

Attachment 1 of Resolution

EXHIBIT C

CITY OF DALLAS PUBLIC IMPROVEMENT DISTRICT (PID) POLICY

The City of Dallas supports the use of PIDs to address public needs or supplemental services identified by property owners. PIDs in Dallas will be allowed to fund any item provided by Chapter 372 of the Texas Local Government Code, as petitioned by the property owners.

PETITIONS

In new and renewing ~~commercial or mixed-use district~~ PIDs, the City will require that Owners representing (1) at least ~~60~~50% of the value and (2) ~~60~~50% of all record Owners or ~~60~~50% of land area, support the creation of a new or renewing PID. ~~Waivers to City's 60% threshold criteria shall only be authorized by a vote of a three-quarters majority of the Dallas City Council. Neither staff nor City council have the authority to approve exceptions to the state's petition threshold.~~

~~In new or renewing single-family PIDs (defined as areas with a minimum of 30% of land area dedicated to detached single-family housing), the City will require that Owners representing (1) at least 66.7% of the value and (2) 66.7% of all record Owners or 66.7% of land area, support the creation of a new PID.~~

Petitions will not be required to be notarized. Staff will verify that the person signing the petition is the owner and has the authority to sign. PID petitions shall include this additional note: "With respect to community property, the City may accept the signature of a spouse as a representation of both spouses that they support the creation or renewal of the PID absent a separate property agreement. However, if staff is made aware of any disagreement among owners of community property those petitions will not be counted."

The deadline to submit petitions for new or renewing PIDs is February 1. Signatures are generally gathered between October 1 and February 1. The deadline to submit written consent forms from hotel owners for an expansion of the Dallas Tourism PID is February 1.

ASSESSMENTS AND ALLOWABLE COSTS

1. PID assessments will be based on a set rate based on total property value. The maximum PID assessment in Dallas shall be \$0.15 per \$100 valuation.
2. PIDs in Dallas will be allowed to fund any item provided by state law.
3. PIDs must be self-sufficient and not adversely impact ordinary service delivery of the City. Public improvement districts in the City of Dallas shall incur no bonded indebtedness.
4. Administrative expenses for a PID, excluding costs for City staff administration, shall not exceed 15% of the total budget in any year.
5. A PID Service Plan shall contain procedures for the termination of the PID without

imposing unintended costs on the City of Dallas. A PID cannot be dissolved without a petition from property owners and must be sufficient as for creation or renewal in accordance with Chapter 372, Section 372.005(b) of the Texas Local Government Code.

6. Upon council approval of creation or renewal of a PID, City staff will file the ordinance creating or renewing the PID and a Notice of Assessment Form with the Dallas County Clerks' office or other relevant deed records so that a title company may determine how much of an assessment is owed or paid for each property in the PID each year. This will ensure that a title company can pro-rate the assessments for the year between the buyer and seller in the same way the title company is responsible for calculating and collecting the taxes apportioned between the buyer and seller on the date of closing. This practice will not involve separately recording documents for each parcel within a PID.
7. Property owned by the City of Dallas shall not be subject to assessment by any PID, excluding the current term of the Downtown Improvement District. The City will review participation in the Downtown Improvement District on renewal.

APPLICATION REQUIREMENTS

1. An application fee of \$15,000 will be required for all new or renewing PIDs. This fee is regulatory in character, so it approximates staff costs of administering the PID program. The fee will be used to pay for direct expenditures and to compensate the Office of Economic Development for staff time associated with PID creation and renewal. If the City costs for this process are less than \$15,000, the remainder will be reimbursed to the PID applicant unless the renewal or creation of the PID is successful in which case the remainder will be retained to cover City administrative expenses incurred throughout the PID's term including publication of legal notices, mailings, staff time in overseeing and monitoring the district, and any other related expense. The application fee will not be counted as part of the 15% maximum for administrative expenses in a PID budget.
2. A PID application for creating or renewing a PID shall include a current list of properties and tax roll. City staff will assist in this process in coordination with the PID management organization and DCAD.
3. PID applications shall include a map acceptable to the Office of Economic Development and a legal or clear description of the property or properties included in the District. This practice will not require the applicant to provide property surveys.
4. A PID application for creating or renewing a PID shall include a section that clearly identifies the proposed benefit of the PID to the property owners within the PID boundary and to the City as a whole and also any required evidence of insurance coverage.
5. Proposed PIDs are required to notify all property owners and host at least one public meeting with all the property owners within the area. Written notice must be sent by postal mail at least 15 days prior to the meeting date.

