

Chelsey Estates PID Comparison

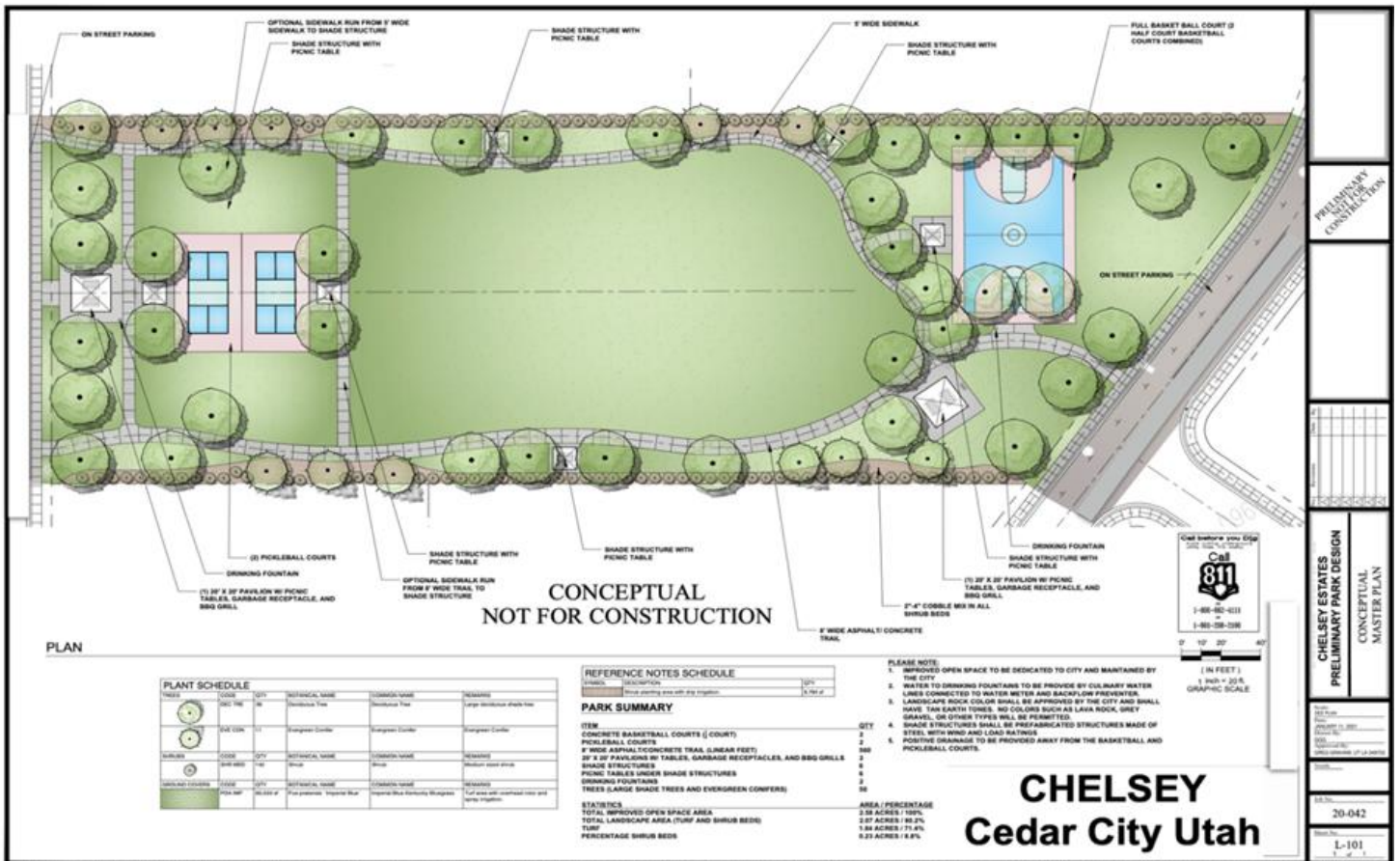
Sample Comparison of Public Infrastructure Benefits of the PID
With and Without the PID Financing Available

