

**BAYSIDE  
PUBLIC IMPROVEMENT DISTRICT  
CITY OF ROWLETT, TEXAS**

**SOUTH IMPROVEMENT AREA  
ANNUAL SERVICE PLAN UPDATE  
(ASSESSMENT YEAR 9/15/21 - 9/14/22)**

**AS APPROVED BY CITY COUNCIL ON:  
SEPTEMBER 21, 2021**

**PREPARED BY:**

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

**BAYSIDE**  
**PUBLIC IMPROVEMENT DISTRICT**

**SOUTH IMPROVEMENT AREA**  
**ANNUAL SERVICE PLAN UPDATE**  
**(ASSESSMENT YEAR 9/15/21 – 9/14/22)**

**TABLE OF CONTENTS**

<b>I. INTRODUCTION.....</b>	<b>1</b>
<b>II. UPDATE OF THE SERVICE PLAN .....</b>	<b>3</b>
<b>A. UPDATED SOURCES AND USES FOR PUBLIC IMPROVEMENTS.....</b>	<b>3</b>
<b>B. FIVE YEAR SERVICE PLAN .....</b>	<b>6</b>
<b>C. STATUS OF DEVELOPMENT .....</b>	<b>6</b>
<b>D. BOND REDEMPTION RELATED UPDATES .....</b>	<b>11</b>
<b>III. UPDATE OF THE ASSESSMENT PLAN.....</b>	<b>13</b>
<b>IV. UPDATE OF THE ASSESSMENT ROLL .....</b>	<b>14</b>
<b>A. PARCEL UPDATES .....</b>	<b>14</b>
<b>B. PREPAYMENT OF ASSESSMENTS .....</b>	<b>14</b>
<b>APPENDIX A - PID MAP</b>	
<b>APPENDIX B-1 – PID FUNDED SOUTH IMPROVEMENTS</b>	
<b>APPENDIX B-2 – SUBSEQUENT THIRD PARTY OWNER FUNDED SOUTH IMPROVEMENTS</b>	
<b>APPENDIX C – SOUTH IMPROVEMENT AREA CURRENT DEVELOPMENT PLAN</b>	
<b>APPENDIX D - ASSESSMENT ROLL - 2021-22</b>	
<b>APPENDIX E – PID ASSESSMENT NOTICE</b>	

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## ***I. INTRODUCTION***

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The Bayside Public Improvement District (the “PID”) was created pursuant to Chapter 372 of the Texas Local Government Code (as amended, the “PID Act”) and a resolution of the City Council on September 15, 2015 to finance certain public improvement projects for the benefit of Assessed Property within the PID. The City of Rowlett, Texas (the “City”) issued Special Assessment Revenue Bonds, Series 2017 (Bayside Public Improvement District South Improvement Area Project) (the “South Improvement Area Bonds”) in the aggregate principal amount of \$36,450,000 to finance the costs of constructing the South Improvement Area Improvements for the benefit of the Assessed Property within the South Improvement Area.

The PID consists of approximately 317 acres of property within the City limits. The South Improvement Area consists of approximately 119 acres within 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 “South Improvements”) to be constructed, the costs of the South Improvements, the indebtedness to be incurred for the South Improvements, and the manner of assessing the benefitted property within the South Improvement Area of the PID for the costs of the South Improvements. The Service and Assessment Plan was amended and restated on January 7, 2020 (the “Amended and Restated Service and Assessment Plan”) to incorporate a revised and updated development plan, a revised Assessment methodology, and revised cost estimates for the South Improvements.

Pursuant to the PID Act, the Amended and Restated Service and Assessment Plan must be reviewed and updated annually. This document is an annual update of the Amended and Restated Service and Assessment Plan for 2021-22 (the “Interim Annual Service Plan Update”).

The City also adopted an assessment roll (the “Assessment Roll”) identifying the Assessments on each Parcel of Assessed Property within the South Improvement Area of the PID, based on the method of assessment identified in the Amended and Restated Service and Assessment Plan.

The Texas legislature passed House Bill 1543 as an amendment to the PID Act, requiring, among other things, (i) all Service and Assessment Plans and Annual Service Plan Updates be approved through City ordinance or order to be filed with the county clerk of each county in which all or part of the PID is located within seven days and (ii) include a copy of the notice form required by Section 5.014 of the Texas Property Code (the “PID Assessment Notice”) as disclosure of the obligation to pay PID Assessments. In light of these amendments to the PID Act, this Annual Service Plan Update includes a copy of the PID Assessment Notice as Appendix E and copy of this Annual Service Plan Update will be filed with the county clerk in each county in which all or a part of the PID is located not later than seven (7) days after the date the governing body of the City approves this Annual Service Plan Update.

