

City of Mesquite, Texas

Legislation Text

File #: 19-4123, **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 (Iron Horse Public Improvement District Project), and resolving other matters incident and related thereto.

On February 4, 2019, the City created the Iron Horse 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 in an amount sufficient to pay debt service on the PID bonds. The PID encompasses 58.213 acres that will be develop as mixed use single-family residential and commercial in a planned development known as Iron Horse Village.

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 Iron Horse Development Agreement, the maximum aggregate principal amount of PID bonds to be issued is \$10.2 million. The proposed Series 2019 PID bonds have a principal amount of \$9,765,000, and proceeds from bonds will be used to reimburse the developer for construction of authorized public improvements that benefit properties located within the PID. Construction of authorized public improvements is scheduled to begin as soon as the bonds close.

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 according to the PID Service and Assessment Plan. Each home will be assessed a value, based on lot type, and commercial property will be assessed based on square footage. Seventy-five percent of the ad valorem tax increment generated in the bounds of the PID within the Mesquite Rodeo City Reinvestment Zone Number One (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 \$18.5 million per the Development Agreement and the TIRZ Agreement approved by City Council Resolution No. 73-2018.

Recommended/Desired Action

Staff recommends approval of the PLOM distribution resolution.

Attachment(s)

Resolution

Iron Horse PID Project PLOM

Drafter

Ted Chinn

Head of Department

Ted Chinn