

Legislation Text

File #: 21-823, **Version:** 1

PRESENTER:

Jeff Jewell, Director of Economic and Community Development

SUBJECT:

Discuss and consider a resolution consenting to the issuance of 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 District is a part of an approximate 2,462 acre master planned community commonly known as Veramendi. 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. In 2020, the WID issued \$3.15 million in unlimited tax bonds to provide reimbursements to the developer for eligible costs associated with the project. The bonds were paid for by tax revenues secured by approximately \$25.16 million in taxable assessed valuation within the boundaries of the WID. These were the preliminarily assessed valuations as of January 1, 2020.

As of February 28, 2021, the District consisted of 262 completed homes (150 occupied and 112 unoccupied homes under contract to a homebuyer), 51 homes under construction or in a builder's name of which 51 are under contract to a homebuyer, and 198 vacant developed lots available for home construction. According to the Developer and Builders, homes within the District range in sales price from approximately \$265,000 to over \$450,000. In addition, utility construction is underway for an additional 61 single-family residential lots on approximately 30 acres, trunk utilities have been constructed for approximately 95 acres of commercial tracts, a church has been constructed on approximately 12 acres and Veramendi Elementary School has been constructed by the New Braunfels Independent School District on approximately 16 acres within the District.

On April 26, 2021, the City Council approved the Comal County Water Improvement District's No 1A ("WID") issuance of tax bonds in the amount of \$2,590,000 for reimbursable expenses on the project. The estimated bond amount was based upon preliminary values approximately \$57,450,000. Since the appraisal district delivered certified values in the amount of \$88,189,684, the WID is wishing to increase its issuance of bonds from \$2,590,000 to \$6,000,000.

Section 8 of the Agreement outlines the requirements for the District (and subdistricts) and indebtedness, as well as the obligations of the District to the City. The District has underwritten the bonds at an estimated interest rate of 3.75%. Since the 90-day window as required by the Agreement has elapsed, the WID is making

a new presentation and requesting City Council's consideration of a new resolution authorizing the increased bond issuance.

ISSUE:

This resolution would approve the next issuance of bonds in the amount of \$6,000,000 for reimbursable expenses on the project.

FISCAL IMPACT:

Since the bonds are secured solely by property taxes paid by owners within the District, there is no fiscal impact to the City of New Braunfels.

RECOMMENDATION:

Staff recommends approval of the resolution.