Section 372.013 of the PID Act, as amended, stipulates that a person who proposes to sell or otherwise convey real property that is located in the PID, except in certain situation described in the PID Act, shall first give to the purchaser of the property a copy of the completed PID

Assessment Notice. The PID Assessment Notice shall be given to a prospective purchase before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller provided the required notice, the purchaser, subject to certain exceptions described in the PID act, is entitled to terminate the contract.

The PID Assessment Notice shall be executed by the seller and must be filed in the real property records of the County in which the property is located at the closing of the purchase and sale of the property.

Capitalized terms shall have the meanings set forth in the Service and Assessment Plan unless otherwise defined herein.

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

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### **A. UPDATED SOURCES AND USES FOR PUBLIC IMPROVEMENTS**

According to the Annual Service and Assessment Plan Update approved on September 15, 2020, the total estimated costs of the South Improvements were equal to \$26,193,110. According to the revised total cost estimates for the South Improvements approved in the Interim Annual Service and Assessment Plan Update on December 15, 2020, the updated cost estimates are \$39,193,110 representing a \$13,000,000 increase from the previously approved cost estimates. The projected increase in the budget is anticipated to be funded with \$1,000,000 in interest income earned within the project fund of the trust account and \$12,000,000 will be funded by the Subsequent Third Party Owner.

Table II-A-1 on the following page summarizes the updated funding sources and uses of funds required to construct the South Improvements.

For additional South Improvement Area development-related information, refer to the link below:

<https://emma.msrb.org/P11508950-P11168236-P11583797.pdf>

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**Table II-A-1**  
**Updated Funding Sources and Uses of Funds**

Description	PID Funded	Subsequent Third Party Owner Funded	Total
<i>Authorized Improvement</i>			
Roadway Improvements			
Earthwork and Erosion Control Improvements	\$2,352,377	\$0	\$2,352,377
Paving Improvements	\$3,408,788	\$0	\$3,408,788
<i>Subtotal: Roadway Improvements</i>	<i>\$5,761,165</i>	<i>\$0</i>	<i>\$5,761,165</i>
Water Improvements	\$3,071,734	\$0	\$3,071,734
Sanitary Sewer Improvements	\$1,988,792	\$0	\$1,988,792
Storm Sewer Improvements	\$2,760,872	\$0	\$2,760,872
Professional and Other Development Fees	\$4,430,108	\$0	\$4,430,108
Other Improvements			
Lagoon Construction Costs	\$0	\$12,000,000	\$12,000,000
Crystal Lagoon Licensing Fee	\$3,142,520	\$0	\$3,142,520
Landscape, Hardscape, Surf Lagoon, Beach, Trails, Parks	\$3,050,000	\$0	\$3,050,000
Seawall	\$1,200,000	\$0	\$1,200,000
TXDOT Bridge Enhancements <sup>1</sup>	\$1,000,000	\$0	\$1,000,000
<i>Subtotal: Other Improvements</i>	<i>\$8,392,520</i>	<i>\$12,000,000</i>	<i>\$20,392,520</i>
Contingency	\$787,919	\$0	\$787,919
<b>Total Authorized Improvements</b>	<b>\$27,193,110</b>	<b>\$12,000,000</b>	<b>\$39,193,110</b>

1-The TXDOT bridge enhancements are set to be funded by \$1,000,000 of investment interest income earned within the project fund.

Table II-A-2 on the following page summarizes the amounts spent to date that are required to (1) construct the South Improvements, (2) establish the PID, and (3) issue the South Improvement Area Bonds, through South Improvements Draw Request #12.

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**Table II-A-2**  
**Updated Sources and Uses of Funds**