DISTRICT MANAGEMENT

Each management entity for a PID (“PID Management entity”) shall submit quarterly reports of all PID activities and expenditures; an annual independent audit of all PID expenditures; an annual Form 990; a copy of the management entity’s governance documents and policies; and shall hold an annual meeting open to all property owners and held in a public meeting space with written notice which must be sent by postal mail to all property owners in the PID at least two weeks prior to this meeting date to provide an opportunity for property owner questions, comments, and input to be considered during the PID Budget and Service Plan approval process.

A PID Management entity and its board members, officers (the board and officers of a PID Management entity are called the “Board”), and employees (the Board and employees of the PID Management entity are called a “PID Management party”) shall comply with the following:

1. PID Management parties will conduct themselves in a manner consistent with sound business and ethical practices.
2. PID Management parties will consider the public interest when determining how to use assessment funds and will only spend assessment funds in accordance with Chapter 372 of the Texas Local Government Code.
3. PID management entities will not contract with any entity or individual with which a PID Management party has a financial interest unless such financial interest is disclosed, the party with the financial interest is absent during any board discussion and vote, and a majority vote of the remaining board members deem the contract in the best entity of the PID.
4. PID management entities will not hire or contract with a board member or any relative (by blood, marriage, or adoption), domestic partner, or business associate of any board member for PID management services or other purposes unless such relationship is disclosed, the party with the relationship is absent during any board discussion and vote, and the remaining board members unanimously deem the action in the best interest of the PID.
5. PID Management will avoid the occurrence of and the appearance of the occurrence of acts of impropriety to ensure public confidence in the PID program.
6. No PID Management party shall have an interest, financial or otherwise, direct or indirect, or engage in any business, transaction, or incur any obligation of any nature which is in conflict with the proper discharge of his or her duties on behalf of the PID unless: a) he or she discloses such an interest, financial or otherwise, direct or indirect to the Board and b) a majority vote of the remaining Board Members without a financial interest (“disinterested board members”) deem by resolution that the contract is commercially reasonable, does not exceed the fair market value of the typical cost of the goods or service, and is in the best interest of the PID. A PID Management party with a conflict of interest due to a financial interest shall disclose the conflict to the Board, abstain from discussion, and leave the room during the Board voting and deliberation of the matter.

7. PID Management will not use their positions, the petitioned services, the assessment funds, or the petition process for personal gain or benefit and will not unduly influence others through any tactics including but not limited to coercion or bullying.
8. PID Management shall comply with this PID policy as well as with the applicable provisions of the Dallas City Code, Chapter 12A and any future amendments to same. In the event of a conflict between this PID policy and Chapter 12A, Chapter 12A will control.
9. Management entities shall maintain a publicly accessible internet website and ensure the availability via the website of the entity's contact information; board membership information; name and contact information of its executive director or person that performs those duties; meeting notices; meeting minutes; its annual assessment rate; the adopted service plan budget for preceding two years and current year; most recent financial audit; and information regarding how to file a complaint alleging unethical conduct or a violation of fraud, waste, or abuse of PID assessments with the Inspector General Division of the Dallas City Attorney's Office.
10. The PID liaison from OED will be invited to all PID board meetings. If the PID is unable to identify its liaison, it may invite the Director of OED.

The City reserves the right to audit the books, records, and practices of PID Management parties at any time. The City may terminate a PID management agreement for cause at any time without notice.

SPECIAL PURPOSE PIDS

Special Purpose PIDs may be created by the City to address unique issues, subject to state law petition requirements. The maximum PID assessment in these districts will be determined by the City Council and may be above \$0.15 per \$100 valuation. These PIDs in Dallas will be allowed to fund any item provided by state law. These Districts may be used to address special facility maintenance and beautification issues. Administrative expenses in these districts shall not exceed **10%** of the total budget in any year.

BOUNDARIES

1. With the exception of Klyde Warren Park and the Tourism PID, and any future modifications to the boundaries of either of those two PIDs, no future PIDs will be allowed to be created that overlap the boundaries of another Dallas PID.
2. In general, the boundaries of existing PIDs can be modified during a renewal process (with updated map as part of the petition). However, a boundary change during the existing term of a PID may only be considered if a re-petition of the proposed PID area meets the minimum criteria for creation/renewal as described earlier in this Policy.
3. The boundaries of the DTPID include hotels with more than 100 rooms. Any hotels that drop below that room level during the term will be removed from the assessment

roll with City Council approval following notice to the City by DTPID. New hotels may be added during the existing term of a PID with City Council approval in accordance with Chapter 372 of the Texas Local Government Code.