

**CARTWRIGHT RANCH  
PUBLIC IMPROVEMENT DISTRICT  
CITY OF CRANDALL, TEXAS**

**ANNUAL SERVICE PLAN UPDATE  
(ASSESSMENT YEAR 9/15/2022-9/14/2023)**

**AS APPROVED BY CITY COUNCIL ON:  
AUGUST 15, 2022**

**PREPARED BY:**

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

# CARTWRIGHT RANCH PUBLIC IMPROVEMENT DISTRICT

## ANNUAL SERVICE PLAN UPDATE – 2022-23

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## *I. INTRODUCTION*

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The Cartwright Ranch Public Improvement District (the “PID”) was created pursuant to the PID Act and a resolution of the City Council on March 1, 2021, to finance certain public improvement projects for the benefit of the property in the PID.

On June 7, 2021, the City approved issuance of the City of Crandall, Texas Special Assessment Revenue Bonds, Series 2021 (Cartwright Ranch Public Improvement District Improvement Area #1 Project) (the “Improvement Area #1 Bonds”) in the aggregate principal amount of \$17,679,000 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. The Improvement Area #1 Bonds are secured by the Improvement Area #1 Assessments (the "Improvement Area #1 Assessments").

Additionally, on June 7, 2021, the City approved issuance of the City of Crandall, Texas Special Assessment Revenue Bonds, Series 2021 (Cartwright Ranch Public Improvement District Major Improvement Area Project) (the “Major Improvement Area Bonds”) in the aggregate principal amount of \$11,987,000, 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. The Major Improvement Area Bonds are secured by the Major Improvement Area Assessments (the "Major Improvement Area Assessments")

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. This document is the annual update of the Service and Assessment Plan for 2022-23 (the “Annual Service Plan Update”).

Effective September 1, 2021, 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 F 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**

#### ***Improvement Area #1 Improvements Sources and Uses***

The current total estimated costs of the Improvement Area #1 Improvements, including the proportional share of the Major Improvement costs and bond issuance costs, is equal to \$17,679,000, which remain the same as the budget estimates included in the Service and Assessment Plan. According to the Developer, there have been no budget line item amount revisions for the Authorized Improvements.

Table II-A-1 on the following page summarizes the updated sources and uses of funds required to (1) construct the Improvement Area #1 Improvements, including the proportional share of the Major Improvement Area Improvements costs, (2) establish the PID, and (3) issue Improvement Area #1 Bonds.

For additional Improvement Area #1 development-related information, refer to most recent Developer's Quarterly Improvement Implementation Report dated as of June 30, 2022, at the link below:

<https://emma.msrb.org/P21597445-P21232212-P21655163.pdf>

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**Table II-A-1**  
**Improvement Area #1 Sources and Uses of Funds**

