

RESOLUTION NO. 51-2023

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS, APPROVING THE PURCHASE OF 6.5 ACRES OF LAND BEING PART OF WM PETERS SURVEY, TRACTS 35.02 AND 35.04, PROPERTY ID'S 187223 AND 51233, CITY OF KAUFMAN, TEXAS ("PROPERTY") BY THE KAUFMAN CENTRAL APPRAISAL DISTRICT PURSUANT TO THE PURCHASE AND SALE AGREEMENT BETWEEN KAUFMAN CENTRAL APPRAISAL DISTRICT AND THE KAUFMAN INDEPENDENT SCHOOL DISTRICT AND THE CONSTRUCTION OF AND RELATED FINANCING OF A BUILDING PURSUANT TO A LEASE PURCHASE AGREEMENT AS REQUIRED BY TEXAS TAX CODE §6.051(b); FINDING SUCH ACTION IS TAKEN WITHIN THE TIME REQUIRED BY TEXAS TAX CODE §6.051(b); ORDERING A COPY OF THIS RESOLUTION BE PROVIDED TO THE CHIEF APPRAISER; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Kaufman Central Appraisal District Board of Directors ("**Board**") and the Chief Appraiser ("**Chief Appraiser**") of the Kaufman Central Appraisal District (the "**District**" or "**KCAD**") have evaluated the condition of the District's property and building in which the District's offices are presently located; and

WHEREAS, based on the age, size, and condition of the current building, and the potential cost of repair, expansion, and renovation of the current building to meet the current and future needs of the District, the Board has determined that relocation to another site and the construction of new offices is more cost effective and in the best interest of District and the participating taxing units; and

WHEREAS, Kaufman Independent School District ("**School**") owns 6.5 acres of land being part of WM Peters Survey, Tracts 35.02 and 35.04 Property ID's 187223 and 51233 City of Kaufman, Texas (the "**Property**"), which the Board has determined is a suitable site for the construction of a new building for the District appraisal offices which will be a one-story building containing approximately 20,000 square feet of space (the "**Building**"); and

WHEREAS, the Board desires to purchase the Property and construct the Building subject to the approval of the participating taxing units pursuant to Tax Code Section 6.051; and

WHEREAS, in order for District to purchase the Property and construct the Building on the Property (collectively the "**Project**"), the District must obtain the approval of three-fourths of the participating taxing units within District as required by Texas Tax Code §6.051(b) for the Project; and

WHEREAS, the first part of the Project is for the District to have the Property under contract for purchase; and

WHEREAS, the School has offered to sell the Property to the District for \$4,000 per acre plus the cost of survey; and

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WHEREAS, the District and School intend to enter a purchase and sale agreement for the District to purchase the Property subject to the approval of the Board and the approval of three-fourths of the participating taxing units within KCAD pursuant to Tax Code §6.051(b) (the “**Purchase and Sale Agreement**”); and

WHEREAS, the Board has previously authorized the Chief Appraiser to negotiate and execute the Purchase and Sale Agreement with the School for the purchase of the Property subject to the approval of the Board and the approval of three-fourths of the participating taxing units within the KCAD as required by Texas Tax Code §6.051(b); and

WHEREAS, the District has sufficient funds in its budget for the current fiscal year to pay the costs for the purchase of the Property pursuant to the Purchase and Sale Agreement; and

WHEREAS, the District has determined the estimated costs for the design and construction of the Building, the costs related to creation of the Public Facility Corporation as described below, and the costs of financing the construction of the Building, is \$8,777,684.00; and

WHEREAS, while the District is expressly authorized to purchase or lease real property and may construct improvements to operate the appraisal office or a branch appraisal office, the Tax Code does not authorize the District to issue debt or debt instruments such as bonds and certificates of obligation, that are available to other political subdivisions, and, therefore, provided three-fourths of the participating taxing units within KCAD approve the purchase of the Property and construction of the Building, the District must use a lease purchase structure to finance the acquisition of the Property and the construction of the Building; and

WHEREAS, Chapter 303 of the Texas Local Government Code authorizes political subdivisions to establish a Public Facility Corporation, which is a Texas non-profit corporation, to acquire and finance the acquisition of property for a sponsoring political subdivision to perform its governmental functions; and

