

City of Southlake, Texas

MEMORANDUM

December 1, 2016

TO: Board of Directors, Tax Increment Reinvestment Zone Number One, City of Southlake, Texas

FROM: Sharen Jackson, Chief Financial Officer

SUBJECT: **Agenda Item Comments – TIRZ Board of Directors Meeting, December 6, 2016, 5:15 p.m.**

The TIRZ Board of Directors Meeting is scheduled for Tuesday, December 6, 2016 at 5:15 p.m. in the City Council Chambers at the Town Hall Building. The meeting is intended to inform you of the financial status of the reinvestment zone, present the annual report to the Board of Directors, and to take care of annual administrative items relating to the Board. Also, this is an opportunity to receive an update regarding the status of the Town Square development.

Agenda Item No. 2, Approval of the minutes from the August 2, 2016 Tax Increment Reinvestment Zone Number One Board of Directors meeting – A copy of the meeting minutes is included in your packet for review. If you have corrections to the meeting minutes, please advise me in advance of the meeting, or you may make changes as part of the motion during consideration of this item at the meeting.

Agenda Item No. 3, Approval of Recommendation to the City Council for the appointment of the Chair for Tax Increment Reinvestment Zone Number One, City of Southlake, Texas, for 2017 – Section 311.009(f) of the Tax Increment Financing Act (the “Act”) states the following: “Each year the governing body of the municipality shall appoint one member of the board to serve as chairman for a term of one year that begins on January 1 of the following year.” The City Council is to select the Chair, based on a recommendation from the TIRZ Board of Directors. The City Council is scheduled to consider a resolution to meet this requirement on the January 17, 2017, City Council meeting agenda.

Agenda Item No. 4, Election of Vice-Chair for Tax Increment Reinvestment Zone Number One, City of Southlake, Texas, for 2017 – The Board is asked to consider the election of a Vice-Chair at this meeting. The ***Bylaws*** stipulate that this term is for one (1) year. This appointment is made by the TIRZ Board and not by the City Council. The duties of this office include those assigned by the Board, and to serve as Chair due to absence or inability to act.

Agenda Item No. 5, Approval of the 2016 Annual Report for Tax Increment Reinvestment Zone Number One, City of Southlake, Texas – Included in your packet is the TIRZ FY 2016 Annual Report. Section 311.016 of the Tax Increment Financing Act establishes an annual report requirement for the TIRZ, and a copy of this report must be forwarded to the Office of the State Attorney General and to the chief executive officer of each taxing unit that levies taxes within the zone.

Agenda Item No. 6, Briefing on Southlake Town Square Projects – This is a standing agenda item that provides Cooper & Stebbins and RPAI the opportunity to brief the Board of Directors on the Town Square projects and other items of interest.

As always, we appreciate your commitment and service to the community. If you have questions or comments on the meeting agenda or any of the packet materials in advance of the meeting, please do not hesitate to contact me at (817) 748-8042.

TAX INCREMENT REINVESTMENT ZONE NUMBER ONE
CITY OF SOUTHLAKE
BOARD OF DIRECTORS MEETING

LOCATION: Southlake Town Hall, Council Chambers
1400 Main Street, Southlake, TX 76092

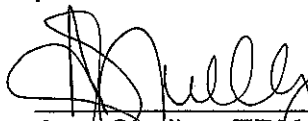
DATE AND TIME: Tuesday, January 21, 2019 – 5:00 p.m.

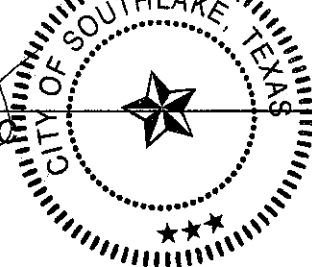
AGENDA:

1. Call to Order
2. Consideration: Approval of the minutes from the August 6, 2019 Tax Increment Reinvestment Zone Number One Board of Directors meeting.
3. Consideration: Approval of recommendation to the Southlake City Council for the appointment of the Chair of the Board of Directors for Tax Increment Reinvestment Zone Number One, City of Southlake, Texas, for 2020.
4. Consideration: Election of Vice-Chair for Tax Increment Reinvestment Zone Number One, City of Southlake, Texas, for 2020.
5. Consideration: Approval of the 2019 Annual Report for Tax Increment Reinvestment Zone Number One, City of Southlake, Texas.
6. Discussion: Tax Increment Reinvestment Zone Number One Project Status Update.
7. Adjournment

CERTIFICATE

I hereby certify that the above agenda was posted on the official bulletin boards at Town Hall, 1400 Main Street, Southlake, Texas on Friday, January 17, 2020 by 6:00 p.m., pursuant to the Texas Government Code, Chapter 551.


