

**MINUTES OF THE MEETING OF THE JERSEY VILLAGE
TAX INCREMENT REINVESTMENT ZONE NO. 2 BOARD**

November 29, 2017 – 6:00 p.m.

TAX INCREMENT REINVESTMENT ZONE NO. 2 BOARD OF THE CITY OF JERSEY VILLAGE, TEXAS, CONVENEED ON NOVEMBER 29, 2017 AT 6:00 P.M. IN THE CIVIC CENTER MEETING ROOM, 16327 LAKEVIEW DRIVE, JERSEY VILLAGE, TEXAS.

A. The meeting was called to order at 6:00 p.m. by City Secretary, Lorri Coody, and the roll of appointed officers was taken. Board Members and staff present were:

James Travis Singleton, Jr.	City Manager, Austin Bleess
Ty Camp	City Secretary, Lorri Coody
Ceri Davies	
Geoff Butler	
James MacDonald	
Simon Hughes	
David Ambrose	

B. Election of chairperson and vice-chairperson.

City Secretary, Lorri Coody, opened nominations for the office of Chairperson for a one year term beginning November 29, 2017 and ending December 31, 2018. Board Member Camp nominated Board Member James Singleton to serve in this capacity. Board Member Hughes nominated Board Member David Ambrose. With no other nominations, City Secretary Coody called for a vote on the nomination of Board Member James Singleton to serve as Chairperson. The vote follows:

Ayes: Board Members Camp, Davies, Butler, and McDonald

Nays: Board Member Hughes

Abstained: Board Members Singleton and Ambrose

City Secretary Coody then called for a vote on the nomination of Board Member David Ambrose to serve as Chairperson. The vote follows:

Ayes: Board Member Hughes

Nays: Board Members Camp, Davies, Butler, and McDonald

Abstained: Board Members Singleton and Ambrose

James Travis Singleton, Jr. will serve as Chairperson for the Tax Increment Reinvestment Zone No. 2 Board for the term to begin on November 29, 2017 and end December 31, 2018.

City Secretary Coody opened nominations for the office of Vice Chairperson for a one year term beginning November 29, 2017 and ending December 31, 2018. Board Member Singleton nominated Board Member David Ambrose. With no other nominations, City Secretary Coody called for a vote on the nomination of Board Member David Ambrose to serve as Vice Chairperson. The vote follows:

Ayes: Board Members Camp, Davies, Butler, Singleton, Hughes and McDonald

Nays: None

Abstained: Board Member Ambrose

David Ambrose will serve as Vice Chairperson for the Tax Increment Reinvestment Zone No. 2 Board for the term to begin on November 29, 2017 and end December 31, 2018.

Having conducted the election of officers, Chairperson Singleton called the next item on the agenda as follows:

C. Discuss and take appropriate action concerning TIRZ Board responsibilities and duties.

Austin Bless, City Manager, introduced the item. He thanked the members for taking time to serve on this Board.

Background information concerning the TIRZ Board responsibilities and duties is as follows: The TIRZ is something that was listed as a large priority in the Comprehensive Planning Process that took place in 2015-2016.

The TIRZ is comprised of the area that had previously been designated and zoned for Jersey Village Crossing. Jersey Village Crossing is a proposed high density mixed-use development for the area along Jones Road south of US HWY 290. The main goal of the TIRZ Board is to help direct the growth and development to achieve this vision.

The TIRZ Board is made up of seven members. Four members have terms expiring on December 31, 2018, and three have terms expiring December 31, 2017. For those whose terms that expire this year we will recommend reappointment for the term starting January 1, 2018 and expiring December 31, 2019.

