

CITY OF SEGUIN

PUBLIC IMPROVEMENT DISTRICT POLICY

I. OVERVIEW

Public Improvement Districts (PIDs) provide a development tool that allocates costs according to the benefits received. A PID can provide a means to fund improvements to meet community needs which would not otherwise be constructed or provided and be paid by those who most benefit from them. PIDs are designed to fund the costs of authorized public improvement projects through the collection and levy of assessments on the properties directly benefitted by such improvement projects, rather than through the use of broader taxes or other general revenues. PIDs are authorized by state statute, specifically Texas Local Government Code Chapter 372 (the “PID Act”). Under the PID Act, the City of Seguin, Texas (the “City”) is permitted to fund qualified public improvements which confer a special benefit on a definable part of the City. A PID can finance capital costs and fund supplemental services – through the levy of assessments on the benefitted properties within the PID – to fund community needs. The costs of the capital improvements and/or supplemental services are paid entirely by property owners within the PID who receive special benefits from the capital improvements or services.

Construction PIDs are development financing tools authorized pursuant to the PID Act, in which the developer constructs infrastructure utilizing the proceeds of PID Bonds issued by the City and secured by and payable from PID Assessments, after key benchmarks are met. The City will consider at a lower priority level, but is under no obligation to create, a PID in which PID improvements will be financed on a construction basis.

Reimbursement PIDs are development financing tools authorized pursuant to the PID Act, in which the developer funds infrastructure and the issuer agrees to provide reimbursements to the developer, including through the issuance of debt obligations secured by and payable from PID Assessments or PID Bonds, after key benchmarks are met. It is the preference of the City to finance PID improvements on a reimbursement basis.

Under current State Law, a PID is a defined area of properties, whose owners have petitioned the City to form a PID. The City Council establishes a PID by adoption of a resolution after a public hearing. The public hearing is publicized and written notification of the hearing is mailed to all property owners in the proposed PID. By petition, the owners pledge to pay an assessment in order to receive enhanced services and/or improvements within the PID. The PID improvements must confer a special benefit to the properties within the PID at least equal to the amount of assessments levied on such properties.

The purpose of the PID policy (the “Policy”) is to outline the issues to be addressed before the City Council can support the establishment and continuation of a PID. The policy outlines such things as petition requirements, information to property owners, and determination of annual plan of services, budget and assessments. It addresses City administration issues, which are in

addition to the requirements of state law. To the extent of a conflict between the requirements of this Policy and the PID Act, the PID Act shall prevail.

Before consenting to the creation of a PID, the City Council will consider whether the creation of the PID is feasible, practicable, and necessary for the provision of the proposed services and would be a benefit to the land by producing a development that meets or exceeds minimum development standards, and therefore warrants the City's consent, consistent with the other considerations in this policy.

II. COMMUNITY BENEFITS

Subject to the requirements of this policy, the City Council will prioritize approval of petitions of PIDs supporting real estate development projects that provide for the following community benefits to a degree that exceeds the level of community benefits typically generated by real estate development projects not involving a PID or PID financing. Such community benefits include, but are not limited to, the following:

1. **Quality Development.** The development exceeds the intent of the development, infrastructure, and design standards of City Codes;
2. **Extraordinary Benefits.** The development provides extraordinary public benefits that advance the vision and goals of the development, such as, but not limited to, extension, financial contribution, and/or enhancement of master planned infrastructure, diversity of housing, and enhanced parks, trails, open space, and recreational amenities that are available to the owners of the parcels on which PID Assessments are levied and to the general public;
3. **Enhance Public Service and Safety.** The development enhances public services and optimizes service delivery through its design, dedication of sites, connectivity, and other features;
4. **Fiscally Responsible.** The development is financially feasible, doesn't impair the City's ability to provide municipal services, and would not impose an undue financial burden on the citizens;
5. **Finance Plan.** The developer(s) contributes financially to cover a portion of the infrastructure expenses without reimbursement by the PID or the City and as reflected in conditions placed on the issuance of PID Bonds; and
6. **Annexation.** A proposed PID must be located within the City Limits. The City will not consider the creation of a PID where any portion of the property is located in the City's Extra-territorial jurisdiction.

