



## Legislation Text

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**File #:** 18-0210, **Version:** 1

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Consider and take action on Ordinance No. 2018-09 authorizing an amended and restated utility agreement with Forestar (USA) Real Estate Group, Inc. regarding Galveston County Municipal Utility District No. 36 - Second Reading (Director of Planning & Development)

Council postponed 6-2-0 on March 27, 2018.

Council approved first reading, with conditions, 7-0-0 with 1 absent, on April 10, 2018.

Approval of Ordinance No. 2018-09 will authorize an amended and restated utility agreement with Forestar (USA) Real Estate Group, Inc. ("Forestar") regarding Galveston County Municipal Utility District No. 36. A municipal utility district (MUD) is a political subdivision of the State of Texas authorized by the Texas Commission on Environmental Quality (TCEQ) to provide water, sewage, drainage and other utility-related services within the MUD boundaries. The purpose of a MUD is to provide a developer with an alternative way to finance infrastructure within the MUD. A MUD sells bonds to generate income so that the MUD can reimburse a developer for authorized improvements. A MUD then repays its bond debt by assessing taxes on the property owners within the MUD.

On July 11, 2006, the City consented to the creation of Galveston County Municipal Utility District #36 ("MUD 36") through Resolution 2006-33. MUD 36 encompasses approximately 370.46 acres of undeveloped property within League City. On July 25, 2006, the City authorized a utility agreement with Land Funds Two & Three, J.V., who was the original developer for MUD 36 through Ordinance 2006-77. When the development of MUD 36 stalled, a new developer, Forestar, subsequently acquired all property interests in MUD 36 from the original developer.

Forestar has requested that the City amend certain provisions of the 2006 utility agreement so that it can proceed with its project plan for MUD 36. A summary of the requested changes is listed as follows:

- changes the name of the developer
- adds authority to MUD to construct and finance roads
- clarifies that district will own and maintain all detention, drainage and recreational facilities
- overlapping tax is limited to 12% (up from 8.5%)
- clarifies that the final maturity of bonds will not exceed 30 years from issuance of the initial series of bonds (this is just a restatement, not a change)
- the requirement for submittal of a Traffic Impact Analysis (TIA) for entire Development will be deferred until the first 200 homes have been constructed
- reduces the minimum bond issuance from \$2.5 million to \$1 million
- clarifies that the MUD has road powers as granted by the Texas Legislature

The following conditions were added at the request of the City Council during their meeting on April 10, 2018:

- the developer must formally dedicate three acres of property within the MUD for a fire station
- the developer must formally dedicate two acres of property within the MUD for a water tower
- the developer must cause the construction Maple Leaf Drive from the terminus of the existing Maple Leaf Drive of the Westwood Subdivision to McFarland Road at a location to be determined by the City Manager

Council postponed 6-2-0 on March 27, 2018.

Council approved first reading, with conditions, 7-0-0 with 1 absent, on April 10, 2018.

**CONTRACT ORIGINATION:** The amended and restated Utility Agreement has been reviewed and approved by the City

Attorney's Office.

Attachments:

1. Data Sheet
2. Ordinance No. 2018-09
3. Exhibit A - Amended and Restated Utility Agreement
4. Developer Concessions
5. Resolution 2006-33
6. Ordinance 2006-77
7. Aerial Map

FUNDING

{x} NOT APPLICABLE

{ } Funds are available from Account # \_\_\_\_\_

{ } Requires Budget Amendment to transfer from Account # \_\_\_\_\_ to Account # \_\_\_\_\_