Without PID Financing

- **Less Open Space**
Project will have marketable entrance, but less open space to accommodate higher density
- **Partial Sewer Lift Station for Phases 1-3**
Lift station will proceed as approved but limited to handling immediate phases within only the Chelsey development
- **Smaller Parks and Amenities**
Smaller pocket parks and amenities would be installed piecemeal as future sales revenues dictates
- **Sufficient Water System**
Water loop will only be sufficient for Chelsey and no other growth or redundancy in source

With PID Financing

- **More Open Space**
There will be more expansive open space, larger lots, and better amenities
- **Gravity Fed or Full Lift Station**
Full gravity-fed sewer system to 2400 west consistent with City's infrastructure needs and supportive of future growth
- **Full City Park w/Pickleball & Basketball Courts**
A full-size destination park as a city amenity which could be included in early phases (see rendering below).
- **Looped Water System to Provide Redundancy for Chelsey and Surrounding Growth**
A looped water system could provide redundancy, security, and handle the growth of other projects in the area.



Public Infrastructure District (PID) Q&A

The following Q&A guide addresses common questions and areas of concern raised by various stakeholders interested in PIDs.

Q1: Will the end property owners (buyers) within the PID pay for the public infrastructure twice?

A1: Double paying for the public infrastructure is prohibited by statute. For example, if a PID pays for the cost of a sewer line, no impact fees could be assessed for that same sewer line. The overall cost of infrastructure is reflected in the price of the home inclusive of the property tax obligation associated with the PID which is transparently disclosed to home buyers multiple times throughout the home buying process (see below for additional detail on PID disclosures).

Q2: Are homes in a PID discounted because of the additional property tax?

A2: Market supply and demand ultimately determine the sale price of a home based on a variety of factors including higher or lower property taxes and/or HOA fees, more or less amenities, better or worse location, higher or lower product quality, larger or smaller size, etc.

Q3: What happens when the landowner defaults?

A3: When a PID issues bonds backed by a limited property tax, landowners would be subject to the same consequences as any other property tax delinquency (e.g., subject to tax lien foreclosure by the County Treasurer after 5 years of delinquency). Bondholders, in this structure, have no recourse to property owners in the event of default.

Q4: What liability does the city have?

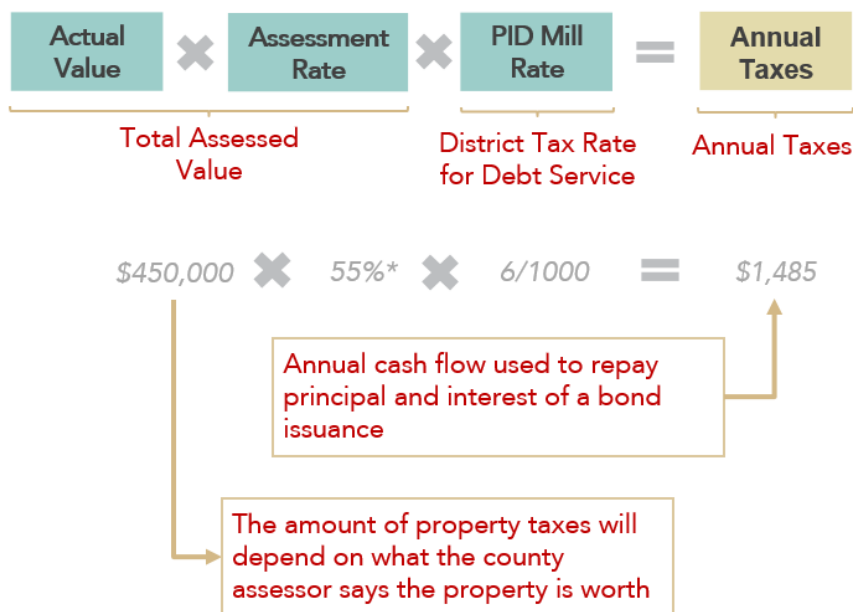
A4: The City has no liability for PID debt and maintains control of the creation process that dictates the parameters of the PID through a governing document. In the event the project revenues are insufficient to meet debt service payments, the bondholder has no statutory remedy to require additional taxes or fees, nor statutory recourse to the City, the property or its owners.

Q5: What liability does the community have?

A5: Only property owners within the boundaries of the PID have an obligation to repay PID-issued debt. Only property owners within the boundary of a PID have an obligation to repay PID-issued debt. Additionally, property owners must provide their consent in order to be a part of a PID.

