

## MEMORANDUM

**To:** Mayor and City Council Members  
Steve Parker, City Manager

**From:** Melissa Reynolds, P.E., CFM – Director of Engineering & Capital Projects

**Through:** Rick Cortes, Deputy City Manager

**Subject:** Limited Purpose Wastewater Assignment Agreements

**Date:** June 4, 2024

A Resolution of the City Council of the City of Seguin, Texas approved a Capital Improvements Agreement with Lennar Homes of Texas Land and Construction, LTD. in July of 2019 for the construction of wastewater improvements associated with the Navarro Ranch Subdivision as well as off-site improvements to support growth in the region. Reservation of wastewater capacity was included in the agreement. The property that is subject to the development and service agreement is located within the boundaries of Lone Oak Farm Municipal Utility District.

Lennar and via separate instrument, NB Dean 32, LLC, now desire to assign interests in the Service Agreement to the District for Limited Purposes, thereby allowing the District to issue bonds to finance eligible infrastructure costs funded by Lennar. Lennar and NB Dean 32, LLC, respectively, will remain responsible for the performance of all duties and obligations under the Service Agreement.

Limited Purpose Assignment between Lennar Homes of Texas Land and Construction, LTD., NB Dean 32, LLC, and Lone Oak Farm Municipal Utility District includes the City of Seguin as a party to the agreement due to Service Agreement qualifying as an agreement between the Assignee and City for purposes of Section 552.014(b) of the Texas Local Government Code to facilitate the issuance of bonds by Assignee to reimburse Assignor's eligible costs and expenses with bond proceeds.

Section 552.014(b) of the Texas Local Government Code authorizes a municipality to enter into a contract with a water district under which the district will acquire for the benefit of and convey to the municipality, either separately or together, one or more projects. The statute provides that in connection with the acquisition, the district shall improve, enlarge, or extend the existing municipal facilities as provided by the contract.

Authorization of the City Manager to execute Consents to these assignments is presented for Council approval. Staff will be available to answer any questions at the June 4<sup>th</sup>, 2024 City Council meeting.