The responsibilities and duties of the Board are prescribed in City Ordinance and state law. The information from the ordinance is as follows:

Duties

- (a) The Board shall act as an advisory board to the city council in the operation and administration of Zone Number 2; all action by the board is subject to city council approval. The authority and responsibility of the board expressly includes:
1. Make recommendations to the city council regarding the administration of the Zone.
 2. Make recommendations to the city council regarding agreements that are necessary or convenient to implement the project plan and reinvestment zone financing plan.
 3. Make recommendations to the city council regarding agreements with local governments or political subdivisions for management of the zone or implementing the project plan and reinvestment zone financing plan.
 4. Make recommendations to the city council regarding the expenditure of TIF Fund Number 2 funds related to development and redevelopment of land within the zone, in conformance with the following process.
 5. Acting as the lead entity in working with other boards and commissions regarding incentives, regulations, infrastructure, and all other physical and economic development decisions related to the Zone number 2.
 6. Providing a progress report to the city council annually, or as requested by the city council.

Officers

- (a) Each year the Board shall elect one of its members to serve as Chairman for a term of one year that begins on January 1 of the following year. The board of directors may elect a Vice-Chairman to preside in the absence of the Chairman or when there is a vacancy in the office of Chairman. The board may elect other officers as it considers appropriate.

Bylaws

- (a) The board may write its own bylaws establishing its own rules for its regulation. Said bylaws and amendments thereto shall be filed with the City Secretary.

Meetings

- (a) The board shall hold at least one regular meeting per quarter. These meetings shall be open to the public and at a time and place of their choosing. It may also hold such other meetings as may be necessary to accomplish the purpose of its creation. All meetings shall be public and shall conform to law.
- (b) All members including the chairperson shall vote in matters considered by the commission.

Minutes

- (a) The board shall keep a record of its proceedings in a permanent book, and a signed copy of the minutes shall be given to the City Secretary.

By state law the board must prepare and adopt a project plan and a reinvestment zone financing plan for the zone and submit the plans to the city council.

The project plan must include:

1. A description and map showing existing uses and conditions of real property in the zone and proposed uses of that property;
2. Proposed changes of zoning ordinances, the master plan of the municipality, building codes, other municipal ordinances, and subdivision rules and regulations, if any, of the county, if applicable;
3. A list of estimated non-project costs; and
4. A statement of a method of relocating persons to be displaced, if any, as a result of implementing the plan.

The reinvestment zone financing plan must include:

1. A detailed list describing the estimated project costs of the zone, including administrative expenses;
2. A statement listing the proposed kind, number, and location of all public works or public improvements to be financed by the zone;
3. A finding that the plan is economically feasible and an economic feasibility study;
4. The estimated amount of bonded indebtedness to be incurred;
5. The estimated time when related costs or monetary obligations are to be incurred;
6. A description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be

derived from the property taxes of each taxing unit anticipated to contribute tax increment to the zone that levies taxes on real property in the zone;

7. The current total appraised value of taxable real property in the zone;
8. The estimated captured appraised value of the zone during each year of its existence; and
9. The duration of the zone.

The governing body of the municipality or county that designated the zone must approve a project plan or reinvestment zone financing plan after its adoption by the board. The approval must be by ordinance, in the case of a municipality, or by order, in the case of a county, that finds that the plan is feasible.

The board of directors of the zone at any time may adopt an amendment to the project plan consistent with the requirements and limitations of this chapter. The amendment takes effect on approval by the governing body of the municipality or county that created the zone. That approval must be by ordinance, in the case of a municipality, or by order, in the case of a county.

Some of the state law that is most pertinent to the TIRZ Board was included in the meeting packet. For more information on the Tax Increment Finance Act visit:

<http://www.statutes.legis.state.tx.us/Docs/TX/htm/TX.311.htm>

In completing the introduction, City Manager Bless opened the floor for questions concerning the duties and responsibilities of the TIRZ Board. The Board engaged in discussion about adopting By-Laws. Some wondered if it was common practice to have By-Laws for Boards in the City. City Manager Bless explained that it was not common in Jersey Village; however, if members are interested in reviewing examples from other boards, Midtown in Houston may be a good place to start.

The Board asked about the concept of the TIRZ and its goal. City Manager Bless explained that the ultimate goal is to see high density, mix-use development on the south side of US HWY 290 much like City Centre in Sugar Land. The TIRZ will assist in achieving development in this manner. The Board is to help in the process. If development requires financing, the Board will assist in that process as well. The City Manager pointed out that the make-up of this Board is very diverse with much experience in many areas, which will help in achieving this type of development.

