

Legislation Text

File #: 18-3613, **Version:** 1

A resolution approving the form and authorizing the distribution of a Preliminary Limited Offering Memorandum for the City of Mesquite, Texas, Special Assessment Revenue Bonds, Series 2018 (Heartland Town Center Public Improvement District Phase #1 Project) and approving the form and authorizing the distribution of a Preliminary Limited Offering Memorandum for the City of Mesquite, Texas, Special Assessment Revenue Bonds, Series 2018 (Heartland Town Center Public Improvement District Phase #2 Major Improvement Project), and resolving other matters incident and related thereto.
(This item was postponed at the August 6, 2018, City Council meeting).

On December 18, 2017, the City created 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 as authorized by State law and approved by the City Council. 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.

A Preliminary Limited Offering Memorandum (PLOM) is a legal disclosure document used to market and advertise PID bonds to investors for their investment consideration and describes among other things, the development plan, bondholder risk and terms of the PID bonds. A PLOM allows investors to understand the security for the bonds, sources and uses of the bond funds, debt service requirements and assessment procedures. The City Council authorizes the use of a PLOM in the offering and sale of PID bonds by the Underwriter of the bonds, which is FMSbonds, Inc.

Under terms of the Heartland Town Center Developer Agreement, the maximum aggregate principal amount of PID bonds to be issued is \$14 million. The proposed 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 infrastructure, creating buildable lots and providing homes for sale to produce income. Each home will be assessed a value, based on lot size, which is collected with and in addition to the City's ad valorem taxes each year. Bond repayment is contingent on the continued sale of homes within the PID for timely repayment of the bonds principal and interest. No tax dollars will be used to repay the bonds.

Recommended/Desired Action

Staff recommends approval of the PLOM distribution resolution.

Attachment(s)

Resolution

Phase #1 Project PLOM

Phase #2 Major Improvement Project PLOM

Drafter

Ted Chinn

Head of Department

Ted Chinn