Q6: Will the additional PID taxes be too high to be affordable?

A6: Within the Governing Document, the City can control the maximum mill rate applied to district. Developers must also be sensitive to the affordability component when requesting a mill rate.



*Note: the statutory assessment rate in the state of Utah is 55% for primary residences and 100% for secondary residences

Figure 1: Sample Limited Property Tax

Q7: Can a property owner pay off their portion of the bond obligation when they purchase property within a PID instead of paying a higher tax?

A7:

- For bonds secured by property taxes: No
 - Because property taxes are based on the projected assessed value of the home (which changes annually per the county assessor), a lump sum/pre-payment amount of property taxes to be levied over the 20-30-year life of the bond is not predetermined and therefore cannot be prepaid.
 - However, these bonds can be refinanced at lower rates, which can reduce the outstanding property tax balance
- For bonds secured by special assessments: Yes
 - The amount of assessment due per lot is predetermined and fixed over the life of the bonds and can therefore be prepaid at any point by the property owner with no penalty.

Q8: Will the property taxes remain outstanding in perpetuity?

A8: No. The property tax terminates and the PID is dissolved upon the shorter of either 1) full repayment of debt or 2) a 40-year maximum discharge date. Typically, bonds are structured to a 30-year maturity. If tax collections are greater than projected, the bonds can be repaid and the tax terminated prior to the maturity date.

Q9: Are PIDs a unique financing tool? Is this type of tool used in other states?

A9: PIDs were authorized by the enactment of Utah S.B. 228 in 2019. While the tool is relatively new to Utah, this type of financing tool has been successfully used for decades in other states.

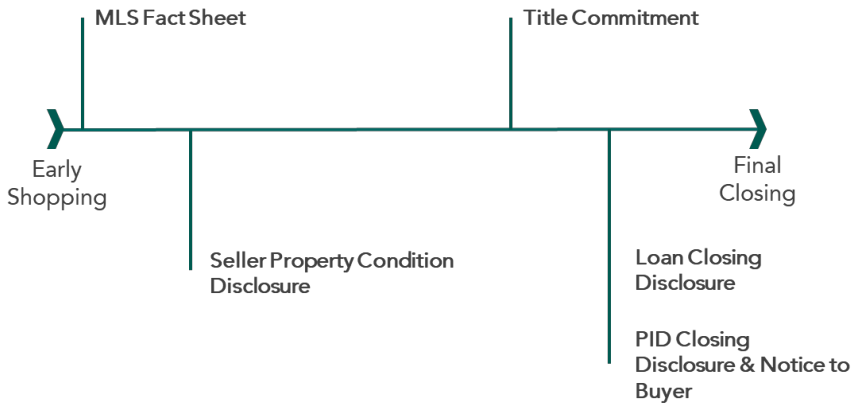
Q10: Checks and Balances. How does the PID's Board of Directors work? Do any payments to or from the PID have to be approved by the City?



A10: In general a City does not approve payments to or from a PID, as ongoing oversight of individual transactions may be administratively cumbersome. However, other checks and balances exist, particularly at the front end of a PID's formation and approval.

- PIDs are Governed by a Board of Trustees comprised of property owners and their agents, which ultimately transitions to the future residents of the district
- PIDs are subject to similar state code requirements as other entities
 - Open and public meetings laws
 - Budget and audit procedures
 - Procurement code
- In the Governing Document, the City may place constraints on the operations and abilities of the PID to address any concerns including:
 - Debt limits and terms
 - Maximum tax rate
 - Repayment timing for any assessment bonds
 - Reporting requirements to the City
 - Permitted or prohibited improvements
 - Transition to elected board comprised of residents

Q11: How are PIDs disclosed to home buyers?

A11: PIDs and any associated taxes or assessment obligations are openly and transparently disclosed multiple times to home buyers throughout the home buying process. This gives buyers the opportunity to factor the cost of a PID into their purchasing decision (also reflected in their mortgage cost).



