

# Mayor and Council Communication

**DATE:** 08/24/21

**M&C FILE NUMBER:** M&C 21-0601

**LOG NAME:** 13QUAIL\_VALLEY\_PID\_FY2021\_REIMBURSEMENT2

**SUBJECT**

(CD 3) Adopt Attached Ordinance Increasing Appropriations in Fort Worth Public Improvement District No. 16 - Quail Valley Fund (Walsh Ranch) by \$76,782.34, from Fund Balance, for the Purpose of Reimbursing Developer for Eligible Costs Under Reimbursement Agreement

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**RECOMMENDATION:**

It is recommended that the City Council adopt the attached ordinance increasing estimated receipts and appropriations in the Fort Worth Public Improvement District No. 16 - Quail Valley Fund by \$76,782.34, from available funds, for the purpose of funding reimbursement of eligible costs to the developer under the Improvement Area No. 1 Reimbursement Agreement for Walsh Ranch/Quail Valley Public Improvement District, and reducing fund balance by the same amount.

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**DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to appropriate funds for an installment payment under the reimbursement agreement for the first phase of the Walsh Ranch/Quail Valley Public Improvement District (PID), PID 16.

In September 2016, the City Council approved the creation of the Walsh Ranch/Quail Valley PID, which encompasses approximately one-fourth of the entire Walsh Ranch property, as a vehicle to reimburse the developer for a portion of certain infrastructure costs. Full development of the PID will encompass multiple phases that occur over several years as phases of PID 16 are developed.

In May 2017, the City Council approved M&C C-28221, which levied assessments on Improvement Area No. 1 of the Walsh Ranch/Quail Valley PID (the first phase of development) and authorized the Improvement Area #1 Reimbursement Agreement (CSC 49301). Per the Service and Assessment Plan and reimbursement agreement, total reimbursement of \$6,350,000.00 is to be paid to the developer from assessments on property in Improvement Area No. 1. The developer is also constructing, without reimbursement from the PID, additional improvements in the amount of \$23,168,594.00, bringing the total costs of PID-eligible improvements in Improvement Area No. 1 of the Walsh Ranch/Quail Valley PID to \$29,518,594.00, of which less than 25% is being reimbursed.

The developers are responsible for managing all construction and the associated agreements for the development of infrastructure improvements within the PID. The City will make quarterly payments to the developers in satisfaction of the reimbursement amount from the special assessments revenues, less any administrative fees, with assessments and reimbursement paid over a maximum period of thirty years. Unless and until bonds are issued, the developer is entitled to interest on the unpaid reimbursement amount at the rate of six percent in years one and two, and five percent in years three through thirty. Reimbursement for Fiscal Year 2021 is the third of thirty collection periods, and the applicable interest rate for Fiscal Year 2021 collections is 5.00%. Quarterly payments made through June 15, 2021 for the Improvement Area #1 Reimbursement Agreement total \$1,171,881.12, of which \$257,488.00 has been applied to reduce the original principal balance and \$914,393.12 was applied towards interest earned. The original Improvement Area #1 balance was \$6,350,000.00, of which \$6,092,512.00 remains outstanding.

Per the terms of the Master Reimbursement Agreement for the Walsh Ranch/Quail Valley PID (CSC 49300), the City agreed that - if certain conditions reflecting expeditious development of the entire PID were met - it would consider issuing revenue bonds secured by and funded out of PID assessment revenues to accelerate reimbursement to the developers. It is anticipated revenue bonds for Improvement Area #1 would be presented for Council consideration during Fiscal Year 2022. To the extent bond proceeds are not sufficient to pay the entire balance of the reimbursement amount for Improvement Area #1, incremental repayments from PID assessments will resume following full repayment of the bonds and continue through year thirty, with interest on such installments tied to the interest rate of the bonds.

Public Improvement District No. 16 is located in COUNCIL DISTRICT 3.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that funds are currently available in the fund balance within the FWPID #16 - Quail Valley Fund and upon approval of the above recommendation and adoption of the attached appropriation ordinance, funds will be available in the FWPID #16 - Quail Valley Fund. Prior to an expenditure being incurred, the Financial Management Services Department has the responsibility of verifying the availability of funds.

**Submitted for City Manager's Office by:** Jay Chapa 5804

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Expedited