Amy Shelley, TRMO
City Secretary



If you plan to attend this public meeting and have a disability that requires special needs, please advise the City Secretary 48 hours in advance at (817) 748-8016, and reasonable accommodations will be made to assist you.

**TAX INCREMENT REINVESTMENT ZONE NUMBER ONE
BOARD OF DIRECTORS MEETING MINUTES
AUGUST 6, 2019**

LOCATION: Southlake Town Hall, City Council Chambers
1400 Main Street, Southlake, Texas 76092

MEMBERS PRESENT: Chair John Huffman, Vice Chairman Shawn McCaskill, Shahid Shafi, Christopher Archer, and Scott Wrehe

MEMBERS ABSENT: Todd Carlton, Laura Hill, Chad Patton, and Ronell Smith

STAFF PRESENT: Assistant City Manager and Director of Economic Development & Tourism Alison Ortowski, Deputy Director of Marketing and Communications Pilar Schank, Chief Financial Officer Sharen Jackson, and City Secretary Amy Shelley.

1. CALL TO ORDER

The meeting was called to order by Chair John Huffman at 5:10pm.

2. CONSIDERATION: APPROVAL OF THE MINUTES FROM THE DECEMBER 4, 2018 TAX INCREMENT REINVESTMENT ZONE NUMBER ONE BOARD OF DIRECTORS MEETING.

A motion was made to approve the minutes from the December 4, 2018 Tax Increment Reinvestment Zone Number One Board of Directors meeting.

Motion: McCaskill
Second: Shafi
Ayes: Archer, Huffman, McCaskill, Shafi, and Wrehe
Approved: 5-0
Absent: Carlton, Hill, Patton, and Smith

3. DISCUSSION: PROPOSED FISCAL YEAR 2020 TAX INCREMENT REINVESTMENT ZONE NUMBER ONE BUDGET OVERVIEW AND REVISED BUDGET FIGURES FOR FISCAL YEAR 2019.

Chief Financial Officer Sharen Jackson presented Item 3 and answered questions from the Board specific to the Town Hall restroom project.

No action was necessary on this item.

4. DISCUSSION: TAX INCREMENT REINVESTMENT ZONE NUMBER ONE PROJECT STATUS UPDATE.

Chief Financial Officer Sharen Jackson presented Item 4 and answered questions from the Board.

No action was necessary on this item.

5. ADJOURNMENT

The meeting was adjourned by Chair John Huffman at 5:19 p.m.

MINUTES APPROVED ON THIS, THE ____ DAY OF _____, 20____.

John Huffman, Chairman

ATTEST:

**Amy Shelley, TRMC
City Secretary**



TAX INCREMENT REINVESTMENT ZONE #1 ANNUAL REPORT

OCTOBER 1, 2018 –
SEPTEMBER 30, 2019



WHAT IS TAX INCREMENT FINANCING?

Tax Increment Financing (TIF) is a tool to finance public improvements within a defined area. The improvements should enhance the environment and attract new investment. The statutes governing tax increment financing are in Chapter 311 of the Texas Tax Code.

A municipality makes an area eligible for tax increment financing by designating a “reinvestment zone”, also called a “tax increment reinvestment zone (TIRZ)” or a “tax increment financing (TIF)” zone. The City of Southlake has one active zone.

Costs of selected public improvements outlined in the zone’s project and financing plan may be paid by current or future tax revenue flowing from redeveloped or appreciated real property valued in the zone. The additional tax dollars generated by growth of real property value in the zone are called the tax increment. These dollars flow to a fund for a specified number of years. Money flowing into the fund each year is spent according to an approved plan and in accordance with agreements in place with participating governmental units.

A Board of Directors appointed by the participating governmental units oversees the budget of the District.

ANNUAL REPORT

Texas law requires the governing body of the municipality that created the reinvestment zone to submit a report to the chief executive officer of each taxing entity that levies property taxes on real property in the reinvestment zone on or before the 150th day following the end of the fiscal

FY 2019**City of Southlake TIRZ #1
Board of Directors**

Laura Hill
City of Southlake

Shahid Shafi
City of Southlake

Shawn McCaskill, Vice Chair
City of Southlake

Chad Patton
City of Southlake

Ronell Smith
City of Southlake

John Huffman, Chair
City of Southlake

Christopher Archer
City of Southlake

Todd Carlton
Carroll ISD

year of the municipality. This report must include information about:

- Fund revenues
- Amount and purposes of expenses
- Amount of debt
- Tax increment base/captured appraised value
- Captured appraised value shared by the municipality and other taxing units
- Other information necessary to demonstrate compliance with the tax increment financing plan.

