



City of Mesquite, Texas

Legislation Details (With Text)

File #: 18-3649 **Version:** 1 **Name:** Heartland Town Center Phase 2MI PID Bond Issue
Type: Agenda Item **Status:** Passed
File created: 8/23/2018 **In control:** City Council
On agenda: 9/4/2018 **Final action:** 9/4/2018

Title: An ordinance approving and authorizing the issuance and sale of the City of Mesquite Special Assessment Revenue Bonds, Series 2018 (Heartland Town Center Public Improvement District Phase #2 Major Improvement Project), approving and authorizing an Indenture of Trust, a Bond Purchase Agreement, Limited Offering Memorandum, a Continuing Disclosure Agreement, and other agreements and documents in connection therewith, making findings with respect to the issuance of such bonds, and providing an effective date.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Ordinance - Bond, Phase 2, 2. Indenture of Trust, 3. Bond Purchase Agreement, 4. PLOM Phase #2MI Project, 5. Issuer Continuing Disclosure Agreement, 6. Developer Continuing Disclosure Agreement

Date	Ver.	Action By	Action	Result
9/4/2018	1	City Council	Approved	Pass

An ordinance approving and authorizing the issuance and sale of the City of Mesquite Special Assessment Revenue Bonds, Series 2018 (Heartland Town Center Public Improvement District Phase #2 Major Improvement Project), approving and authorizing an Indenture of Trust, a Bond Purchase Agreement, Limited Offering Memorandum, a Continuing Disclosure Agreement, and other agreements and documents in connection therewith, making findings with respect to the issuance of such bonds, and providing an effective date.

On December 18, 2017, the City Council adopted Resolution No. 80-2017 creating the Heartland Town Center Public Improvement District (PID) to finance certain authorized public improvements that confer a special benefit to property located within the PID. The City will issue special assessment revenue bonds (PID bonds) to finance a portion of the authorized public improvements and will levy assessments on a parcel-by-parcel basis in an amount sufficient to pay debt service on the PID bonds. The PID boundaries only include the 121.3-acre tract that will develop as single-family residential.

Under terms of the Heartland Town Center Developer Agreement, the maximum aggregate principal amount of PID bonds to be issued is \$14 million. The Series 2018 PID bonds have a principal amount of \$5,410,000 for Phase #1 and \$1,835,000 for Phase #2 Major Improvements. The proceeds from Phase #1 bonds will be used to reimburse the developer for construction of authorized public improvements that benefit properties located in the first phase of development, and the proceeds from Phase #2 MI bonds will be used to reimburse costs of authorized public improvements that benefit all properties within the entire PID. Construction of infrastructure is expected to begin this fall in order to meet the projected build-out schedule of homes by D.R. Horton.

PID bonds will never constitute an indebtedness or general obligation of the City, but are special obligations of the City payable solely from the assessments on each property owner. Repayment of the bonds is contingent on

the developer constructing authorized improvements, creating buildable lots and selling homes to generate assessment revenue. Each property assessment will be collected by the City in addition to ad valorem taxes each year, and 62.5 percent of the City's portion of property taxes will be collected in a Residential Account of the Reinvestment Zone Number Eleven (Heartland Town Center) Fund to reduce the annual assessments of property owners. The City has no legal or moral obligation to repay the bonds from any source other than these pledged revenues.

Unlike traditional general obligation bonds the City issues each year, the City will not receive the proceeds of the PID bond issuances or receive bond interest income, but instead, PID bond proceeds will be held by The Bank of New York Mellon Trust Company, as trustee, and requests for reimbursements by the developer will be made to the City and through David Taussig & Associates, its PID Administrator, in accordance with the bond Indenture of Trust and PID Service and Assessment Plan.

Bond pricing is scheduled on the morning of September 4, 2018, at which time the draft versions of the attached bond documents will be updated to reflect actual bond maturities, principal and interest rates, and these final bond documents will be distributed at the Pre-Meeting prior to approval. The attached Bond Ordinance approves the form and content of the final Limited Offering Memorandum, which is typically finalized and posted within seven business days. Closing of the bond sale should occur on or before September 27, 2018.

Recommended/Desired Action

City staff recommends approval of the ordinance.

Attachment(s)

Ordinance
Draft Indenture of Trust
Draft Bond Purchase Agreement
Preliminary Limited Offering Memorandum
Issuer Continuing Disclosure Agreement
Developer Continuing Disclosure Agreement

Drafter

Ted Chinn

Head of Department

Ted Chinn