It is not necessary that all community benefits be funded by PID assessments. If a community benefit is not eligible for PID financing based on Section 372.003, Texas Local Government Code the petitioner must demonstrate sufficient funding of the benefit from other sources.

If it is proposed that PID Bonds are to be issued to reimburse a developer for infrastructure that a developer would ordinarily fund at its own costs, the petition must demonstrate how creation of the PID and financing of the infrastructure provides community benefits to the City as a whole and to the property in the PID, such as accelerated development or demonstrable furtherance of a major City policy objective.

The City will consider at a lower priority level, but is under no obligation to create, a PID formed solely to finance the cost of construction infrastructure that only meets minimum City development standards. At the City's discretion, a PID petitioner for a project without enhanced community benefits may be required to pay a PID Community Benefit Fee in lieu of providing such improvements.

PID bond proceeds are not allowed to be used to pay for the PID Community Benefit Fee.

The PID Community Benefit Fee shall be equal to 10% of net PID bond proceeds at each issuance, and shall be paid, as directed by the City, to the City.

III. GENERAL

1. A PID may be created and utilized to construct qualified public improvements or to reimburse a developer's actual and documented costs above and beyond the costs for standard infrastructure required to serve the development. Such incremental costs shall be associated with the construction of qualified public improvements.
2. PID assessments may only be used to serve or improve public property and may not be used to benefit or enhance private property. Listed below are services and improvements which a PID in the City of Seguin may provide or maintain . Other improvements allowed by statutes will be reviewed and considered individually by the City.
 - i. Improved landscaping and irrigation;
 - ii. Enhanced entry features;
 - iii. Installation of fountains, distinctive lighting, and signs;
 - iv. Acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way;
 - v. Construction or improvement of pedestrian malls;
 - vi. Installation of art or decorations;
 - vii. Construction or improvement of pedestrian trails, parks and recreational amenities;
 - viii. Enhanced regional infrastructure improvements or facilities, such as fire stations or libraries; and
 - ix. Construction of off-street parking facilities;
 - x. acquisition, construction, improvement, or rerouting of mass transportation facilities;

- xi. acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- xii. projects similar to those listed above;
- xiii. acquisition by purchase or otherwise, of real property in connection with an authorized improvement;
- xiv. special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;
- xv. payment of expenses incurred in the establishment, administration and operation of the district; and
- xvi. the development, rehabilitation, or expansion of affordable housing.

3. Listed below are services and improvements which a PID in Seguin may not provide or maintain:

- i. Swimming pools;
- ii. Travel expenses;
- iii. Perimeter fencing;
- iv. Acquisition, construction, improvement or maintenance of privately owned facilities or land; and
- v. Any trails, parks, streets, or other public amenities that are located within a gated community or otherwise inaccessible location may not be funded or reimbursed by the PID.

4. Except for public improvements specifically listed in a voter-approved City bond proposition, the City will not expend or pledge a tax increment, general fund revenue, general obligation or certificate of obligation debt proceeds to support the costs of PID improvements, unless explicitly approved by City Council as advancing a City purpose.

5. PIDs must be established carefully and only when related to a public purpose to avoid a proliferation of special districts.

6. PIDs must be self-sufficient and not adversely impact the ordinary service delivery of the City, except where City Council elects to participate in the project's costs.

7. A PID's budget shall include sufficient funds to pay for all costs above and beyond the City's ordinary costs, including additional administrative or operational costs as well as additional maintenance costs resulting from the PID.

8. Use of assessments for partial recovery of a developer's capital costs will be allowed only in special cases where extraordinary public benefit is shown. Only those capital costs associated with continuing PID services will be considered for partial recovery.

