

City of Mesquite, Texas

Legislation Text

File #: 20-4846, Version: 1

- A. Conduct a public hearing under Chapter 311 of the Texas Tax Code to consider approving an amended Project Plan and Reinvestment Zone Financing Plan for Reinvestment Zone Number Thirteen, City of Mesquite, Texas (Spradley Farms) (“the Zone”), decreasing the percentage of tax increment to be contributed by the City to the Tax Increment Fund for the Zone from 70 percent to 60 percent, extending the term of the Zone, and designating additional property in the Zone to be acquired by the City, amending Ordinance Nos. 4713 and 4734, making a finding of feasibility, providing a repealer clause, providing a severability clause, and providing an effective date.
- B. An ordinance approving an amended Project Plan and Reinvestment Zone Financing Plan for Reinvestment Zone Number Thirteen, City of Mesquite, Texas (Spradley Farms), decreasing the percentage of tax increment to be contributed by the City to the Tax Increment Fund for the Zone from 70 percent to 60 percent, extending the term of the Zone, and designating additional property in the Zone to be acquired by the City, amending Ordinance Nos. 4713 and 4734, making a finding of feasibility, providing a repealer clause, providing a severability clause, and providing an effective date.

On November 4, 2019, the Spradley Farms TIRZ Board of Directors adopted a Project Plan and Reinvestment Financing Plan for the TIRZ based on information provided by the Developer, The Nehemiah Company, and recommended approval of the Plan by the City Council. That same day, the City Council passed Ordinance No. 4734 approving the Project and Financing Plan and designating the City’s tax increment participation rate at 70 percent to finance \$230 million in public improvements within the Spradley Farms development. The adopted Plan also anticipated participation by Kaufman County at 65 percent of property taxes collected by the County within the Zone.

Subsequently, on January 6, 2020, the City Council adopted Resolution No. 01-2020 to withdraw support for the creation of the Spradley Farms Improvement District of Kaufman County so that City staff and the Developer could continue discussions on the financing structure of the development. In response to the City’s desire to further overall financing discussions, Spradley Farms, LTD filed suit on February 10, 2020, seeking injunctive relief to reverse the City’s repeal of support at the Texas Commission on Environmental Quality (TCEQ). After several motions, the parties agreed to mediation and began discussions in earnest on May 11, 2020. After three weeks of productive dialogue, the parties agreed to new financing terms as well as other deal points favorable to both parties in order to allow the development to move forward. These terms are specified in the form of a Rule 11 Agreement and Settlement Agreement that Council approved at the June 8, 2020, City Council meeting. One of the conditions of the Rule 11 Agreement requires the City Council to approve an amended Project Plan and Reinvestment Zone Financing Plan that incorporates changes agreed upon by both parties through an Amended and Restated Master Development Agreement.

At their July 6, 2020, Board meeting, the Spradley Farms TIRZ Board prepared and adopted an amended Project Plan and Reinvestment Zone Financing Plan (amended Plan) to decrease the percentage of tax increment to be contributed by the City to the Tax Increment Fund for the Zone from 70 percent to 60 percent and to extending the term of the Zone for an additional 10 years, from 35 years to 45 years. The amended Plan also places a reimbursement cap of \$159,000,000 for reimbursement of District costs from TIRZ revenues.

A public hearing is required if an amended project and financing plan extends the term of all or a portion of a zone, and as with any project and financing plan adopted by the Board, the amended Plan can only take effect upon approval by ordinance from the City Council. Notices of the public hearing were sent to all affected property owners to allow any interested person the opportunity to speak for or against the amended Plan, and newspaper notices were published in the *Daily Commercial Record* and *Forney Messenger* in accordance with State law.

Recommended/Desired Action

Following the public hearing, staff recommends approval of the ordinance.

Attachment(s)

Ordinance (will be provided prior to Monday's Council meeting)

Drafter

Ted Chinn

Head of Department

Ted Chinn