

Mayor and Council Communication

DATE: 12/14/21

M&C FILE NUMBER: M&C 21-1003

LOG NAME: 13QUAIL VALLEY/WALSH RANCH PID NO.16 DEVELOPER REIMBURSEMENTS

SUBJECT

(CD 3) Adopt Attached Ordinance Increasing Appropriations in Fort Worth Public Improvement District No. 16 - Quail Valley Fund (Walsh Ranch) by \$812,542.00, and Reducing Fund Balance, for the Purpose of Reimbursing the Developer for Eligible Costs Under Reimbursement Agreements

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 \$812,542.00, for the purpose of reimbursing eligible costs for Walsh Ranch/Quail Valley Public Improvement District, and reducing fund balance by the same amount, with reimbursements in the amount of \$180,350.54 under the Improvement Area No. 1 Reimbursement Agreement and \$632,191.07 under the Improvement Area No. 2 Reimbursement Agreement.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to appropriate funds for installment payments under the reimbursement agreements for the first two phases of Fort Worth Public Improvement District No.16. (Walsh Ranch/Quail Valley) (FWPID #16).

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

As outlined in the recently updated Service and Assessment Plan (M&C 21-0602), special assessments on property within Improvement Area No. 1 (IA1) will pay for \$6,350,000.00 in improvements, including \$5,712,973.00 for paving expenses and \$637,027.00 for landscaping expenses; and special assessments on property within Improvement Area No. 2 (IA2) will fund \$5,850,000.00 in improvements, including \$5,013,225.60 for paving expenses and \$836,774.40 for landscaping expenses.

In addition to the PID-funded improvements, the developers are constructing, without reimbursement from FWPID #16, additional improvements in IA1 in the amount of \$23,168,594.00, bringing the total costs of improvements in Improvement Area No. 1 of FWPID #16 to \$29,518,594.00. For IA2, developers are constructing, without reimbursement from FWPID# 16, additional improvements in the amount of \$21,483,341.00, bringing the total costs of improvements in Improvement Area No. 2 of FWPID# 16 to \$27,333,341.00. For both IA1 and IA2, the PID is reimbursing less than 25% of the total cost of improvements that would be eligible for PID funding under state law.

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 for each improvement area. 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 2022 is the fourth of thirty collection periods for IA1 and the first of thirty collection periods for IA2. Therefore, the interest rate for Fiscal Year 2022 for IA1 collections is 5.00% and for IA2 the interest rate on collections is 6.00%.

Quarterly payments made through September, 2021 for the Improvement Area #1 Reimbursement Agreement total \$1,248,663.46, of which \$257,488.00 has been applied to reduce the original principal balance and \$991,175.46 was applied towards interest earned. The original Improvement Area #1 balance was \$6,350,000.00, of which \$5,977,259.53 will remain outstanding following the application of the December reimbursement.

This payment of \$632,191.07 represents the first one for the Improvement Area #2 Reimbursement Agreement and will be allocated \$374,239.75 to principal and \$257,951.32 to interest. The original Improvement Area #2 balance is \$5,850,000.00, of which \$5,475,760.25 will remain outstanding following the application of the December reimbursement.

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

FWPID# 16 is located in COUNCIL DISTRICT 3.

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 operating budget of 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.

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Expedited