Sources of Funds	Budget - Interim Annual Service Plan Update 2020-21	Budget Revisions	Updated Budget	Spent to Date	Remaining to be Funded
Bond par amount <sup>2</sup>	\$36,435,475	\$0	\$36,435,475	\$29,746,908	\$6,688,566
Other Funding Sources <sup>3</sup>	\$13,000,000	\$0	\$13,000,000	\$732,338	\$12,267,662
<b>Total Sources</b>	<b>\$49,435,475</b>	<b>\$0</b>	<b>\$49,435,475</b>	<b>\$30,479,247</b>	<b>\$18,956,228</b>
<b>Uses of Funds</b>					
<i>South Improvements</i>					
Roadway Improvements	\$6,091,165	(\$330,000)	\$5,761,165	\$4,575,992	\$1,185,173
Water Improvements	\$2,683,112	\$388,622	\$3,071,734	\$2,769,061	\$302,673
Sanitary Sewer Improvements	\$1,988,792	\$0	\$1,988,792	\$1,749,550	\$239,242
Storm Sewer Improvements	\$2,640,872	\$120,000	\$2,760,872	\$2,496,859	\$264,013
Professional and Other Development Fees	\$4,527,404	(\$97,296)	\$4,430,108	\$3,895,612	\$534,496
Other Improvements					\$0
Lagoon Construction Costs	\$12,000,000	\$0	\$12,000,000	\$0	\$12,000,000
Crystal Lagoon Licensing Fee	\$3,142,520	\$0	\$3,142,520	\$3,142,520	\$0
Landscape, Hardscape, Surf Lagoon, Beach, Trails, Parks	\$3,050,000	\$0	\$3,050,000	\$0	\$3,050,000
Seawall	\$1,200,000	\$0	\$1,200,000	\$94,327	\$1,105,673
TXDOT Bridge Enhancements	\$1,000,000	\$0	\$1,000,000	\$732,338	\$267,662
<i>Subtotal: Other Improvements</i>	<i>\$20,392,520</i>	<i>\$0</i>	<i>\$20,392,520</i>	<i>\$3,969,185</i>	<i>\$16,423,335</i>
Contingency	\$869,245	(\$81,326)	\$787,919	\$780,623	\$7,296
<i>Subtotal</i>	<i>\$39,193,110</i>	<i>\$0</i>	<i>\$39,193,110</i>	<i>\$20,236,882</i>	<i>\$18,956,228</i>
<i>Bond Issuance Costs</i>					
Debt service reserve	\$3,024,378	\$0	\$3,024,378	\$3,024,378	\$0
Capitalized interest	\$4,849,430	\$0	\$4,849,430	\$4,849,430	\$0
Other Costs of Issuance	\$2,368,557	\$0	\$2,368,557	\$2,368,557	\$0
<i>Subtotal</i>	<i>\$10,242,365</i>	<i>\$0</i>	<i>\$10,242,365</i>	<i>\$10,242,365</i>	<i>\$0</i>
<b>Total Uses</b>	<b>\$49,435,475</b>	<b>\$0</b>	<b>\$49,435,475</b>	<b>\$30,479,247</b>	<b>\$18,956,228</b>

1 – According to South Improvements’ Draw Request #12 as approved by the City on June 29, 2021.

2 – The current budget reduction may be offset against future increases in the South Improvement Costs or an actual budget reduction may be used to call bonds after the completion of the South Improvements.

3 – Other funding sources includes \$1,000,000 of investment income earned and a Subsequent Third Party Owner contribution of \$12,000,000.

**Authorized Improvement Cost Variances**

As shown in Table II-A-2 above, there have been no significant cost variances to the costs of the South Improvements.

Refer to Appendix B-1 and Appendix B-2 for a detailed breakdown of the budgeted South Improvement costs and amounts spent to date that are anticipated to be funded through the PID and the costs to be funded through the Subsequent Third Party Owner’s contribution.

## B. FIVE YEAR SERVICE PLAN

According to the PID Act, a service plan must cover a period of five years. According to the Developer’s Quarterly Improvement Implementation Report dated as of June 30, 2021, the roadway improvements, the storm drainage improvements, the water improvements, and the sanitary sewer improvements are anticipated to be completed and accepted by the City sometime in the second quarter of 2021. The central roundabout, central park, and perimeter parks are trails are anticipated to be completed and accepted by the City sometime in the fourth quarter of 2021. The lagoon is anticipated to be completed by the second quarter of 2023.

The projected Annual Installments for the South Improvements over a period of five years is shown in Table II-B-1 below.

**Table II-B-1**  
**Projected Annual Installments (2018-2027)**

Assessment Year ending September 15	Principal Payments	Interest Expense	Administrative Expenses	Prepayment & Delinquency Reserves	Capitalized Interest or Other Available Credits <sup>1</sup>	Annual PID Installments <sup>2</sup>
2018-2021	\$920,000	\$9,689,424	\$101,412	\$544,525	(\$5,030,763)	\$6,224,598
2022	\$510,000	\$2,373,404	\$39,600	\$177,650	(\$1,216)	\$3,099,438
2023	\$545,000	\$2,339,336	\$33,122	\$175,100	\$0	\$3,092,558
2024	\$585,000	\$2,302,930	\$33,785	\$172,375	\$0	\$3,094,090
2025	\$625,000	\$2,263,852	\$34,461	\$169,450	\$0	\$3,092,763
2026	\$670,000	\$2,222,102	\$35,150	\$166,325	\$0	\$3,093,577
2027	\$720,000	\$2,177,346	\$35,853	\$162,975	\$0	\$3,096,174
<b>Total</b>	<b>\$4,575,000</b>	<b>\$23,368,394</b>	<b>\$313,382</b>	<b>\$1,568,400</b>	<b>(\$5,031,979)</b>	<b>\$24,793,197</b>

1 – Other available credits include but is not necessarily limited to interest income earned in the Reserve Fund or excess funds available from the trust accounts.

