



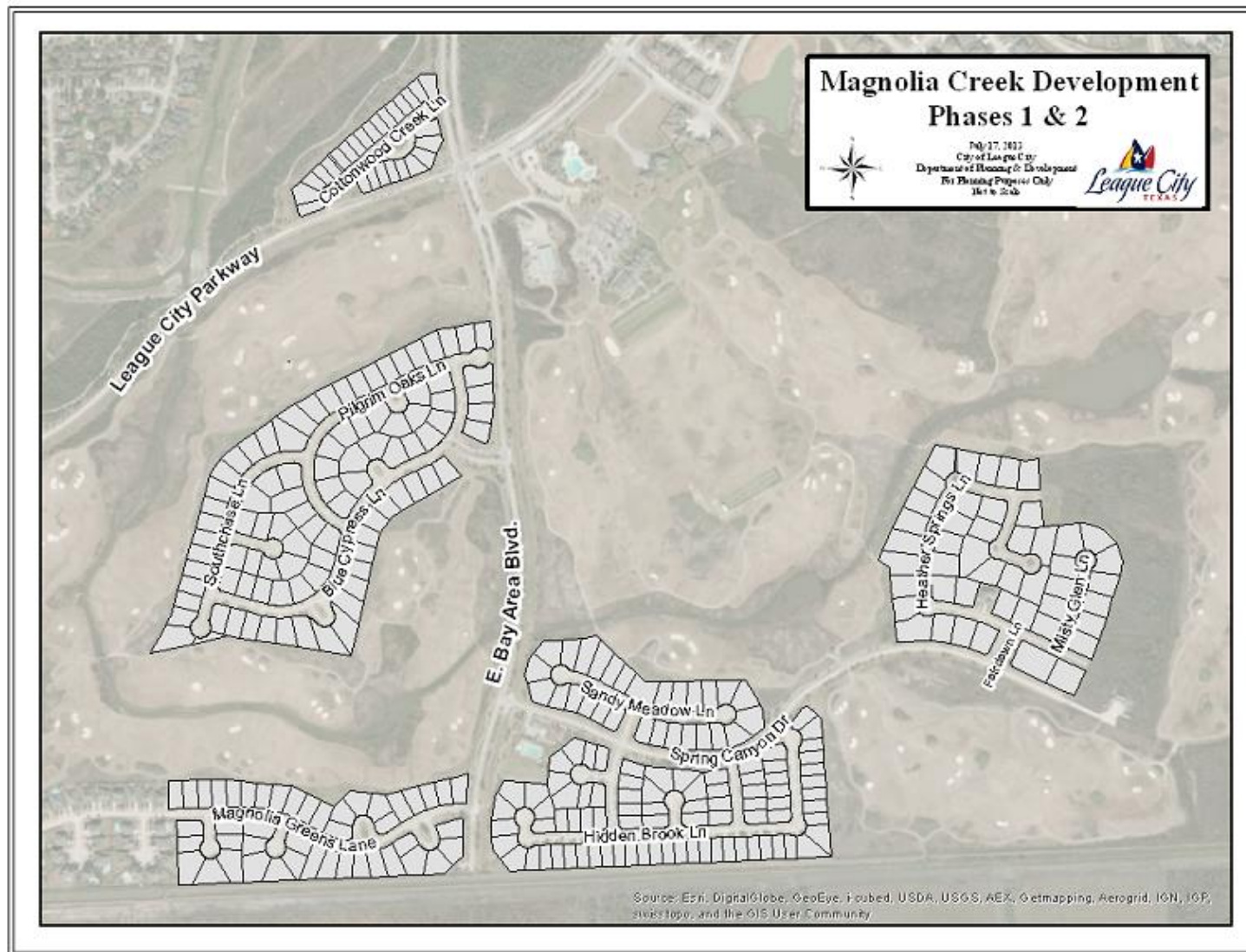
Public Improvement District #1

Magnolia Creek

Purpose of the Meeting

This meeting has been called to provide information concerning the PID assessments and potential refund of monies to the property owners in Phase 1 and 2 of Magnolia Creek.





