

# City of Mesquite, Texas

## Legislation Text

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**File #:** 19-4483, **Version:** 3

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An ordinance approving a Project Plan and Reinvestment Zone Financing Plan for Reinvestment Zone Number Thirteen, City of Mesquite, Texas (Spradley Farms) and making a finding regarding feasibility.

On September 16, 2019, after conducting a public hearing in accordance with State law, the City Council adopted Ordinance No. 4713 creating Reinvestment Zone Number Thirteen, City of Mesquite, Texas (Spradley Farms), the “TIRZ.” This ordinance did not determine the portion of tax increment the City is required to pay into the TIRZ Fund, but the preliminary reinvestment zone financing plan that formed the basis of the Council’s findings that the improvements in the TIRZ would significantly enhance the value of real property in the Zone and will be of general benefit to the City was based on a City participation rate of 65 percent and a County participation rate of 60 percent. At these participation rates, the TIRZ would capture sufficient incremental revenue to finance \$214 million in public improvements within the TIRZ.

Section 311.013(l) of the Texas Local Government Code specifies two opportunities for the City Council to determine the City’s portion of tax increment or participation rate: (1) within the creation ordinance, or (2) within the ordinance that approves the project plan or reinvestment zone financing plan after its adoption by the TIRZ Board; otherwise, the City’s TIRZ tax increment defaults to 100 percent.

On November 4, 2019, the Spradley Farms TIRZ Board of Directors will meet to consider the adoption of a Project and Financing Plan for the TIRZ based on information provided by the developer, The Nehemiah Company. This plan document will contain both the project plan and reinvestment zone financing plan elements and will establish, by ordinance, the City’s participation rate. The County’s portion of tax increment in the TIRZ would be obtained through a tax participation agreement with Kaufman County.

Since the time the preliminary financing plan was developed, the Developer has requested consideration for a TIRZ Project and Financing Plan that is based on a City participation rate of 70 percent and County participation rate of 65 percent. At these participation rates, the TIRZ would capture sufficient incremental revenue to finance \$230 million in public improvements within the TIRZ. The Developer has identified a total of \$269.8 million in public improvements needed for the development of Spradley Farms. TIRZ revenues would be used by the proposed Spradley Farms Improvement District of Kaufman County, the “District,” for the payment of debt service on any District TIRZ GO bonds and to pay or reimburse any unreimbursed expenditures for District costs within the TIRZ up to a maximum duration of the TIRZ as defined in the Master Development Agreement.

By statute the TIRZ Board adopts the Project and Financing Plan and the City Council must approve the Plan before it becomes effective. The TIRZ Board will consider adoption of a Plan, either at a City participation rate of 70 percent or 65 percent as presented by the Developer. Attached is a copy of both Plans that the TIRZ Board will consider.

### **Recommended/Desired Action**

Staff recommends approval of the ordinance with a motion to specify the City’s tax increment participation rate based on the Plan submitted by the TIRZ Board.

**Attachment(s)**

Ordinance

Project and Financing Plan drafted September 16, 2019/approved November 4, 2019 (65% City participation rate)

Project and Financing Plan approved November 4, 2019 (70% City participation rate)

**Drafter**

Ted Chinn

**Head of Department**

Ted Chinn