

# Mayor and Council Communication

**DATE:** 05/09/23

**M&C FILE NUMBER:** M&C 23-0381

**LOG NAME:** 13QUAIL VALLEY/WALSH PID IA#3 REIMBURSEMENT AGREEMENT

**SUBJECT**

(CD 3 / Future CD 3) Authorize Reimbursement Agreement with Quail Valley Devco III, LLC and Quail Valley Devco VLO, LLC to Address Construction, Acquisition, and Financing of Improvements in Improvement Area No. 3 of Fort Worth Public Improvement District 16 – Walsh Ranch/Quail Valley and Authorize Execution of a Majority Landowner Agreement (Continued from a Previous Meeting)

**RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize execution of a Reimbursement Agreement with Quail Valley Devco III, LLC and Quail Valley Devco VLO, LLC (collectively "Developers") to address construction, acquisition, and financing of the improvements in Improvement Area No. 3 of Fort Worth Public Improvement District 16 – Walsh Ranch/Quail Valley ("Quail Valley PID"); and
2. Authorize execution of a Majority Landowner Agreement with the Developers, outlining responsibilities associated with coordination of notices and payment of assessments for land in Improvement Area No. 3 that is not owned by Developers.

**DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to authorize the execution of a (i) Master Reimbursement Agreement with Quail Valley Devco III, LLC and Quail Valley Devco VLO, LLC (collectively "Developers") to address construction, acquisition, and financing of the improvements in Improvement Area No. 3 (IA3) of Fort Worth Public Improvement District 16 – Walsh Ranch/Quail Valley ("Quail Valley PID"), and (ii) Majority Landowner Agreement with the Developers, outlining responsibilities associated with coordination of notices and payment of assessments for land in IA3 that is not owned by Developers.

On September 2016, the City Council approved the creation of the Quail Valley PID, encompassing approximately one-fourth of the entire Walsh Ranch property, as a vehicle to reimburse the Developers for certain infrastructure costs. Full development of the Quail Valley PID will encompass seven phases that occur over several years as areas of the Quail Valley PID are developed.

The City Council previously adopted a service and assessment plan for the Quail Valley PID pursuant to Ordinance No. 22707-05-2017, which has been updated annually through subsequent City Council actions. Assessments on IA3 of the Quail Valley PID, which is the third phase of development, were levied in September 2022 (M&C 22-0794; Ordinance No. 25775-09-2022).

The previously approved assessments are allocated as follows:

Lot Size	# of Lots	Annual Installment
35 feet	78	\$974.48
50 feet	139	\$1,163.47
55 feet	105	\$1,178.24
60 feet	115	\$1,343.60
70 feet	88	\$1,600.51
Townhome	140	\$974.48
4-pack Home	36	\$708.71

The above shown amounts are calculated using an interest rate of 5.55% per annum. This interest rate is based on the bond index rate of 3.55% applicable for the month of August through September 17, 2022 plus 2%.

The total principal reimbursement amount for IA 3 is \$10,750,000.00. In addition to that amount of improvements funded by the special assessments, the Developers are constructing, without reimbursement from the Quail Valley PID, additional improvements in the amount of \$26,441,518.00, bringing the total costs of improvements in Improvement Area No. 3 to \$37,191,518.00.

The Developers will be responsible for managing all construction and the associated Agreements for the development of the lots and residential units within the Quail Valley PID. Following execution of the reimbursement agreement, the City will begin to make quarterly payments to the Developers in satisfaction of the Reimbursement Amount from the special assessments revenues, less any administrative fees, once the Developer submits payment requisitions.

The Reimbursement Amount for Improvement Area No. 3 will be paid over a maximum period of 30 years. Until bonds, if any, are issued, the Developer will be entitled to interest on the unpaid Reimbursement Amount at the rate of 5.55 percent. If any portion of the Reimbursement Amount remains unpaid after the City has elected to issue bonds, the interest rate on the unpaid Reimbursement Amount will be the same as the interest

rate on the bonds. It is anticipated that within five years, provided that the Developer has satisfied certain obligations designed to ensure the rapid development of the entire Quail Valley PID, the City will explore options to accelerate the reimbursement of the Developer by issuing debt secured by a portion of the special assessments.

In order to maintain the Developers' construction schedule, portions of the property in Improvement Area No. 3 have been sold to home developers since the Quail Valley PID was created. The Majority Landowner Agreement addresses the responsibilities of the Developers and City with respect to notices, assurances, and payment of assessments for property in Improvement Area No. 3 that is not owned by the Developers.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the above recommendations funds are available in the current operating budget, as previously appropriated, and upon adoption of the Fiscal Year 2024 Budget by the City Council, funds will be available in the Fiscal Year 2024 Operating Budget, as appropriated, in the FWPID #16 - Quail Valley Fund. Prior to an expenditure being incurred, the Financial Management Services Department has the responsibility to validate the availability of funds.

**Submitted for City Manager's Office by:** Reginald Zeno 8517

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