2 – Assessment years ending 2018 through 2022 reflect actual Annual Installments and are net of applicable investment income and other credits. Assessment years 2022 through 2027 reflect projected Annual Installments and will be updated in future annual service plan updates.

## C. STATUS OF DEVELOPMENT

As shown in the Interim Annual Service and Assessment Plan Update approved on December 15, 2020, the revised development plan had an estimated build out value of approximately \$1,012,666,500. According to the Subsequent Third Party Owner, there have been changes to the revised development plan as of August 24, 2021.

Refer to Table II-C-1 on the following page for a summary of the revised development plan provided by the Subsequent Third Party Owner.



**Table II-C-1**  
**Summary of Development Plan Changes**  
**by Lot Type<sup>1</sup>**

Lot Type	No. of Units (2020-21 Development Plan)	2020-21 Estimated Build Out Value	No. of Units (2021-22 Development Plan)	2021-22 Estimated Build Out Value	Variance to Previously Approved Plan
Retail	331,000	\$57,925,000	331,000	\$57,925,000	\$0
Restaurant	140,000	\$31,500,000	140,000	\$31,500,000	\$0
Office	675,000	\$118,125,000	600,000	\$105,000,000	(\$13,125,000)
Townhomes	96	\$67,200,000	134	\$93,800,000	\$26,600,000
Urban MF (5 Story/90 per acre)	1,200	\$180,000,000	1,027	\$154,050,000	(\$25,950,000)
Resort	762	\$247,650,000	762	\$247,650,000	\$0
Surf and Beach Club	36,070	\$34,266,500	36,070	\$34,266,500	\$0
Full Service Spa	0	\$0	0	\$0	\$0
Condominium	300	\$225,000,000	300	\$225,000,000	\$0
Limited Service Hotel	300	\$48,000,000	300	\$48,000,000	\$0
Marina Maintenance HOA	20,000	\$3,000,000	20,000	\$3,000,000	\$0
	<b>1,204,728</b>	<b>\$1,012,666,500</b>	<b>1,129,593</b>	<b>\$1,000,191,500</b>	<b>(\$12,475,000)</b>

<sup>1</sup> – Information within Table II-C-1 is provided by the Subsequent Third Party Owner.

Refer to Appendix C of this report for a map of the updated development plan and a summary of the current development plan as provided by the Subsequent Third Party Owner.

For additional South Improvement Area development and improvement related information, refer to the link provided in Section II.A. of this report.

According to Dallas County Central Appraisal District (“DCAD”) and Rockwall Central Appraisal District (“RCAD”) records, the aggregate 2021 certified value for Parcels within the South Improvement Area of the PID is \$26,961,157 as of August 13, 2021.

#### **D. ANNUAL BUDGET**

##### 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 South Improvement Area Bonds, of which twenty-six (26) Annual Installments remain outstanding.

Pursuant to the Service and Assessment Plan, each Assessment shall bear interest at the rate on the South Improvement Area Bonds commencing with the issuance of the South Improvement Area Bonds. The effective interest rate on the South Improvement Area Bonds is 6.68 percent for 2021-22. 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.

As described in the Service and Assessment Plan, the additional interest of one-half of one percent (the “Excess Interest Rate”) is included in the Annual Installment calculation for 2021-22. In addition, the estimated annual Administrative Expenses for 2021-22 are included in the Annual Installments for 2021-22. These Annual Installments of the Assessments shall be billed by the City, or any other party designated by the City, in 2021 and will be delinquent on February 1, 2022.

Pursuant to the Service and Assessment Plan, the Annual Service Plan Update shall show the remaining balance of the Assessments and the Annual Installment due for 2021-22 to be collected from each Parcel. The Annual Installment amount shall be allocated to each Parcel based on the percentage of Assessment allocated to each Parcel within the South Improvement, as calculated using the amount of Assessment on a Parcel to the total amount of Assessments within the South Improvement Area of 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 ordinance or 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 on the South Improvement Area Bonds will be paid from the collection of the Annual Installments. Administrative Expenses are also to be collected with the Annual Installments to pay expenses related to the collection of the Annual Installments and other PID administration expenses. In addition, 40 percent of the additional interest amount collected as part of the Annual Installment will be used to fund the Prepayment Reserve and 60 percent of such additional interest amount collected will be used to fund the Delinquency Reserve until such time as each reserve contains the required amounts, as described in the Service and Assessment Plan and the Indenture of Trust relating to the South Improvement Area Bonds.

#### Annual Installments to be collected for 2021-22

The budget for the South Improvement Area of the PID will be paid from the collection of Annual Installments collected from the South Improvement Area Assessed Property for 2021-22 as shown in Table II-D-1 on the following page.

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**Table II-D-1**  
**Budget for the Annual Installments**  
**to be Collected for 2021-22**

	<b><u>South</u></b> <b><u>Improvement</u></b> <b><u>Area Bonds</u></b>
Interest payment on March 15, 2022	\$1,186,702
Interest payment on September 15, 2022	\$1,186,702
Principal payment on September 15, 2022	\$510,000
<i>Subtotal Debt Service Payments</i>	<i>\$2,883,404</i>
Administrative Expenses	\$39,600
Excess Interest for Prepayment and Delinquency Reserves	\$177,650
<i>Subtotal Expenses</i>	<i>\$3,100,654</i>
Available Reserve Fund Income	(\$1,216)
Available Capitalized Interest Account funds	\$0
Available Pledged Revenue Account funds	\$0
Available Administrative Expense Account funds	\$0
<i>Subtotal Funds Available</i>	<i>(\$1,216)</i>
<b>Annual Installment to be Collected</b>	<b>\$3,099,438</b>

Debt Service Payments

Annual Installments to be collected for principal and interest include interest due on March 15, 2022 in the amount of \$1,186,702 and on September 15, 2022 in the amount of \$1,186,702, which equal interest on the outstanding Assessments balance of \$35,530,000 for six months each and an effective interest rate of 6.68 percent. Annual Installments to be collected include a principal amount of \$510,000 due on September 15, 2022. As a result, total Annual Installments to be collected for principal and interest in 2021-22 is estimated to be equal to \$2,883,404.

Administrative Expenses

Administrative expenses include the City expenses, Administrator expenses, Trustee expenses, dissemination agent expenses, and contingency amount for potential PID audit and other unanticipated expenses. As shown in Table II-D-2 on the following page, the total administrative expenses to be collected for 2021-22 are estimated to be \$39,600.

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**Table II-D-2**  
**Administrative Budget Breakdown**

Description	Outstanding 2020-21 Expenses	Estimated Expenses to be Incurred through 1/31/2022	2020-21 Estimated Budget (2/1/22-1/31/23)	Total 2021-22 Administrative Expense Budget
City	\$0	\$2,500	\$5,000	\$7,500
Administrator	\$0	\$16,667	\$25,000	\$41,667
Trustee	\$0	\$0	\$2,500	\$2,500
Dissemination Agent	\$0	\$0	\$3,500	\$3,500
Contingency	\$0	\$6,038	\$3,600	\$9,638
Available Funds <sup>1</sup>	\$0	(\$25,205)	\$0	(\$25,205)
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$39,600</b>	<b>\$39,600</b>

1 – Available funds represent funds currently held in the South Improvement Administrative Fund with the Trustee.

*Excess Interest for Prepayment and Delinquency Reserve*

Annual Installments to be collected for excess interest for prepayment and delinquency reserves in the amount of \$177,650, which equals 0.5 percent interest on the outstanding South Improvement Area Assessment balance of \$35,530,000.

*Available Reserve Fund Income*

According to the Trustee, the balance in the Reserve Fund was \$3,055,244, which equals the Reserve Fund Requirement of \$3,024,378 and \$30,866 in investment income as of June 30, 2021. Additionally, \$29,650 in available reserve fund income funds are needed for the debt service payment for Assessment Year ending September 15, 2021. As a result, there are \$1,216 in available reserve fund investment income anticipated to be available to pay a portion of the South Improvement Area Bonds debt service for 2021-22.

*Available Capitalized Interest Account Funds*

As of June 30, 2021, the Trustee reported that the Capitalized Interest Fund been fully expended. As a result, there is no credit to reduce the 2021-22 Annual Installment.

*Available Pledged Revenue Account Funds*

According to the Trustee account statements as of June 30, 2021, there are no available Pledged Revenue Account funds anticipated to be available to pay a portion of the South Improvement Area Bonds debt service for 2021-22.

*Available Administrative Expense Account Funds*

As of June 30, 2021, there were \$25,205 in administrative expense funds available. The current balance is anticipated to be used for the payment of current year administrative expenses through

January 31, 2022. As a result, there are no funds anticipated to be available in the Administrative Expense Fund to reduce the 2021-22 Annual Installment.

#### E. ANNUAL INSTALLMENTS PER UNIT

The Actual Costs of the portion of the South Improvements to be financed with the South Improvement Area Bonds shall be allocated to the South Improvement Area Assessed Property by spreading the entire Assessment across all Parcels and Lots within the South Improvement Area based on the ratio of the estimated build out value of each Lot to the total build out value for all Parcels within the South Improvement Area of the PID.

The outstanding number of units, total outstanding Assessments, percentage of total Annual Installments, total Annual Installments, and Annual Installments per unit for each Lot Type are shown in Table II-E-1 below.

