

**WINN RIDGE SOUTH  
PUBLIC IMPROVEMENT DISTRICT**

**CITY OF AUBREY, TEXAS**

**ANNUAL SERVICE PLAN UPDATE  
2019-20**

**SEPTEMBER 24, 2019**

**PREPARED BY:**

**MUNICAP, INC.**  
— PUBLIC FINANCE —

**WINN RIDGE SOUTH  
PUBLIC IMPROVEMENT DISTRICT**

**ANNUAL SERVICE PLAN UPDATE – 2019-20**

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## *A. INTRODUCTION*

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The Winn Ridge South Public Improvement District (the “PID”) was created pursuant to the PID Act and a resolution of the City Council on March 21, 2017 to finance certain public improvement projects for the benefit of the property in the PID. The City of Aubrey, Texas Assessment Revenue Bonds, Series 2017 (Winn Ridge South Public Improvement District Project) (the “Series 2017 Bonds”) in the aggregate principal amount of \$8,000,000 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.

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 the PID Act, the Service and Assessment Plan must be reviewed and updated annually for the purpose of determining the annual budget for the Authorized Improvements. This document is the annual update of the Service and Assessment Plan for 2019-20 (the “Annual Service Plan Update”).

The City also adopted assessment rolls (the “Assessment Rolls”) identifying the assessments on each Parcel of Assessed Property 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 Rolls for Annual Installments to be collected for 2019-20.

Capitalized terms not defined in this Annual Service Plan Update shall have the meanings assigned to them in the Service and Assessment Plan.

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## ***B. UPDATE OF THE SERVICE PLAN***

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### **I. ANNUAL BUDGET FOR THE AUTHORIZED IMPROVEMENTS**

The original total estimated costs of the Authorized Improvements of the PID (including soft costs and PID establishment costs) was equal to \$7,230,008 as shown in Table B-1 below.

**Table B-1**  
**Estimated Authorized Improvement Costs**

<b>Authorized Improvements</b>	<b>Estimated Costs</b>
Road improvements	\$3,146,892
Water distribution system improvements	\$787,961
Sanitary sewer collection system improvements	\$645,149
Storm drainage collection system improvements	\$1,190,000
Landscaping and screening improvements	\$285,900
Other soft and miscellaneous costs	\$862,588
<i>Subtotal</i>	<i>\$6,918,490</i>
Estimated PID establishment costs	\$311,518
<b>Total Estimated Authorized Improvement Costs</b>	<b>\$7,230,008</b>

According to the Developer quarterly disclosure reports, there have been changes to the original estimates for the Authorized Improvements shown in Table B-1 above due to the actual costs expended for the Authorized Improvements associated with the 166 Phase #1 Lots. The updated costs of the Authorized Improvements of the PID is equal to \$7,230,007 as shown in Table B-2 below.

**Table B-2**  
**Updated Authorized Improvement Costs**

<b>Authorized Improvements</b>	<b>Updated Costs</b>
Road Improvements	\$3,357,028
Water Distribution System Improvements	\$708,293
Sanitary Sewer Collection System Improvements	\$617,382
Storm Drainage Collection System Improvements	\$1,174,061
Landscaping and Screening Improvements	\$203,358
Other Soft and Miscellaneous Costs	\$858,367
<i>Subtotal</i>	<i>\$6,918,489</i>
Estimated PID Establishment Costs	\$311,518
<b>Total Estimated Authorized Improvement Costs</b>	<b>\$7,230,007</b>

As shown in Table B-3 below, the PID has incurred indebtedness in the total amounts of \$8,000,000 in the form of the Series 2017 Bonds, which are to be repaid from Assessments.