The City of Southlake has entered into participation agreements with Tarrant County, Tarrant County College, Tarrant County Hospital District, and Carroll Independent School District (CISD).

SOUTHLAKE TAX INCREMENT REINVESTMENT ZONE #1

The Southlake Tax Increment Reinvestment Zone #1 was established to provide a financing mechanism to facilitate high quality development in the southeast area of the city. Created by Ordinance No. 682 in September 1997, TIRZ #1 was set to expire on December 31, 2018 or the date when all project costs were paid and all debt was retired, whichever came first.

However, in August 2018, the TIRZ #1 Board and the City Council amended the Project and Financing Plan a second

time to extend the life of the zone for 20 years and adjust the planned projects and associated costs. The participation of the overlapping taxing jurisdictions was also adjusted to reduce Tarrant County, Tarrant County Jr. College, and the Tarrant County Hospital District participation to zero percent. The City of Southlake's and Carroll ISD's participation amounts remained unchanged in the extension with participation at 100%.

The TIRZ's base year taxable value (1997) was \$23,475,366. Taxable property value appreciation in the zone since that time is captured for investment in the zone. The *Project & Financing Plan* approved in August 1999 and amended in August 2018 outlines the strategies used to encourage development in the zone. The Plan also includes value projections for the zone as a benchmark to track performance.

Since its implementation in 1998, the TIF has generated \$112,422,377 in revenue for investment, and to further the economic development goals of the zone.

TIRZ #1 REVENUES

In FY 2019, \$9,326,453 in ad valorem taxes was collected in the zone. Coupled with interest income, the fund realized over \$9.35 million in revenue for the fiscal year, a 3.9% decrease above FY 2018. (See *Attachment A for historical collections by entity*)

The captured incremental taxable value for TIRZ #1 for the 2018 tax year was \$472,160,522 which was an increase of \$13,413,031 over the incremental value for 2017. (See *Attachment A for incremental taxable value by entity*)

TIRZ #1 EXPENDITURES

In January 1998, the City Council entered into the first commercial

developer agreement with Southlake Venture West LP and Southlake Venture East LP for Southlake Town Square, Phase I. Since that time, the Council has entered into developer agreements for additional phases of Southlake Town Square.

The developer completed both public and private improvements on the site and the agreements provide for 40% reimbursement of the cost for general public infrastructure (roads, water, sewer, parking, etc.), and 100% reimbursement for the cost of public parks in Town Square. Through September 30, 2019, the developer has been reimbursed a total of \$11,025,136 for eligible project costs.

In addition to reimbursements made from the incremental property value in the zone, the City Council executed a 380 Agreement with the developer, providing for reimbursement of 80% of the sales taxes collected in the Grand Avenue portion of the project until December 31, 2018.

Public buildings and facilities were also included in the project and financing plan. A joint City/County facility was built and opened in early 2000, parking facilities were purchased by the City in 2008, and the plan includes a number of school facilities and operating expenses as well, to be funded with CISD and City of Southlake contributions only.

For FY 2019, \$7,349,398 was spent on zone operations and infrastructure. These funds were used for debt service obligations of Carroll Independent School District facilities, infrastructure improvements and operational cost identified in the project and financing plan.

TIRZ #1 FUND BALANCE

At the conclusion of FY 2019, the fund balance was \$2.9 million. At the conclusion of FY 2020, it is projected that the fund balance will be \$4.6 million. These funds will be necessary for future projects and may also be used to reimburse the City of Southlake for the city funds used to supplement debt service payments in prior years.