**Table II-E-1**  
**Annual Installment Per Unit**

Lot Type	Estimated Units	Estimated Build Out Value	Total Outstanding Assessments	Percentage of Total Annual Installments <sup>1</sup>	Total Annual Installments	Annual Installments per unit
Retail	331,000	\$57,925,000	\$2,037,463	5.79%	\$179,532.20	\$0.54
Restaurant	140,000	\$31,500,000	\$1,107,696	3.15%	\$97,605.28	\$0.70
Office	600,000	\$105,000,000	\$3,693,995	10.50%	\$325,498.36	\$0.54
Townhomes	134	\$93,800,000	\$3,299,969	9.38%	\$290,778.54	\$2,169.99
Urban MF (5 Story/90 per acre)	1,027	\$154,050,000	\$5,419,618	15.41%	\$477,552.60	\$465.00
Resort	762	\$247,650,000	\$8,712,550	24.77%	\$767,711.13	\$1,007.49
Surf and Beach Club	36,070	\$34,266,500	\$1,205,526	3.43%	\$106,225.62	\$2.94
Condominium	300	\$225,000,000	\$7,915,703	22.50%	\$697,496.49	\$2,324.99
Limited Service Hotel	300	\$48,000,000	\$1,677,975	4.77%	\$147,855.70	\$492.85
Marina Maintenance	20,000	\$3,000,000	\$104,204	0.30%	\$9,182.01	\$0.46
HOA	1		\$355,300	0.00%	\$0.00	\$0.00
<b>Total</b>		<b>\$1,000,191,500</b>	<b>\$35,530,000</b>	<b>100.00%</b>	<b>\$3,099,437.92</b>	

1 – According to the updated development plan as provided by the Subsequent Third Party Owner.

2 – Percentage of Annual Installments calculated with the exclusion of any HOA property which will be billed one percent of the Annual Installments once developed.

The list of Parcels within the PID, the number of units to be developed on the current Parcels, the total outstanding Assessment, the annual principal and interest, the Administrative Expenses, and the Annual Installment to be collected for 2021-22 are shown in the Assessment Roll Summary attached hereto as Appendix C.

#### D. BOND REDEMPTION RELATED UPDATES

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

date on or after **September 15, 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 South Improvement Area 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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### ***III. UPDATE OF THE ASSESSMENT PLAN***

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Pursuant to the Amended and Restated Service and Assessment Plan adopted by the City Council on January 7, 2020, the Actual Costs of the portion of the South Improvements to be financed with the South Improvement Area Bonds shall be allocated to the South Improvement Area Assessed Property by spreading the entire Assessment across all Parcels and Lots within the South Improvement Area based on the ratio of the estimated build out value of each Lot to the total build out value for all Parcels within the South Improvement Area.

This method of assessing property has not been changed for 2021-22 and the Annual Installment allocation percentage calculations shown in Appendix D, and the Assessed Property will continue to be assessed as provided for in the Amended and Restated Service and Assessment Plan.

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

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Pursuant to the Amended and Restated Service and Assessment Plan, the Assessment Roll shall be updated each year to reflect changes such as:

- (i) the identification of each Parcel; (ii) the Assessment for each 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 VI.G of the Service and Assessment Plan.

The summary Assessment Roll is shown in Appendix D. Each Parcel in the PID is identified, along with the Assessment on each Parcel and the Annual Installment to be collected from each Parcel.

### **A. PARCEL UPDATES**

According to the Subsequent Third Party Owner, approximately 1.056 acres of Parcel 65034680510230000 was sold to the Texas Department of Transportation (“TXDOT”) and approximately 0.449 acres of land was purchased from TXDOT, which resulted in an approximate 0.607 reduction in acreage of Parcel 65034680510230000.

According to the Dallas Central Appraisal District’s online records, no additional Parcels were created due to the various land sales. As a result, the acreage reduction will not impact the allocation of the Assessments.

The updated development plan within the South Improvement Area and the related Assessment allocation are shown in Appendix C attached hereto.

### **B. PREPAYMENT OF ASSESSMENTS**

There have been no Assessment prepayments as of August 31, 2021.

The complete Assessment Roll is available for review at Rowlett City Hall, located at 4004 Main Street, Rowlett, Texas 75088.



