

# A Resolution

No. \_\_\_\_\_

## **AUTHORIZING CERTAIN WAIVERS TO THE CITY’S POLICIES FOR CAPITAL PUBLIC IMPROVEMENT DISTRICTS AND TAX INCREMENT REINVESTMENT ZONES TO FACILITATE THE CREATION OF A FUTURE CAPITAL PUBLIC IMPROVEMENT DISTRICT AND TAX INCREMENT REINVESTMENT ZONE AT VEALE RANCH**

**WHEREAS**, on March 21, 2017, the Fort Worth City Council (“City Council”) adopted a policy establishing the criteria that must be met in order for the City to consider creating a capital public improvement district (“C-PID Policy”) (M&C G-18973);

**WHEREAS**, on December 8, 2009, the City Council adopted Resolution 3824-12-2009, establishing the Policy Guidelines and Procedures for Tax Increment Reinvestment Zones (“TIRZ Policy”);

**WHEREAS**, the City Council authorized the execution of a development agreement with PMB Veale Land Investors I, LP, and other entities (collectively “Developer”), with such City Council actions anticipating the creation of a capital public improvement district (“C-PID”), with certain policy waivers, and an overlapping tax increment reinvestment zone (“TIRZ”) for the development of 5,200 acres consisting of parcels known as Veale Ranch, Rockbrook/Team Ranch, Rolling V South and Ventana South (collectively “Veale Ranch” and depicted in Exhibit A) (M&Cs 22-1027 and 23-0136);

**WHEREAS**, the proposed development agreement provides that Veale Ranch will be constructed and annexed in phases (each an “Improvement Area”) over a period of up to 50 years and that C-PID assessments, TIRZ collections, and bond issuances will occur after annexation for 25 to 30-year periods for each Improvement Area in order to reimburse the Developer for authorized public improvements, excluding residential streets and residential water and sewer lines;

**WHEREAS**, in order to provide an extraordinary benefit, the Developer has designated significant land area within Veale Ranch for industrial and mixed use to support economic development as depicted in Exhibit A;

**WHEREAS**, the City and Developer are currently negotiating the terms of the proposed development agreement and intend on executing it prior to the date that Developer will submit petitions for the establishment of the Veale Ranch C-PID and TIRZ;

**WHEREAS**, the City Council would normally consider waivers to the C-PID Policy and TIRZ Policy at the time of creation of the respective C-PID or TIRZ;

**WHEREAS**, due to the enormity of the Veale Ranch development, the 50-year development timeframe, and the potential financial complexities associated with funding the public improvements associated therewith, the Developer desires an additional level of certainty as to C-PID Policy and TIRZ Policy waivers prior to execution of the proposed development agreement; and

**WHEREAS**, the City Council wishes to express support for the Veale Ranch C-PID and TIRZ by authorizing the recommended C-PID Policy and TIRZ Policy waivers, which will be incorporated into the previously authorized development agreement and become a part of any future Veale Ranch C-PID or TIRZ.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FORT WORTH, TEXAS THAT:**

1. The City Council hereby waives the following provisions of the C-PID Policy with respect to the creation and operation of a C-PID at Veale Ranch and only to the extent indicated below:
  - Requirement that all land to be encompassed within a C-PID be subject to common ownership or under common control.
  - Requirement that a C-PID only fund “Major Infrastructure” as that term is defined in the C-PID Policy, provided, however, the C-PID only fund authorized public improvements that do not include residential streets and residential water and sewer lines.
  - Requirement that all land within the C-PID be fully annexed into the City at the time of the creation of the C-PID.
  - Limitation of C-PID assessments to no more than 20 years, provided, however, that assessments on an Improvement Area or parcel may not exceed thirty (30) years.
  - Limitation on the term of C-PID bonds to a period of no more than 20 years, provided, however, that the term for any such bonds may not exceed thirty (30) years.
  - Limitation on estimated appraised value to lien ratio to allow a lower ratio than the C-PID Policy’s required 3:1 in circumstances where the City deems it to be appropriate following consultation with its bond underwriters, financial advisors, bond attorneys, and C-PID administrator and so long as the reduced ratio does not compromise the marketability of the bonds, with the expectation that the 3:1 ratio will generally be maintained.
  - Provision limiting the funding of capitalized interest from C-PID bond proceeds to a period of no more than one year, provided, however, that capitalized interest for any series of C-PID bond may not exceed two years.
  - Provision limiting reimbursement in a C-PID to a single issuance or tranche of debt.
  - Requirement that a developer seeking to establish a C-PID donate at least 10% of the land within the C-PID to the appropriate independent school district (“ISD”), provided, however, that this Developer will work in good faith with the ISDs regarding the dedication of certain public-school sites within Veale Ranch and further provided that the Developer will still be required to donate between 0% and 10% of property to the ISDs.
  - Limitation that provides no more than 80% of the total costs of the authorized public improvements may be included in any debt issuance.

- Requirement that at least fifty percent (50%) of the direct transactional costs for a bond issuance be paid by the Developer.
  - Requirement that two percent (2%) of the externally generated C-PID revenue for a year be paid to the City, provided, however, that the administrative assessment for the C-PID Improvement Areas will be structured to fully compensate the City for all of its expenses, including, but not limited to, out-of-pocket and overhead costs.
  - Requirement that all publicly owned lands in the C-PID be identified at the time of filing the C-PID Petition with the proviso that the publicly-owned land will be identified in the applicable service and assessment plan update and at the time of assessment for each Improvement Area.
  - Requirement that a budget contemplating how all funds will be managed be submitted at the time of filing the C-PID petition.
  - Requirement that the sale of all C-PID bonds coincide with the City's annual debt financing plan.
  - Limitation providing that the proceeds of C-PID bonds be used solely to reimburse a party for the costs of previously constructed authorized improvements, so that the City may, at its sole discretion, issue C-PID Bonds to up-front fund the construction of the authorized public improvements related to major, regionally significant infrastructure.
2. The City Council hereby waives the following provisions of the TIRZ Policy with respect to the creation and operation of a TIRZ at Veale Ranch and only to the extent indicated below:
- Requirement that the term of a TIRZ may not exceed 21 years; provided, however, that no more than thirty (30) annual payments of TIRZ revenues will be deposited in the TIRZ fund for any individual parcel in the TIRZ.
  - Requirement that a TIRZ application contain an economic impact study pursuant to Section 311.003 of the Texas Tax Code, which requirement has since been repealed by the Texas Legislature (Acts 2011, 82<sup>nd</sup> Leg., R.S., Ch. 1032, Sec. 21. Eff. June 17, 2011).
  - Requirement that the TIRZ application describe how the input of nearby neighborhood residents and businesses has been solicited in the planning process.
  - Requirement that the developer submit a complete and detailed market feasibility study as a precondition to a funding recommendation from City staff.
  - Requirement that the developer submit a complete and detailed cost benefit analysis of the direct and indirect benefits of a development proposal as a precondition to a funding recommendation from City staff.
  - Requirement that the developer provide security collateralization or credit enhancement as a precondition to a funding recommendation from City staff.
3. The C-PID Policy and TIRZ Policy waivers set forth above are applicable only for the future C-PID and TIRZ at Veale Ranch and will not be construed as a general waiver for any other existing or future C-PID or TIRZ, as applicable.

4. The adoption of this Resolution does not obligate the City Council to create a C-PID or TIRZ at Veale Ranch; such decisions will remain in the sole legislative discretion of the City Council if, and/or when, an applicable petition is submitted for consideration.

ATTEST:

By: \_\_\_\_\_  
Janette Goodall, City Secretary

# EXHIBIT A

Exhibit A: Veale Ranch Development