ATTACHMENT A

Chart 1: Comparison of revenues received by taxing entity per fiscal year

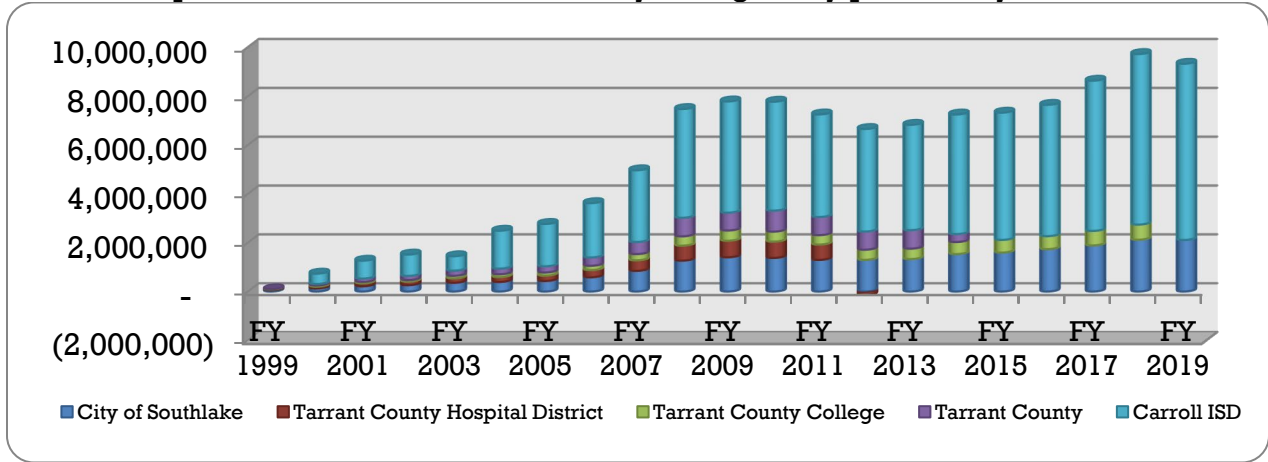


Chart 2: 2018 Taxable Value Increment by taxing entity

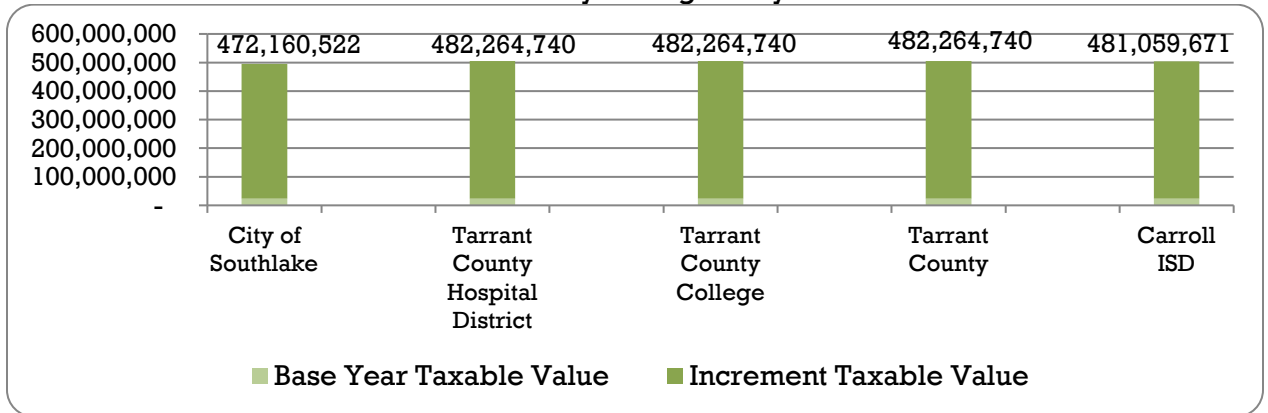
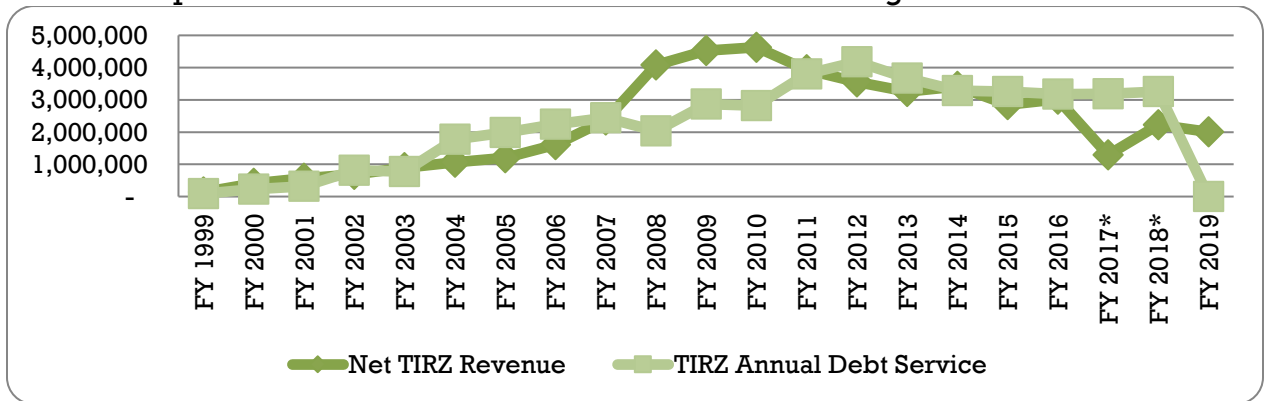