290 W 1300 S, Hurricane, UT 84737		21-227532 Residential Contingent \$879,900	
 <p>Provided as a courtesy of DUSTY WRIGHT - THE WRIGHT TEAM KW ST GEORGE KELLER WILLIAMS REALTY SUCCESS 2 308 W Tabernacle Street St George, UT 84770 Other Phone - (435) 200-1955 Cell Phone - (435) 313-1525 DustyWright1@gmail.com http://www.MyStgHome.com/ License #: 6575525-SA00</p>			
Office Listing #:	DTW	Listing Type:	ERS
Possession Date:		Short Sale Status:	No
Geo Lat:	37.156202	Geo Lon:	-113.293485
County:	Washington	Subdivision:	
Tax ID Validated:	Yes	Total Taxes:	2,850.38
Owner:	Colten G Iverson	Owner Phone:	
Occupant Phone:		Elementary Schools:	Three Falls Elementary
Jr. High Schools:	Hurricane Middle	Sr. High Schools:	Hurricane High
Listing Class:	Single Family	Basement SqFt:	2,079
Upstairs SqFt:	0	Other SqFt:	0
Master Bedroom Level:	1st Floor	Total Bedrooms:	6
Total Bathrooms:	4	Formal Dining Room:	No
# Levels:	1	Lot Dimensions:	
Lot Acres:	0.41	Garage Capacity:	2
Garage Size SqFt:	509	Carport Capacity:	0
Total Dues/Fees:	0	Assoc Dues Period:	N/A
Variable Rate Comm:	No	Buyer/Office Comm:	2.50
Seller Concessions:		Buyer/Office Comm Type:	%
Concessions Remarks:		Buyer Zip Code:	
		Sold Price/SqFt:	
Public Remarks: Newer home built in 2019 with an attached Casita (can be rented out long term or short-term through VRBO or AirBnB so long as you live in the home as a primary home) on .41 acres in an excellent neighborhood in the south fields of Hurricane. Nice covered patio on the north end of the home, 2 kitchens, 3 laundry rooms, theater room, granite tops, 3-tone paint, custom cabinets, nice floor plan, mud Private Remarks: Occupied. Text Johanna at 435-668-7385 to schedule all showings and give 24 hours notice. Proof of funds and/or loan pre-qualification letter is required prior to the showing. Directions:			

The MLS Fact Sheet discloses property taxes which includes any PID property taxes

REALTORS ASSOCIATION OF UTAH

SELLER'S PROPERTY CONDITION DISCLOSURE
This is a legally binding document. If not understood, consult an attorney.

SELLER'S NAME _____ ("Seller")
PROPERTY ADDRESS _____ ("Property")
SELLER'S BROK _____

Seller and Buyer are advised to read this document. The Co-Professional Service aspects of this form are the property of THE COMPANY and are not to be reproduced, altered, or otherwise used without the express written consent of the Company.

SELLER IS OBLIGATED TO DISCLOSE ANY AND ALL FACTS KNOWN TO HIMSELF THAT COULD AFFECT THE BUYER'S DECISION TO PURCHASE THE PROPERTY. The Buyer shall complete the form and return it to the Seller. If the Seller is unable to complete the form, the Seller shall provide a written explanation to the Buyer. If a question arises, the Buyer shall contact the Seller.

1. OWNERSHIP
A. How long has the Seller owned the Property? _____
B. Does the Seller have any other ownership interest in the Property? _____
C. Is the Property currently subject to any lease or other agreement? _____

2. ADDITIONALS
A. Have there been any repairs or improvements to the Property? _____
B. To your knowledge, are there any liens or other encumbrances on the Property? _____
C. To your knowledge, are there any other facts that could affect the Buyer's decision to purchase the Property? _____

3. HAZARDOUS MATERIALS
A. To your knowledge, are there any hazardous materials, including asbestos, lead-based paint, or radon, on the Property? _____
B. Please describe, to your knowledge, any attempts to mitigate any such hazardous condition(s): _____
C. To your knowledge, is the Property currently contaminated from the use, storage or manufacturing of methamphetamines? _____

21. HOMEOWNERS ASSOCIATION
A. Is the Property part of a condominium or other homeowner's association (HOA)? _____
B. Does the HOA levy dues or assessments for maintenance of common areas and/or other common expenses? _____
C. Does the HOA, special improvement districts and/or other specially planned areas, under their governing documents, impose a fee that is due to such entity as a result of the transfer of title to the Property from Seller to Buyer. Such change of ownership fees are sometimes referred to as "transfer fees"? _____
D. For sections regarding the HOA, including past, present, statements, bylaws, HOA charges and notices, inform the Buyer of the following: (Name) _____ (Address) _____ (Phone) _____