9. Anyone selling land in a PID must include a "Notice of Obligation to Pay Improvement District Assessment" in the form prescribed by Section 5.014, Texas Property Code which notifies any prospective property owner of the existence or proposal of special assessments on the property. All closing statements must specify who is responsible for payment of the PID assessment on a pro rata share thereof.
7. A PID may not overlap the boundaries of another PID.
8. Development of property within the PID may not require variances from applicable development regulations that result in a significantly lower standard of development.
9. The City will authorize PID Bond proceeds only to reimburse the costs of PID improvements that have been designed and constructed to the City standards.
10. For a residential PID, the City Council will look more favorably on a petition where the developer of a new subdivision has put in place an active homeowner's organization.
11. If multi-family rental units are included within the proposed assessments, all of the multi-family assessments must be prepaid by either the developer or builder, and such assessments and prepayment amounts thereof shall be excluded from any reimbursements to the developer, including from PID Bonds.
12. The annual assessment to property owners within the PID shall be no more than the Net Tax Rate Equivalent of a \$0.55 per \$100 tax rate on the assessed value of their property.
13. The proposed development must be consistent with the entitlements on the property. All required zoning, other required land use approvals or other required permits must be in place for the development prior to the levy of PID assessments.
14. All PID agreements between the City and the developer shall include language satisfactory to the City indemnifying the City and its officials, employees and representatives.
15. Any requested adjustments or deviations from the terms of this policy for a PID shall be clearly requested and explained (including a detailed description of the basis for such a request under the PID Act) in the PID petition for that PID. Any adjustments or deviations granted are at the sole discretion of the City Council.
16. Neither the City, a public official, employee or representative shall be responsible for any liability arising under or growing out of any approved PID. Any obligation or liability of the developer whatsoever that may arise at any time under the approved PID or any obligation or liability which may be incurred by the developer pursuant to any other instrument transaction or undertaking as a result of the PID shall be satisfied out of the assets of the developer only and the City shall have no liability.
17. The City may elect to hire a qualified third party PID administrator to administer the PID, the costs for such administration shall be paid for with PID assessments or PID bonds. The PID administrator will be required to review and comment on the budget and to attend the annual public hearing regarding the Service and Assessment Plan. Contracting with a third party PID

administrator to manage the PID shall not preclude the City from entering into a contract with another taxing unit for the collection of the assessments levied for the PID.

IV. PID APPLICATION REQUIREMENTS

1. A petition requesting the establishment of a PID (a "Petition") shall be signed by the landowners of taxable real property representing more than 50% of the appraised value of taxable real property within the proposed boundaries of the PID, as determined by the current roll of the Guadalupe Appraisal District.. In addition, the record owners of the real property shall:

- a. Constitute more than 50% of all record owners of property that are liable for assessments of the PID; or
- b. Own taxable real property that constitute more than 50% of the area of all taxable real property that is liable for assessments of the PID.

2. In accordance with Texas Local Government Code Section 372.005(a), a PID Petition must state:

- a. The general nature of the proposed amendments;
- b. The estimated cost of the improvements;
- c. The boundaries of the proposed PID;
- d. The proposed method of assessment, which may specify included or excluded classes of assessable property;
- e. The proposed apportionment of cost between the PID and the City;
- f. Whether the management of the PID is to be by the City, the private sector, or a partnership between the City and the private sector;
- g. That the persons signing the petition are the owners of the property and to the extent other owners exist they concur with the establishment of the PID;
- h. That an advisory body may be established to develop and recommend an improvement plan to the governing body;
- i. That the petitioner has read and understands this Policy and will adhere to all language herein; and
- j. Any other information required by the PID Act.