**Table B-3**  
**Sources and Uses of Funds**

<b>Sources of Funds</b>	<b>Phase #1 Lots</b>	<b>Phase #2 Lots</b>	<b>Total</b>
Bond par amount	\$3,623,529	\$4,376,471	\$8,000,000
Other funding sources	\$602,497	\$395,357	\$997,854
<b>Total Sources</b>	<b>\$4,226,027</b>	<b>\$4,771,828</b>	<b>\$8,997,854</b>
<b>Uses of Funds</b>			
<b>Authorized Improvements</b>			
Road improvements	\$1,516,776	\$1,630,116	\$3,146,892
Water distribution system improvements	\$390,240	\$397,721	\$787,961
Sanitary sewer improvements	\$294,733	\$350,416	\$645,149
Storm drainage improvements	\$539,000	\$651,000	\$1,190,000
Landscaping and screening improvements	\$142,950	\$142,950	\$285,900
Other soft and miscellaneous costs	\$400,511	\$462,077	\$862,588
<i>Subtotal</i>	<i>\$3,284,210</i>	<i>\$3,634,280</i>	<i>\$6,918,490</i>
Estimated PID establishment costs	\$141,086	\$170,431	\$311,517
<i>Subtotal</i>	<i>\$3,425,296</i>	<i>\$3,804,711</i>	<i>\$7,230,007</i>
<b>Bond issuance costs</b>			
Capitalized interest	\$179,880	\$217,257	\$397,137
Debt service reserve	\$278,994	\$336,966	\$615,960
First year administrative expense	\$18,118	\$21,882	\$40,000
Other bond issuance costs	\$323,740	\$391,010	\$714,750
<i>Subtotal</i>	<i>\$800,731</i>	<i>\$967,116</i>	<i>\$1,767,847</i>
<b>Total Uses</b>	<b>\$4,226,027</b>	<b>\$4,771,827</b>	<b>\$8,997,854</b>

According to the Developer, the number of lots within Phase #1 has increased from the original estimate of 154 lots to 166 lots. The number of lots within Phase #2 has decreased from the original estimate of 186 lots to 174 lots. As a result, the total number of assessed lots remains unchanged at 340 units. As shown in Table B-4 on the following page, the sources and uses of funds has been revised accordingly.

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**Table B-4**  
**Revised Sources and Uses of Funds**

Bond par amount	\$3,905,882	\$4,094,118	\$8,000,000
Other funding sources	\$602,497	\$395,357	\$997,854
<b>Total Sources</b>	<b>\$4,508,380</b>	<b>\$4,489,475</b>	<b>\$8,997,854</b>
<b>Uses of Funds</b>			
<b>Authorized Improvements</b>			
Road improvements	\$1,726,912	\$1,630,116	\$3,357,028
Water distribution system improvements	\$310,572	\$397,721	\$708,293
Sanitary sewer improvements	\$266,966	\$350,416	\$617,382
Storm drainage improvements	\$523,061	\$651,000	\$1,174,061
Landscaping and screening improvements	\$60,408	\$142,950	\$203,358
Other soft and miscellaneous costs	\$396,290	\$462,077	\$858,367
<i>Subtotal</i>	<i>\$3,284,209</i>	<i>\$3,634,280</i>	<i>\$6,918,489</i>
Estimated PID establishment costs	\$141,086	\$170,431	\$481,948
<i>Subtotal</i>	<i>\$3,425,295</i>	<i>\$3,804,711</i>	<i>\$7,230,006</i>
<b>Bond issuance costs</b>			
Capitalized interest	\$179,880	\$217,257	\$397,137
Debt service reserve	\$278,994	\$336,966	\$615,960
First year administrative expense	\$18,118	\$21,882	\$40,000
Other bond issuance costs	\$323,740	\$391,010	\$714,750
<i>Subtotal</i>	<i>\$800,731</i>	<i>\$967,116</i>	<i>\$1,767,847</i>
<b>Total Uses</b>	<b>\$4,226,026</b>	<b>\$4,771,827</b>	<b>\$8,997,853</b>

A service plan must cover a period of five years. The Authorized Improvement projects within the PID are expected to be built within a period of five years. The projected Annual Installments for the PID over a period of five years is shown in Table B-5 below, which are used to repay the Series 2017 Bonds that were issued to finance the Authorized Improvements.