22. PUBLIC INFRASTRUCTURE DISTRICTS
A. Are you aware if the Property is located within a public infrastructure district (PID)? _____
B. Are you aware of any ongoing property tax obligations because of the PID's issuance of a limited tax bond? If "Yes", please describe, to your knowledge, the nature and amount owed on annual basis: _____

23. UNPAID ASSESSMENTS
A. Are you aware of any HOA, municipal, special improvement district, PID or other assessments that are presently owing against the Property? If "Yes", please describe, to your knowledge, the nature and amount of any such unpaid assessments: _____
B. Are you aware of any HOA, municipal, special improvement district or PID assessments that have been approved but not yet levied against the Property? If "Yes", please describe, to your knowledge, the nature and amount of any such approved, but not yet levied, assessments: _____

24. INSURANCE
A. During your ownership of the Property, have you had a "Yes" please describe, to your knowledge, the nature and amount of any such insurance claims for loss or damage to any portion of the development? If "Yes", please describe, to your knowledge, the nature and amount of any such claims: _____
B. If the Property is part of a condominium or other homeowner's association, do you know if the HOA has had any insurance claims for loss or damage to any portion of the development? If "Yes", please describe, to your knowledge, the nature and amount of any such claims: _____

25. ENERGY EFFICIENCY
A. During your ownership of the Property, have you had an independent energy efficiency assessment of the Property conducted by an individual or entity that specializes in such assessments? _____
B. To your knowledge, when was the last energy efficiency assessment of the Property conducted? _____
C. During your ownership of the Property, have any energy efficiency improvements (such as added insulation, sealing or air conditioning, efficient windows, or efficient heating or cooling systems) been made to the property? If "Yes", please describe, to your knowledge, the general nature of the improvements: _____

26. SOLAR PANEL SYSTEM
A. To your knowledge, does the Property have a Solar Panel System ("System") that supplies power to the Property? _____
B. If "Yes", please respond to Sections 25 (B) through (D) below as applicable.
C. To your knowledge, when was the System installed? _____ (year)
D. The contact information for the solar company is as follows: (Name) _____ (Address) _____ (Phone) _____ (Email) _____

Page 1 of 7 Seller's Initials _____ Date _____ Buyer's Initials _____ Date _____

All real estate brokerages require a **Seller Property Condition Disclosure** to be filled out by the seller of every transaction - this form was updated in 2021 and now includes a Section 22 that asks if the property is part of a PID

REALTORS ASSOCIATION OF UTAH

First American Title

Schedule BI & BII (Cont.)

ALTA Commitment for Title Insurance
ISSUED BY
First American Title Insurance Company
File No: 385-6155783

Commitment No.: 385-6155783

SCHEDULE B, PART II
Exceptions

THIS COMMITMENT DOES NOT REPUBLISH ANY COVENANT, CONDITION, RESTRICTION, OR LIMITATION CONTAINED IN ANY DOCUMENT REFERRED TO IN THIS COMMITMENT TO THE EXTENT THAT THE SPECIFIC COVENANT, CONDITION, RESTRICTION, OR LIMITATION VIOLATES STATE OR FEDERAL LAW BASED ON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, GENDER IDENTITY, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN.

The Policy will not insure against loss or damage resulting from the terms and provisions of any lease or assessment identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of the Company:

- (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
- Any facts, rights, interest or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
- Easements, liens or encumbrances or claims thereof, not shown by the Public Records.
- Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title including discrepancies, conflicts in boundary lines, shortage in area, or any other facts that would be disclosed by an accurate and complete land survey of the Land, and not shown in the Public Records.
- (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
- Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown in the Public Records.
- Any defect, lien, encumbrance, adverse claim, or other matter that appears for the first time in the Public Records or is created, attaches, or is disclosed between the Commitment Date and the date on which all of the Schedule B, Part I requirements are met.

This page is only a part of a 2016 ALTA Commitment for Title Insurance issued by First American Title Insurance Company. This Commitment is not valid without the Notice, the Commitment to Issue Policy, the Commitment Conditions, Schedule A, Schedule B, Part I-Requirements, Schedule B, Part II-Exceptions.
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Form 3030049 (3-2-24) Page 6 of 9 ALTA Commitment for Title Insurance (3-1-24)

As long as a buyer and seller use a title company, the title company will issue a Schedule B, Part II that lists Exceptions to the title, including PIDs.

