

Legislation Text

File #: 23-6482, **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 2023 (Heartland Town Center Public Improvement District Phase #2 Specific Improvements Project), and resolving other matters incident and related thereto.

Under terms of the Heartland Town Center Developer Agreement, the City created the Heartland Town Center Public Improvement District (PID) on December 18, 2017, to finance certain authorized public improvements that confer a special benefit to property located within the PID. On September 4, 2018, the City issued upfront PID bonds in the amount of \$5,410,000 for Phase #1 Specific Improvements and \$1,835,000 for Phase #2 Major Improvements to reimburse the developer for costs of authorized public improvements within the PID.

On November 1, 2021, the City Council approved a reimbursement agreement for Phase #2 Specific Improvements so that City engineering could accept completed public improvements within Phase #2, and the City subsequently levied assessments for Phase #2 Specific Improvements on December 6, 2021.

The developer has completed all public improvements and has requested that the City issue the remaining PID bonds to reimburse the costs of a portion of the Phase #2 improvements and finance the associated bond revenue reserve and delinquency reserve accounts, capitalized interest on the bonds and cost of issuance.

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. Attached is a memorandum from Jason Hughes, Managing Director, Hilltop Securities, Inc., recommending Council approval of the Phase #2 Specific Improvements Project PLOM.

The bond sale is scheduled for April 3, 2023, and Council will recall that PID bonds do not 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 is assessed a value, based on lot size, which is collected with and in addition to the City's ad valorem taxes each year. No tax dollars will ever be used to repay PID bonds.

Recommended/Desired Action

Staff recommends approval of the PLOM distribution resolution.

Attachment(s)

Resolution

Hilltop Securities Memorandum

Drafter

Ted Chinn

Head of Department

Ted Chinn