Some members of the Board wondered if the City would hire a consultant to develop the project plan and the financing plan. City Manager Bless stated that he has put together these plans for review by the Board and that the City does not anticipate hiring a Consultant for this service.

The Board discussed the steps taken by the City to contact developers interested in these type projects. City Manager Bless explained that he has reached out to a large number of developers and has had conversations with a handful with some of those conversations on-going. With this in mind, some members wondered how the development process will work. City Manager Bless explained that the process will begin with developers meeting with staff in order to present their ideas/concepts for development. If their concept meets the parameters set out for the TIRZ area, the developers will prepare a presentation for the Board. In receiving this presentation, the Board will discuss the concept presented and make recommendations of approval or disapproval to City Council concerning same. The Board will meet quarterly to oversee these activities.

Some members wanted to know the City Manager's thoughts on the City's plan for this development over the next year. The members wanted to know what land is planned for development, who owns

that land, what land is for sale in the TIRZ area, and how will this all work. City Manager Bless explained that the easiest way to begin development is for a developer to come in and purchase the land; however, if the City needs to purchase some land for the development, that will be discussed by the Board. In connection with this, the Board wanted to know if the City works with more than one developer. City Manager Bless explained how each TIRZ is set-up differently. Our zone has three to four different layers that make up the TIRZ Plan. With this in mind, it will be best that the City works with one developer that specializes in all areas of our zone. It is possible to have several developers come in and complete their area of expertise, but this complicates the process.

Given that the area that makes up the TIRZ was once a Transit Oriented Development (TOD), some members of the Board wondered if the area would still be a TOD. City Manager Bless explained that the transit may not be an option now, but perhaps in the future. However, the plan does not require transit to be successful. Light rail is coming to the area, but has no time line. With this in mind, light rail and transit can be planned for in the future, but it is not required to develop the area.

Discussion was had about construction of a toll road on Hempstead Highway. This construction was initially part of the equation when US HWY 290 construction was first discussed, but was later separated from the US HWY 290 project due to funding.

There was discussion that the Northwest Park and Ride could be seen as a form of transit for the area and should be considered.

The Board discussed the process for rezoning the TIRZ area to mixed-use since some of the area is zoned industrial. City Manager Bless explained that currently there are seven parcels of land in the area for sale. So as this land develops and expands the market will drive the expansion and of the TIRZ as mixed-use. This led to discussion of businesses in the area that may not want to move.

The map on page 24 of the meeting packet was discussed. City Manager Bless explained the map and the color codes for the various sections were discussed. This led to a discussion about the process for funding streets. City Manager Bless explained that funding will be dependent upon the type of project proposed.

With no further discussion on Item C, Chairperson Singleton called the next item on the agenda as follows:

D. Discuss and take appropriate action on a project plan and a reinvestment zone financing plan.

Austin Bless, City Manager, introduced the item. Background information is as follows: In creating the TIRZ district in July, Council was required to approve a preliminary financial plan. The approved plan was developed by Staff and was included in your meeting packet as a proposed plan for moving forward. This item is to discuss and take possible action on a project plan and a reinvestment zone financing plan for the TIRZ zone. In discussing this item, there are several things that are required to be in the plan, as mentioned in the introduction given in the previous item. In addition, there are a few things to note as we move forward.

Harris County has opted not to participate in the TIRZ. So there will be no captured value from them. For the amount of captured value, we only assumed a 1% appreciation rate of the District. From 2010 – 2017 commercial values in Jersey Village have likely averaged a higher increase than that.

Commercial property as a whole in Jersey Village has increased on average 5% each year from 2010 – 2017.

A lot of this land is not currently within the city boundaries, but is in our ETJ. We do not collect property taxes on property in our ETJ. However, as this area grows, we do anticipate annexing this land and providing the necessary services that go along with it.

As the land is not all within the current city limits, we should consider modifying the expense years that are being proposed. The Plan as a whole is a guideline, it is not set in stone. It is supposed to be the guiding document for how things generally develop, it is not something that ties our hands saying how everything must be done and in what order.