<b>Sources of Funds</b>	<b>Initial Estimated Budget</b>	<b>Budget Revisions</b>	<b>Updated Budget</b>	<b>Spent to Date<sup>1</sup></b>	<b>Remaining to be Funded</b>
Par amount	\$17,679,000	\$0	\$17,679,000	\$7,362,749	\$10,316,251
Other funding sources	\$0	\$0	\$0	\$0	\$0
<b>Total Sources</b>	<b>\$17,679,000</b>	<b>\$0</b>	<b>\$17,679,000</b>	<b>\$7,362,749</b>	<b>\$10,316,251</b>
<b>Uses of Funds</b>					
<i>Major Improvements</i>					
Road Improvements	\$292,230	\$0	\$292,230	\$0	\$292,230
Water Improvements	\$569,584	\$0	\$569,584	\$172,721	\$396,863
Sanitary Sewer Improvements	\$200,414	\$0	\$200,414	\$0	\$200,414
Storm Drainage Improvements	\$88,466	\$0	\$88,466	\$0	\$88,466
Other Soft and Miscellaneous Costs	\$459,892	\$0	\$459,892	\$187,514	\$272,378
<i>Subtotal: Major Improvements</i>	<i>\$1,610,586</i>	<i>\$0</i>	<i>\$1,610,586</i>	<i>\$360,234</i>	<i>\$1,250,352</i>
<i>IA #1 Improvements</i>					
Road Improvements	\$4,333,195	\$0	\$4,333,195	\$0	\$4,333,195
Water Improvements	\$1,761,780	\$0	\$1,761,780	\$185,670	\$1,576,110
Sanitary Sewer Improvements	\$1,815,473	\$0	\$1,815,473	\$1,513,656	\$301,817
Storm Drainage Improvements	\$1,995,478	\$0	\$1,995,478	\$0	\$1,995,478
Other Soft and Miscellaneous Costs	\$1,743,373	\$0	\$1,743,373	\$924,454	\$818,919
<i>Subtotal: IA #1 Improvements</i>	<i>\$11,649,299</i>	<i>\$0</i>	<i>\$11,649,299</i>	<i>\$2,623,780</i>	<i>\$9,025,519</i>
<i>Bond Issuance Costs</i>					
Cost of Issuance	\$863,057	\$0	\$863,057	\$822,677	\$40,380
Capitalized interest	\$1,679,444	\$0	\$1,679,444	\$1,679,444	\$0
Reserve Fund	\$1,147,410	\$0	\$1,147,410	\$1,147,410	\$0
Administrative Expense Fund	\$153,020	\$0	\$153,020	\$153,020	\$0
Underwriters Discount	\$530,370	\$0	\$530,370	\$530,370	\$0
Original Issue Discount	\$45,814	\$0	\$45,814	\$45,814	\$0
<i>Subtotal: Bond Issuance Costs</i>	<i>\$4,419,115</i>	<i>\$0</i>	<i>\$4,419,115</i>	<i>\$4,378,735</i>	<i>\$40,380</i>
<b>Total Uses</b>	<b>\$17,679,000</b>	<b>\$0</b>	<b>\$17,679,000</b>	<b>\$7,362,749</b>	<b>\$10,316,251</b>

1 - According to Cartwright Ranch's Improvement Area #1 Closing Instruction Letter dated June 28, 2021 and Improvement Area #1 Requisition #12 approved by the City on June 3, 2022.

*Improvement Area #1 Cost Variances*

As stated in Table II-A-1 above, there are no significant Improvement Area #1 Improvement cost variances.

### Major Improvement Area Sources and Uses

The current total estimated costs of the Major Improvement Area Improvements, including bond issuance costs, is equal to \$11,987,000, which remain the same as the budget estimates included in the Service and Assessment Plan. According to the Developer, there have been no budget line item amount revisions for the Authorized Improvements.

Table II-A-2 below summarizes the updated sources and uses of funds required to (1) construct the Major Improvement Area Improvements, (2) establish the PID, and (3) issue Major Improvement Area Bonds.

For additional Major Improvement Area development-related information, refer to most recent Developer's Quarterly Improvement Implementation Report dated as of June 30, 2022, at the link below:

<https://emma.msrb.org/P21597447-P21232214-P21655166.pdf>

**Table II-A-2**  
**Major Improvement Area Sources and Uses of Funds**

<b>Sources of Funds</b>	<b>Initial Estimated Budget</b>	<b>Budget Revisions</b>	<b>Updated Budget</b>	<b>Spent to Date<sup>1</sup></b>	<b>Remaining to be Funded</b>
Par amount	\$11,987,000	\$0	\$11,987,000	\$5,179,010	\$6,807,990
Other funding sources	\$0	\$0	\$0	\$0	\$0
<b>Total Sources</b>	<b>\$11,987,000</b>	<b>\$0</b>	<b>\$11,987,000</b>	<b>\$5,179,010</b>	<b>\$6,807,990</b>
<b>Uses of Funds</b>					
<i>Major Improvements</i>					
Road Improvements	\$1,573,971	\$0	\$1,573,971	\$0	\$1,573,971
Water Improvements	\$3,067,826	\$0	\$3,067,826	\$930,221	\$2,137,605
Sanitary Sewer Improvements	\$1,079,445	\$0	\$1,079,445	\$0	\$1,079,445
Storm Drainage Improvements	\$476,488	\$0	\$476,488	\$0	\$476,488
Other Soft and Miscellaneous Costs	\$2,477,014	\$0	\$2,477,014	\$1,009,892	\$1,467,122
<i>Subtotal: Major Improvements</i>	<i>\$8,674,744</i>	<i>\$0</i>	<i>\$8,674,744</i>	<i>\$1,940,113</i>	<i>\$6,734,631</i>
<i>Bond Issuance Costs</i>					
Cost of Issuance	\$623,259	\$0	\$623,259	\$549,900	\$73,359
Capitalized interest	\$1,340,652	\$0	\$1,340,652	\$1,340,652	\$0
Reserve Fund	\$837,790	\$0	\$837,790	\$837,790	\$0
Administrative Expense Fund	\$122,416	\$0	\$122,416	\$122,416	\$0
Underwriters Discount	\$359,610	\$0	\$359,610	\$359,610	\$0
Original Issue Discount	\$28,529	\$0	\$28,529	\$28,529	\$0
<i>Subtotal: Bond Issuance Costs</i>	<i>\$3,312,256</i>	<i>\$0</i>	<i>\$3,312,256</i>	<i>\$3,238,897</i>	<i>\$73,359</i>
<b>Total Uses</b>	<b>\$11,987,000</b>	<b>\$0</b>	<b>\$11,987,000</b>	<b>\$5,179,010</b>	<b>\$6,807,990</b>

1 - According to Cartwright Ranch's Major Improvement Area Closing Instruction Letter dated June 28, 2021 and Major Improvement Area Requisition #12 approved by the City on June 3, 2022.

Major Improvement Area Cost Variances

As stated in Table II-A-2 on the previous page, there are no significant Major Improvement Area Improvement cost variances.

**B. FIVE YEAR SERVICE PLAN**

A service plan must cover a period of five years. All the Authorized Improvements are expected to be built within a period of five years. The anticipated budget for the Authorized Improvements over a period of five years and the indebtedness expected to be incurred for these costs is shown by Table II-B-1 below.

**Table II-B-1**  
**Annual Projected Costs and Annual Projected Indebtedness**  
**2022-2028**

<b>Assessment Year Ending 09/15<sup>1</sup></b>	<b>Improvement Area #1 Projected Annual Installments</b>	<b>Major Improvement Area Projected Annual Installments</b>
2022	\$0	\$0
2023	\$0	\$0
2024	\$1,225,391	\$913,708
2025	\$1,225,259	\$914,076
2026	\$1,225,678	\$914,045
2027	\$1,225,612	\$914,614
2028	\$1,225,727	\$914,282
<b>Total</b>	<b>\$6,127,667</b>	<b>\$4,570,725</b>

1 - Annual Installment amounts due for assessment years ending 2022 through 2023 represent the net of applicable Capitalized Interest and available administrative and prepayment and delinquency funds. Assessment Years 2024 through 2028 represent projected future Annual Installments and do not include any available credits nor applicable TIRZ credits, if any.

**C. ANNUAL BUDGET – IMPROVEMENT AREA #1**

Improvement Area #1 - Annual Installments – 2022-23

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 Improvement Area #1 Bonds, of which twenty-nine (29) Annual Installments remain outstanding.



Pursuant to the Service and Assessment Plan, each Assessment shall bear interest at the rate on the Improvement Area #1 Bonds commencing with the issuance of the Improvement Area #1 Bonds. The effective interest rate on the Improvement Area #1 Bonds is 4.30 percent per annum for 2022-23. 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. Accordingly, the effective interest rate on the Improvement Area #1 Bonds (4.30 percent) plus an 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 2022 and will be delinquent on February 1, 2023.

