

Legislation Text

File #: 18-3757, 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 2019 (Polo Ridge Public Improvement District No. 2 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 2019 (Polo Ridge Public Improvement District No. 2 Phase #2-6 Major Improvement Project), and resolving other matters incident and related thereto.

On April 16, 2018, the City created the Polo Ridge Public Improvement District No. 2 (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 creation resolution was amended by the City Council on March 18, 2019 to correct the PID boundary, which encompasses 805.79-acres that will develop as single-family residential in a planned development known as Polo Ridge Ranch.

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 Polo Ridge Developer Agreement, the maximum aggregate principal amount of PID bonds to be issued is \$35 million. The proposed Series 2019 PID bonds have a principal amount of \$6,940,000 for Phase #1 and \$7,205,000 for Phase #2-6 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 #2-6 MI bonds will be used to reimburse costs of authorized public improvements that benefit all properties within the entire PID. Construction of authorized public improvements is scheduled to begin sometime in 2020.

It should be noted that 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 the necessary public infrastructure and homes according to the PID Service and Assessment Plan. Each home will be assessed a value, based on lot size, which is collected by the City in addition to the City's ad valorem taxes each year. Fifty-one percent of the ad valorem tax increment generated within Reinvestment Zone Number Ten (Polo Ridge) (TIRZ) will be used to reduce a portion of the assessments levied on property within the PID, and this dedicated TIRZ revenue is capped at \$29,740,198 per the Development Agreement and the TIRZ Agreement approved by City Council Resolution No. 54-2018.

Recommended/Desired Action

Staff recommends approval of the PLOM distribution resolution.

Attachment(s)

Resolution

Polo Ridge PID No. 2 Phase #1 Project PLOM

Polo Ridge PID No. 2 Phases #2-6 Major Improvement Project PLOM

Drafter

Ted Chinn

Head of Department

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