID Bonds” this term covers the bonds issued to pay for the public improvements. The bonds are backed by PID assessment revenues, and secured by liens against the assessed properties within the district. These bonds are not backed by the full faith in credit of the City.

“Preliminary Limited Offering Memorandum” or “PLOM” this document is used to market the sale of bonds to investors which includes description of the project, the developer’s experience and the continued disclosure obligation. This document is approved by City Council in order to market the sale of the bonds.

“Public Finance Agreement” or **“PFA”** this document is between the City and developer and provides the standards for the development of the public improvements, the process for reimbursement to the developer for those improvements and provides the City’s maximum obligations for repayment. The document may include the phasing of bond issuances.

“Service and Assessment Plan” or **“SAP”** this document/plan is required by the PID Act for the purpose of assessing allocated costs against property located within the boundaries of the District and is required to be updated on an annual basis for the term of the PID. The SAP is included in the PFA and the PLOM.

“Trustee” this term covers the person or entity designated by the City that represents the purchasers of the PID bonds with regards to the use of the PID bond proceeds and the repayment of the PID bonds. They are also responsible for disbursing PID bond proceeds as requested by the City’s finance director under the terms established in the PFA and referenced in the Indenture.

“Underwriter” this term covers the person or entity designated by the City to set the PID bond closing schedule and provide updated schedules as needed in consultation with City and Developer. They usually communicate with the appraiser as needed. They are the initial purchaser of the PID bonds and they remarket the PID Bonds to institutional investors.

“Underwriter Counsel” the term covers the person or entity designated by the Underwriter to conduct the due diligence to ensure that all representations made in the bond closing documents are true and correct. They also draft the PLOM on behalf of Underwriter.