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 2022-23 and the Administrative Expenses to be collected from each Parcel. Administrative Expenses shall be allocated to each Parcel pro rata based upon the amount the Annual Installment on a Parcel bears to the total amount of Annual Installments in 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 applicable documents including the Service and Assessment Plan and Improvement Area #1 Trust Indenture, 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 Improvement Area #1 Bonds from the collection of the Annual Installments. 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 pay the prepayment and delinquency reserve amounts as described in the Service and Assessment Plan and Improvement Area #1 Trust Indenture.

*Improvement Area #1 Annual Installments to be Collected for 2022-23*

The budget for Improvement Area #1 of the PID will be paid from the collection of Annual Installments collected for 2022-23 as shown by Table II-C-1 on the following page.

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**Table II-C-1**  
**Budget for the Improvement Area #1 Annual Installments**  
**to be Collected for 2022-23**

	<b>Improvement Area #1 Bonds</b>
Interest payment on March 15, 2023	\$379,774
Interest payment on September 15, 2023	\$379,774
Principal payment on September 15, 2023	\$0
<i>Subtotal debt service</i>	<i>\$759,548</i>
Administrative expenses	\$41,616
Excess interest for prepayment and delinquency reserves	\$0
<i>Subtotal Expenses</i>	<i>\$801,164</i>
Available TIRZ revenues	\$0
Available reserve fund income	\$0
Available capitalized interest account	(\$759,548)
Available Administrative Expense account	(\$41,616)
<i>Subtotal funds available</i>	<i>(\$801,164)</i>
<b>Annual Installments</b>	<b>\$0</b>

Debt Service Payments

Annual Installments to be collected for principal and interest include Improvement Area #1 Bond interest due on March 15, 2023, in the amount of \$379,774, and on September 15, 2023, in the amount of \$379,774, which equals interest on the outstanding Improvement Area #1 Bond Assessments balance of \$17,679,000 for six months each at an effective interest rate of 4.30 percent. There is no principal due on September 15, 2023 for the Improvement Area #1 Bonds. As a result, total principal and interest due on Improvement Area #1 Assessments in 2022-23 is estimated to be equal to \$759,548.

Administrative Expenses

Administrative expenses include the City, Administrator, Trustee, Auditor, Dissemination Agent, and contingency fees. As shown in Table II-C-2 on the following page, the total Improvement Area #1 Administrative Expenses to be collected for 2022-23 are estimated to be \$41,616.

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

Description	2022-23 Estimated Budget (9/15/22-9/14/23)
City	\$5,000
Administrator	\$25,000
Trustee	\$2,500
Auditor	\$3,500
Dissemination Agent	\$2,000
Contingency	\$3,616
<b>Total</b>	<b>\$41,616</b>

Excess Interest for Prepayment and Delinquency Reserve

Capitalized Interest funds are anticipated to be available for debt service payments due on March 15, 2023, and September 15, 2023. As a result, the Improvement Area #1 Annual Installments to be collected for excess interest for prepayment and delinquency reserves are \$0 as there are already sufficient funds available for Improvement Area #1 debt service.

Available TIRZ Credit

TIRZ No. 2 was created in 2021 and the calendar year 2021 City ad valorem taxes paid are used as the tax increment base year amount. As a result, there is no TIRZ Credit to be used as a credit for the 2022-23 Improvement Area #1 Annual Installments, as shown in Appendix D-2.

Available Reserve Fund Income

As of June 30, 2022, the balance in the Reserve Fund was \$1,148,011, which includes the Bond Reserve Requirement of \$1,147,410 and investment income in the amount of \$601. As a result, there is not a significant excess balance to be applied as a credit to reduce the Improvement Area #1 2022-23 Annual Installment.

