

**Mercer Crossing Public Improvement District
Land Use Class 6 – Restaurant
Project Overview**

The Mercer Crossing Public Improvement District (the “District”) was created by the City of Farmers Branch City Council (the “City Council”) on February 14, 2017, pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the “Act”), and the passing and approval of Resolution No. 2017-028 upon petition of the owners of the taxable real property representing more than 50 percent of the appraised value of taxable real property liable for assessment within the District and the property owners who own taxable real property that constitutes more than 50 percent of the area of all taxable real property that is liable for assessment by the District.

The District was created principally to finance certain public improvements (the “Authorized Improvements”) that specially benefit assessed property in the District. All of the property in the District was located within the limits of the City (the “City”). On March 7, 2017, the City Council adopted an Ordinance that approved a Service and Assessment Plan for the District (the "Service and Assessment Plan") and levied assessments on certain property within the District in accordance with the Mercer Crossing Assessment Roll attached as Appendix B to the Service and Assessment Plan. The Assessments may be prepaid in whole or in part at any time or may be paid in annual installments as provided by the Act and the Service and Assessment Plan.

The City entered into an Amended and Restated Reimbursement Agreement (the “Reimbursement Agreement”) with the developer on May 2, 2017 in the aggregate amount of \$43,247,845 in which the developer agrees to fund the Actual Costs of certain Authorized Improvements and the City agrees to reimburse the developer and/or the City for the Actual Costs of those Authorized Improvements funded by the developer with interest as permitted by the Act. The City Council also approved creation of Tax Increment Reinvestment Zone No. 3 (the “TIRZ”) on November 1, 2016, pursuant to the Tax Increment Financing Act, Chapter 311, of the Texas Tax Code and Ordinance No. 3400. Pursuant to the Service and Assessment Plan and the TIRZ creation documents, the City has committed to use a portion of the City incremental taxes collected from each parcel within the District to reduce the PID annual payments due from the parcel.

All Assessments that are not paid in full will be billed in annual installments and collected each year by the City, or its designee, as provided in the Service and Assessment Plan. Annual installments are due and payable as provided on the annual installment assessment bill. Annual installments are expected to be billed and collected on the same schedule as property taxes. The Assessments, including the annual installments thereof, are (a) a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for state, county, school district or other political subdivision ad valorem property taxes, whether now or hereafter payable, and (b) a personal liability of and charge against the owners of the property to the extent of their ownership regardless of whether the owners are named.

More information concerning the District, the Assessments and the due dates of the annual installments of the Assessments may be obtained from MuniCap, Inc., the PID Administrator, located at 600 E. John Carpenter Freeway, Suite 150, Irving, Texas 75062 and available by email at txpid@municap.com or telephone at (469) 490-2800 or (866) 648-8482 (toll free).

FAILURE TO PAY THE ASSESSMENTS LEVIED AGAINST ASSESSED PROPERTY, INCLUDING THE ANNUAL INSTALLMENT THEREOF, COULD RESULT IN FORECLOSURE OF SUCH PROPERTY.

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

**Mercer Crossing Public Improvement District
Summary of Projected Annual Installments
Amesbury, Ashington, Brighton, Coventry, Verwood, and Windermere Additions**

Land Use Class 6 - per 1,000 SF Restaurant
Outstanding Assessment \$11,311
Equivalent Unit 0.32

Tax Year¹	Cumulative Outstanding Principal	Principal²	Interest²	Administrative Expenses³	Total Annual Installment⁴
2022	\$11,311	\$210	\$691	\$21	\$922
2023	\$11,101	\$222	\$683	\$26	\$931
2024	\$10,878	\$238	\$669	\$26	\$933
2025	\$10,641	\$253	\$655	\$27	\$934
2026	\$10,387	\$270	\$639	\$27	\$936
2027	\$10,117	\$287	\$623	\$27	\$937
2028	\$9,831	\$305	\$605	\$27	\$937
2029	\$9,526	\$326	\$586	\$27	\$940
2030	\$9,200	\$347	\$566	\$27	\$941
2031	\$8,853	\$369	\$545	\$27	\$942
2032	\$8,483	\$393	\$523	\$27	\$943
2033	\$8,090	\$418	\$499	\$27	\$944
2034	\$7,672	\$446	\$473	\$27	\$947
2035	\$7,226	\$474	\$446	\$27	\$947
2036	\$6,752	\$505	\$417	\$27	\$949
2037	\$6,247	\$539	\$386	\$27	\$952
2038	\$5,708	\$574	\$353	\$27	\$954
2039	\$5,134	\$611	\$318	\$27	\$957
2040	\$4,523	\$650	\$281	\$27	\$958
2041	\$3,873	\$692	\$241	\$27	\$961
2042	\$3,180	\$737	\$199	\$27	\$963
2043	\$2,443	\$786	\$154	\$27	\$967
2044	\$1,657	\$837	\$106	\$27	\$969
2045	\$820	\$820	\$54	\$27	\$902
Total		\$11,522	\$11,402	\$665	\$23,589

