

Public Improvement Districts (“PID”) & Introduction to Whitecap Preserve Project on the Island

Presentation to City of Corpus Christi, Texas
March 29, 2022



Public Improvements Districts

Introduction

- PID Policy was adopted on March 31, 2020
- Two PID application have been submitted to the City of Corpus Christi
- Whitecap PID Petition was submitted on September 22, 2021
- The second PID application was submitted in February 2020

PID Overview

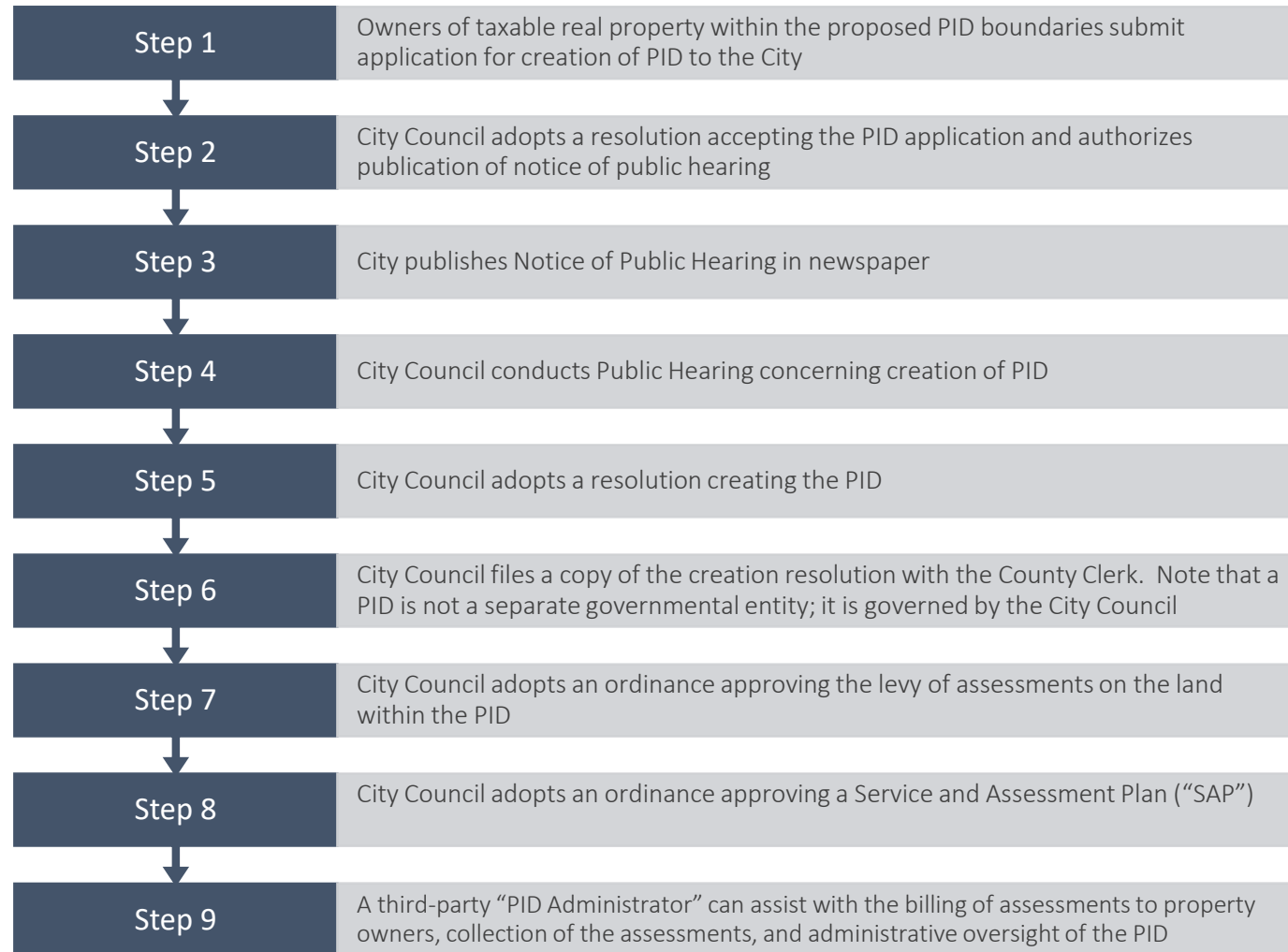
- **Authority:** Chapter 372 of the Texas Local Government Code.
- **Purpose:** Improvements which benefit a defined area are paid with special assessments. New development pays for itself.
- **Improvements:** Improvements are paid from assessment revenues. Costs can be shared with TIRZ.
- **Financing Options:** “Pay-as-you-go” or bond financed. Under either financing option, funding comes exclusively from special assessments.. **Special Assessment Bonds are non-recourse and are neither secured by nor payable from the City’s general faith and credit**