Available Capitalized Interest Account

Pursuant to Section 6.4 (c) of the Improvement Area #1 Trust Indenture, \$759,548 will be transferred to the Improvement Area #1 Principal & Interest Account. The \$759,458 will be used for the interest payment due on March 15, 2023, in the amount of \$379,774, and on September 15, 2023, in the amount of \$379,774, which equals interest on the outstanding Improvement Area #1 Bond Assessments balance of \$17,679,000 for six months each at an effective interest rate of 4.30 percent.

Available Administrative Expense Account

As of June 30, 2022, the available balance for administrative expenses was \$137,995. As a result, \$41,616 is available as a credit to reduce the budgeted administrative expense portion of the Improvement Area #1 2022-23 Annual Installment.

**D. ANNUAL INSTALLMENTS PER UNIT – IMPROVEMENT AREA #1**

According to the Service and Assessment Plan, the Annual Installments shall be collected in an amount sufficient to pay (i) principal and interest on the Improvement Area #1 Bonds, (ii) to fund the prepayment reserve and delinquency reserve, and (iii) to cover Administrative Expenses of Improvement Area #1. The Annual Installment for each Parcel shall be calculated by taking into consideration any available capitalized interest available.

According to the Service and Assessment Plan, 664 units, representing 521.68 Equivalent Units, are estimated to be built within Improvement Area #1 of the PID. Accordingly, the principal and interest portion of Annual Installment to be collected from each Equivalent Unit within Improvement Area #1 will be \$0.00 (i.e.,  $(\$759,548 - \$759,548) \div 521.68 = \$0.00$ ) and the Administrative Expenses to be collected from each Equivalent Unit will be \$0.00 (i.e.,  $(\$41,616 - \$41,616) \div 521.68 = \$0.00$ ). As a result, the total Annual Installment to be collected from each Equivalent Unit within Improvement Area #1 will be \$0.00 (i.e.,  $\$0.00 + \$0.00 = \$0.00$ ). The Annual Installment to be collected from each Parcel within Improvement Area #1 is calculated by multiplying the Annual Installment for each Equivalent Unit of \$0.00 by the total estimated Equivalent Units for each parcel in Improvement Area #1.

The Annual Installment due to be collected from each Land Use Class in Improvement Area #1 for 2022-23 is shown in Table II-D-1 below.

**Table II-D-1**  
**Improvement Area #1 Annual Installment Per Equivalent Unit**

<b>Land Use Class</b>	<b>Annual Installment per Equivalent Unit</b>	<b>Equivalent Unit Factor</b>	<b>Annual Installment Per Unit<sup>1</sup></b>
Lot Type 1 (60 Ft)	\$0.00	1.00	\$0.00
Lot Type 2 (50 Ft)	\$0.00	0.81	\$0.00
Lot Type 3 (40 Ft)	\$0.00	0.73	\$0.00

1 - Annual Installment per unit is net of available Capitalized Interest and Administrative Expense credits but does not include applicable TIRZ Credit, if any.

The list of Parcels within Improvement Area #1 of the PID, the estimated number of Equivalent Units to be developed on the current residential Parcels, the total Assessment, the Annual Assessment, the Capitalized Interest Credit, the Prepayment and Delinquency Reserve, the Administrative Expenses, and the Annual Installment to be collected for 2022-23 are shown in the Assessment Roll Summary attached hereto as Appendix D-1.

## **E. ANNUAL BUDGET – MAJOR IMPROVEMENT AREA**

### *Major Improvement Area - Annual Installments – 2022-23*

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 Major Improvement Area Bonds, of which twenty-nine (29) Annual Installments remain outstanding.

Pursuant to the Service and Assessment Plan, each Assessment shall bear interest at the rate on the Bonds commencing with the issuance of the Major Improvement Area Bonds. The effective interest rate on the Major Improvement Area Bonds is 5.06 percent. 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. Accordingly, the effective interest rate on the Major Improvement Area Bonds (5.06 percent) plus an additional interest of one-half of one percent are used to calculate the interest on the Assessments. These payments, the “Annual Installments” of the Assessments, shall be billed by the City in 2022 and will be delinquent on February 1, 2023.

