

Legislation Text

File #: 24-581, **Version:** 1

PRESENTER:

Jeff Jewell, Economic and Community Development Director

SUBJECT:

Approval of a resolution consenting to the issuance of unlimited tax road bonds and unlimited tax bonds by Comal County Water Improvement District No. 1A, a Water Improvement District located within the Extraterritorial Jurisdiction of the City.

DEPARTMENT: Economic and Community Development

COUNCIL DISTRICTS IMPACTED: N/A

BACKGROUND INFORMATION:

The Development Agreement (“the Agreement”) between the City of New Braunfels and Word-Borchers Ranch Joint Venture (“Veramendi”) authorizes up to \$620 million in debt for eligible, designated purposes. The Water Improvement District (“WID”) will market and intends to sell up to \$5.5 million in Unlimited Tax Road Bonds and up to \$14.325 million in Unlimited Tax Bonds to provide reimbursements to the developer for the financing, operation and maintenance of regional water, sanitary sewer, drainage facilities and other services provided to the subdistricts of the Veramendi WID. Each of the subdistricts - numbers 1A, 1B, 1C, 1D, 1E and 1F- have each given the authority by their respective Board of Directors to enter the Master Contract and levy ad valorem taxes to make payments under the Contract Revenue Bonds. The bonds will be paid for by tax revenues secured by approximately \$306 million in taxable assessed valuation within the boundaries of all the WID’s subdistricts. The preliminary value of the area in 2024 is approximately \$425 million and no increase in taxable value is anticipated for issuance of the bonds. The total tax rate varies by subdistrict but is not expected to change because of the issuance of the Master District Bonds; either the debt or the maintenance component of each Participant’s tax rate will be reduced to accommodate the Contract Tax in 2024.

Section 8 of the Agreement outlines the requirements for the District (and subdistricts) and indebtedness, as well as obligations of the District to the City. The District has undertaken preliminary feasibility of the debt issuance and does not expect a change in the total tax rate paid by Veramendi property owners.

ISSUE:

The issuance of bonds secured by property tax revenue within the Veramendi WID.

STRATEGIC PLAN REFERENCE:

☐ Economic Mobility ☐ Enhanced Connectivity ☐ Community Identity
☐ Organizational Excellence ☐ Community Well-Being ☒ N/A

FISCAL IMPACT:

No fiscal impact to the City of New Braunfels because the bonds are secured by property tax revenue paid from property owners within the boundaries of the WID.

RECOMMENDATION:

Staff recommends approval of the proposed resolution.

