



## PRESS RELEASE

### BISD Released from Pine Forest Unit 6 Obligations

After weeks of consideration and negotiating, an Interlocal Agreement between three local public entities has been amended to release the Bastrop Independent School District (BISD) from any financial obligation or liabilities regarding the sale and development of Pine Forest Unit 6. Together the entities, BISD, Bastrop County, and the City of Bastrop, own almost 400 lots in the 700 lot subdivision south of SH 71, adjacent to Tahitian Village. About half of Unit 6 is in the city limits of Bastrop.

The amendment relieves the school district of all responsibilities and financial obligations related to the pending lawsuit regarding the lots. “I believe this is an appropriate step in this matter. BISD wants to concentrate on educating our children and providing excellence in the classroom. Releasing them from the cares of developing this property is the right thing to do”, said County Judge Paul Pape. Pape has led the efforts to disengage the 3 public entities from a failed real estate contract that has tied Unit 6 up for years.

Bastrop City Manager Lynda Humble joined Judge Pape in negotiations on the amendment and release agreement. “The City of Bastrop has stood firm in its belief that the Unit 6 lots are owned by the public entities and that decisions about marketing and development should be made in the best interest of the citizens that these public entities serve, not an investment group who sued the three entities after failing to meet its contractual requirements,” Ms. Humble wrote. “The City must feel comfortable with a master development plan addressing all the needed infrastructure before allowing development to proceed. We will find the right developer, not only who will develop this area in accordance to city standards, but build a true amenity for this area.”

The amendment releases BISD from all financial responsibility for the lawsuit involving the lots in Unit 6, in exchange for a \$65,000 payment from Bastrop County. The school will quitclaim their interest in the foreclosed lots to the county, and BISD will no longer have any input into the marketing or development of lots in Unit 6. Those duties will lie with the city and the county.

Negotiations to relieve the school district from the obligations of the Interlocal Agreement involved meetings with representatives of each Public Entity. Barry Edwards, Interim Superintendent, said on behalf of the district, "BISD's charge is to educate and care for students. We appreciate that the city and county are willing and able to move forward developing this property without the direct involvement of the district. We believe this decision will serve in the best interests of all parties."

### **The Backstory**

Pine Forest Unit 6 was originally platted in the 1970s. There are around 700 lots in the 400-acre subdivision, on the southeast edge of the City of Bastrop. About 35 homes were built in Unit 6 before a moratorium was placed on the development by the city. Issues with drainage, utility services, and access were drivers behind the moratorium.

Many of the lots in Unit 6 were acquired by the school district or county through delinquent tax foreclosure proceedings. To get these prime lots back in the private sector, and back on the tax rolls, discussions began with a local development firm, Pine Forest Investments Group (PFIG) in 2011. The intent was for PFIG to purchase about 262 lots entrusted to the public entities at that time for \$2,000 each, after getting a master development agreement worked out with the city. A contract was signed in early 2012.

It wasn't long before problems came to the surface. The citizens of Unit 6 reported that PFIG intended to place huge financial assessments on all their lots, even where homes were already occupied. Voting as if they already owned the 262 lots, PFIG changed the Covenants, Conditions and Restrictions (CC&Rs) to protect PFIG as the only developer of Unit 6.

Since many of the lots are in the city limits or the extraterritorial jurisdiction of the City of Bastrop, the developer was required to obtain and comply with a development agreement with the City. The development agreement would address major utility and construction issues such as streets, water and wastewater service, and drainage on the entire 400 acres of Unit 6. This development agreement would prevent a piecemeal development and assure the marketability of the improved lots. The developer failed to perform these tasks and did not close on the lots within the timeframe required by the real estate contract.

After repeatedly asking for completion of a master plan, the city denied PFIG's development application in 2013. Soon thereafter, the county voted to void the real estate contract. PFIG sued the city, BISD, and county claiming that they had a vested interest in the lots in the voided contract. District Judge Carson Campbell ruled that the public entities had the right to void the contract and that PFIG had no vested interest in the lots in Unit 6, which should have ended the conflict. Undeterred, PFIG wrote letters to anyone who expressed an interest in developing the properties, and continued to vote in elections as if they owned the lots that were the subject of the canceled contract.

The public entities deemed it to be in the public's interest to sue PFIG to clear the title to the lots and force them to stop misusing voting rights on the lots. At question in this suit was whether the real estate contract was still valid, whether PFIG could act as if they owned the 262 lots by voting at the annual Property Owners Association meetings, and whether the CC&R changes that they had made were valid.

The complicated case required highly skilled and experienced legal representation for the three public entities. Then-City Manager Mike Talbot recommended Charles Bundren, who had helped resolve disputes for other cities where Talbot had worked. In May, 2016, Mr. Bundren untangled a jumbled web of documents and Pine Forest POA board actions that had clouded the title on these lots. He presented the case clearly and concisely to the judge. After three days of testimony, the District Judge ruled in the three public entities' favor and against PFIG on every point. The cost of preparing and presenting the case was high, but the three public entities had to win in order to keep control of the properties and protect the citizens who already lived in Unit 6.

Again, that Court ruling should have ended the fight. Instead, PFIG appealed the decision to the Third Court of Appeals, which sits in Austin. Legal briefs were filed and arguments made in that Court in the fall of 2017. No ruling has come at this time. The Appellate Court could send the case back to the Trial Court for more testimony on the facts, or could confirm the Trial Court's rulings. The entities have already been told that if PFIG is unsuccessful, it intends to appeal to the Texas Supreme Court. This continued appeal process will force the entities to spend even more on legal fees to protect the public's interest in this property.

The cost of defending the entities' ownership of the foreclosed lots in Unit 6, clearing the titles, and gaining control of the CC&Rs and the POA board has been high. All of that cost could have been avoided, if PFIG had honored the District Judge's original ruling. It is the goal of the city and county to clear the ownership disputes and find a developer with the right combination of experience, expertise, public awareness, and integrity to take on the big task of bringing Unit 6 up to its full potential. This legal wrangling will be over, sooner or later. The citizens of the City of Bastrop and Bastrop County deserve to be free from PFIG, the developer who has cost the entities over \$800,000 so far, and to find a development firm that will be a partner and good neighbor on Unit 6. The County and City have been steadfast in protecting the citizens and their property values in Unit #6 from day one, and will continue to do so until this lawsuit is settled by the Court.