3. For a PID to be established, a petition shall include the following:

- a. Evidence that the petition's signatures meet the state law requirements or the petition will be accompanied by a reasonable fee (as determined by the City and in addition to the required application fee) to cover the City's costs of signature verification. If the proposed PID is an expansion of an existing PID, a petition for

the new portion of the PID must identify each subdivision, or portion thereof, within the proposed boundaries of the new PID, and each subdivision or portion thereof, that is not currently in an existing PID shall individually satisfy the requirements for a petition under Section 372.005 of the Texas Local Government Code. Subdivision has the meaning assigned by Section 232.021 of the Texas Local Government Code.

b. Map of the area, description of the boundaries of the PID for the legal notices and a "commonly known" description of the area to be included in the PID.

4. Before the City will consider the creation of a PID, the petitioners must provide the following additional information for evaluation:

a. Identification of the benefit of the PID to the affected property owners and to the city as a whole (i.e., public purpose).

b. Description of all city-owned land within the PID. Property in the PID owned by the City shall not be subject to PID assessments. Property in the PID owned by another governmental entity may be assessed only pursuant to an interlocal agreement between the entity and the City.

c. "Market Feasibility Study" - The petitioner must provide a copy of a Feasibility Report (as referenced in Section 372.007, Texas Local Government Code) which demonstrates the feasibility of the real estate development project and the PID, taking into account both the market for the proposed product types and the petitioner's capacity to deliver the project. The Feasibility Report should also include a comparison of the combined PID assessment and ad valorem tax burden on owners in nearby developments. The Feasibility Report must be prepared externally by a third party that is approved by the City. The Feasibility Report must also include the following information:

i. An assessment revenue pro forma for the proposed project (including proposed and estimated reserve amounts, if any);

ii. A financial review of the development projections and absorption schedule;

iii. An analysis of the above describing the timing and amount of PID Assessments which will be generated based upon varying levels of assessments;

iv. A comparison of the project with other similar projects in the area that will not have an assessment; and

v. Whether PID Bonds will be issued on an construction basis to finance the construction of the development or a reimbursement basis to reimburse the developer for the costs of constructing the development.

d. Engineering report. – The petitioner must provide an Engineering Report identifying all reasonable estimated costs, including costs related to establish the district, costs for

construction and/or the acquisition of improvements, the maintenance and operation of improvements (if any), and PID administrative costs

5. The petitioners must provide a copy of the preliminary plan for the anticipated financing of the authorized improvements in the proposed PID (the “financing Plan”) which shall be submitted with the Petition. The Financing Plan shall include at a minimum:

- a. Targeted gross bond amount;
- b. Estimated annual assessment revenue generated;
- c. Annual installment per unit;
- d. Estimated annual installments as an equivalent tax rate;
- e. Estimated number of bond issuances;
- f. Proposed maturity dates for PID bonds;
- g. Proposed timetable of the development; and
- h. Any other such supporting information related to the success of the PID.

6. Contingency Plan to address the maintenance or disposition of PID improvements and or property that has not been dedicated to the public if a PID is dissolved.

7. Sunset clause or procedures outlined for public review of the success of the PID and a determination of property owners whether to continue with the PID or dissolve it; provided that if dissolved the PID must remain in effect for the purpose of meeting obligations of indebtedness for improvements as required by state law.

8. Specified assurances to the City that the construction of improvements in the public right-of-way will be maintained by the PID or an owner’s association and in no way obligates the City to future maintenance or operational costs, unless otherwise stated in a subsequent agreement.

In addition, the following must be addressed before the City Council will take action on a petition:

1. A non-refundable "application fee" of \$20,000 will be paid by the applicant to reimburse the City for the cost of evaluating the petition. If City costs exceed the initial fee, the developer shall replenish the account with an additional deposit.
2. The petitioner must agree to reimburse the City or directly pay for the City’s administrative costs for reviewing the PID petition, publishing related notices, reviewing the Market Feasibility Study and Service Assessment Plan, including the cost of services provided by the City’s third party PID Administrator, bond counsel, disclosure counsel, financial advisors and any other consultant selected by the City to assist the City in a PID-related matter.

