



Legislation Text

File #: Ord. 2019-06, **Version:** 1

AGENDA CAPTION:

Consider approval of Ordinance 2019-06, on first and final reading as allowed by Texas Government Code 1201.028, amending Ordinance 2019-03 authorizing the issuance of the "City of San Marcos, Texas Special Assessment Revenue Bonds, Series 2019 (Trace Public Improvement District)"; approving and authorizing an Indenture of Trust, a Bond Purchase Agreement, an offering Memorandum, a continuing Disclosure Agreement and other Agreements and documents in connection therewith including amendments to the Financing Agreement and Acquisition and Reimbursement Agreement; making findings with respect to the issuance of such bonds; and providing an effective date.

Meeting date: January 29, 2019

Department: City Manager Office

Amount & Source of Funding

Funds Required: N/A

Account Number: [Click or tap here to enter text.](#)

Funds Available: [Click or tap here to enter text.](#)

Account Name: [Click or tap here to enter text.](#)

Fiscal Note:

Prior Council Action: The City Council approved the Amended Trace Public Improvement District Financing agreement and the Acquisition and Reimbursement agreement on September 18, 2018 and they also amended the Trace Public Improvement District Term Sheet on August 7, 2018. An amended and restated Service Assessment Plan was approved on first reading on December 4, 2018. Bonds were issued on January 15, 2019.

City Council Strategic Initiative: [Please select from the dropdown menu below]

Workforce Housing

City Facilities

[Choose an item.](#)

Comprehensive Plan Element (s): [Please select the Plan element(s) and Goal # from dropdown menu below]

☒ Economic Development - [Choose an item.](#)

☐ Environment & Resource Protection - [Choose an item.](#)

- ☐ Land Use - Choose an item.
- ☐ Neighborhoods & Housing - Choose an item.
- ☒ Parks, Public Spaces & Facilities - Choose an item.
- ☐ Transportation - Choose an item.
- ☐ Not Applicable

Master Plan: *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

Choose an item.

Background Information:

Highpointe Communities has approximately 420 acres of land, generally located on the east side of IH-35, south of Posey Road, and also bordered by Old Bastrop Highway, at the southern edge of the City of San Marcos. The property is primarily for residential housing along with a component of multi-family along with a business park and community commercial.

On September 1, 2015, the City of San Marcos approved a term sheet that designated the parameters for which a Public Improvement District for the Trace Subdivision would be created. The key terms of this term included the following:

Maximum Total Indebtedness \$19,500,000

Total Construction Dollars for which the developer can be reimbursed \$15,500,000

The Maximum Total Equivalent Tax Rate could not exceed \$0.50

In October 2016, the City Council adopted a Service and Assessment Plan for the Trace Public Improvement District. Periodic updates to this document are required by the San Marcos City Council usually on an annual basis. The Trace Development is to the point in its project where an update to the Service and Assessment Plan needs to be brought before the City Council. During the update of those documents, a request was made by the developer to amend the deal terms of the Public Improvement District so that the overall Business Park and Commercial equivalent tax rates could be reduced thus making the commercial property more competitive. This does slightly increase the overall residential equivalent tax but the total tax rate is still below the originally approved \$0.50 tax rate.

Projected Tax Rate Equivalents

Residential and Multifamily \$0.3387 per \$100 of evaluation

Retail and Business Park \$0.1900 per \$100 of evaluation

Initial projections for all phases was approximately \$0.46 per \$100 of evaluation

This increases the overall maximum assessment to \$22.1M up from \$19.5M but it should be noted that this does not increase the overall maximum debt to be issued for this project (\$19.5M) nor the amount that the developer will be reimbursed for construction improvements (\$15.5M).

The developer has installed a significant portion of the infrastructure which directly benefits the Public

Improvement District. The City has been working with the City's Bond Counsel and Bond Underwriter as well as the developer and their legal representatives to issue the first series of bonds which was accomplished on January 15, 2019.

After the bonds were approved, bond counsel suggested an amendment which clarified the prepayment of assessments from the developer. This language amendment does not affect the City in any way but does have a positive benefit for the developer for which the City approves.

Council Committee, Board/Commission Action:

Click or tap here to enter text.

Alternatives:

Click or tap here to enter text.

Recommendation:

City staff recommends approving the Trace Public Improvement District Bond issuance.