**APPENDIX A**  
**PID MAP**



**APPENDIX B-1**  
**PID FUNDED SOUTH IMPROVEMENTS**

**BAYSIDE PID - SOUTH IMPROVEMENT AREA**  
SAPPHIRE BAY BUDGET UPDATE 07/2021

**SOUTH IMPROVEMENTS - PID FUNDED**

	<b><u>BUDGET FOR COMPLETION</u></b>	<b><u>PID FUNDS SPENT TO DATE<sup>1</sup></u></b>	<b><u>REMAINING FUNDS AVAILABLE<sup>2</sup></u></b>
Roadway Improvements			
Earthwork	\$2,352,377	\$2,112,219	\$240,158
Paving	\$3,408,788	\$2,463,773	\$945,015
<i>Subtotal: Roadway Improvements</i>	<i>\$5,761,165</i>	<i>\$4,575,992</i>	<i>\$1,185,173</i>
Water Improvements	\$3,071,734	\$2,769,061	\$302,673
Sanitary Sewer Improvements	\$1,988,792	\$1,749,550	\$239,242
Storm Sewer Improvements	\$2,760,872	\$2,496,859	\$264,013
Professional and other Development Fees	\$4,430,108	\$3,895,612	\$534,496
Other Improvements			
Crystal Lagoon Licensing Fee	\$3,142,520	\$3,142,520	\$0
Landscape, Hardscape, Surf Lagoon, Beach, Trails, Parks	\$3,050,000	\$0	\$3,050,000
Seawall	\$1,200,000	\$94,327	\$1,105,673
TXDOT Bridge Enhancements	\$1,000,000	\$732,338	\$267,662
<i>Subtotal: Other Improvements</i>	<i>\$8,392,520</i>	<i>\$3,969,185</i>	<i>\$4,423,335</i>
Contingency	\$787,919	\$780,623	\$7,296
<b>Total</b>	<b>\$27,193,110</b>	<b>\$20,236,882</b>	<b>\$6,956,228</b>

1-PID funds spent to date reflect amounts spent through Draw #12 as approved by the City on June 29, 2021.

2-Remaining funds available include \$1,000,000 in investment interest income earned.

**APPENDIX B-2**  
**SUBSEQUENT THIRD PARTY OWNER**  
**FUNDED SOUTH IMPROVEMENTS**

**BAYSIDE PID - SOUTH IMPROVEMENT AREA**  
**SAPPHIRE BAY BUDGET UPDATE 07/2021**

**SOUTH IMPROVEMENTS - SUBSEQUENT THIRD PARTY OWNER FUNDED**

	<b><u>BUDGET FOR COMPLETION</u></b>	<b><u>FUNDS SPENT TO DATE<sup>1</sup></u></b>	<b><u>REMAINING FUNDS AVAILABLE</u></b>
Lagoon Construction Costs	\$12,000,000	\$0	\$12,000,000
<b>Total</b>	<b>\$12,000,000</b>	<b>\$0</b>	<b>\$12,000,000</b>

1-According to the Subsequent Third Party Owner .

**APPENDIX C**  
**SOUTH IMPROVEMENT AREA CURRENT  
DEVELOPMENT PLAN**

**Bayside Public Improvement District**  
**South Improvement Area**  
**Subsequent Third Party Owner's Current Development Plan**