- 1 - Example: Annual Installment for Tax Year 2022 will be billed on or around 11/01/22 and payment is due by 01/31/23.
- 2 - The principal and interest amounts are calculated using the Reimbursement Agreement interest rates of 8% for years 2016 through 2020 and 6.11% for years 2021 through 2045. Interest amounts are calculated through the principal payment date each year.
- 3 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates.
- 4 - Annual Installments do not include any TIRZ credit, if applicable.

THIS SCHEDULE IS AN ESTIMATE OF ANNUAL INSTALLMENT PAYMENTS AND IS SUBJECT TO CHANGE. THE EXACT AMOUNT OF EACH ANNUAL INSTALLMENT WILL BE REFLECTED IN THE MERCER CROSSING PUBLIC IMPROVEMENT DISTRICT ANNUAL SERVICE AND ASSESSMENT PLAN UPDATES.

Mercer Crossing Public Improvement District (PID)
& Tax Increment Reinvestment Zone Number 3 (TIRZ)

Example of TIRZ Credit Application

The property in the PID is also located in the City of Farmers Branch Tax Increment Reinvestment Zone No. 3. The City has committed to use approximately 40%¹ of the annual incremental City ad valorem property taxes collected from a property in the current tax year as a credit (the “TIRZ Credit”) to reduce the PID annual installment of assessments due in the following year.

If a property owner is to receive a TIRZ Credit, the Annual Installment shown on their tax statement will be the projected Annual Installment shown in the attached schedule **LESS** any TIRZ Credit.

The following **hypothetical example** illustrates the application of the TIRZ Credit:

A) Estimates for illustration purposes:

Estimated prorated base year (2016) taxable value = \$10,000 per 1,000 SF
Estimated current year (Yr 1) taxable value = \$250,000 per 1,000 SF
Estimated current (Yr 1) incremental value = \$240,000 (i.e. \$250,000 - \$10,000)
Estimated current (Yr 1) City tax rate per \$100 of taxable value = \$0.58900
Estimated PID current (Yr 1) annual installment of Assessment = \$922 per 1,000 SF
Estimated PID next (Yr 2) annual installment of Assessments = \$931 per 1,000 SF

B) Estimated City incremental tax:

\$1,413 [i.e., $(\$240,000 \div 100) \times \$0.58900 = \$1,413$]

C) Estimated TIRZ Credit:

\$565 (i.e., $\$1,413 \times 40\% = \565)

D) PID current annual installment due (Yr 1):

\$918 with no prior year TIRZ Credit

E) Estimated PID next annual installment due (Yr 2):

\$366 (i.e., $\$931 - \$565 = \$366$) after application of the \$565 TIRZ Credit

PLEASE NOTE THAT THE ABOVE CALCULATIONS ARE ONLY INTENDED TO ILLUSTRATE APPLICATION OF THE TIRZ CREDIT AND DO NOT REPRESENT ANY ACTUAL OR PROJECTED AMOUNTS OF TAXABLE VALUES, CITY TAX RATES AND PID ANNUAL INSTALLMENTS.

1 – The City has committed to use approximately 40% of the annual incremental City ad valorem taxes collected from each property for tax years 2020-2052 and 1% of the annual incremental City ad valorem taxes collected from each property for tax years 2017-2020. The 40% TIRZ Credit will be reflected on the Annual Installment for the tax year 2022.