



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 17-045DA2, **Version:** 1

Consider/Discuss/Act on a Resolution Authorizing a Second Amendment to Consent Agreements Regarding Bond Authority for Two (2) Existing Municipal Utility Districts: Municipal Utility District No. 1 and Municipal Utility District No. 2 - Trinity Falls

COUNCIL GOAL: Direction for Strategic & Economic Growth

MEETING DATE: October 17, 2017

DEPARTMENT: City Manager

CONTACT: Michael Quint, Executive Director of Development Services
Barry Shelton, AICP, Assistant City Manager
Mark Houser, City Attorney

RECOMMENDED CITY COUNCIL ACTION:

- Staff recommends approval of the resolution.

ITEM SUMMARY:

- The current Owner and applicant, Trinity Falls Holdings, LP, a Delaware limited partnership is requesting approval of the second amendment to consent agreements that would increase the amount of debt available for issuance by the two (2) MUDs, in the aggregate from \$262,800,000 to \$318,000,000.
- Subsequent to the first amendment to the consent agreements, the owner has pursued the purchase and annexation of approximately 271 acres (the "Frazier Tract") into the Trinity Falls MUDs and is requesting to increase the bond authority cap to account for the additional infrastructure costs associated with the "Frazier Tract" being developed and integrated into Trinity Falls.
- If approved, the increased bond authority will allow the Owner to continue to honor its obligations under the governing regulations for items such as infrastructure facilities and roadway construction.
- Specifically, the consent agreement amendments embody terms of the City's consent particularly in the areas of debt issuance, debt limits, and expenditures. The proposed consent agreements would authorize \$318,000,000 in aggregate bond debt issued by MUD #1 and MUD #2, plus an annual 3% escalation amount added to authorized, but unissued, bond debt. The proposed \$318,000,000 for MUD #1 and MUD #2 is an increase of \$55,200,000 over the current amount authorized under the agreements approved in November 2016. The Districts

will be obligated for the ongoing performance of certain Owner responsibilities after the expiration of the Development Agreement, such as the Park Fee, police and fire services and the Collin County Outer Loop escrow/conveyance. Staff recommends approval of the proposed consent agreements conditioned upon the City Council's approval of the related Third Amendment to the Trinity Falls Development Agreement.

- The associated Third Amendment to the 2012 Trinity Falls Development Agreement is being considered concurrently with this amended consent agreement request.
- This item was previously tabled at the June 20, 2017 City Council meeting and was further discussed at the October 3, 2017 City Council meeting.

BACKGROUND INFORMATION:

- On December 5, 2006, the City of McKinney approved a Consent Ordinance and interrelated agreements with Marlin Atlantis, the former developer of the approximately 1,600 acre property within McKinney's ETJ known as Trinity Falls, allowing the creation of two Municipal Utility Districts (MUDs).
- On December 4, 2012, the City of McKinney approved consent agreements authorizing \$103,000,000 (MUD No. 1) and \$94,000,000 (MUD No. 2) in bond debt.
- On July 19, 2016, the City of McKinney approved the first amendment to the consent agreements regarding bond authority for MUD No. 1 and MUD No. 2, authorizing \$262,800,000 in aggregate bond debt issued by MUD No. 1 and MUD No. 2, plus an annual 3% escalation amount added to authorized, but unissued, bond debt. This was an increase of \$43,800,000 over the amount authorized under the agreements approved in 2012. The current consent agreements have been attached.

FINANCIAL SUMMARY: Included in Item Summary above.

BOARD OR COMMISSION RECOMMENDATION: N/A