POD Number	Lot Type <sup>1</sup>	Units/SF <sup>1</sup>	Estimated Value per Unit <sup>1</sup>	Estimated Build Out Value	Total Assessment Percentage	Total Outstanding Assessment
1	Retail	11,700	\$175	\$2,047,500	0.20%	\$72,033
2	Restaurant	8,500	\$225	\$1,912,500	0.19%	\$67,283
3	Retail	22,800	\$175	\$3,990,000	0.40%	\$140,372
4	Retail	45,000	\$175	\$7,875,000	0.78%	\$277,050
5	Limited Service Hotel	150	\$160,000	\$24,000,000	2.38%	\$844,342
	Restaurant	6,500	\$225	\$1,462,500	0.14%	\$51,452
6	Townhomes	21	\$700,000	\$14,700,000	1.46%	\$517,159
7	Townhomes	26	\$700,000	\$18,200,000	1.80%	\$640,292
8	Urban MF (5 Story/90 per acre)	393	\$150,000	\$58,950,000	5.84%	\$2,073,914
	Townhomes	0	\$700,000	\$0	0.00%	\$0
9	Urban MF (5 Story/90 per acre)	0	\$150,000	\$0	0.00%	\$0
	Townhomes	58	\$700,000	\$40,600,000	4.02%	\$1,428,345
10	Retail	30,000	\$175	\$5,250,000	0.52%	\$184,700
	Restaurant	30,000	\$225	\$6,750,000	0.67%	\$237,471
	Office	150,000	\$175	\$26,250,000	2.60%	\$923,499
	Resort	250	\$325,000	\$81,250,000	8.05%	\$2,858,448
11	Surf and Beach Club	36,070	\$950	\$34,266,500	3.39%	\$1,205,526
12	Resort	512	\$325,000	\$166,400,000	16.48%	\$5,854,102
	Full Service Spa	0	\$0	\$0	0.00%	\$0
	Restaurant	0	\$0	\$0	0.00%	\$0
	Office	0	\$0	\$0	0.00%	\$0
13	Restaurant	15,000	\$225	\$3,375,000	0.33%	\$118,736
	Condominium	100	\$750,000	\$75,000,000	7.43%	\$2,638,568
14	Condominium	200	\$750,000	\$150,000,000	14.85%	\$5,277,135
	Townhomes	29	\$700,000	\$20,300,000	2.01%	\$714,172
15	Retail	55,000	\$175	\$9,625,000	0.95%	\$338,616
	Restaurant	20,000	\$225	\$4,500,000	0.45%	\$158,314
	Office	150,000	\$175	\$26,250,000	2.60%	\$923,499
16	Retail	48,250	\$175	\$8,443,750	0.84%	\$297,059
	Restaurant	20,000	\$225	\$4,500,000	0.45%	\$158,314
	Office	150,000	\$175	\$26,250,000	2.60%	\$923,499
17	Retail	48,250	\$175	\$8,443,750	0.84%	\$297,059
	Restaurant	20,000	\$225	\$4,500,000	0.45%	\$158,314
	Office	150,000	\$175	\$26,250,000	2.60%	\$923,499
18	Urban MF (5 Story/90 per acre)	317	\$150,000	\$47,550,000	4.71%	\$1,672,852
19	Urban MF (5 Story/90 per acre)	317	\$150,000	\$47,550,000	4.71%	\$1,672,852
20	Restaurant	7,500	\$225	\$1,687,500	0.17%	\$59,368
21	Restaurant	7,500	\$225	\$1,687,500	0.17%	\$59,368
22	Limited Service Hotel	150	\$160,000	\$24,000,000	2.35%	\$833,634
23	Restaurant	5,000	\$225	\$1,125,000	0.11%	\$39,077
	Retail	5,000	\$175	\$875,000	0.09%	\$30,393
	Marina Maintenance	20,000	\$150	\$3,000,000	0.29%	\$104,204
24	Retail	20,000	\$175	\$3,500,000	0.35%	\$123,133
25	Retail	30,000	\$175	\$5,250,000	0.52%	\$184,700
	Retail	15,000	\$175	\$2,625,000	0.26%	\$92,350
HOA	HOA				1.00%	\$355,300
<b>Total</b>		<b>1,129,593</b>		<b>\$1,000,191,500</b>	<b>100.00%</b>	<b>\$35,530,000</b>

1 - Pod #12 - The projected resort and convention center is to include a full-service spa, three restaurants, and approximately 77,000 SF of conference space. The estimated build out value for pod #12 for all projected amenities and uses is captured in the estimated development of the Resort Lot Type classification contemplated within pod #12.



**APPENDIX D**  
**ASSESSMENT ROLL SUMMARY – 2021-22**

**Bayside PID  
South Improvement Area  
Assessment Roll Summary  
2021-22**

<b>Parcel ID</b>	<b>Parcel Acreage</b>	<b>Total Outstanding Assessments</b>	<b>% of Assessment for allocating 2021-22 Annual Installment</b>	<b>Principal</b>	<b>Interest</b>	<b>Administrative Expense</b>	<b>Excess Interest for Reserves</b>	<b>2021-22 Annual Installment</b>
88225	67.2664	\$20,679,109	58.79%	\$299,827.59	\$1,394,602.71	\$23,280.73	\$104,439.94	\$1,822,150.98
65034680510230000	43.8756	\$13,488,284	38.35%	\$195,567.41	\$909,652.23	\$15,185.23	\$68,122.65	\$1,188,527.52
101982	5.79	\$1,007,307	2.86%	\$14,605.01	\$67,932.98	\$1,134.04	\$5,087.41	\$88,759.43
88654	1.00	\$0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HOA	HOA	\$355,300	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>117.93</b>	<b>\$35,530,000</b>	<b>100.00%</b>	<b>\$510,000.00</b>	<b>\$2,372,187.92</b>	<b>\$39,600.00</b>	<b>\$177,650.00</b>	<b>\$3,099,437.92</b>

**APPENDIX E**  
**PID ASSESSMENT NOTICE**

**PID Assessment Notice**

NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF ROWLETT, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

[insert property address]

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Rowlett, Texas (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the Bayside Public Improvement District – South Improvement Area (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City. The exact amount of each annual installment will be approved each year by the City Council in the Annual Service Plan Update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City or MuniCap, Inc., the District Administrator for the City, located at 600 E. John Carpenter Fwy, Suite 333, Irving, Texas 75062 and available by telephone at (469) 490-2800 or (866) 648-8482 (toll free) and email at [txpid@municap.com](mailto:txpid@municap.com).

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of Seller

The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of Purchaser

\_\_\_\_\_  
Signature of Purchaser

STATE OF TEXAS

§

COUNTY OF \_\_\_\_\_

§

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The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed, in the capacity stated and as the act and deed of the above-referenced entities as an authorized signatory of said entities.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public, State of Texas