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 2022-23 and the Administrative Expenses to be collected from each Parcel. Administrative Expenses shall be allocated to each Parcel pro rata based upon the amount the Annual Installment on a Parcel bears to the total amount of Annual Installments in 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 applicable documents including the Service and Assessment Plan and applicable Major Improvement Area Trust Indenture, 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 Major Improvement Area Bonds from the collection of the Annual Installments. 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 pay the prepayment and delinquency reserve amounts as described in the Service and Assessment Plan and Major Improvement Area Trust Indenture.

### *Major Improvement Area Annual Installments to be Collected for 2022-23*

The budget for Major Improvement Area of the PID will be paid from the collection of Annual Installments collected for 2022-23 as shown by Table II-E-1 on the following page.

**Table II-E-1**  
**Budget for the Major Improvement Area Annual Installments**  
**to be Collected for 2022-23**

	<b>Major Improvement Area Bonds</b>
Interest payment on March 15, 2023	\$303,163
Interest payment on September 15, 2023	\$303,163
Principal payment on September 15, 2023	\$0
<i>Subtotal debt service on bonds</i>	<i>\$606,325</i>
Administrative expenses	\$41,616
Excess interest for prepayment and delinquency reserves	\$0
<i>Subtotal Expenses</i>	<i>\$647,941</i>
Available reserve fund income	\$0
Available capitalized interest account	(\$606,325)
Available Administrative Expense account	(\$41,616)
<i>Subtotal funds available</i>	<i>(\$647,941)</i>
<b>Annual Installments</b>	<b>\$0</b>

Debt Service Payments

Annual Installments to be collected for principal and interest include Major Improvement Area Bond interest due on March 15, 2023, in the amount of \$303,163, and on September 15, 2023, in the amount of \$303,163, which equals interest on the outstanding Improvement Area #1 Bond Assessments balance of \$11,987,000 for six months each at an effective interest rate of 5.06 percent. There is no principal due on September 15, 2023 for the Major Improvement Area Bonds. As a result, total principal and interest due on the Major Improvement Area Assessments in 2022-23 is estimated to be equal to \$606,325.

Administrative Expenses

Administrative expenses include the City, Administrator, Trustee, Auditor, Dissemination Agent, and contingency fees. As shown in Table II-E-2 on the following page, the total Major Improvement Area Administrative Expenses to be collected for 2022-23 are estimated to be \$41,616.

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

Description	2022-23 Estimated Budget (9/15/22-9/14/23)
City	\$5,000
Administrator	\$25,000
Trustee	\$2,500
Auditor	\$3,500
Dissemination Agent	\$2,000
Contingency	\$3,616
<b>Total</b>	<b>\$41,616</b>

*Excess Interest for Prepayment and Delinquency Reserve*

Capitalized Interest funds are anticipated to be available for debt service payments due on March 15, 2023, and September 15, 2023. As a result, the Major Improvement Area Annual Installments to be collected for excess interest for prepayment and delinquency reserves are \$0 as there are already sufficient funds available for Major Improvement Area debt service.

*Available Reserve Fund Income*

As of June 30, 2022, the balance in the Reserve Fund was \$838,229, which includes the Bond Reserve Requirement of \$837,790 and investment income in the amount of \$439. As a result, there is not a significant excess balance to be applied as a credit to reduce the Major Improvement Area 2022-23 Annual Installment.

*Available Capitalized Interest Account*

Pursuant to Section 6.4 (c) of the Major Improvement Area Trust Indenture, \$606,325 will be transferred to the Major Improvement Area Principal & Interest Account. The \$606,325 will fund the interest payment due on March 15, 2023, in the amount of \$303,163, and on September 15, 2023, in the amount of \$303,163, which equals interest on the outstanding Improvement Area #1 Bond Assessments balance of \$11,987,000 for six months each at an effective interest rate of 5.06 percent.