V. PID ADMINISTRATION

1. The City may contract with a qualified third-party company to manage and administer the PID, subject to appropriate oversight by City staff.
2. Any management firm for a PID shall be required to submit quarterly reports of all activities and expenditures to the City; perform and submit an annual independent audit of all PID expenditures to the City' and shall hold an annual meeting open to all property owners and held in a public meeting space with written notice to all property owners in the PID at least two weeks prior to this meeting to provide an opportunity for property owner questions, comments and input to be considered during the PID Budget and Service Plan approval process.
3. If the City elects to hire a third-party administrator, the administrator will coordinate the annual development of the Budget and Five Year Service plan which will be submitted to the City Council for consideration following a public hearing conducted in accordance with the Code and any other applicable State of Texas law. The PID Service Plan shall contain procedures for the termination of the PID without imposing unintended costs on the City of Seguin. A PID cannot be dissolved without a petition from property owners and must be sufficient as for the creation or renewal in accordance with Section 372.005(b) of the PID Act, pursuant to Section 372.011 of the PID Act. .

VI. BOND SIZE LIMITATIONS

The following limitations and performance standards shall apply to a PID debt issue approved by the City:

1. Preferred minimum appraised value to lien ratio at date of each bond issue:
3:1
2. Maximum annual permitted increase in annual assessment installment: 2%
2. Maximum years of capitalized interest for each bond issue: 2
3. Maximum maturity for each series of bonds: 30 years

The aggregate principal amount of bonds required to be issued shall not exceed an amount sufficient to fund (i) the actual costs of the qualified public improvements; (ii) required reserves and capitalized interest during the period of construction and not more than 12 months after the completion of construction and in no event for a period greater than 3 years from the date of the initial delivery of the bonds and (iii) any costs of issuance. Provided, however, that to the extent the law(s) which limit the period of capitalized interest to 12 months after completion of construction change, the foregoing limitation may be adjusted to reflect the law(s) in effect at the time of future Bond issuances and applicable federal law pertaining to the issuance of tax-exempt bonds.

VII. FINANCING CRITERIA

1. The developer may seek bond issues in advance with City approval of construction of an individual Phase of a Project subject to compliance with these standards.
2. No General Obligation or Certificate of Obligation bonds will be utilized by the City to fund or support the PID Bonds, unless the City, in consultation with its Financial Advisor, waives this requirement.
3. All proposed PID Bond issues for a Project, if any, will be issued and subject to approval by the City. The City will not consent to a third-party conduit issuance.
4. Bond financing, either on a construction or reimbursement basis, will only be considered for an improvement area of a PID in which three million dollars (\$3,000,000) or more of Public Improvements are proposed to be constructed. This amount shall be the minimum amount to be financed, excluding cost of issuance, capitalized interest, and debt service reserves.
5. Special assessments on any given portion of the property may be adjusted in connection with a subsequent bond issue as long as an agreed-upon maximum annual assessment rate is not exceeded, and the special assessments are determined in accordance with the Service and Assessment Plan and the PID Act. Special assessments on any part of the property will bear a direct proportionate relationship to the special benefit of the public improvements to that improvement area. In no case will assessments be increased for any parcel unless the property owner of the parcel consents to the increased assessment.
6. The City shall not be obligated to provide funds for any improvement except from the proceeds of the PID Bonds and PID Assessments.
7. Each PID Bond Indenture will contain language precluding the City from making any debt service payments for the PID Bonds other than from available special assessment revenues.
8. The developer will be responsible for payment of all of the City's reasonable and customary costs and expenses including the cost of any appraisal, subject to reimbursement from PID Bonds or PID Assessments, if any.
9. Improvements funded with PID proceeds will be exempt from any public bidding or other purchasing and procurement policies per Texas Local Government Code Section 252.022(a)(9) which states that a project is exempt from such requirement if "paving, drainage, street widening, and other public improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements."
10. Any PID Bond issued will include a Reserve Fund in an amount equal to the lesser of: (i) the maximum annual debt service on the bonds, (ii) 10 percent of the Bond Par Amount, or (iii) 125 percent of the average annual debt service and that such Reserve Fund will be funded from bond proceeds at the time bonds are issued, subject to the regulations of the Internal Revenue Code related to tax-exempt bonds. For a substantially complete project or for refunding bonds, the Reserve Amount requirement may be lower, subject to review and approval by the City, in consultation with its Financial Advisor. .

