

Exhibit “1”
SERVICE AND ASSESSMENT PLAN
OF
SOUTH POINTE PUBLIC IMPROVEMENT DISTRICT

This Service and Assessment Plan is based on information in the petition submitted to the City of Mansfield, Texas (“the City”) by RUBY-07-SPMTGE, LLC, a Delaware limited liability company and IPRR South Pointe-1, LLC, a Delaware limited liability company (together, “the Applicant”) to request the establishment of a public improvement district to be known as South Pointe Public Improvement District (“the District”)

ARTICLE 1 – GENERAL NATURE OF PROPOSED DISTRICT SERVICES

The District will provide services that enhance the lifestyle, personal pride, enjoyment and property values within the District including, but not limited to, the services set forth as “Exhibit A”, for the amenities described on “Exhibit A-1” and depicted on “Exhibit A-2”. In addition to the services set forth on “Exhibit A” the Applicant requests that the District be authorized to engage in any activity permitted under the Code, subject to annual approval by the City Council. The Manager (hereinafter defined) of the District will recommend each year, to the property owners within the District and the City Council, an annual plan of service and budget setting forth in detail the services and other activities proposed for the District.

ARTICLE 2 – ESTIMATED COST OF DISTRICT SERVICES

1. The Applicant estimates that the District’s first year budget starting March 2016 will be approximately \$211,006, which will result in an estimated annual assessment for the first year of approximately \$1,000 for a single family home within the District and \$120 for each multifamily unit within the District. This budget approximation will increase each year depending upon the amount of homes and number of multifamily units being developed within the District. In addition, the Applicant will, have at its option, have the right to negotiate with each homebuilder purchasing lots within the District a “Builder Contribution Fee” due each year while such lot remains vacant and undeveloped.
2. Effective upon approval by the City Council, the fiscal year for the District will begin October 1 of each year and end on September 30 of the following year. The annual and five year budget will be for this time period.
3. An itemized estimate of the District’s budget for the first five years together with a five year service plan summary for the District (including estimated sources of revenues for the District, including subsidy revenues that the Applicant may provide) are set forth on “Exhibit B.” The amount of the Applicant’s annual subsidy shall be sufficient to pay the costs of operating the District, including, but not limited to the costs associated with a Management and Improvement Services Agreement, until such time the PID fund is fully funded through assessments of developed lots.

4. The Applicant acknowledges and agrees that each annual plan of service and budget for the District, although prepared by the Manager, will be subject to approval by the City Council after a public hearing. The Applicant also acknowledges and agrees that each annual plan of service and budget will fully fund all costs incurred by the City in connection with the administration of the District including, but not limited to, the direct costs of personnel, data services, appraisals, notifications, and collection fees. The Applicant further acknowledges and agrees that the City will have the option to utilize in-house personnel or to contract with outside agencies to provide same services if it is more effective to do so.
5. To the extent that the annual plan of service and budget for the District as prepared by the Manager and approved by the City Council or the actual financial performance of the District results in an excess of revenues (excluding any subsidy payments funded by the Applicant) over the operating expenses and the funding of the appropriate level of reserves for the District, the excess funds may be applied to permit the Applicant to recoup the subsidy amounts previously funded by the Applicant. The cumulative balance of subsidy payments (“the Applicant Subsidy Balance”) will be increased at the end of each fiscal year at the rate of interest, as measured by the Bond Buyer 40-Bond Index as of the fiscal year ending date. In no event, may the Applicant recoup an amount in excess of its subsidy contributions plus any interest accrued by the Applicant Subsidy Balance.
6. All funds of the District will be managed in accordance with accounting methods approved by the City.

ARTICLE 3 – ANNUAL PLAN OF SERVICE AND BUDGET REVIEW PROCESS

Each year beginning in May 2017, the Manager will prepare and recommend to the City Council an annual plan of service and budget and an updated five-year plan of service and budget. Prior to presenting each annual plan and budget to the City Council, the Manager will submit the plan and budget to the Board of Directors of the Association (hereinafter defined) for the Board’s review and will conduct a public hearing within the District at which time the proposed plan and budget (including any comments from the Board review) will be presented and property owners within the District will be given an opportunity for public comment. The Manager will give individual written notice to the City’s City Manager and to each property owner within the District not less than 15 days before the date of the hearing, which notice will be accompanied by an outline of the proposed annual plan and budget or revisions thereto, as the case may be. This public hearing is in addition to the public hearing that will be held by the City Council as required by the Code before approving and adopting an annual plan of service and budget for the District.