*Available Administrative Expense Account*

As of June 30, 2022, the available balance for administrative expenses was \$107,400. As a result, \$41,616 is available as a credit to reduce the budgeted administrative expense portion of the Major Improvement Area 2022-23 Annual Installment.

**F. ANNUAL INSTALLMENTS PER UNIT – MAJOR IMPROVEMENT AREA**

According to the Service and Assessment Plan, the Annual Installments shall be collected in an amount sufficient to pay (i) principal and interest on the Major Improvement Area Bonds, (ii) to fund the prepayment reserve and delinquency reserve, and (iii) to cover Administrative Expenses of Major Improvement Area. The Annual Installment for each Parcel shall be calculated by taking into consideration any available capitalized interest.

According to the Service and Assessment Plan, 3,311 units, representing 2,809.81 Equivalent Units, are estimated to be built within the Major Improvement Area of the PID. Accordingly, the principal and interest portion of Annual Installment to be collected from each Equivalent Unit within the Major Improvement Area will be \$0.00 (i.e.,  $(\$606,325 - \$606,325) \div 2,809.81 = \$0.00$ ) and the Administrative Expenses to be collected from each Equivalent Unit will be \$0.00 (i.e.,  $(\$41,616 - \$41,616) \div 2,809.81 = \$0.00$ ). As a result, the total Annual Installment to be collected from each Equivalent Unit within the Major Improvement Area will be \$0.00 (i.e.,  $\$0.00 + \$0.00 = \$0.00$ ). The Annual Installment to be collected from each Parcel within the Major Improvement Area is calculated by multiplying the Annual Installment for each Equivalent Unit of \$0.00 by the total estimated Equivalent Units for each parcel in the Major Improvement Area.

The Annual Installment due to be collected from each Land Use Class in the Major Improvement Area for 2022-23 is shown in Table II-F-1 below.

**Table II-F-1  
Major Improvement Area Annual Installment Per Equivalent Unit**

<b>Land Use Class</b>	<b>Annual Installment per Equivalent Unit</b>	<b>Equivalent Unit Factor</b>	<b>Annual Installment Per Unit<sup>1</sup></b>
Lot Type 1 (60 Ft)	\$0.00	1.00	\$0.00
Lot Type 2 (50 Ft)	\$0.00	0.81	\$0.00
Lot Type 3 (40 Ft)	\$0.00	0.73	\$0.00

1 - Annual Installment per unit is net of available Capitalized Interest and Administrative Expense credits but does not include applicable TIRZ Credit, if any.

The list of Parcels within the Major Improvement Area of the PID, the estimated number of Equivalent Units to be developed on the current residential Parcels, the total Assessment, the Annual Assessment, the Capitalized Interest credit, the Prepayment and Delinquency Reserve, the Administrative Expenses, and the Annual Installment to be collected for 2022-23 are shown in the Assessment Roll Summary attached hereto as Appendix E-1.



## G. BOND REDEMPTION RELATED UPDATES

### Improvement Area #1 Bonds

The Improvement Area #1 Bonds were issued in 2021. Pursuant to Section 4.3(a) of the Improvement Area #1 Trust Indenture, the City reserves the right and option to redeem the Improvement Area #1 Bonds maturing on or after September 15, 2041, before their scheduled maturity dates, in whole or in part, on any date on or after **September 15, 2031**, such redemption date or dates to be fixed by the City, at the Redemption Price of par plus accrued interest to the date of redemption.

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 Improvement Area #1 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.

### Major Improvement Area Bonds

The Major Improvement Area Bonds were issued in 2021. Pursuant to Section 4.3(a) of the Major Improvement Area Trust Indenture, the City reserves the right and option to redeem the Major Improvement Area Bonds maturing on or after September 15, 2041, before their scheduled maturity dates, in whole or in part, on date on or after **September 15, 2031**, such redemption date or dates to be fixed by the City, at the Redemption Price of par plus accrued interest to the date of redemption.