11. Improvements to be funded by the PID are limited to those defined as Authorized Improvements under Texas Local Government Code Section 372.003(b):

- (a) landscaping;
- (b) erection of fountains, distinctive lighting, and signs;
- (c) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way;
- (d) construction or improvement of pedestrian malls;
- (e) acquisition and installation of pieces of art;
- (f) acquisition, construction, or improvement of libraries or fire stations;
- (g) acquisition, construction, or improvement of off-street parking facilities;
- (g) acquisition, construction, improvement, or rerouting of mass transportation facilities;
- (h) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- (i) the establishment or improvement of parks;
- (j) projects similar to those listed in Subsections (a)-(i) above;
- (l) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- (m) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;
- (n) payment of expenses incurred in the establishment, administration, and operation of the district; and
- (o) the development, rehabilitation, or expansion of affordable housing.

12. Any trails, parks, streets, or other public amenities that are located within a gated community or otherwise inaccessible location may not be funded or reimbursed by the PID.

13. All public infrastructure within the PID that is to be reimbursed must be in compliance with competitive bidding in accordance with Texas Local Government Code.

14. All landowners will provide any required continuing disclosure obligations associated with the issuance of PID Bonds as required under the indenture or any other regulatory agreement or regulatory agency.

VIII. PROJECT CRITERIA

In agreeing to form a PID for which debt will be issued to fund the costs of constructing qualified public improvements, the City will require the following:

1. The property owner must demonstrate to the City that it has the expertise to complete the new development that the PID will support.
2. The developer must provide the City with its sources of funding the Public Improvements not funded by the PID.
3. The proposed development must be consistent with the entitlements on the property. All required zoning, other required land use approval or other required permits must be in place of the development prior to the issuance of any PID bonds.
4. The property owner must provide evidence to the City that the utility service provider has sufficient capacity to provide all necessary utility services.
5. All reasonable estimated costs must be identified in the Engineering Report before a decision is reached on a request to issue bonds for a PID. Costs to be identified include costs related to establish the district; costs for construction and/or the acquisition of improvements, the maintenance and operation of improvements (if any) and PID administrative costs.
6. If the city elects to hire a qualified third party PID administrator to administer the PID, the costs for such administration shall be paid for with PID funds. The PID administrator will be required to review and comment on the Budget and to attend the annual public hearing regarding the Service and Assessment Plan.
7. The PID Financing Agreement (or other applicable PID documentation) shall contain a section, which clearly identifies the benefit of the PID to the affected property owners and to the city as a whole (*i.e.*, public purpose) and also evidence of insurance.
8. The Service and Assessment Plan shall describe, if applicable, all City-owned land within the district as well as its proposed share of project costs.
9. Specified assurances that the construction of improvements in the public right-of-way will be dedicated to and maintained by the City after the PID has dissolved. For the life of the PID, public infrastructure will be maintained by the City, unless otherwise stated in a subsequent agreement.

IX. DEVELOPER REIMBURSEMENT

1. Developers will submit expenses for reimbursements pursuant to the terms of the applicable agreed upon PID Reimbursement Agreement entered into between the City and the developer.
2. The appointed designee of the City will verify expenses' validity towards the applicable PID Reimbursement Agreement.

3 Once expenses have been verified, payment will be processed pursuant to the terms of the applicable PID Reimbursement Agreement.

X. MISCELLANEOUS

1. Severability. If any section, subsection, sentence, clause, phrase, or word of this policy is declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected.