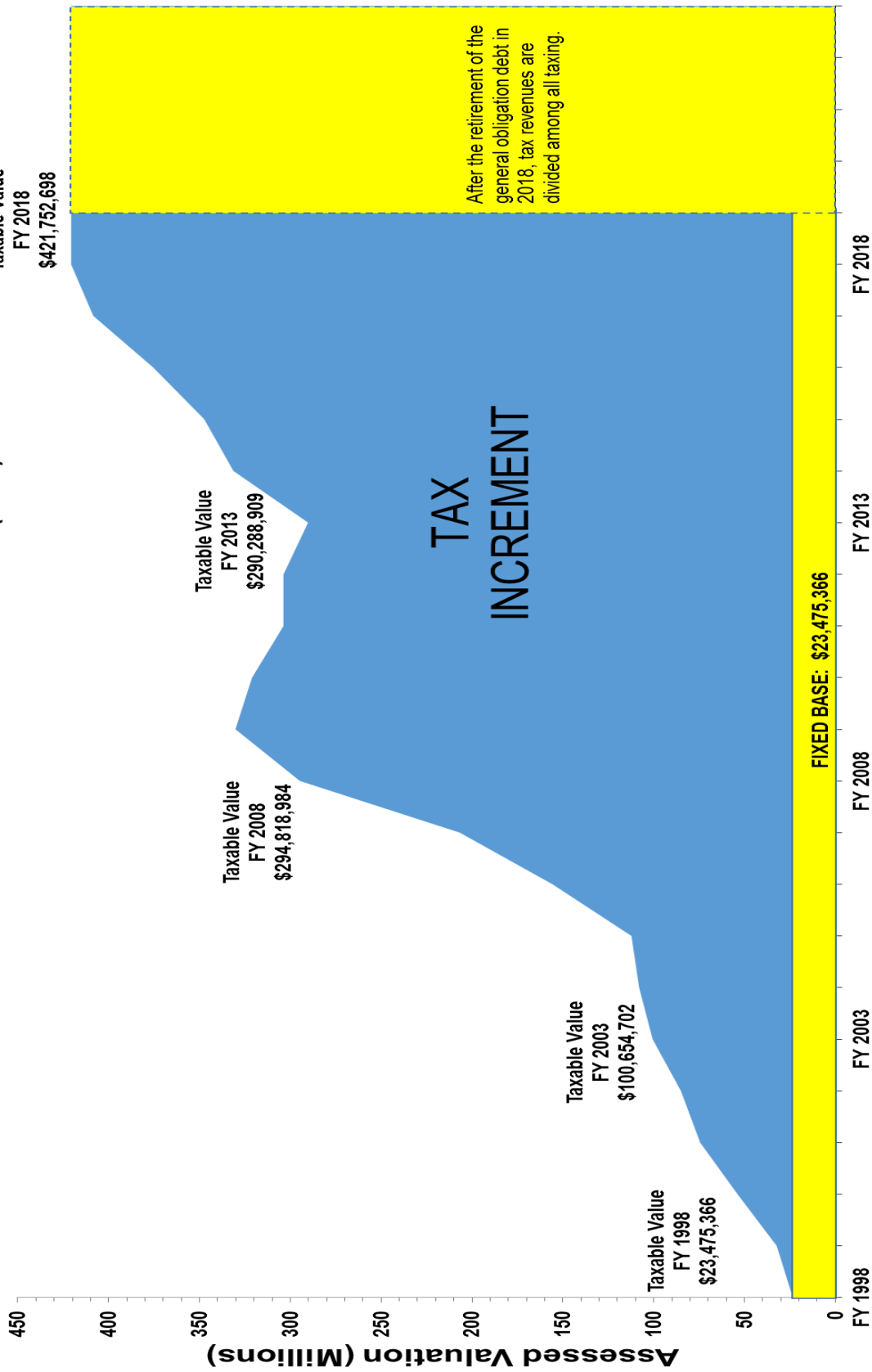
Chart 3: Comparison of revenue received to debt service obligations.



*- \$1,995,000 (FY 17) and \$1,445,000 (FY 18) infrastructure reimbursement reduced net revenues.

Note - All debt obligations were paid as of February 2018

City of Southlake Tax Increment Reinvestment Zone (TIRZ)#1



TIRZ - a subdivision of a municipality where debt is used to finance public improvements with the goal of promoting the development of the district.
FIXED BASE - tax revenue from the fixed base continues to be divided among tax jurisdictions regardless of improvements.
TAX INCREMENT - tax revenue from the tax increment used to repay G.O. debt.