PID Authorized Improvements

- Pedestrian sidewalks, streets, any other roadways, or their rights-of-way
- Parks
- Water, Wastewater or Drainage
 - Drainage includes canals and bulkheads (if publicly owned)

- Projects “similar” to this list
- Easements for publicly owned utilities
- Expenses Incurred in Establishing, Administrating, and Operating the PID

PID Creation, Assessments, and Administration



Working Group Members

City Team	Developer's Team	Underwriter's Team
City Staff	Developer (Whitecap Preserve)	Underwriter (City)
Financial Advisor (Estrada Hinojosa & Company, Inc.)	Developer's Counsel (Shupe Ventura, PLLC)	Underwriter's Counsel
Bond Counsel (Norton Rose Fulbright US LLP)	Developer's Consultant (Steve Yetts)	
PID Administrator (P3 Works, LLC)		

*** All costs, including professional services, are paid by the Developer or assessment revenues.*

Duties of City Team

In addition to City Staff, the City Team includes the City's financial advisor, bond counsel and PID Administrator. All duties are facilitated by these City consultants. All professional fees are paid from special assessment revenues.

- Create PID;
- Levy Assessments;
- Pay for Public Improvements;
 - May be paid on a reimbursement basis or through a bond issuance.
 - PID Bonds are non-recourse to the City. The bonds are payable only through special assessments and are not secured by the City's general faith and credit.
- Collect Assessments (PID Administrator);
- Update and Approve Service and Assessment Plan (PID Administrator prepares annual update);
- Comply with all Continuing Disclosure Undertakings and filings related to the PID Bonds (PID Administrator prepares annual filings);
- Foreclose for Non-Payment of Assessments
 - City will be required to covenant to foreclose on property with delinquent assessment

PID – Weighing Benefits and Challenges

Benefits

- Development pays for itself
- Enhanced public improvements
- Community Benefit Fee
- Accelerating development
- Increased ad valorem tax base

Challenges

- Annual administration
- Development Risk
- Covenant to foreclose
- Financial market

Additional Funding

- **Authority:** Chapter 311 of the Texas Tax Code.
- **Purpose:** TIRZs are special zones created by City Council to attract new development to an undeveloped or underdeveloped area.
- **Financing Options:** A new or existing TIRZ can be used on a “Pay-as-you-go” or bond financed basis.
- **Available Funds:** Incremental revenue directly attributable to a property within a PID and TIRZ can be used to pay for the costs of public improvements.

