

MEMORANDUM

TO: Donna Barron, City Manager

FROM: Brenda Martin, Director of Finance

DATE: January 16, 2019

SUBJECT: **Consideration of a Tax Increment Reinvestment Zone Reimbursement Agreement by and Among the City of Lewisville, the Lewisville Tax Increment Reinvestment Zone, Number Three, and Bright Realty, LLC for Public Improvements Within the Zone; and Authorization for the City Manager to Execute the Agreement.**

BACKGROUND

The Tax Increment Reinvestment Zone Reimbursement Agreement among the City of Lewisville, the Tax Increment Reinvestment Zone (TIRZ), Number Three, and Bright Realty LLC (“Developer”) covers the terms and conditions of financing and reimbursing of the public improvement within the Zone.

AGREEMENT OVERVIEW

Below is a recap of terms of the agreement:

- Reimbursements for eligible Project Costs (public improvements) to the Developer will not exceed \$88,685,915.
- Reimbursements will be made quarterly, subject to available TIRZ revenues in the Tax Increment Fund subsequent to annual debt service payments and as approved by the City.
- Developer agrees to complete the Project Costs and provide updates as needed by the City.
- All ad valorem taxes will be paid annually by the Developer and in the case of an active protest by the Developer, reimbursements will be withheld pending final resolution.
- Two-year maintenance bonds will be provided by the Developer.
- Term of the contract will be the earlier of full payment of the Project costs up to the maximum amount above, expiration of the TIRZ, or December 31, 2023 if annexation of all districts do not occur by this date.
- In consideration of this agreement, the Developer will not seek reimbursement for any additional public improvement costs from any district (with the exception of the below), and will not increase developer obligations of any district (Developer Due-To’s) or other contract obligations of any district and if any obligation to the Developer exists at time of annexation, the obligation will be forgiven or eliminated by the Developer.

- The Developer will not request the City or any district to issue debt obligations to reimburse the Developer except for the issuance of not to exceed \$14M Combination Contract Revenue and Special Assessment Bonds for District 1-H and not to exceed \$7M bonds issued by Denton County Fresh Water Supply District 1-C for road and utility improvements to be made prior to annexation. The City retains the right to create a public improvement district for the 1-C public improvements.
- All outstanding assessments, including interest must be paid in full on or before July 1, 2021.
- Representations, warranties, defaults, indemnification, remedies, and other miscellaneous provisions, as necessary.

RECOMMENDATION

The City staff recommends that the City Council approve the agreement and authorize the City Manager to execute the agreement as set forth in the caption.