**Table B-5**  
**Projected Annual Installments**

Period Ending September 1	Principal Payments	Interest Expense	Administrative Expenses <sup>1</sup>	Prepayment Reserve	Delinquency Reserve	Annual PID Installments <sup>2</sup>
2019	\$0	\$487,950	\$40,800	\$16,000	\$24,000	\$568,750
2020	\$120,000	\$487,950	\$32,050	\$16,000	\$24,000	\$680,000
2021	\$125,000	\$481,350	\$42,448	\$15,760	\$23,640	\$688,198
2022	\$130,000	\$474,475	\$43,297	\$15,510	\$23,265	\$686,547
2023	\$140,000	\$467,325	\$44,163	\$15,250	\$22,875	\$689,613
2024	\$145,000	\$459,625	\$45,046	\$14,970	\$22,455	\$687,096
<b>Total</b>	<b>\$660,000</b>	<b>\$2,858,675</b>	<b>\$247,805</b>	<b>\$93,490</b>	<b>\$140,235</b>	<b>\$4,000,205</b>

1 – Projected Administrative Expenses for period ending September 1, 2020 include \$9,566 in available administrative funds.

2 – Annual PID Installments does not include any applicable capitalized interest or investment income funds.

## II. DEBT SERVICE AND COLLECTION COSTS

### 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-one annual installments of principal and interest beginning with the tax year following the issuance of the Series 2017 Bonds.

Pursuant to the Service and Assessment Plan, each Assessment on Assessed Property within the PID shall bear interest at the rate on the Series 2017 Bonds plus 0.5% as described below commencing with the issuance of the Series 2017 Bonds. The effective interest rate on the Series 2017 Bonds is 6.10 percent per annum for 2019-20. 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 (0.5%) higher than the actual interest rate paid on the debt. The additional interest will be used for the Prepayment Reserve and Delinquency Reserve. Accordingly, the effective interest rate on the Series 2017 Bonds (6.10%) plus additional interest of one-half of one percent is used to calculate the interest on the Assessments. These payments, the “Annual Installments” of the Assessments, shall be billed by the City in 2019 and will be delinquent on February 1, 2020.

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 2019-20 and the Administrative Expenses to be collected from each Parcel. Administrative Expenses shall be allocated to each Parcel pro rata based upon the amount of the Assessments on a Parcel to the total amount of Assessments in the PID 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 Indenture of Trust, 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 Series 2017 Bonds from the collection of the Annual Installments of the Assessments levied against the Assessed Property within the PID. 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 fund the Prepayment Reserve and Delinquency Reserve amounts as described in the Service and Assessment Plan and applicable Indenture of Trust.

### Annual Installments to be Collected for 2019-20

The budget for the PID will be paid from the collection of Annual Installments collected for 2019-20 as shown by Table B-6 on the following page.

**Table B-6**  
**Budget for the Annual Installments**  
**to be Collected for 2019-20**

Descriptions	Series 2017 Bonds
Interest payment on March 1, 2020	\$263,975
Interest payment on September 1, 2020	\$263,975
Principal payment on September 1, 2020	\$120,000
<i>Subtotal debt service on bonds</i>	<i>\$647,950</i>
Administrative Expenses	\$41,050
<i>Subtotal Expenses</i>	<i>\$689,000</i>
Available reserve fund income	\$0
Available capitalized interest funds	\$0
Available Administrative Expense funds	\$0
<i>Subtotal available funds</i>	<i>\$0</i>
<b>Annual Installments</b>	<b>\$689,000</b>

1 – Interest to be collected above includes the additional 0.5% interest for prepayment and delinquency reserves, as permitted by the PID Act.

As shown in Table B-6 above, the total Annual Installment to be collected for 2019-20 is equal to \$680,000 for payments that will be due in 2019-20. The total portion of the Annual Installments for debt service payments on the Series 2017 Bonds and the Administrative Expenses to be collected for 2019-20 are shown as \$647,950 and \$41,050, 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 Series 2017 Bonds, to fund the Prepayment Reserve and Delinquency Reserve described in the Service and Assessment Plan, and to cover Administrative Expenses of the PID. The Annual Installment for each Parcel shall be calculated by taking into consideration any available capitalized interest.

As described in Section D herein, there has been a subdivision of the parent Parcel according to Denton County Central Appraisal District (“DCAD”) online records. As a result, the total Annual Installment due for 2019-20 will be billed and collected to the two Parcels within the PID.