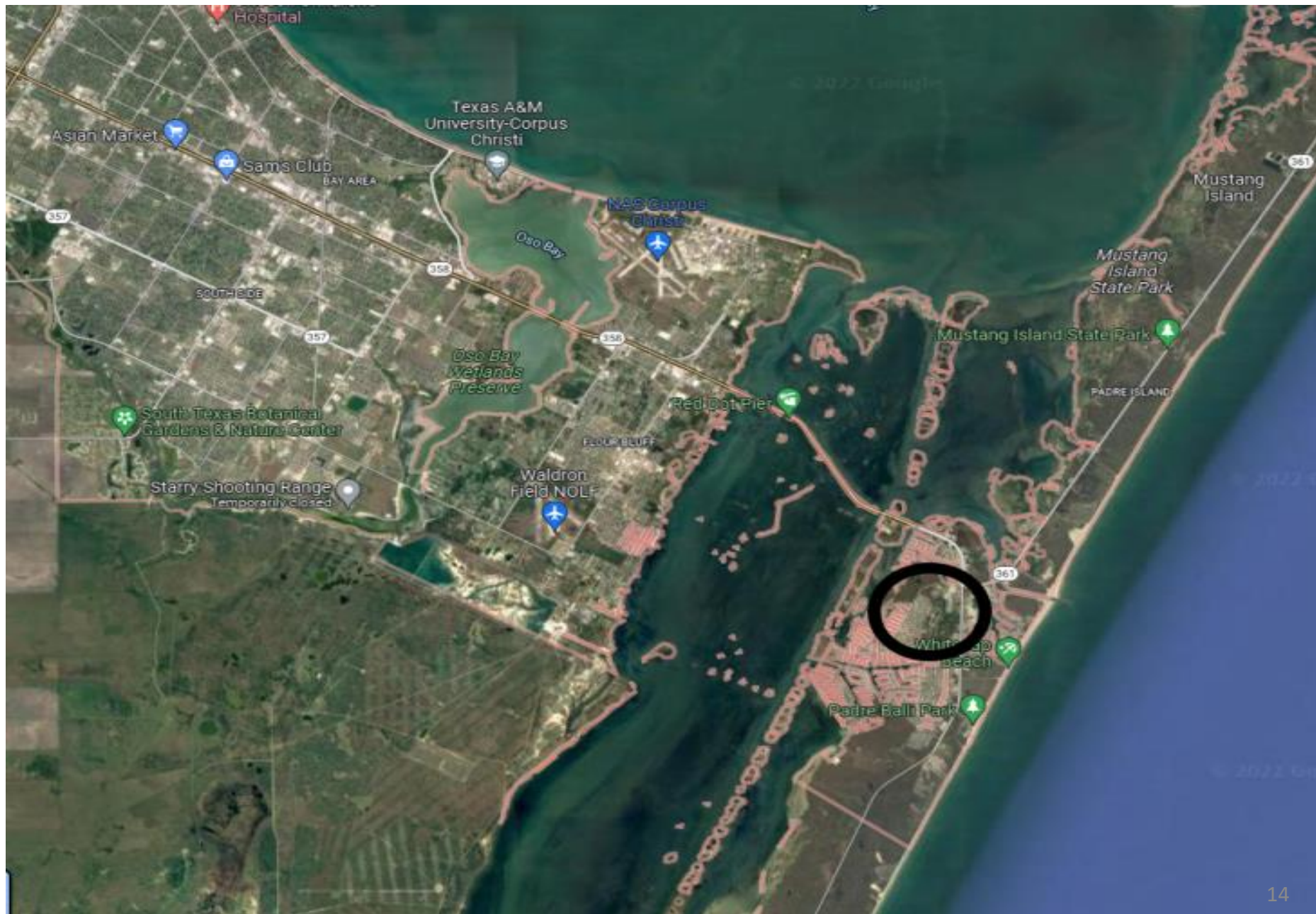
Public Improvements Districts

PID Overview

- Authority: Chapter 372 of the Texas Local Government Code.
- Purpose: is to confer a special benefit on a defined area through “improvements” and to ensure that the owners benefited by these improvements bear their cost through “assessments”.
- Financing Options: “Pay-as-you-go” or bond financed.

