

# City of Mesquite, Texas

## Legislation Text

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**File #:** 19-4484, **Version:** 1

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A resolution authorizing the City Manager to finalize and execute a Master Development Agreement with the Board of Directors of Reinvestment Zone Number Thirteen, City of Mesquite, Texas (Spradley Farms), and Spradley Farms, LTD, regarding the development of approximately 652 acres of land generally located between FM 2757 and IH-20, and north of IH-20 east of FM 740 in Kaufman County, Texas, located within the corporate limits of the City of Mesquite, Texas, as a mixed use development consisting of residential and commercial components and other associated uses and being commonly referred to as “Spradley Farms”; authorizing the City Manager to take such actions and execute such documents as are necessary or advisable to consummate the transactions contemplated by the agreement and authorizing the City Manager to administer the agreement on behalf of the City.

At the September 16, 2019, City Council Pre-meeting, the City Council was briefed on a proposed \$863 million mixed use residential and commercial development comprising of 2,513 residential units on 652 acres of undeveloped land within the City limits in Kaufman County known as Spradley Farms. The City Council also passed Resolution No. 68-2019 consenting to and supporting the creation of a special improvement district pursuant to Chapter 375 of the Local Government Code known as Spradley Farms Improvement District of Kaufman County (the “District”). This support was contingent upon the City Council approving a Master Development Agreement within 150 days from the date of passage of the resolution.

Attached is a resolution approving the Master Development Agreement (the “MDA”). The MDA specifies the responsibilities and obligations of the Owner, Spradley Farms, Ltd., the City, Reinvestment Zone Number Thirteen and the District (the District would become a party to the MDA through a “joinder agreement” once the District is created by order of the Texas Commission on Environmental Quality.)

Under provisions of the MDA, total District (TIRZ-eligible) public improvements are estimated to cost \$269,866,000 and will be funded upfront by the Developer, The Nehemiah Company. The Developer would be reimbursed by a combination of District bonds, TIRZ revenues and assessment revenue from the levy and collection of District ad valorem taxes. This District tax rate would be subject to voter approval of qualified voters that reside in the District and a benchmark rate of \$0.54 per \$100 of assessed valuation would be established. TIRZ revenues would be capped at the expiration of 35 years from the date the TIRZ was created. At the end of the 35-year term of the TIRZ, the ownership and maintenance of District improvements would be conveyed to the City.

Before the District could issue bonds to finance any District public improvements, the District would be required to submit a five-year capital improvement budget to the City Council for approval. City Council approval would also be required on any changes or updates to the five-year plan. The MDA also specifies unique development design guidelines and architectural controls, along with a separate Planned Development (PD) zoning ordinance also scheduled for consideration at the November 4, 2019, City Council meeting.

Exhibit G and a revision to Exhibit C of the MDA will be provided in Friday’s Council packet.

### **Recommended/Desired Action**

Staff recommends approval of the resolution.

**Attachment(s)**

Resolution

**Drafter**

Ted Chinn

**Head of Department**

Cliff Keheley