2. Waivers. Any waivers to this policy must be approved by the City Council for the City of Seguin.

3. Audit. The City shall, upon reasonable prior written notice to the Developer and during normal business hours, have the right to audit and inspect the Developer's records, books, and all other relevant records related to Reimbursable Amounts under this Policy. The Parties agree to maintain the appropriate confidentiality of such records, unless disclosure of such records and information shall be required by court order, a lawfully issued subpoena, State Law, municipal ordinance, or at the direction of the Office of the Texas Attorney General.

4. Recapture. In the event of default by Developer under the negotiated Agreement related to Reimbursement of Amount Requests, the City shall, after providing Developer notice and opportunity to cure, have the right to recapture Reimbursement Amount Requests.

5. No Personal Liability of Public Officials. No public official or employee shall be personally responsible for any liability arising under or growing out of any approved PID. Any obligation or liability of the Developer whatsoever that may arise at any time under the approved PID or any obligation or liability which may be incurred by the Developer pursuant to any other instrument, transaction or undertaking as a result of the PID shall be satisfied out of the assets of the Developer only and the City shall have no liability.

6. Professional Services. The City in its sole discretion may engage professionals to assist it, including but not limited to, 1) the Financial Advisor, 2) Bond Counsel, 3) Paying Agent and/or Trustee, 4) Appraiser, 5) PID Administrator, and 6) Underwriter. The costs of professionals engaged by the City shall be paid by the Developer or with PID assessments or PID bonds.

7. Indemnification. All PID Agreements shall include Indemnification language as follows:

INDEMNIFICATION. DEVELOPER COVENANTS AND AGREES TO FULLY INDEMNIFY AND HOLD HARMLESS, CITY AND THEIR ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS AND REPRESENTATIVES, INDIVIDUALLY AND COLLECTIVELY, FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, ACTIONS, DEMAND, CAUSES OF ACTION, LIABILITY AND SUIT OF ANY KIND AND NATURE BROUGHT BY ANY THIRD PARTY AND RELATING TO DEVELOPER'S ACTIONS ON THE PROJECT, INCLUDING, BUT NOT LIMITED TO, PERSONAL INJURY OR DEATH AND PROPERTY DAMAGED, MADE UPON CITY OR DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO DEVELOPER OR DEVELOPER'S TENANT' NEGLIGENCE, WILLFUL MISCONDUCT OR

CRIMINAL CONDUCT IN ITS ACTIVITIES UNDER THIS AGREEMENT, INCLUDING ANY SUCH ACTS OR OMISSION OF DEVELOPER OR DEVELOPER'S TENANTS, ANY AGENT OFFICE DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANT OR SUBCONSULTANTS OF DEVELOPER DEVELOPER'S TENANTS, AND THEIR RESPECTIVE OFFICER, AGENTS, EMPLOYEES, DIRECTORS AND REPRESENTATIVE WHILE IN THE EXERCISE OR PERFORMANCE OF THE RIGHT OR DUTIES UNDER THIS AGREEMENT, ALL WITHOUT, HOWEVER WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO CITY, UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE CITY AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. DEVELOPER SHALL PROMPTLY ADVISE CITY IN WRITING OF ANY CLAIM OR DEMAND AGAINST CITY, RELATED TO OR ARISING OUT OF THE DEVELOPER OR DEVELOPER'S TENANTS; ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OF DEMAND AT DEVELOPER'S COST TO THE EXTENT REQUIRED UNDER THE INDEMNITY IN THIS PARAGRAPH. CITY SHALL HAVE THE RIGHT, AT THEIR OPTION AND AT THEIR OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING DEVELOPER OF ANY OF ITS OBLIGATIONS UNDER THIS PARAGRAPH.

IT IS THE EXPRESS INTENT OF THIS SECTION THAT THE INDEMNITY PROVIDED TO THE CITY AND THE DEVELOPER SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT AND SHALL BE BROADLY INTERPRETED AT ALL TIMES TO PROVIDE THE MAXIMUM INDEMNIFICATION OF THE CITY AND THEIR OFFICERS, EMPLOYEES AND ELECTED OFFICIALS PERMITTED BY LAW.