Whitecap Preserve

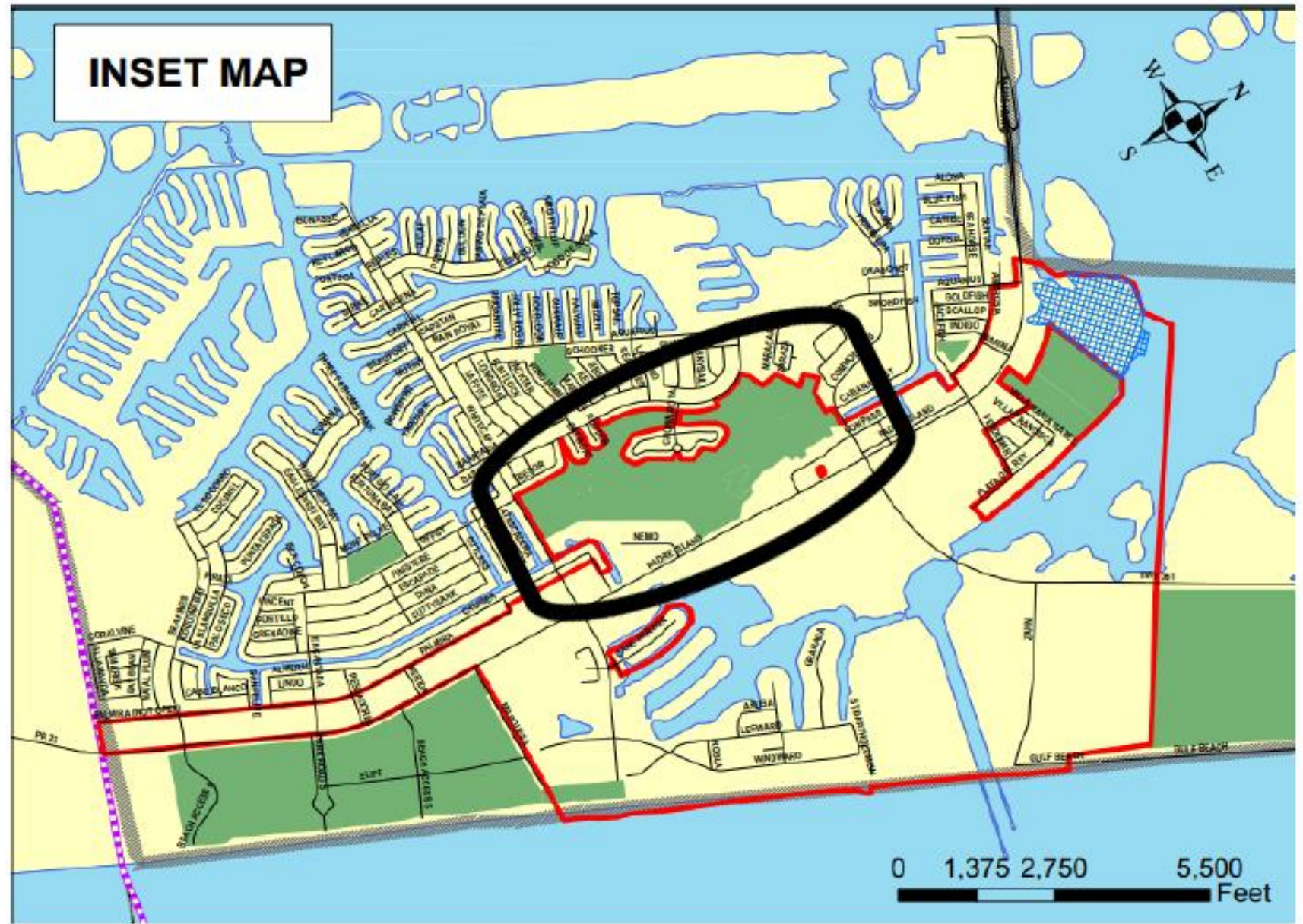
Whitecap Preserve Property Location



Whitecap Preserve Proposed Development Map



TIRZ #2
Map (red)
with
Property
Location



PID/TIRZ Request – Whitecap Preserve

Residential Details

- 601 new SF residential units
- ~\$605 million new City/County/ISD/College ad valorem value after buildout

Commercial Values

- 25 acres of Commercial/public land
- ~\$150 million new City/County/ISD/College ad valorem value after buildout
- Include specific-built short-term rentals

Overall Project Details

~\$755 million new City/County/ISD/College ad valorem value after buildout

- New hotel occupancy sales tax dollars
- New retail/restaurant sales tax dollar
- Includes hospitality/hotel, retail, entertainment, single-family residential, designated short-term rental units
- PID to reimburse, after construction completed, significant costs of public infrastructure such as public canals/bulkheads, drainage, roads, public utilities
- TIRZ #2 to reimburse (from this property increment only), over time as project develops, costs for public roadways and bridges, public canals/bulkheads, pedestrian walkways, public/open waterways

Timeline for Project to Proceed

Council Meetings Briefing Dates

- March 29
 - PID 101/High level briefing
- April 12
 - Whitecap Developer Presentation

PID Action Items*

- April 26
 - Resolution to accept PID Petition and publish statutory notice and call Public hearing for PID creation on May 17
- May 17
 - Conduct Public Hearing
 - Consider creation of PID
 - Developer starts moving dirt

*If council directs after April 12th meeting

PID vs MMD vs Chapter 380



Public Improvement District

- Created by City
- Action of Council required for each step
- Development Agreement between City & Developer
- Financed via city issued PID bonds / repaid from assessment collected from property
 - New revenues to pay for infrastructure
 - City keeps 100% of AV and sales tax revenues
- Ongoing Administrative cost paid by assessments
- Can include TIRZ; City keeps 100% of base
- PID terminates after paying off predetermined (up front at creation) amount

Municipal Management District

- Created by Legislature when in session; usually consent of City/County required
- Action of MMD Board required for each step
- Development Agreement usually between City and MMD (once approved never goes back to City)
- Financed via district bonds/tax on property
 - City keeps 100% of AV and sales tax revenues
- Ongoing Administrative cost paid by District
- Can include TIRZ; City keeps 100% of base
- Ongoing until Developer is reimbursed everything contemplated or added in the future

Chapter 380 Agreement

- Authorized by Chapter 380, but City does not authorize a district
- No action except approval of Agreement by City Council
- Monitoring of performance
- Can be part of a TIRZ obligation
- Financed via City from AV or sales taxes collected from the project
 - Property has no additional assessment or tax besides incremental growth
- Ongoing Administrative cost paid by City
- Can include TIRZ; City keeps 100% of base
- Terminates based on term in agreement