Phase 1 Assessments

- City Council adopted Ordinance 2001-10 levying assessments for Phase 1
 - Rate was set at \$1.32 per square foot, payable over 15 years at 7.25% interest
- Rate was calculated by allocating the estimated cost of that portion of the development across the area of phase 1
 - Estimated costs were \$2.76 million
 - The final audited costs for phase 1 totaled \$1.88 million
- The result is excess assessment revenue, and interest collections from 2002-2012 of \$1 million.



Phase 2 Assessments

- City Council adopted Ordinance 2002-46 levying assessments for Phase 2
 - Rate was set at \$1.68 per square foot, payable over 15 years at 7.25% interest
- Rate was calculated by allocating the estimated cost of that portion of the development across the area of phase 2
 - Estimated costs were \$2.68 million
 - The final audited costs for phase 1 totaled \$1.78 million
- The result is excess assessment revenue, and interest collections from 2003-2012 of \$700,000.



Why were the assessments so high?

	Phase 1 Estimate	Phase 1 Actual	Phase 2 Estimate	Phase 2 Actual
Allocation of master development cost	\$ 374,051	\$ 447,430	\$ 290,232	\$ 347,167
Neighborhood development cost	1,431,226	<u>1,433,644</u>	1,438,641	<u>1,438,641</u>
<i>Developer interest</i>	455,849		460,335	
<i>Bond issuance costs and reserve</i>	<u>498,874</u>		<u>490,792</u>	
Total estimated cost	<u>\$2,760,000</u>		<u>\$2,680,000</u>	
Total actual cost		<u>\$1,881,074</u>		<u>\$1,785,808</u>

Bonds were not issued as originally planned. The developer interest was funded through the interest paid on the annual assessments.



Next Step: Lower Assessments

- Phase 1 – City Council can reset the assessment rate from \$1.32 to \$0.90 per square foot. This would result in a total balance due, from all 185 properties, of \$10,652. Many properties will owe little, if any, assessment.
- Phase 2 – Assessments can be reset from \$1.68 to \$1.11 per square foot; resulting in an aggregate balance due, from all 134 properties, of \$139,802.
- This process will reallocate the actual, audited, cost of Phase 1 and 2 of the development to each property on an equal basis (the area of properties) and the result is a total balance owing on the 319 assessments of \$150,454.
- Staff is recommending that the City Council take action to call the required public hearing at their August 13th meeting. The public hearing on the assessments will then be held at the August 27th meeting.
- *Pending approval of the assessment ordinance at that same meeting, August 27th, collection of the assessments for the future years can cease.*
 - the remaining revised balances of \$150,454 will be offset by the pending refund



Status of Assessment Accounts

	Phase 1	Phase 2
Original assessment	\$2,755,336	\$2,693,473
Principal paid to date	<u>1,867,988</u>	<u>1,639,814</u>
Balance due on original assessments	<u>\$ 887,348</u>	<u>\$1,053,659</u>
Revised assessment	\$1,878,640	\$1,779,616
Principal paid to date	<u>1,867,988</u>	<u>1,639,814</u>
Balance due on original assessments	<u>\$ 10,652</u>	<u>\$ 139,802</u>



Next Step: Refund Overpaid Assessments

The assessment levels and interest paid by homeowners on those assessments led to excess funds and an over payment to one of the developers. These funds were recovered and are now available to return to the property owners.

Estimated funds available (after the final payment to the second developer, and the cost to process these refunds) are calculated to be distributed to the phases based upon the total payments made by each phase.

- Phase 1 - \$ 1,030,400
- Phase 2 - \$ 687,800

Allocating these funds based upon the area of the property would produce a “refund rate” of

- Phase 1 - \$0.4878 per square foot
- Phase 2 - \$0.4290 per square foot

For an average property of 11,965 square feet would be allocated a refund of \$5,133.



Overpayment Refund Process

Staff is recommending that the PID Board and the City Council approve a contract with Stewart Title. The title company will prepare title reports for the 319 properties in phases 1 and 2. The firm will also escrow the funds and administer the refund process. The cost to administer this process will be allocated to the properties as a percentage of each potential refund.

Upon completion of the title work, properties that have had single ownership through the assessment period will be eligible to receive the refund.

For properties that have multiple owners, the City will establish a 60 to 90 day claim period. During the claim period, all interested parties will have the opportunity to file a claim for a portion of the refund. At the conclusion of the claim period, the City Council will determine the next step in the refund process.





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