

# Mayor and Council Communication

**DATE:** 12/12/23

**M&C FILE NUMBER:** M&C 23-1049

**LOG NAME:** 17QUAIL VALLEY/WALSH RANCH PID NO 16 DEV REIMBRUSEMENT12/15/23

## **SUBJECT**

(CD 3) Adopt Appropriation Ordinance Increasing Receipts and Appropriations in Fort Worth Public Improvement District No. 16 - Quail Valley Fund in the Amount of \$369,795.00, from Available Fund Balance, for the Purpose of Reimbursing the Developer for Eligible Costs Under Reimbursement Agreements

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## **RECOMMENDATION:**

It is recommended that the City Council adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Fort Worth Public Improvement District No. 16 - Quail Valley Fund in the amount of \$369,795.00, from available fund balance, with reimbursements in the amount of \$196,813.00 under the Improvement Area No. 1 Reimbursement Agreement and \$172,982.00 under the Improvement Area No. 2 Reimbursement Agreement, for the purpose of reimbursing eligible costs for the Walsh Ranch/Quail Valley Public Improvement District.

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## **DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to appropriate funds for installment payments and Assessment prepayments under the reimbursement agreements for the first two phases of Fort Worth Public Improvement District No.16 - 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 23-0676), 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 pay for \$5,850,000.00 in improvements, including \$5,132,890.00 for paving expenses and \$717,110.00 for landscaping expenses.

In addition to the Public Improvement District (PID) funded improvements, the developers are constructing, without reimbursement from FWPID #16, additional improvements in IA1 in the amount of \$21,127,293.00, bringing the total costs of improvements in Improvement Area No. 1 of FWPID #16 to \$27,477,293.00. 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.

The developers are responsible for managing all construction and the associated agreements for the development of infrastructure improvements within the FWPID#16. 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.

The period of these reimbursements is the fifth of thirty collection periods for IA1 and the third of thirty collection periods for IA2. Therefore, the interest rate for IA1 collections is 5.00% and for IA2 the interest rate on collections is 4.62%.

Quarterly payments made through September 15, 2023 for the Improvement Area No.1 Reimbursement Agreement total \$2,091,350.47, of which \$515,326.82 has been applied to reduce the original principal balance and \$1,576,023.65 was applied towards interest earned. The original Improvement Area No.1 balance was \$6,350,000.00, of which \$5,700,115.30 will remain outstanding following the application of the December reimbursement.

Quarterly payments made through September 15, 2023 for the Improvement Area No. 2 Reimbursement Agreement total \$1,229,680.89, of which \$527,083.57 has been applied to reduce the original principal balance and \$702,597.34 was applied towards interest earned. The original Improvement Area No. 2 balance was \$5,850,000.00, of which \$5,202,168.62 remains outstanding following the application of the December reimbursement.

Per the terms of the Master Reimbursement Agreement for the Walsh Ranch/Quail Valley PID (City Secretary Contract No. 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. Due to current market conditions and rising interest rates, the City does not anticipate the issuance of revenue bonds at this time. Instead, incremental repayments from PID assessments will continue to reimburse the developers under the conditions of the master reimbursement agreement.

Funding is available for appropriation in the fund balance of the FWPID #16 - Quail Valley Fund. The beginning fund balance is \$697,697.98 and ending fund balance will be \$327,902.98.

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 operating budget of the FWPID #16 - Quail Valley Fund. Prior to an expenditure being incurred, the Economic Development Department has the responsibility of verifying the availability of funds.

**Submitted for City Manager's Office by:** William Johnson 5806

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