The list of Parcels within the PID, the outstanding Assessments on each Parcel, and the Annual Installment to be collected for 2019-20 are shown in the Assessment Roll summary attached hereto as Appendix A.

### III. BOND REDEMPTION RELATED UPDATES

The Series 2017 Bonds were issued in October 2017. Pursuant to Section 4.3 of the Indenture of Trust, the City reserves the right and option to redeem the Series 2017 Bonds before their scheduled maturity dates, in whole or in part, on any interest payment date on or after September



1, 2027, such redemption date or dates to be fixed by the City, at the redemption prices and dates shown in the Indenture of Trust.

The Administrator has conducted a preliminary evaluation of the current refunding market conditions, recent PID bond refunding transactions, and other relevant factors. Based on this preliminary evaluation, the Administrator believes a refunding of the Series 2017 Bonds does not appear viable at this time. The Administrator will continue to monitor the refunding market conditions, applicable PID bond refunding transactions, and other relevant factors to determine if refunding becomes viable in the future and will inform the City accordingly.

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### ***C. UPDATE OF THE ASSESSMENT PLAN***

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The Service and Assessment Plan adopted by the City Council provided that the Authorized Improvement costs shall be allocated to the Assessed Property ratio of estimated build out value 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.

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## ***D. UPDATE OF THE ASSESSMENT ROLL***

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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 the 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 VII.C of the Service and Assessment Plan.

The summary Assessment Roll is shown in Appendix A. Each Parcel in the PID is identified, along with the outstanding Assessment on each Parcel, the Annual Assessment, the Administrative Expenses, and the Annual Installment to be collected from each Parcel. Assessments are to be reallocated for the subdivision of any Parcels.

### **I. PARCEL UPDATES**

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 formula shown in the SAP.

According to Denton CAD online records, Parcels 753118 and 753119 were subdivided from Parcel 38577. The aggregate Assessment on parent Parcel 38577 prior to subdivision was \$8,000,000.

According to the original Service and Assessment Plan, 340 residential units representing 340.00 total Equivalent Units were estimated to be built within the PID. Following subdivision, the total residential units to be built remains unchanged. Table D-1 below shows the Assessment amounts allocated to each newly subdivided Parcel within the PID using the formula from the prior page of this report.

**Table D-1**  
**Allocation of Assessments after Subdivision**

<b>After Subdivision</b>						
<b>Parcel<sup>1</sup></b>	<b>Lot Type</b>	<b>No. of Units</b>	<b>EU Factor</b>	<b>Total EU</b>	<b>Assessment per Unit</b>	<b>Total Assessment</b>
38577	1	174	1.00	174.00	\$23,529.41	\$4,094,118
753118	1	166	1.00	166.00	\$23,529.41	\$3,905,882
753119	n/a	0	0.00	0.00	\$0.00	\$0
<b>Total</b>		<b>340</b>		<b>340.00</b>		<b>\$8,000,000</b>

1 – According to the Developer, Parcel 753119 is a floodplain and is a non-assessed Parcel.

## **II. PREPAYMENT OF ASSESSMENTS**

There have been no Assessment prepayments as of August 31, 2019.

The complete Assessment Roll is available for review at the Aubrey City Hall, located at 107 South Main Street, Aubrey, Texas 76227.

**APPENDIX A**  
**2019-20 ASSESSMENT ROLL SUMMARY**

Appendix A  
**Winn Ridge South Public Improvement District**  
**2019-20 Assessment Roll Summary**

<b>Parcel</b>	<b>Estimated Units</b>	<b>Outstanding Assessments</b>	<b>Annual Assessment</b>	<b>Administrative Expenses</b>	<b>2019-20 Annual Installments</b>
38577	174	\$4,094,118	\$331,597.94	\$21,007.94	\$352,605.88
753118	166	\$3,905,882	\$316,352.06	\$20,042.06	\$336,394.12
753119	0	\$0	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>340</b>	<b>\$8,000,000</b>	<b>\$647,950.00</b>	<b>\$41,050.00</b>	<b>\$689,000.00</b>