

MEMORANDUM

TO: Donna Barron, City Manager

FROM: Brenda Martin, Director of Finance

DATE: November 19, 2018

SUBJECT: **Consideration of an Ordinance Designating a Non-Contiguous Geographic Area Within the Extra-Territorial Jurisdiction of the City of Lewisville as Reinvestment Zone Number Three, City of Lewisville, Texas, for Tax Increment Financing Purposes Pursuant to Chapter 311 of the Texas Tax Code; Creating a Board of Directors for Such Zone; Containing Findings and Provisions Related to the Foregoing Subject; Providing For Severability and an Effective Date; and Declaring an Emergency.**

BACKGROUND

For over two years, the City has been in discussions with the developer of Castle Hills, the City's planned residential and commercial development located in the City's ETJ. Future annexation will end the current method of issuing Combination Contract Revenue and Assessment Bonds to pay for public improvements constructed by the developer. As of this date, the developer has \$104.5M remaining in voted bond authority to issue for future public improvements in PID 6. The developer approached the City with creating a Tax Increment Reinvestment Zone (TIRZ) as a mechanism for financing most of these remaining improvements of roads, drainage and utilities after annexation. The developer would front the costs of \$88,685,915 to build the public infrastructure and receive reimbursement when tax increment revenue is generated by the project.

ORDINANCE OVERVIEW

The following statutory steps required prior to the adoption of the Ordinance designating the Zone, have been completed:

- Preparation of a preliminary Project and Finance Plan,
- Notice of public hearing must be published in newspaper,
- Holding a public hearing on the creation of the zone,

Adoption of the Ordinance will:

- Establish the boundary,
- Create a Board of Directors,
- Provide that the Zone will take effect immediately upon passage,
- Provide for a termination date,
- Assign a name to the zone,
- Establish a tax increment fund for the Zone,

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- Contain various findings that the zone will be of general benefit and will enhance overall value to the taxing jurisdictions, and
- Meets certain criteria requirements for a reinvestment zone

Once the Zone is created and board members have been appointed, the Board will meet to develop the final Project and Finance Plans for approval and adoption by the City Council, as well as establish administrative procedures governing actions of the Board.

The number of board members mimic the same structure as the City's previous tax increment financing zone (TIRZ2) established in 2008—five members appointed by the City and two appointed by Denton County, the other participating jurisdiction. The board members from the City for this new Zone will be comprised of City Council members due to their long history and familiarity with the Castle Hills development.

RECOMMENDATION

The City staff recommends that the City Council consider the information received and approve the Ordinance as set forth in the caption above.