ARTICLE 4 – BOUNDARIES OF THE PROPOSED DISTRICT

The proposed District contains approximately 873 acres shown on the map attached as “Exhibit C” and more particularly described by the legal description on the attached “Exhibit D” (the “Property”). The following portions of the Property will not be assessed: a) any portion of the Property owned by the City, b) any portion of the Property owned by Mansfield Independent School District, c) any portion of the Property developed for commercial use; and/or d) any portion of the Property planned and/or developed as open space, right-of-way or other public use (as such exclusions may be further described and/or illustrated in the annual plan of service and budget).

ARTICLE 5 – PROPOSED METHOD OF ASSESSMENT

It is proposed that the method of assessment for property within the District shall be such that each single family home is assessed an equal amount and each multi-family unit is assessed an equal amount.

ARTICLE 6 – PROPOSED APPORTIONMENT OF COSTS BETWEEN THE DISTRICT AND THE CITY

All costs of the District will be apportioned to the District, and no City property within the District will be liable for assessment.

ARTICLE 7 – MANAGEMENT OF THE DISTRICT

The District will be managed by a private entity (“the Manager”) under a professional services contract with the City. The initial term of the contract may not exceed five (5) years, subject to year by year renewals with the approval of both parties. Management fees will be included in the District’s annual plan of service and budget approved by the City Council. The Manager will carry general liability insurance with limits of at least \$1,000,000.00 per occurrence and naming the City as an additional insured. Upon request by the City, the Manager will provide certificates of insurance evidencing such coverage. The Manager will indemnify the City against injury, damages and losses resulting from the acts or omissions of the Manager and those for whom the Manager is responsible.

ARTICLE 8 – BENEFIT OF THE DISTRICT

The proposed District will operate and maintain improvements (the cost of which is expected to increase each year as the amount of developed homes increases, to be approximately \$211,006 in 2016) that will be located in and along entryways, medians, screening of gas well site(s), boulevards, sidewalks and pedestrian trails, detention ponds, parks and open spaces. These improvements will be for the use and benefit of all property owners within the District. These improvements will also contribute to, create, and maintain a sense of individual and community pride within the District. Taken together, these benefits will help to create, preserve, and protect

stable residential neighborhoods that will provide an enhanced tax base for the City far into the future.

ARTICLE 9 – COLLECTION OF ANNUAL ASSESSMENT

1. The Manager shall, no less frequently than annually, prepare and submit to the City for its approval, an Annual Service Plan Update to allow for the billing and collection of Annual Assessments. Each Annual Service Plan Update shall include updated Assessment Rolls and a calculation of the Annual Installment for each Assessed Property. Administrative Expenses shall be allocated among Assessed Properties in proportion to the amount of the Annual Assessments for the Assessed Property. Annual Assessments may be collected by the County (or such entity to whom the City directs) in the same manner and at the same time as ad valorem taxes. Annual Assessments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act. The Special Assessments shall have lien priority as specified in the PID Act.
2. Any sale of Assessed Property for nonpayment of the delinquent Annual Assessments shall be subject to the lien established for the remaining unpaid Assessment against such Assessed Property, and such Assessed Property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Assessments against such Assessed Property as they become due and payable.
3. Each Annual Assessment, including the interest on the unpaid amount of an Assessment, shall be updated annually. Each Annual Assessment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. Starting with the fiscal year beginning October 1, 2017 the initial Annual Assessments will be due when billed, and will be delinquent if not paid prior to February 1, 2018.

LIST OF EXHIBITS:

- Exhibit A: Summary of Initial District Services
- Exhibit A-1: List of Amenities to be Maintained by the District
- Exhibit A-2: Depiction of Amenities to be Maintained by the District
- Exhibit B: Five-Year Itemized Estimate of Revenues and Expenses
- Exhibit C: Map of Proposed District
- Exhibit D: Legal Description of Proposed District