PID Authorized Improvements

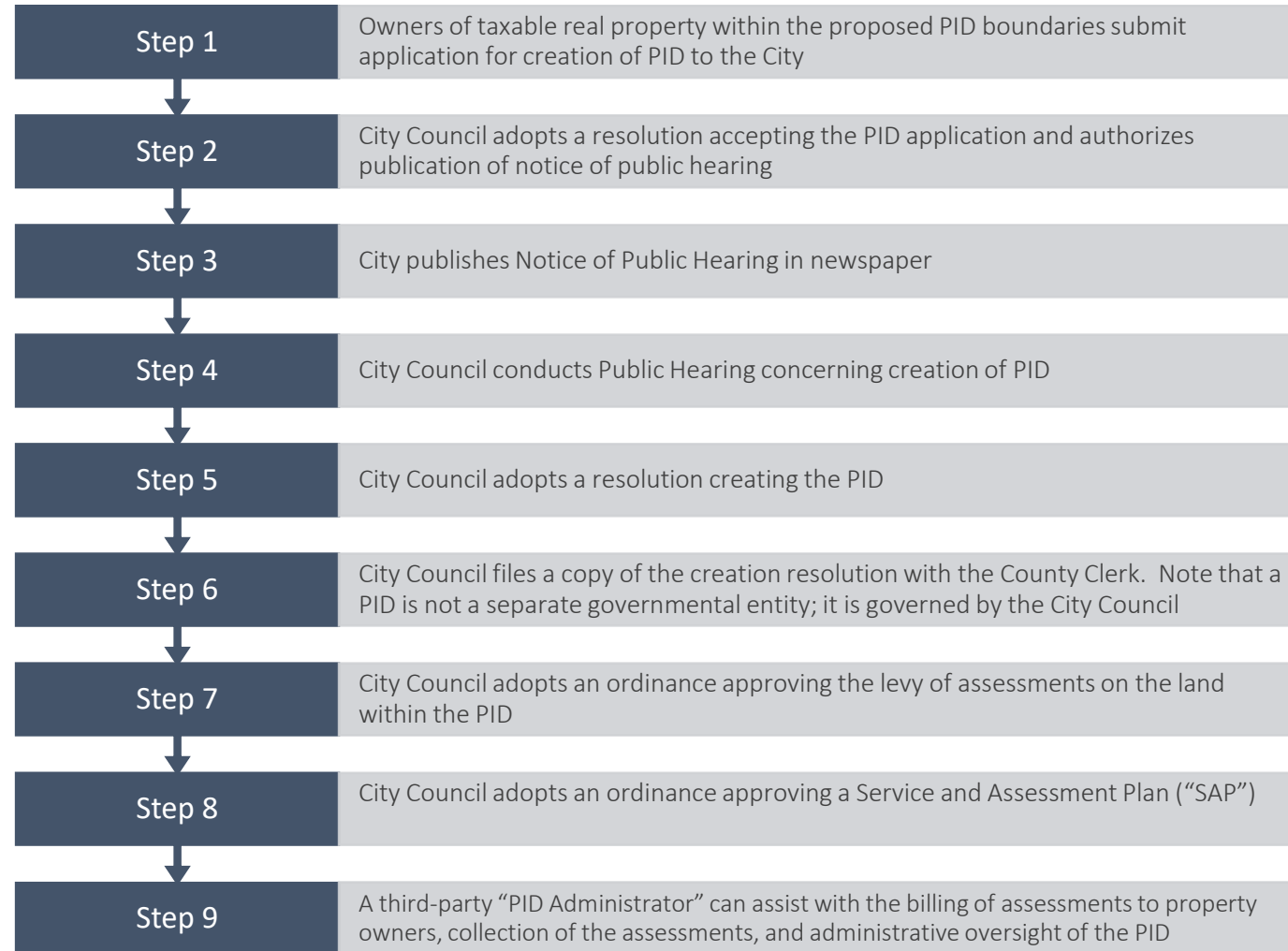
- Fountains, Distinctive Lighting and Signs
- Sidewalks, streets, any other roadways, or their rights-of-way
- Pedestrian Malls
- Installation of Pieces of Art
- Off-Street Parking

- Parks
- Water, Wastewater or Drainage
- Projects “similar” to this list such as: Bulkheads, Canals, and Bridges
- Real Property in Connection with an Authorized Improvement
- Expenses Incurred in Establishing, Administrating, and Operating the PID

Additional Funding

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PID Creation, Assessments, and Administration



Questions?