DISCLOSURE AND NOTICE TO BUYER
GATEWAY AT SAND HOLLOW PUBLIC INFRASTRUCTURE DISTRICT NO. 1

This Disclosure and Notice to Buyer ("Disclosure") is provided in connection with that certain Real Estate Purchase Contract dated _____, between _____ as Buyer and _____ as Seller (hereafter the "REPC"). Capitalized terms in this Disclosure that are not defined in this Disclosure have the definitions provided in the REPC.

The Buyer is hereby notified that the Property is located within the boundaries of Gateway at Sand Hollow Public Infrastructure District No. 1 (hereafter the "District"). The District boundaries are particularly described in EXHIBIT 1 to this Disclosure. A copy of the governing document for the District is on file with the office of Harrison City and is available from the Seller upon written request. The District may finance and repay infrastructure and other improvements through the levy of a property tax on District property, including on the Property conveyed to the Buyer under the REPC. The District may also rely on other revenue sources as authorized by law, including assessments, penalties, or charges imposed on the real property within the District boundaries.

The maximum debt mill levy of the District is 0.0045 per dollar of taxable value of taxable property in the District, subject to adjustment as provided in Section 17D-4-301(3), Utah Code, as may be amended from time to time. The maximum debt mill levy may be amended pursuant to a governing document amendment as provided under Section 17D-4-302, Utah Code.

Under the maximum property tax rate of the District, for every \$100,000 of taxable value, there would be an additional annual property tax of \$450 for the duration of the District's Bonds.

Debt of the District may be converted to a general obligation bond upon the fulfillment of certain conditions of Section 17D-4-301, Utah Code, as may be amended from time to time. Such conversion may occur without any election or consent of property owners or registered voters.

BUYER'S ACKNOWLEDGEMENT AND WAIVER

The individual who signs below represents that he/she is authorized to sign on behalf of the Buyer. The Buyer represents that it has not assigned the REPC to any other person or entity. Buyer hereby acknowledges receipt of this Disclosure and that the Buyer has either consulted with legal counsel about the terms of the Disclosure or is waiving the opportunity to do so. The Buyer acknowledges and agrees that this Disclosure is provided on a separate-colored page at or before Closing. Buyer acknowledges and agrees that in accordance with the governing document for the District, the Buyer must provide a disclosure and notice, of a substantially similar form to this Disclosure, to any subsequent buyer of the Property (including any part of the Property) regarding the property tax rate of the District.

By signing below, Buyer, for itself and for its successors in title and assigns, hereby irrevocably waives any right to contest, protest, or challenge (1) the validity of the creation and establishment of the District and the adoption of any resolution or ordinance of Harrison City in connection therewith; (2) the legality of the bond parameters resolution adopted by the District on or around July 28, 2021 (the "Bond Resolution") and any bonds authorized by such resolution; and (3) any provisions made for the security and payment of the bonds authorized under the Bond Resolution.

Buyer represents that it has valid legal authority to execute this Disclosure and that its execution of this Disclosure does not violate the terms of any agreement to which it is a party. The Buyer further acknowledges and agrees that this Disclosure will survive the Closing under the REPC.

[Buyer's name]

By: _____
 Its: _____

STATE OF _____)
)
 COUNTY OF _____)

On the _____ day of _____, 2021, personally appeared before me _____, whose identity is personally known to me (or proven on the basis of satisfactory evidence) and who by me duly sworn did say that he/she is the _____ of _____, and that this Disclosure was signed on behalf of said buyer by authority of its operating agreement, and that he/she acknowledged to me that said buyer executed the same.

 Notary Public

At closing, buyers of property within a PID are required to sign a "Disclosure and Notice to Buyer" document acknowledging the PID and associated tax obligation. This is a real example from the Gateway at Sand Hollow PID.

Q12: How would the PID affect current property owners?

A12: Property owners remain in control of their own participation.

- Joining a PID requires 100% landowner consent of property owners within the PID boundaries
- Unless existing Cedar City Residents choose to purchase property within the PID boundaries, they will not be impacted by any PID tax or assessment