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 Major 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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The Service and Assessment Plan adopted by the City Council provided that the Authorized Improvement costs shall be allocated to the Assessed Property equally on the basis of the number of residential dwelling units 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.

#### *Assessment Methodology*

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

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Pursuant to the original Service and Assessment Plan, the Assessment Rolls 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 this 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 this Service and Assessment Plan.

The updated Assessment Rolls are shown in Appendix D-1 and E-1 of this report. Each Parcel in the PID is identified, along with the Assessment on each Parcel and the Annual Installment to be collected from each Parcel. Assessments are to be reallocated for the subdivision of any Parcels.

### **A. 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 following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

A = the Assessment for each new subdivided Parcel.

B = the Assessment for the Parcel prior to subdivision.

C = the estimated number of Equivalent Units to be built on each newly subdivided Parcel

D = the sum of the estimated number of Equivalent Units to be built on all of the new subdivided Parcels

The calculation of the estimated number of Equivalent Units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

According to the Kaufman Central Appraisal District (“KCAD”) records, the parent parcels were subdivided into new parent parcels to separate the Improvement Area #1, Major Improvement Area, and overall PID boundaries. Parcels 6149 and 6151 included property outside the PID boundaries in 2021 and were subdivided in 2022 to only include property within the PID. The overall acreage of the PID did not change. Table IV-A-1 on the following page shows the acreage allocation prior to and after the subdivision and the Improvement Area after the subdivision.

**Table IV-A-1  
Parent Parcel Subdivision – 2022**

<b>Prior to Subdivision</b>		<b>After Subdivision</b>		
<b>Parcel</b>	<b>2021 Acreage</b>	<b>Parcel</b>	<b>2022 Acreage</b>	<b>Improvement Area</b>
6132	68.70	6132	33.00	IA #1
		221568	35.70	MIA
6134	317.57	6134	90.20	IA #1
		221564	227.37	MIA
6149 <sup>1</sup>	16.80	6149	9.80	IA #1
		Various	7.00	Outside PID Boundaries
6151 <sup>1</sup>	95.71	6151	5.00	IA #1
		221567	85.11	MIA
		221213	5.61	Outside PID Boundaries
<b>Total</b>	<b>498.78</b>		<b>498.78</b>	

1 - Parcels 6149 and 6151 were subdivided in 2022 to only include property within the PID boundaries. The overall acreage of the PID did not change.

**B. PREPAYMENT OF ASSESSMENTS**

Improvement Area #1

As of June 30, 2022, there have been no prepayments of the Improvement Area #1 Assessments.

Major Improvement Area

As of June 30, 2022, there have been no prepayments of the Major Improvement Area Assessments.

The complete Assessment Rolls are available for review at the City Hall, located at 110 Main Street, Crandall, Texas 75114.

**APPENDIX A**  
**MAP OF CARTWRIGHT RANCH PID**

**APPENDIX B**  
**PREPAID PARCELS**

**APPENDIX B**

As of July 31, 2022, there have been no prepayment of Assessments for any Parcel within the PID.

**APPENDIX C**  
**ASESED VALUE**



**APPENDIX D-1**  
**IMPROVEMENT AREA #1 ASSESSMENT ROLL SUMMARY – 2022-23**

**APPENDIX D-2**  
**TIRZ CREDIT CALCULATION – IMPROVEMENT AREA #1 – 2022-23**

**APPENDIX E**  
**MAJOR IMPROVEMENT AREA ASSESSMENT ROLL SUMMARY – 2022-23**

**APPENDIX F**  
**PID ASSESSMENT NOTICE**

**PID Assessment Notice**

NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO  
THE CITY OF CRANDALL, 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 Crandall, 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 Cartwright Ranch Public Improvement District (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 150, 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 \_\_\_\_\_

§

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