At this point in time it may be easiest to review the proposed plan and answer any questions the Board might have as we go. We can discuss the plan tonight, and the Board can suggest changes, edits, etc. The Board needs to recommend the plan to the City Council for approval. That does not have to be done tonight, but we should target to have this completed and the Council approving it by March at the latest.

The Board continued its discussion about development in the ETJ. Once this land is developed, and if it is not annexed, the City will not get any tax dollars on this property. With this in mind, some Members wondered if annexation should come before development. City Manager Bleess explained that City Staff is looking at the annexation process. There were recent changes to this process during the 2017 Texas Legislature. Keeping these changes in mind, it will be easier to annex the land into the City limits if all the property was owned by one owner.

Discussion was had about Harris County's decision not to participate even though they stand to benefit from the TIRZ. Some wondered if anything else could be done to bring them to the table. City Manager Bleess explained that we have reached out to Commissioner Cagle and they are not interested.

Discussion continued about annexation. If the City were to annex the property now, we would have to provide services. With this in mind, it might be better to wait.

The Board reviewed the information included on page 30 of the meeting packet concerning assessed value and proposed taxes for the TIRZ over the course of the next 30 years. City Manager Bleess explained that the TOD Plan proposed the buildout of this area in three phases and the numbers presented on page 30 reflect a three phase buildout.

The Board discussed access roads to the TIRZ. The main accesses to the TIRZ will be from US HWY 290 near Sparkle Signs and on Jones Road. These access roads are well defined and will not change.

The Board discussed the projects listed on Pages 26 and 27 as well as the impact fees to be collected. City Manager Bleess explained that these projects will only be completed when we have an approved development plan. With the completion of US HWY 290 in sight, there is increased interest in this area, especially with the creation of the TIRZ and the City's efforts to promote economic development.

The Board discussed revenues that will come with development of the TIRZ. City Manager Bleess explained that there will be no property tax revenue, but the City will see sales tax revenues as well as revenues from water and sewer, HOT taxes, and impact fees. The Crime Control and Prevention District sales tax is not reduced. So, if we develop as planned, in three to four years, we would get \$2 to \$3 million in additional revenue. This would be in addition to paying off the construction debt.

Next the Board discussed the potential downsides to the TIRZ development. City Manager Bleess explained that the worst case would be that no developer commits to develop the area and the land gets developed without the TIRZ. In this scenario, no dollars are expended so the financial loss is minimal.

The Board discussed the incentives and if developers have been made aware of same. City Manager Bleess explained that we have general guidelines that have been approved for economic development by the City Council back in June, which he explained to the Board. These guidelines are posted on the City's website and are public.

Grants were discussed by the Board. City Manager Bleess gave a scenario on how grants might work. He explained that a developer wants a \$25 to \$30 million development. The City could off-set this by \$5 million and over the next several years at various benchmarks. Grants would offset some of the development costs. In this scenario, if the developer fails in development commitments, the City would be out its investment.

The Board discussed modeling of the area for flooding. City Manager Bleess pointed out that the Long Term Flood Recovery Study makes some recommendations for this area.

The Board then discussed connecting the heart of Jersey Village to the TIRZ development with cycle passage ways or subways, etc. Current connections are FM 529 and Jones Road. US HWY 290 is a barrier, but depending upon developer, most are not concerned. There was also discussion about the railroad tracks. City Manager Bleess told the Board that reputable developers do not see this as a concern.

The Board discussed the approval of the project and financial plan tonight. City Manager Bleess explained that the plans can be adopted and amended later as needed. Some felt the plan needed to have more information. City Manager Bleess explained that without a plan, the City cannot spend any money on this development. The goal is to have an approved plan in place by March, 2018. The plan is a message to potential developers of what we have in mind and that we are open for discussion concerning development of the area. The plan does not commit anything and it can change accordingly.

It was the consensus of the Board to consider approval of the project plan and financial plan at a later meeting.

E. Adjourn

There being no further business on the Agenda the meeting adjourned at 7:25 p.m.

Lorri Coody, City Secretary