WHEREAS, because the Tax Code does not expressly allow appraisal districts to pledge revenues or property as security for a debt instrument, the District intends and has authorized the Chief Appraiser to take the necessary action to create a Public Facility Corporation (the “**PFC**”) which will hold fee simple title to the Property during the term of a lease purchase agreement between the District and the PFC (the “**Lease Purchase Agreement**”) pursuant to which the PFC will lease the Property to the District and provide funds to the District for the construction of the Building pursuant to a loan agreement between the PFC and a financial lender; and

WHEREAS, the PFC will not be an agency or instrumentality of the District but will be governed by a majority of the members of the Board; and

WHEREAS, the District intends and has authorized the Chief Appraiser to assign the Purchase and Sale Agreement for the purchase of the Property to the PFC which will acquire title to the Property; and

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WHEREAS, to finance the construction of the Building, the PFC will obtain a loan for a term of 20 years and annual payments of principal and interest being a not to exceed amount of \$720,000.00, secured by a deed of trust on the Property to finance the construction of the Building pursuant to a loan agreement with Government Capital Corporation, the financial lender pursuant to a loan agreement (the “**Loan Agreement**”); and

WHEREAS, the term of the Lease Purchase Agreement will be the same as the PFC’s Loan Agreement with the rental payments to be paid by the District to the PFC under the Lease Purchase Agreement equal to the PFC’s principal and interest payments under the Loan Agreement; and

WHEREAS, the Lease Purchase Agreement will include an option for the District to purchase the Property and Building from the PFC at the end of the term of the Lease Purchase Agreement for a nominal amount (typically \$1.00) and may include options for the District to pay off the Lease Purchase Agreement early to acquire full, unencumbered title to the Property and Building; and

WHEREAS, the Loan Agreement will provide for the PFC to assign its rights to the District’s lease payments under the Lease Purchase Agreement to Government Capital Corporation as security for the Loan Agreement; provided, however, in the event of a payment default by the District under the Lease Purchase Agreement, Government Capital Corporation will have the right to terminate the Lease Purchase Agreement and foreclose on the Property; and

WHEREAS, because the Loan Agreement is a limited recourse loan, the only remedy in the event of such default will be foreclosure on the Property and the Building and termination of the Lease Purchase Agreement, with the District being under no obligation to make the remaining payments under the Lease Purchase Agreement or Loan Agreement provided the District will be required to vacate the Property and the Building following such default and termination; and

WHEREAS, upon the termination of the Lease Purchase Agreement and conveyance of the Property and the Building to the District, the Board will conclude the affairs of the PFC in accordance with the PFC’s bylaws and terminate its existence; and

WHEREAS, the City Council finds that the purchase of the Property pursuant to the Purchase and Sale Agreement, the Lease Purchase Agreement and the above-described transaction for the construction and financing of the Building is in the best interest of the District and the participating taxing units; and

WHEREAS, the Chief Appraiser of the District delivered a copy of the District’s Resolution proposing the purchase of the Property and the construction and financing of the Building and has requested on behalf of the District that the City Council approve the District’s purchase of the Property and the construction and financing of the Building in accordance with Texas Tax Code §6.051(b); and

WHEREAS, having considered the District’s proposal and finding that the purchase of the Property and the design and construction of the Building by the District is in the best interest of

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the residents of the City of Mesquite, the City Council of the City of Mesquite, Texas, is in support of and approves the District's proposal.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS:

SECTION 1. The purchase of the Property and the design and construction of the Building, the Purchase and Sales Agreement between the School and the District and the Lease Purchase Agreement between the District and the PFC are hereby approved in accordance with Texas Tax Code §6.051(b).

SECTION 2. The action taken pursuant to this Resolution is found to have been taken on or before the 30th day after the Mayor received a copy of the District's Resolution proposing the purchase of the Property.

SECTION 3. The City Secretary is hereby authorized and directed to deliver a true and correct copy of this Resolution to the Chief Appraiser of the District not later than the tenth (10th) day after the date of approval of this Resolution.

SECTION 4. This Resolution shall be effective immediately from and after its passage.

DULY RESOLVED by the City Council of the City of Mesquite, Texas, on the 2nd day of October 2023.

DocuSigned by:
Daniel Aleman Jr.
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Daniel Alemán, Jr.
Mayor

ATTEST:

DocuSigned by:
Sonja Land
C2518095973F46A...

Sonja Land
City Secretary

APPROVED AS TO LEGAL FORM:

DocuSigned by:
David Paschall
666E18891208434...

David L. Paschall
City Attorney