

REQUEST FOR COUNCIL ACTION

TO: Mayor via City Secretary

RCA #

SUBJECT: An ordinance amending ordinance No. 2013-1005 authorizing Harris County Municipal Utility District No. 390 to issue bonds for certain roads, facilities payable from revenues other than its ad valorem taxes subject to certain terms and conditions; authorizing and approving a public improvement agreement (MUD 390 City Park Proximity Agreement)

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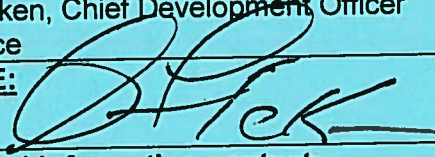
FROM: (Department or other point of origin):

Andrew F. Icken, Chief Development Officer
Mayor's Office

Origination Date

Agenda Date

SIGNATURE:



Council Districts affected:

D

For additional information contact:

Gwendolyn Tillotson

Phone: 832-393-0937

Date and identification of prior authorizing Council Action:

Res. 84-103, 12/19/84; Ord. 2002-763, 8/21/2002, Ord. 2010-580, Ord. 2013-1006, 11/6/2013

RECOMMENDATION: (Summary) An ordinance amending ordinance NO. 2013-1005 authorizing Harris County Municipal Utility District No. 390 "District" to issue bonds for certain roads, facilities payable from revenues other than its ad valorem taxes subject to certain terms and conditions; authorizing and approving a public improvement agreement (MUD 390 City Park Proximity Agreement)

Amount of Funding: Not Applicable

F&A Budget:

SOURCE OF FUNDING: General Fund Grant Fund Enterprise Fund N/A

SPECIFIC EXPLANATION:

City Council approved Ordinance 2013-1006 on November 6, 2016 to enter into a reimbursement agreement with Harris County MUD 390 to allow for use of incremental revenue generated from a defined economic impact area to reimburse the District for the principal of \$11,684,000 plus interest, and related bond issuance costs. The bonds were to fund improvements intended to construct roadway improvements and the related utilities critical to enhancing the economic vitality of the area. The planned improvements include (1) the extension of Kirby Drive, from West Orem north to the City Amateur Sports Complex, to include a bridge over Sims Bayou, (2) four lanes of East Orem Drive, from Hwy. 288 east towards the proposed collector road, (3) two lanes of East Orem Drive from the collector road towards Cullen Drive, and (4) the proposed north-south collector road. The proposed improvements are located outside of the District's boundary and therefore, the District requested and received a positive opinion from the Texas Attorney General's Office to allow the District to finance and construct those improvements through the City's 380 Program using incremental ad valorem taxes from the defined economic impact area.

The Attorney General's Office recently issued a new opinion that requires a revenue source other than ad valorem taxes to provide for the payment of the bond debt and the thereby the removal of the incremental ad valorem tax references from the agreement. The revised agreement removes ad valorem taxes as the source of repayment and refers more generally to the general fund. The revision also removes the incremental tax calculation. There are no changes to the value of the bond principal, interest, or related bond issuance costs.

The anticipated bond debt service obligation is consistent with the original agreement except for the provision allowing the incremental ad valorem revenue to be a consideration of the annual obligation.

The District intends to issue one or more series of contract revenue bonds in an estimated total aggregate principal amount not to exceed \$11,684,000 to be used as the funding source for the improvements. This agreement replaces the The original agreement which projected three 20-year bond issuances, the first planned for 2016 and the third expected to be issued in 2019. The original agreement would have terminated on or around 2039, upon completion of the improvements and full reimbursement of the third debt service obligation.

cc: Marta Crinejo, Agenda Director
Anna Russell, City Secretary
Donna Edmundson, City Attorney
Gary Dzierlenga, Senior Assistant City Attorney

REQUIRED AUTHORIZATION

Other Authorization:

Other Authorization:

Other Authorization: