

CITY OF TEXAS CITY  
REGULAR CALLED CITY COMMISSION MEETING

AGENDA

WEDNESDAY, SEPTEMBER 3, 2014 - 5:00 P.M.  
KENNETH T. NUNN COUNCIL ROOM - CITY HALL  
1801 9th Ave. N.  
Texas City, TX 77590

- (1) ROLL CALL
- (2) INVOCATION
- (3) PLEDGE OF ALLEGIANCE
- (4) PROCLAMATIONS AND PRESENTATIONS
  - (a) Promotion  
Micah Voight- Engineer (Fire Department)
- (5) PUBLIC HEARING
  - (a) A public hearing to hear citizens' opinions in favor of or in opposition to the City of Texas City's proposed 2014/2015 Fiscal Year Budget. (Finance)
  - (b) A second public hearing to hear citizens' opinions in favor of or in opposition to the proposed 2014 tax rate of \$0.438 per \$100 valuation. This rate exceeds the effective tax rate of \$0.407234 per \$100 valuation, but is less than the rollback tax rate of \$0.439450 per \$100 valuation. The proposed rate is \$0.015 less than the 2013 tax rate of \$0.453 per \$100 valuation. (Finance)
- (6) CONSENT AGENDA
  - (a) Approve City Commission Minutes for AUGUST 20, 2014 meeting. (City Secretary)
  - (b) Consider and take action on Resolution No. 14-084, appointments and/or reappointments to various boards, commissions and committees. (City Secretary)
  - (c) Consider and take action on Resolution No. 14-085, approving the City Commission's Receipt of the TIRZ Report. (City Secretary)
  - (d) Consider and take action on Resolution No. 14-086, approving the sale of Property In Trust (PIT) property, legally described as Lot One Hundred Forty-Three (143), TD Armstrong Extension, Texas City, Galveston County, Texas, said property described more particularly in the instrument recorded at Book 1227, Page 329 in the Official Deed Records of Galveston County, Texas. (Management Services)

- (7) PUBLIC COMMENTS
- (8) MAYOR'S COMMENTS
- (9) COMMISSIONERS' COMMENTS

ADJOURNMENT

NOTICE OF ANY SUBJECT APPEARING ON THIS AGENDA REGARDLESS OF HOW THE MATTER IS STATED MAY BE ACTED UPON BY THE CITY COMMISSION.

NOTICE: The City of Texas City will furnish free transportation to handicapped individuals via a 4-door sedan for anyone wishing to attend the City Commission meetings. Call 948-3111, City Secretary's Office before noon on Monday preceding the meeting to make arrangements.

I, THE UNDERSIGNED AUTHORITY, DO HEREBY CERTIFY THAT THIS NOTICE OF MEETING WAS POSTED ON THE BULLETIN BOARDS AT CITY HALL, 1801 9TH AVENUE NORTH, TEXAS CITY, TEXAS, AT A PLACE CONVENIENT AND READILY ACCESSIBLE TO THE GENERAL PUBLIC AND ON THE CITY'S WEBSITE ON AUGUST 29, 2014, AT 3:20 P.M. AND REMAINED SO POSTED CONTINUOUSLY FOR AT LEAST 72 HOURS PRECEDING THE SCHEDULED TIME OF SAID MEETING.

/S/ Nicholas J. Finan \_\_\_\_\_  
NICHOLAS J. FINAN  
CITY SECRETARY

**CITY COMMISSION REGULAR MTG**

**4. (a.**

**Meeting Date:** 09/03/2014

Promotion to Engineer - Micah Voight

**Submitted By:** Justin Herter, City Secretary

**Department:** City Secretary

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**Information**

**ACTION REQUEST (Brief Summary)**

Micah Voight promotion to Engineer effective 8-25-2014.

**BACKGROUND**

**ANALYSIS**

**ALTERNATIVES CONSIDERED**

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**Fiscal Impact**

**CITY COMMISSION REGULAR MTG**

**5. (a.**

**Meeting Date:** 09/03/2014

Public Hearing to Adopt 2014/2015 Budget

**Submitted For:** Laura Boyd, Finance

**Submitted By:** Laura Boyd, Finance

**Department:** Finance

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**Information**

**ACTION REQUEST (Brief Summary)**

Public hearing on adopting the City of Texas City's proposed 2014/2015 Fiscal Year Budget.

**BACKGROUND**

**ANALYSIS**

**ALTERNATIVES CONSIDERED**

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**Fiscal Impact**

**CITY COMMISSION REGULAR MTG**

**5. (b.**

**Meeting Date:** 09/03/2014

Tax Rate

**Submitted For:** Laura Boyd, Finance

**Submitted By:** Laura Boyd, Finance

**Department:** Finance

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**Information**

**ACTION REQUEST (Brief Summary)**

First Public Hearing on the proposed 2014 tax rate.

**BACKGROUND**

**ANALYSIS**

**ALTERNATIVES CONSIDERED**

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**Fiscal Impact**

**CITY COMMISSION REGULAR MTG**

**Res 14-**

**Meeting Date:** 09/03/2014

Appointment to Boards

**Submitted By:** Michelle Garcia, City Attorney  
Office

**Department:** City Attorney Office

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**Information**

**ACTION REQUEST (Brief Summary)**

Consider appointments / reappointments to various boards, commissions and committees.

**BACKGROUND**

The Mayor is finalizing the appointments and list of appointments/reappointments.

**ANALYSIS**

**ALTERNATIVES CONSIDERED**

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**Fiscal Impact**

**Attachments**

Reappointments

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BOARD/COMMISSION/COMMITTEE/ CORPORATION NAME	APPOINTEE NAME	DATE APPOINTED	REAPPOINTED	DATE REAPPOINTED	TERM EXPIRES	APPOINTMENT AUTHORITY
Animal Services Advisory Committee	Dee Ann Haney				9/30/2014	
Audit Committee	Mike Land	10/1/2012			10/1/2014	
Audit Committee	Rick Wilkenfeld	10/1/2012			10/1/2014	
Audit Committee	Thelma Bowie	10/1/2012			10/1/2014	
Bayou Golf Course Advisory Board	James Horan	10/1/2012			9/30/2014	
Bayou Golf Course Advisory Board	Alana Hilden	10/1/2012			9/30/2014	
Bayou Golf Course Advisory Board	Robin Rossman	10/1/2012			9/30/2014	
Bayou Golf Course Advisory Board	Al Goodson	10/1/2012			9/30/2014	
Board of Adjustments Building & Stan	Dee Ann Haney -replacement BM				9/30/2014	
Board of Adjustments Building & Stan	Yotarsha Barker	10/1/2012			9/30/2014	
Board of Adjustments Building & Stan	Denny Patteson	10/1/2012			9/30/2014	
Board of Adjustments Building & Stan	Joe Carranza	10/1/2012			9/30/2014	
Board of Adjustments Building & Stan	George W. Faust	10/1/2012			9/30/2014	
Board of Adjustments Building & Stan	Patrick Tarpey (ALT)	10/1/2012			9/30/2014	
Board of Adjustments Building & Stan	VACANT (ALT)				9/30/2014	
Board of Air Conditioning and Heating	James Deslate, Chairman	10/1/2012			9/30/2014	
Board of Air Conditioning and Heating	Jack Landriault	10/1/2012			9/30/2014	
Board of Air Conditioning and Heating	Larry Cook	10/1/2012			9/30/2014	
Board of Air Conditioning and Heating	Public Member - Vacant				TBA 2014	
Civil Service	Harold Fattig	10/1/2011			9/30/2014	
Danforth Health Facilites Corporation	John Hackbarth (Alt)	10/1/2012			9/30/2014	
Danforth Health Facilites Corporation	Beverly Lewis, M.D. (Alt)	10/1/2012			9/30/2014	
Housing Authority	Robert Greely	10/1/2012			9/30/2014	
Housing Authority	Jane Baucom	10/1/2012			9/30/2014	
Housing Authority	Oversia Gilbert	10/1/2012			9/30/2014	
Library Board	Halle Ketchum	10/1/2011			9/30/2014	
Library Board	Clara Irby First Appt: 4/17/13	10/1/2012			9/30/2014 *	
Library Board	Arcadio Rodriguez	10/1/2012			9/30/2014 *	
Planning Board	Kyle Dickson (replacement for Dee Ann Haney)	10/1/2012			9/30/2014	
Plumbing Appeals & Advisory Board	Mitchell Chuoke	10/1/2012			9/30/2014	
Plumbing Appeals & Advisory Board	Bob Fairey, Jr.	10/1/2012			9/30/2014	

Plumbing Appeals & Advisory Board	James Hilden, Chairman	10/1/2012			9/30/2014	
Plumbing Appeals & Advisory Board	Denny Patterson	10/1/2012			9/30/2014	
Plumbing Appeals & Advisory Board	Stephen Eggleston	10/1/2012			9/30/2014	
Public Facilities Development Corpora	<del>Daniel V. Piazza, D.O.</del>	10/1/2012			9/30/2014	
Public Facilities Development Corpora	<del>Clanence Christ (Alt)</del>	10/1/2012			9/30/2014	
Recreation & Tourism Board	Ben Cavil, Vice Chairperson	10/1/2011			9/30/2014	
Recreation & Tourism Board	Stephen Eggleston	10/1/2011			9/30/2014	
Recreation & Tourism Board	Winifred Gilmore	10/1/2011			9/30/2014	
Texas City Cultural Arts Foundation	Leslie Henderson	10/1/2011			9/30/2014	
Texas City Economic Developmet	Randy Dietel	10/1/2012			9/30/2014	
Texas City Economic Developmet	Mitchell Chuoke	10/1/2012			9/30/2014	
Texas City Harbour Authority (TCHA)	Randy Dietel	10/1/2012			9/30/2014	
Texas City Harbour Authority (TCHA)	Genie Jennings	10/1/2013			9/30/2014	
Texas City Harbour Foreign Trade	Randy Dietel	10/1/2012			9/30/2014	
Texas City Harbour Foreign Trade	Genie Jennings	10/1/2012			9/30/2014	
Texas City Historical Preservation	Teri O'Brien	10/1/2012			9/30/2014	
Texas City Historical Preservation	Jose Boix	10/1/2012			9/30/2014	
Texas City Housing Corporation	Ernestine Moreno	10/1/2012			9/30/2014	
Texas City Housing Corporation	Kyle Dickson	10/1/2012			9/30/2014	
Texas City Housing Corporation	William T. Etheredge	10/1/2011			9/30/2014	
Texas City Housing Finance	Kyle Dickson	10/1/2012			9/30/2014	
Texas City Housing Finance	William T. Etheredge	10/1/2011			9/30/2014	
Number One Board - Lago Mar Dev. A	Rick Wilkenfeld, Chairman Pos. 1	4/1/2013			9/30/2014	
Zoning Commission	Gilbert Torres	10/1/2012			9/30/2014	
Zoning Commission	Yvonne Chatelaine	10/1/2012			9/30/2014	





**CITY COMMISSION REGULAR MTG**

**6. (c.**

**Meeting Date:** 09/03/2014

**Submitted By:** Michelle Garcia, City Attorney  
Office

**Department:** City Attorney Office

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**Information**

**ACTION REQUEST (Brief Summary)**

Consider and take action on Resolution 14-085, approving the City Commission's Receipt of the TIRZ Report.

**BACKGROUND**

**ANALYSIS**

**ALTERNATIVES CONSIDERED**

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**Fiscal Impact**

**Attachments**

TIRZ Report

TIRZ Report

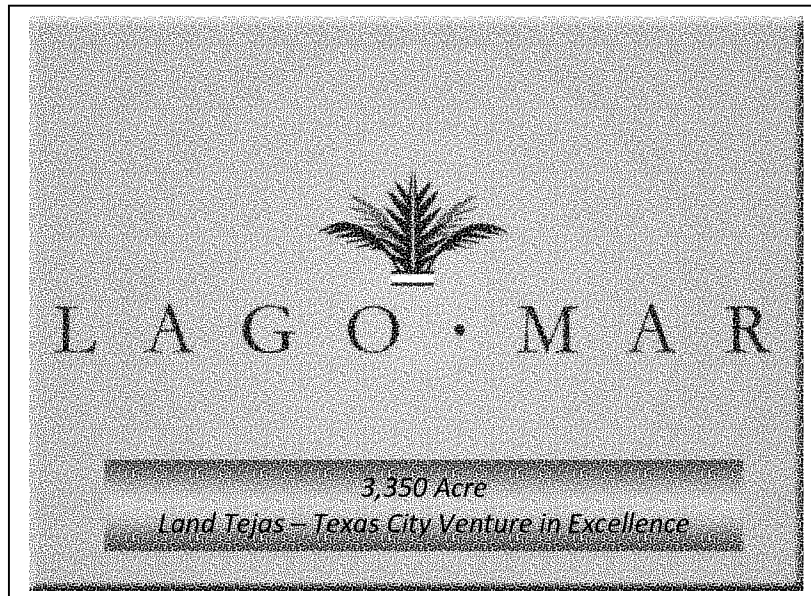
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# 2013 ANNUAL REPORT

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**TAX INCREMENT REINVESTMENT ZONE  
NUMBER ONE  
TEXAS CITY, TEXAS**



**Fiscal Year Ending September 30, 2013**

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## TABLE OF CONTENTS

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City of Texas City, 2013 City Commission .....	1
TIRZ Board of Directors 2013 .....	2
Description of the Zone.....	3
Purpose of the Zone.....	4
State of the Zone and Plan Implementation in 2013 .....	7
Revenue.....	7
Expenditures .....	10
Interest Due on Outstanding Bonds .....	12
Base Value & Captured Appraised Value .....	12
Increment Received by Taxing Entities.....	13

## LIST OF FIGURES

---

Figure 1: City of Texas City TIRZ 1 Location Map .....	3
Figure 2: City of Texas City TIRZ 1 Boundary Map.....	3
Figure 3: Lago Mar Preliminary Concept Plan .....	4
Figure 4: Lago Mar Conceptual Master Plan-October 2013.....	5
Figure 5: Commercial and Residential TIRZ Areas.....	7
Figure 6: Location of Proposed TIRZ Improvements .....	12

## LIST OF TABLES

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Table A: Participation Schedule Commercial Area .....	8
Table B: Participation Schedule Residential Area .....	8
Table C: Base Year Market Value by Jurisdiction.....	9
Table D: Tax Increment Revenue Fund Balance by Year.....	9
Table E: Estimated Project Plan Costs .....	11

## COMPLIANCE

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Texas Tax Code 311.016 (a):	
(1).....	7
(2).....	10
(3).....	12
(4).....	12
(5).....	13

# CITY OF TEXAS CITY, TEXAS

## 2013 CITY COMMISSION

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**Mayor**

Hon. Matthew T. Doyle

**Commission  
Members**

Hon. Mike Land  
Mayor Pro-Tem

Hon. Dee Ann Haney  
Commissioner At-Large

Hon. Thelma Bowie  
Position 1

Hon. J.W. Wilson, Jr. (until August 2013)  
Hon. Phil Roberts (as of August 2013)  
Position 2

Hon. Dedrick Johnson  
Position 3

Hon. Rick Wilkenfeld  
Position 4

**TAX INCREMENT REINVESTMENT ZONE  
NUMBER ONE, CITY OF TEXAS CITY, TEXAS  
2013 BOARD OF DIRECTORS**

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<b>Position 1</b>	Rick Wilkenfeld, Chair Texas City Designee
<b>Position 2</b>	Nick Stepchinski College of the Mainland Designee
<b>Position 3</b>	James Torres Texas City Designee
<b>Position 4</b>	Carlos Garza Texas City Designee
<b>Position 5</b>	Chris Doyle Galveston County Designee
<b>Position 6</b>	Genie Jennings Texas City Designee
<b>Position 7</b>	Hon. Stephen Holmes Galveston County Designee

## **DESCRIPTION OF ZONE**

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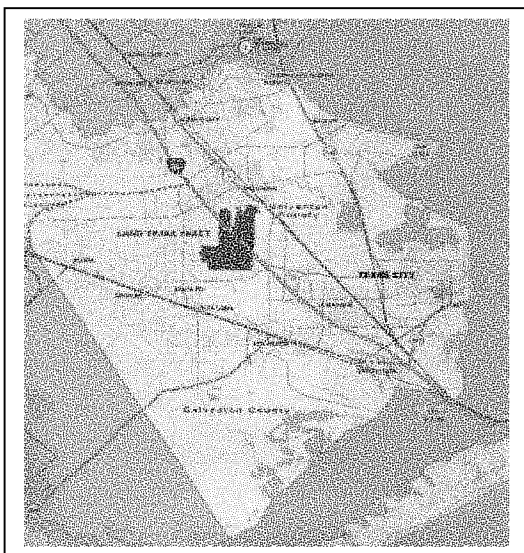
In accordance with the Tax Increment Financing Act (Chapter 311, Tax Code), Ordinance 06-45 of the City of Texas City, Texas (the “City”) established Reinvestment Zone Number One, City of Texas City, Texas (the “Zone”) on December 20, 2006. The Zone, also known as “The Lago Mar TIRZ”, consists of approximately 3,350 acres located in Galveston County, Texas (the “County”). The Project Plan (the “Plan”) was adopted by City Commission on January 2, 2008 by Ordinance 08-01. In addition to City participation in the Zone, the County and College of the Mainland (the “College”) agreed to participate in the Zone.

To aid and assist in the implementation of the Plan, the City created the Lago Mar Development Authority (the “Authority”), a Local Government Corporation incorporated on July 18, 2007. To further facilitate development within the Zone, the City, the Authority, the TIRZ and Galveston County Municipal Utility District No. 54 (“MUD 54”) entered into an agreement (the “Quad Party Agreement”), effective December 19, 2007, detailing the respective roles and responsibilities of the parties in implementing the Plan. The private sector developer for Lago Mar is Land Tejas Texas City Limited, a Texas Limited Partnership, whose General Partner is Land Tejas Corporation (the “Master Developer”). The Authority and the Master Developer entered into a Master Developer Reimbursement Agreement effective January 3, 2008.

On July 20, 2011, a new agreement was executed between the City, Zone, Authority, MUD 54, Master Developer, and Galveston Premium Outlets LLC (the “Omnibus Agreement”). The Omnibus Agreement modified and amended the terms of the Quad Party Agreement as it relates to the development of the Tanger Outlets Mall projects.

The Zone is situated near the western boundary of Texas City, is bisected by Interstate 45, and at creation was vacant. A map illustrating the location of the Zone within the City follows as Figure 1. Figure 2 depicts the Zone boundary

**Figure 1: TIRZ 1 Location Map**



**Figure 2: TIRZ 1 Boundary Map**



## **PURPOSE OF ZONE**

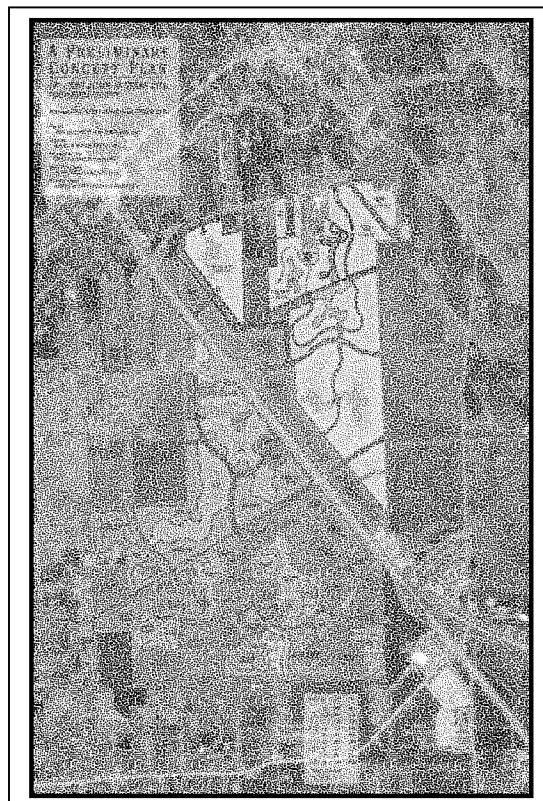
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The purpose of the Zone is to facilitate the development of a quality master-planned community, including a large mixed-use component, with amenities and sustainability that will contribute to the growth of the tax base for the City, the County and the College. The City Commission, in adopting the ordinance creating the Zone, found that the projects described in the Plan provided a focused planning and financing mechanism to promote and monitor this significant development effort to the benefit of all the citizens of the City, individual and corporate, as well as all participating jurisdictions. But for the creation of the Zone and the participating jurisdictions, this area would not likely experience the magnitude of private investment necessary for this property to develop in the proposed manner or to the standards and quality planned in the foreseeable future.

The City Commission further found that improvements in the Zone will enhance the value of all taxable real property within the Zone and will be of general benefit to the City. The methods of financing and the sources of funding available to the Zone, including the participation levels of the entities, are described in the Project Plan and Reinvestment Zone Financing Plan.

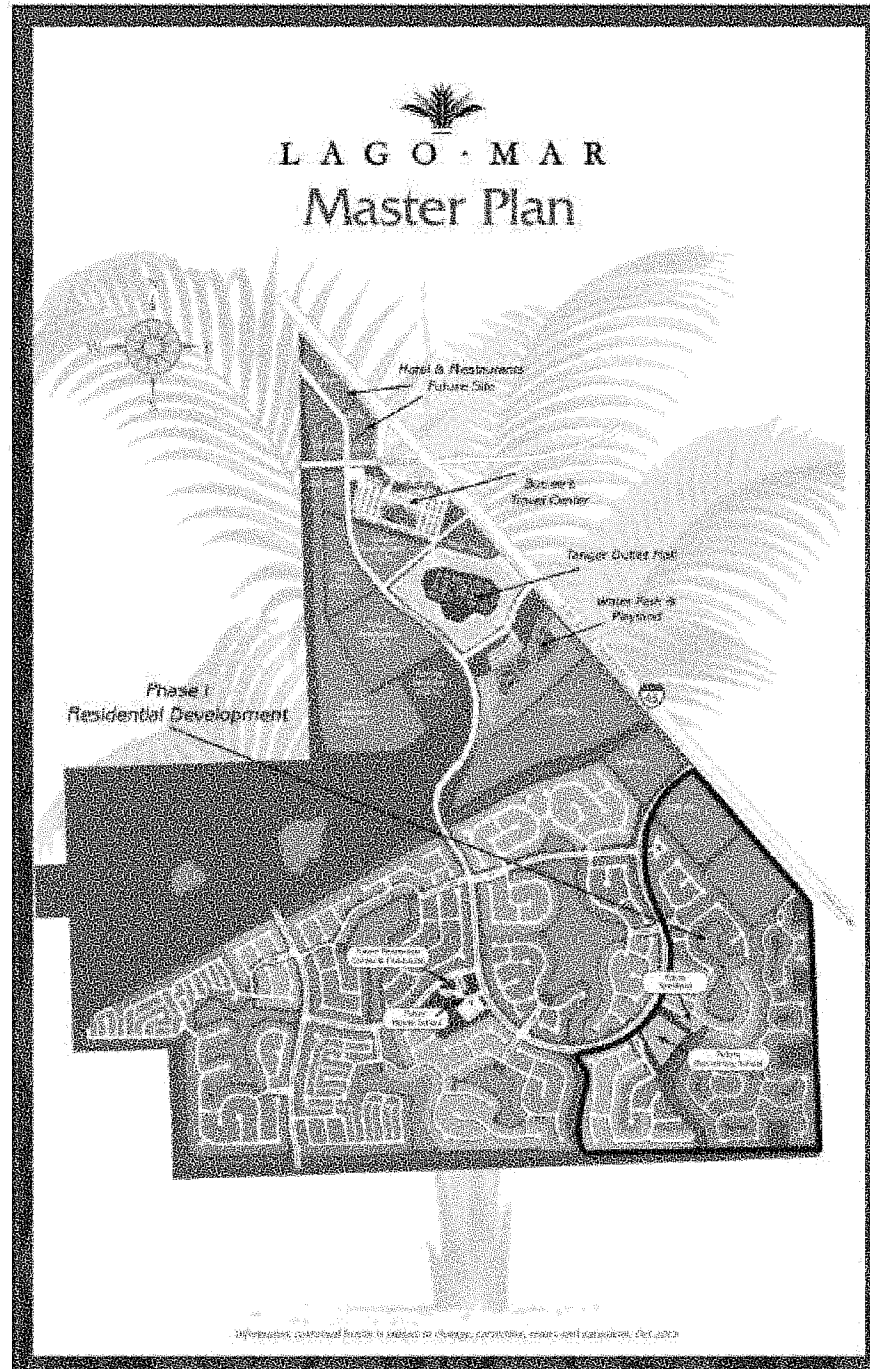
The Preliminary Concept Plan for Lago Mar Master Planned Community is shown below as Figure 3.

**Figure 3: Lago Mar Preliminary Concept Plan**



As part of the master planning effort, the City and the Master Developer agreed that a mixed-use component to the development would greatly enhance the economic diversification and tax base growth the City is seeking to promote. To that end the Master Developer has put forth a mixed-use concept plan for approximately 898 acres, planned to include large amenity lakes with detention function, trails connecting the mixed-use area to the broader community and a diversity of commercial uses. The mixed-use concept plan follows as Figure 4.

**FIGURE 4: Lago Mar Conceptual Master Plan-October 2013**



On October 19, 2012 Tanger Factory Outlet Centers the ribbon cutting and grand opening of the Tanger Outlets Mall, Texas City. The new mall opened with more than 80 brand name and outlet tenants in approximately 350,000 square feet and has become a major tourist attraction.



# STATE OF THE ZONE AND PLAN IMPLEMENTATION IN 2013

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## Revenue

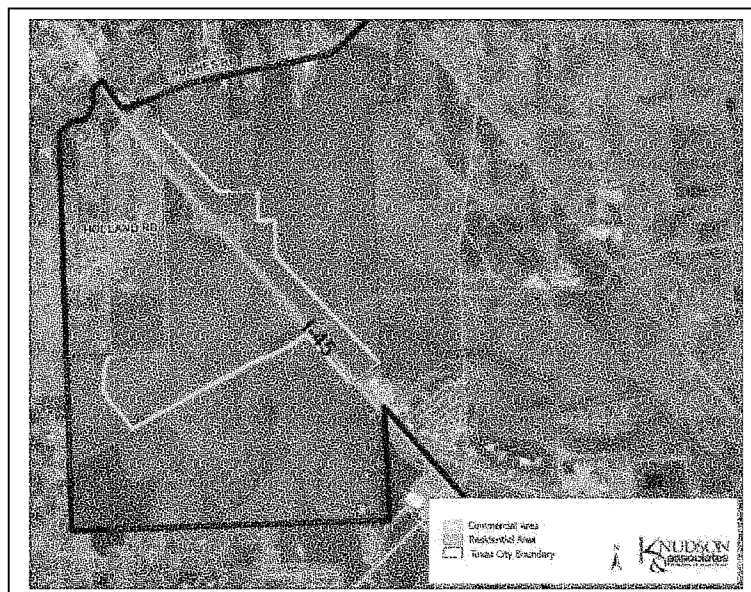
*1. The information provided in the section is in accordance with § 311.016 (a) (1) of the Texas Tax Code, which requires inclusion of the amount and source of revenue in the tax increment fund established for the Zone.*

In addition to the City's tax increment revenue, interlocal agreements with the County and the College provide for each taxing unit's participation in the Zone. The Plan sets forth a two-tiered participation schedule as follows:

*Lago Mar is proposed to be a large master planned community with strong residential and commercial components. The commercial areas of the TIRZ are the very gateway of Texas City and the City seeks to promote the development of these critical areas with a distinctive urban design that establishes a sense of place unique in Galveston County. The City understands that the commercial areas will need time to reach the highest and best uses based on market conditions and to that end the City has proposed and secured a two-tiered participation structure: 100 % participation by the City for 31 years and by the County and the College for 30 years in the commercial area and 60% for 10 years followed by 40% for 10 years by all entities in the residential areas.*

The boundaries of the residential and commercial areas within the TIRZ are shown below as Figure 5.

**Figure 5: Commercial and Residential TIRZ Areas**



Further within the Residential Area the Plan sets forth a performance-based, enhanced level of participation by the City as follows:

*In recognizing the reality of market forces, while wishing to foster the highest quality of single family residential possible, the City is has established a base participation level and a second performance-based participation level when certain average value per dwelling unit levels are exceeded in the aggregate. The base participation is shown below and will be enacted when the average value of the single family residential is less than \$180,000. The performance-based participation will be enacted when the average value of the single family residential is greater than \$180,000.*

Schedules outlining the varying levels and lengths of participation for both the Commercial Area and the Residential Area follow as Table A and Table B respectively.

**Table A: Participation Schedule Commercial Area**

Jurisdiction	2013 Tax Rate	2012 Tax Rate	2011 Tax Rate	Participation %	Years
Texas City	\$0.453	\$0.425	\$0.425	100%	2007-2037
Galveston County	\$0.5898	\$0.60877	\$0.6128	100%	2008-2037
College of the Mainland	\$0.22121	\$0.22957	\$0.23202	100%	2008-2037

*Tax Rate Source: Galveston County Central Appraisal District*

**Table B: Participation Schedule Residential Area**

Jurisdiction	2013 Tax Rate	2012 Tax Rate	2011 Tax Rate	Years	Base Participation %	Performance Based %
Texas City	\$0.453	\$0.425	\$0.425	2007-2016	60%	75%
				2017-2026	40%	50%
				2027-2037	0%	0%
Galveston County	\$0.5898	\$0.60877	\$0.6128	2008-2017	60%	
				2018-2027	40%	n/a
				2028-2037	0%	
College of the Mainland	\$0.22121	\$0.22957	\$0.23202	2008-2017	60%	
				2018-2027	40%	n/a
				2028-2037	0%	

The obligations of the participating taxing jurisdictions, as defined in their respective interlocal agreements, include the timely deposit of tax increment revenue into the City's tax increment revenue fund. Table C illustrates the growth in appraised value from the base year 2006 to tax year 2013 for each participating jurisdiction.

**Table C: Base Year Market Value by Jurisdiction  
Commercial**

Taxing Entity	2006 Base Value (Taxable)	2011 Value (Taxable)	2012 Value (Taxable)	2013 Value (Taxable)	Captured Appraised Value (Increment)
Texas City	\$16,222	\$510,250	\$7,403,330	\$90,964,190	\$90,947,968
Galveston County	\$16,222	\$510,250	\$7,403,330	\$90,964,190	\$90,947,968
College of the Mainland	\$16,222	\$510,250	\$7,403,330	\$90,964,190	\$90,947,968

**Residential**

Taxing Entity	2006 Base Value (Taxable)	2011 Value (Taxable)	2012 Value (Taxable)	2013 Value (Taxable)	Captured Appraised Value (Increment)
Texas City	\$211	\$434,650	\$712,060	\$197,710	\$ 197,499
Galveston County	\$211	\$434,650	\$712,060	\$197,710	\$ 197,499
College of the Mainland	\$211	\$434,650	\$712,060	\$197,710	\$ 197,499

In future years Table D will be used to illustrate the amount of each jurisdiction's incremental revenue to the tax increment fund for the Residential and Commercial Areas, Developer Reimbursements, and the estimated Fund Balance.

**Table D: Tax Increment Revenue Fund Balance by Year**

RESIDENTIAL	FISCAL YEAR					
Taxing Entity	2006-2007	2008-2009	2009-2010	2010-2011	2011-2013	2012-2013
Texas City	\$ -0-	\$ -0-	\$ 645.67	\$ 620.37	\$ 3,059.81	\$ 536.80
Galveston County	\$ -0-	\$ -0-	\$ 941.51	\$ 894.72	\$ 45.16	\$ 691.68
County Road & Flood	\$ -0-	\$ -0-	\$ 13.66	\$ 12.95	\$ 2,167.67	\$ 7.23
College of the Mainland	\$ -0-	\$ -0-	\$ 355.32	\$ 338.71	\$ 1,170.90	\$ 262.13

COMMERCIAL	FISCAL YEAR					
Taxing Entity	2006-2007	2008-2009	2009-2010	2010-2011	2011-2013	2012-2013
Texas City	\$ -0-	\$ 609.00	\$ 4.84	\$ 272.43	\$ 44,339.95	\$ 412,351.59
Galveston County	\$ -0-	\$ 1,270.19	\$ 6.99	\$ 392.96	\$ 395.83	\$ 531,325.16
County Road & Flood	\$ -0-	\$ -0-	\$ 0.03	\$ 5.69	\$ 31,412.12	\$ 5,553.84
College of the Mainland	\$ -0-	\$ 411.53	\$ 2.60	\$ 148.76	\$ 16,967.61	\$ 201,359.39

Developer Reimbursements	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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Fiscal Year End Fund Balance	\$ -0-	\$ 2,290.72	\$ 1,970.62	\$ 2,686.59	\$ 668.76	\$ 156,719.46
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## Expenditures

***2. The information provided in this section is in accordance with § 311.016 (a) (2) of the Texas Tax Code, which requires inclusion of the amount and purpose of expenditures from the fund.***

The Board of Directors of the Zone has been granted by City Council, in accordance with Section 311.010 of the Texas Tax Code, the power to administer, manage and operate the Zone and to implement the Plan. The Zone was created for duration of 30 years, or until dissolved by the City.

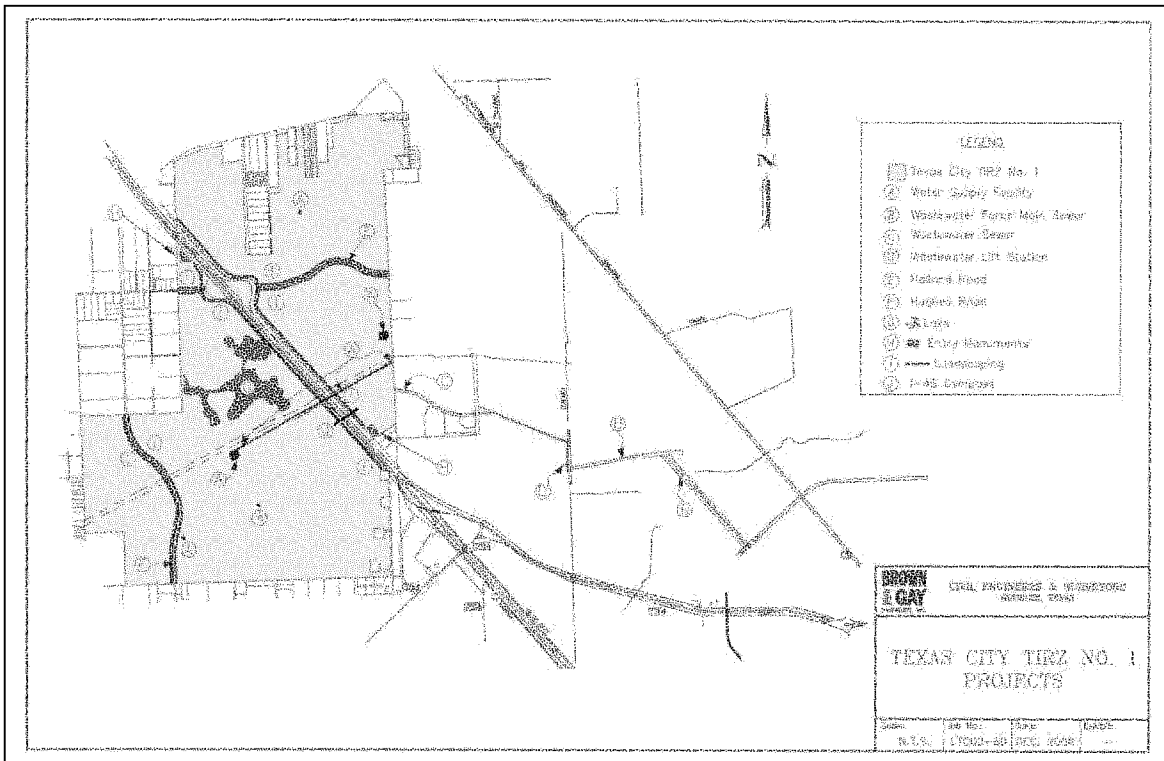
In addition to the Estimated Project Costs shown on Table E below, the Plan contemplates that the following types of projects may be considered as Eligible Project Costs:

- *Capital Expenses related to demolition, environmental abatement, and remediation including site work and fill, necessary to prepare sites and existing structures for new use.*
- *Land Costs associated with property formally conveyed to the public in conjunction with the implementation of projects otherwise eligible for reimbursement may also be eligible for reimbursement. The City and the Zone shall establish procedures for determining the appropriateness and eligibility of any such costs based on Municipal Utility District rules for reimbursement.*
- *Matching Funds may be contributed in support of local, state, federal or other capital improvements programs that benefit the project and the region.*
- *Streetscape, Gateways, Parks, and Community Facilities that enhance or serve the existing and future development. These may include, but are not limited to, lighting, walks, landscaping and related street furniture, greenbelts and paths, trails, parks, outdoor pavilions, non-profit community and arts space, and recreational/sports facilities.*
- *Professional Fees incurred for architectural, planning, engineering, legal, landscape architecture, financial, marketing, public relations, management, leasing, bookkeeping, tax role verification, environmental, archaeological, and other services and advice necessary to the project.*
- *Financing Costs related to developer's interest and financing interest, legal fees, underwriter's fees, brokerage charges, transfer or placement charges, premium and fees paid for loans, credit enhancement fees, notes, bonds or other instruments of credit issued to pay for project costs.*
- *Operational Expenses as may be necessary to provide for the proper administration of the Zone over its life.*

**Table E: Estimated Project Plan Costs**

<b>Estimate of Project Costs</b>	
<b>Project</b>	<b>Estimated Project Cost</b>
<b>Water</b>	
Water Supply Plant	3,469,594
Remote Water Well and Collection Line(s)	1,682,835
Elevated Water Storage Tank(s), Transmission Line(s), and Related Water Plant Items	7,701,308
Water Well(s), Lines, and Related Water Plant Items	7,638,733
Sub-total	20,492,471
<b>Sanitary Sewer</b>	
Wastewater Plant and Related Force Main(s)	1,571,608
Sanitary Sewer Transmission Line(s)	2,468,238
Other Wastewater Projects and Lift Station(s)	2,355,092
Other Force Main(s)	2,519,492
Sub-total	8,914,429
<b>Roadway and Mobility Improvements</b>	
Holland Road Construction and Landscaping	7,447,717
Hughes Road Construction and Landscaping	6,471,177
I-45 / Overpass	5,000,000
I-45 Landscaping	3,901,309
Sub-total	22,820,203
<b>Detention / Retention / Place Making Amenities</b>	
125 ± Acre Lake	28,973,505
Lake Landscaping	2,259,922
Monumentation	2,323,052
Sub-total	33,556,479
<b>Zone Administration</b>	
Legal, Auditing, Planning, Architectural, Engineering, Administration, etc.	2,850,000
<b>Total Estimated Project Costs</b>	<b>88,633,582</b>
<p><b>Note:</b> It is understood that land costs for major CIP dedications (water plants, water wells, etc.) and professional fees (engineering, planning, architectural, geotechnical, surveying, etc.) are necessary expenses that will be incurred on behalf of the Zone. These fees have been estimated and included in the line-item projections.</p>	

**Figure 6: Location of Proposed TIRZ Improvements**



**TIRZ Authorized Projects in 2013:**

No new projects were authorized in 2013.

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*3. The information provided in this section is in accordance with § 311.016 (a) (3) of the Texas Tax Code, which requires inclusion of the amount of principal and interest due on outstanding bonded indebtedness.*

The Zone issued no debt and therefore had no interest due on outstanding bonds.

**Base Value & Captured Appraised Value**

*4. The information provided in this section is in accordance with § 311.016 (a) (4) of the Texas Tax Code, which requires inclusion of the tax increment base and current captured appraised value retained by the Zone.*

The captured appraised value of the Zone is the total appraised value of all real property located within the Zone, less the tax increment base value. In each year subsequent to the base year, the Zone will receive tax increment revenue based on ad valorem property taxes levied and collected by each participating taxing unit on the captured appraised value of the Zone.

As of January 1, 2006, the base year for the Zone, the total appraised value of the property was \$11,649,740 for residential and \$26,674,040 for commercial.<sup>1</sup> On January 1, 2013, the area encompassed by the Zone had a total assessed value of \$91,161,900. As a result, the total captured value on the tax roll as of January 1, 2013 was \$90,947,968 for commercial and \$197,499 for residential as illustrated in Table C.

## **Increment Received by Taxing Entities**

***5. The information provided in this section is in accordance with § 311.016 (a) (5) of the Texas Tax Code, which requires inclusion of the captured appraised value shared by the City and other taxing units, the total amount of tax increments received, and any additional information necessary to demonstrate compliance with the Plan.***

For Tax Year 2013 the total increment generated and paid into the increment fund was \$1,187,699.37.

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**TAX INCREMENT REINVESTMENT ZONE NUMBER ONE  
TEXAS CITY, TEXAS  
2013 ANNUAL REPORT  
Tax Year Ending December 31, 2013**

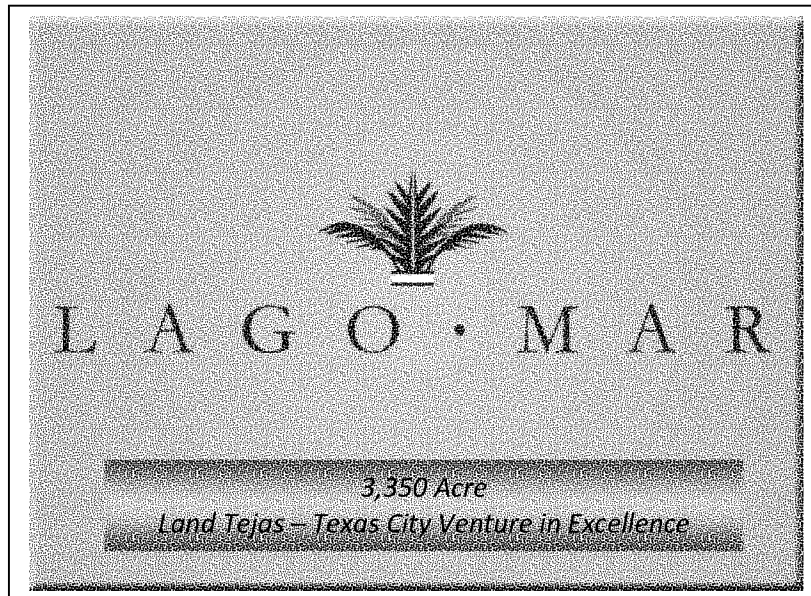
Prepared by Marsh Darcy Partners, Inc.

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# 2013 ANNUAL REPORT

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**TAX INCREMENT REINVESTMENT ZONE  
NUMBER ONE  
TEXAS CITY, TEXAS**



**Fiscal Year Ending September 30, 2013**

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## TABLE OF CONTENTS

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City of Texas City, 2013 City Commission .....	1
TIRZ Board of Directors 2013 .....	2
Description of the Zone.....	3
Purpose of the Zone.....	4
State of the Zone and Plan Implementation in 2013 .....	7
Revenue.....	7
Expenditures .....	10
Interest Due on Outstanding Bonds .....	12
Base Value & Captured Appraised Value .....	12
Increment Received by Taxing Entities.....	13

## LIST OF FIGURES

---

Figure 1: City of Texas City TIRZ 1 Location Map .....	3
Figure 2: City of Texas City TIRZ 1 Boundary Map.....	3
Figure 3: Lago Mar Preliminary Concept Plan .....	4
Figure 4: Lago Mar Conceptual Master Plan-October 2013.....	5
Figure 5: Commercial and Residential TIRZ Areas.....	7
Figure 6: Location of Proposed TIRZ Improvements .....	12

## LIST OF TABLES

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Table A: Participation Schedule Commercial Area .....	8
Table B: Participation Schedule Residential Area .....	8
Table C: Base Year Market Value by Jurisdiction.....	9
Table D: Tax Increment Revenue Fund Balance by Year.....	9
Table E: Estimated Project Plan Costs .....	11

## COMPLIANCE

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Texas Tax Code 311.016 (a):	
(1).....	7
(2).....	10
(3).....	12
(4).....	12
(5).....	13

# CITY OF TEXAS CITY, TEXAS

## 2013 CITY COMMISSION

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**Mayor**

Hon. Matthew T. Doyle

**Commission  
Members**

Hon. Mike Land  
Mayor Pro-Tem

Hon. Dee Ann Haney  
Commissioner At-Large

Hon. Thelma Bowie  
Position 1

Hon. J.W. Wilson, Jr. (until August 2013)  
Hon. Phil Roberts (as of August 2013)  
Position 2

Hon. Dedrick Johnson  
Position 3

Hon. Rick Wilkenfeld  
Position 4

**TAX INCREMENT REINVESTMENT ZONE  
NUMBER ONE, CITY OF TEXAS CITY, TEXAS  
2013 BOARD OF DIRECTORS**

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<b>Position 1</b>	Rick Wilkenfeld, Chair Texas City Designee
<b>Position 2</b>	Nick Stepchinski College of the Mainland Designee
<b>Position 3</b>	James Torres Texas City Designee
<b>Position 4</b>	Carlos Garza Texas City Designee
<b>Position 5</b>	Chris Doyle Galveston County Designee
<b>Position 6</b>	Genie Jennings Texas City Designee
<b>Position 7</b>	Hon. Stephen Holmes Galveston County Designee

## **DESCRIPTION OF ZONE**

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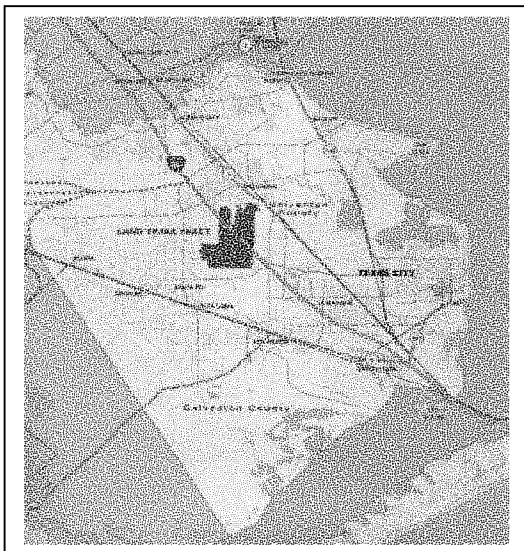
In accordance with the Tax Increment Financing Act (Chapter 311, Tax Code), Ordinance 06-45 of the City of Texas City, Texas (the “City”) established Reinvestment Zone Number One, City of Texas City, Texas (the “Zone”) on December 20, 2006. The Zone, also known as “The Lago Mar TIRZ”, consists of approximately 3,350 acres located in Galveston County, Texas (the “County”). The Project Plan (the “Plan”) was adopted by City Commission on January 2, 2008 by Ordinance 08-01. In addition to City participation in the Zone, the County and College of the Mainland (the “College”) agreed to participate in the Zone.

To aid and assist in the implementation of the Plan, the City created the Lago Mar Development Authority (the “Authority”), a Local Government Corporation incorporated on July 18, 2007. To further facilitate development within the Zone, the City, the Authority, the TIRZ and Galveston County Municipal Utility District No. 54 (“MUD 54”) entered into an agreement (the “Quad Party Agreement”), effective December 19, 2007, detailing the respective roles and responsibilities of the parties in implementing the Plan. The private sector developer for Lago Mar is Land Tejas Texas City Limited, a Texas Limited Partnership, whose General Partner is Land Tejas Corporation (the “Master Developer”). The Authority and the Master Developer entered into a Master Developer Reimbursement Agreement effective January 3, 2008.

On July 20, 2011, a new agreement was executed between the City, Zone, Authority, MUD 54, Master Developer, and Galveston Premium Outlets LLC (the “Omnibus Agreement”). The Omnibus Agreement modified and amended the terms of the Quad Party Agreement as it relates to the development of the Tanger Outlets Mall projects.

The Zone is situated near the western boundary of Texas City, is bisected by Interstate 45, and at creation was vacant. A map illustrating the location of the Zone within the City follows as Figure 1. Figure 2 depicts the Zone boundary

**Figure 1: TIRZ 1 Location Map**



**Figure 2: TIRZ 1 Boundary Map**



## **PURPOSE OF ZONE**

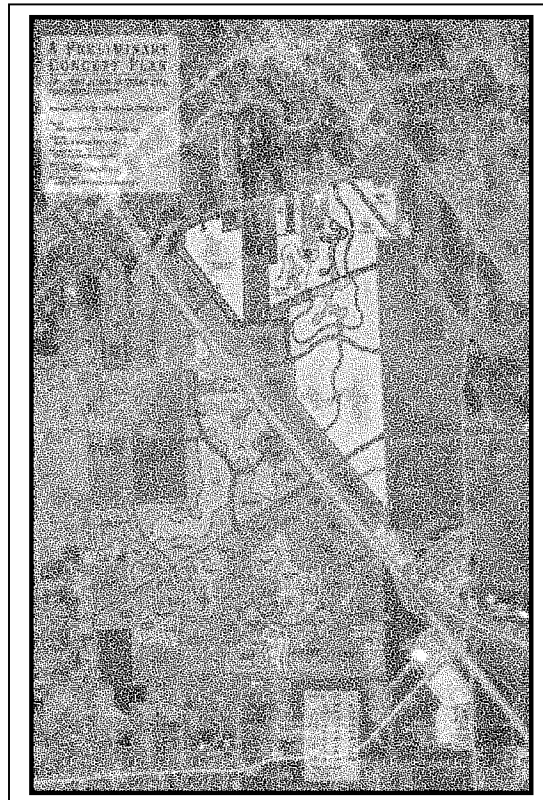
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The purpose of the Zone is to facilitate the development of a quality master-planned community, including a large mixed-use component, with amenities and sustainability that will contribute to the growth of the tax base for the City, the County and the College. The City Commission, in adopting the ordinance creating the Zone, found that the projects described in the Plan provided a focused planning and financing mechanism to promote and monitor this significant development effort to the benefit of all the citizens of the City, individual and corporate, as well as all participating jurisdictions. But for the creation of the Zone and the participating jurisdictions, this area would not likely experience the magnitude of private investment necessary for this property to develop in the proposed manner or to the standards and quality planned in the foreseeable future.

The City Commission further found that improvements in the Zone will enhance the value of all taxable real property within the Zone and will be of general benefit to the City. The methods of financing and the sources of funding available to the Zone, including the participation levels of the entities, are described in the Project Plan and Reinvestment Zone Financing Plan.

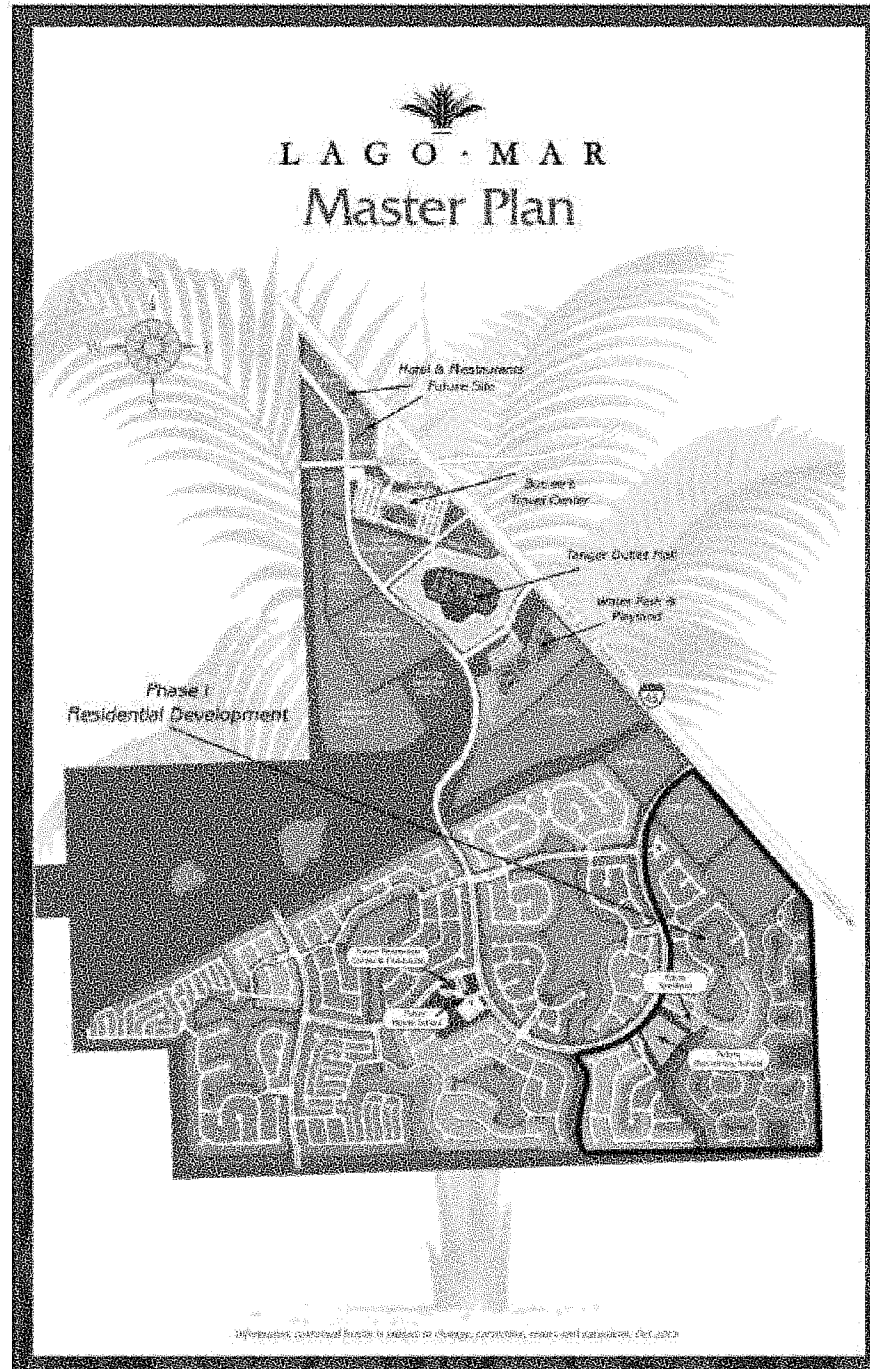
The Preliminary Concept Plan for Lago Mar Master Planned Community is shown below as Figure 3.

**Figure 3: Lago Mar Preliminary Concept Plan**



As part of the master planning effort, the City and the Master Developer agreed that a mixed-use component to the development would greatly enhance the economic diversification and tax base growth the City is seeking to promote. To that end the Master Developer has put forth a mixed-use concept plan for approximately 898 acres, planned to include large amenity lakes with detention function, trails connecting the mixed-use area to the broader community and a diversity of commercial uses. The mixed-use concept plan follows as Figure 4.

**FIGURE 4: Lago Mar Conceptual Master Plan-October 2013**



On October 19, 2012 Tanger Factory Outlet Centers the ribbon cutting and grand opening of the Tanger Outlets Mall, Texas City. The new mall opened with more than 80 brand name and outlet tenants in approximately 350,000 square feet and has become a major tourist attraction.



# STATE OF THE ZONE AND PLAN IMPLEMENTATION IN 2013

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## Revenue

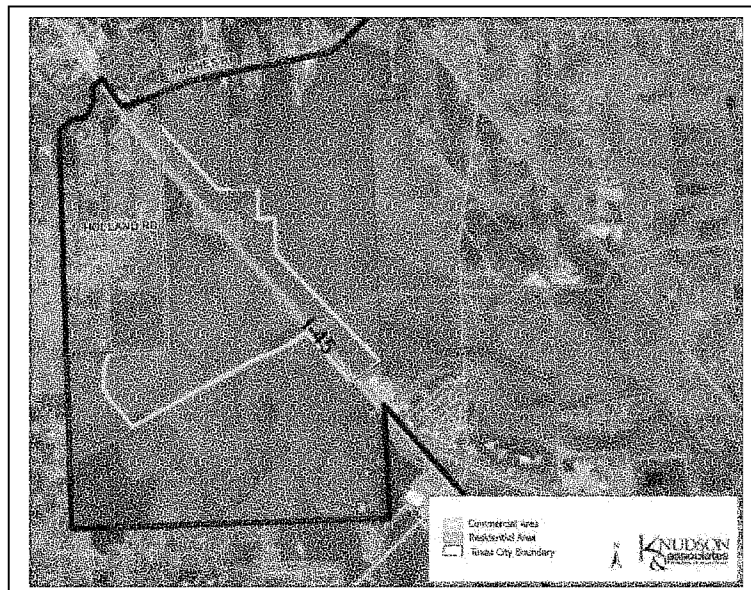
*1. The information provided in the section is in accordance with § 311.016 (a) (1) of the Texas Tax Code, which requires inclusion of the amount and source of revenue in the tax increment fund established for the Zone.*

In addition to the City's tax increment revenue, interlocal agreements with the County and the College provide for each taxing unit's participation in the Zone. The Plan sets forth a two-tiered participation schedule as follows:

*Lago Mar is proposed to be a large master planned community with strong residential and commercial components. The commercial areas of the TIRZ are the very gateway of Texas City and the City seeks to promote the development of these critical areas with a distinctive urban design that establishes a sense of place unique in Galveston County. The City understands that the commercial areas will need time to reach the highest and best uses based on market conditions and to that end the City has proposed and secured a two-tiered participation structure: 100 % participation by the City for 31 years and by the County and the College for 30 years in the commercial area and 60% for 10 years followed by 40% for 10 years by all entities in the residential areas.*

The boundaries of the residential and commercial areas within the TIRZ are shown below as Figure 5.

**Figure 5: Commercial and Residential TIRZ Areas**



Further within the Residential Area the Plan sets forth a performance-based, enhanced level of participation by the City as follows:

*In recognizing the reality of market forces, while wishing to foster the highest quality of single family residential possible, the City is has established a base participation level and a second performance-based participation level when certain average value per dwelling unit levels are exceeded in the aggregate. The base participation is shown below and will be enacted when the average value of the single family residential is less than \$180,000. The performance-based participation will be enacted when the average value of the single family residential is greater than \$180,000.*

Schedules outlining the varying levels and lengths of participation for both the Commercial Area and the Residential Area follow as Table A and Table B respectively.

**Table A: Participation Schedule Commercial Area**

Jurisdiction	2013 Tax Rate	2012 Tax Rate	2011 Tax Rate	Participation %	Years
Texas City	\$0.453	\$0.425	\$0.425	100%	2007-2037
Galveston County	\$0.5898	\$0.60877	\$0.6128	100%	2008-2037
College of the Mainland	\$0.22121	\$0.22957	\$0.23202	100%	2008-2037

*Tax Rate Source: Galveston County Central Appraisal District*

**Table B: Participation Schedule Residential Area**

Jurisdiction	2013 Tax Rate	2012 Tax Rate	2011 Tax Rate	Years	Base Participation %	Performance Based %
Texas City	\$0.453	\$0.425	\$0.425	2007-2016	60%	75%
				2017-2026	40%	50%
				2027-2037	0%	0%
Galveston County	\$0.5898	\$0.60877	\$0.6128	2008-2017	60%	
				2018-2027	40%	n/a
				2028-2037	0%	
College of the Mainland	\$0.22121	\$0.22957	\$0.23202	2008-2017	60%	
				2018-2027	40%	n/a
				2028-2037	0%	

The obligations of the participating taxing jurisdictions, as defined in their respective interlocal agreements, include the timely deposit of tax increment revenue into the City's tax increment revenue fund. Table C illustrates the growth in appraised value from the base year 2006 to tax year 2013 for each participating jurisdiction.

**Table C: Base Year Market Value by Jurisdiction  
Commercial**

Taxing Entity	2006 Base Value (Taxable)	2011 Value (Taxable)	2012 Value (Taxable)	2013 Value (Taxable)	Captured Appraised Value (Increment)
Texas City	\$16,222	\$510,250	\$7,403,330	\$90,964,190	\$90,947,968
Galveston County	\$16,222	\$510,250	\$7,403,330	\$90,964,190	\$90,947,968
College of the Mainland	\$16,222	\$510,250	\$7,403,330	\$90,964,190	\$90,947,968

**Residential**

Taxing Entity	2006 Base Value (Taxable)	2011 Value (Taxable)	2012 Value (Taxable)	2013 Value (Taxable)	Captured Appraised Value (Increment)
Texas City	\$211	\$434,650	\$712,060	\$197,710	\$ 197,499
Galveston County	\$211	\$434,650	\$712,060	\$197,710	\$ 197,499
College of the Mainland	\$211	\$434,650	\$712,060	\$197,710	\$ 197,499

In future years Table D will be used to illustrate the amount of each jurisdiction's incremental revenue to the tax increment fund for the Residential and Commercial Areas, Developer Reimbursements, and the estimated Fund Balance.

**Table D: Tax Increment Revenue Fund Balance by Year**

RESIDENTIAL	FISCAL YEAR					
Taxing Entity	2006-2007	2008-2009	2009-2010	2010-2011	2011-2013	2012-2013
Texas City	\$ -0-	\$ -0-	\$ 645.67	\$ 620.37	\$ 3,059.81	\$ 536.80
Galveston County	\$ -0-	\$ -0-	\$ 941.51	\$ 894.72	\$ 45.16	\$ 691.68
County Road & Flood	\$ -0-	\$ -0-	\$ 13.66	\$ 12.95	\$ 2,167.67	\$ 7.23
College of the Mainland	\$ -0-	\$ -0-	\$ 355.32	\$ 338.71	\$ 1,170.90	\$ 262.13

COMMERCIAL	FISCAL YEAR					
Taxing Entity	2006-2007	2008-2009	2009-2010	2010-2011	2011-2013	2012-2013
Texas City	\$ -0-	\$ 609.00	\$ 4.84	\$ 272.43	\$ 44,339.95	\$ 412,351.59
Galveston County	\$ -0-	\$ 1,270.19	\$ 6.99	\$ 392.96	\$ 395.83	\$ 531,325.16
County Road & Flood	\$ -0-	\$ -0-	\$ 0.03	\$ 5.69	\$ 31,412.12	\$ 5,553.84
College of the Mainland	\$ -0-	\$ 411.53	\$ 2.60	\$ 148.76	\$ 16,967.61	\$ 201,359.39

Developer Reimbursements	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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Fiscal Year End Fund Balance	\$ -0-	\$ 2,290.72	\$ 1,970.62	\$ 2,686.59	\$ 668.76	\$ 156,719.46
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## Expenditures

***2. The information provided in this section is in accordance with § 311.016 (a) (2) of the Texas Tax Code, which requires inclusion of the amount and purpose of expenditures from the fund.***

The Board of Directors of the Zone has been granted by City Council, in accordance with Section 311.010 of the Texas Tax Code, the power to administer, manage and operate the Zone and to implement the Plan. The Zone was created for duration of 30 years, or until dissolved by the City.

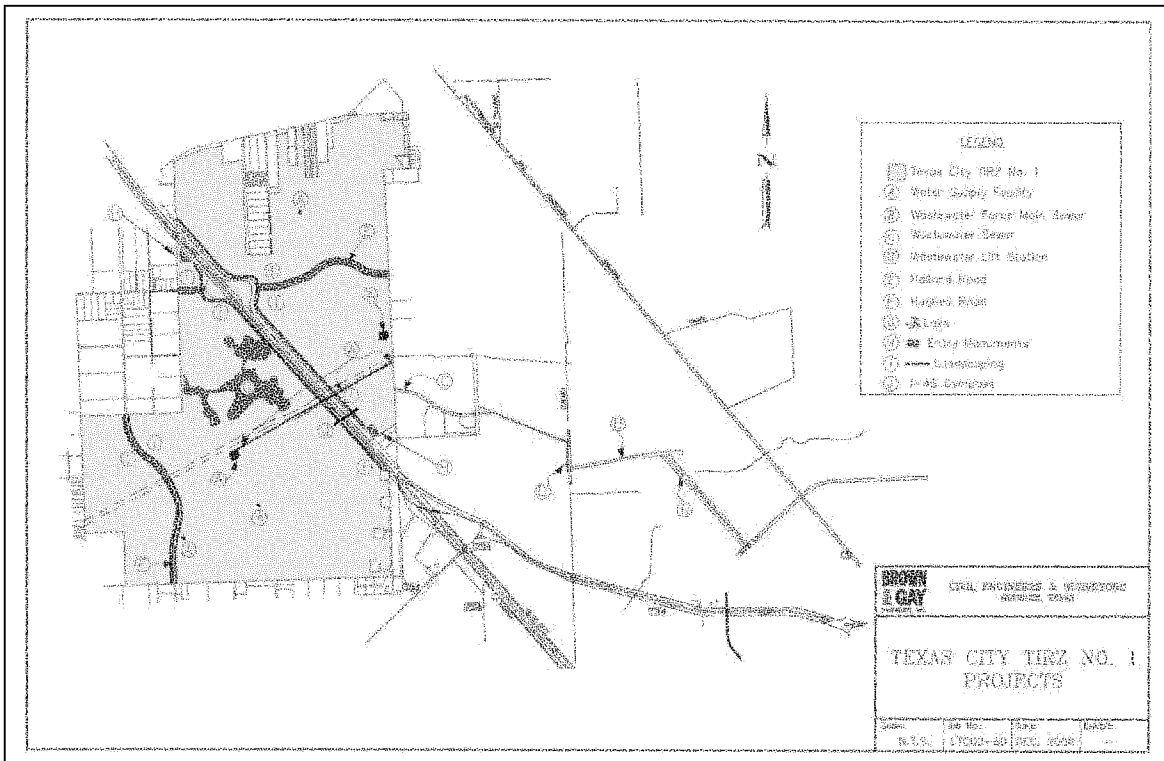
In addition to the Estimated Project Costs shown on Table E below, the Plan contemplates that the following types of projects may be considered as Eligible Project Costs:

- *Capital Expenses related to demolition, environmental abatement, and remediation including site work and fill, necessary to prepare sites and existing structures for new use.*
- *Land Costs associated with property formally conveyed to the public in conjunction with the implementation of projects otherwise eligible for reimbursement may also be eligible for reimbursement. The City and the Zone shall establish procedures for determining the appropriateness and eligibility of any such costs based on Municipal Utility District rules for reimbursement.*
- *Matching Funds may be contributed in support of local, state, federal or other capital improvements programs that benefit the project and the region.*
- *Streetscape, Gateways, Parks, and Community Facilities that enhance or serve the existing and future development. These may include, but are not limited to, lighting, walks, landscaping and related street furniture, greenbelts and paths, trails, parks, outdoor pavilions, non-profit community and arts space, and recreational/sports facilities.*
- *Professional Fees incurred for architectural, planning, engineering, legal, landscape architecture, financial, marketing, public relations, management, leasing, bookkeeping, tax role verification, environmental, archaeological, and other services and advice necessary to the project.*
- *Financing Costs related to developer's interest and financing interest, legal fees, underwriter's fees, brokerage charges, transfer or placement charges, premium and fees paid for loans, credit enhancement fees, notes, bonds or other instruments of credit issued to pay for project costs.*
- *Operational Expenses as may be necessary to provide for the proper administration of the Zone over its life.*

**Table E: Estimated Project Plan Costs**

<b>Estimate of Project Costs</b>	
<b>Project</b>	<b>Estimated Project Cost</b>
<b>Water</b>	
Water Supply Plant	3,469,594
Remote Water Well and Collection Line(s)	1,682,835
Elevated Water Storage Tank(s), Transmission Line(s), and Related Water Plant Items	7,701,308
Water Well(s), Lines, and Related Water Plant Items	7,638,733
Sub-total	20,492,471
<b>Sanitary Sewer</b>	
Wastewater Plant and Related Force Main(s)	1,571,608
Sanitary Sewer Transmission Line(s)	2,468,238
Other Wastewater Projects and Lift Station(s)	2,355,092
Other Force Main(s)	2,519,492
Sub-total	8,914,429
<b>Roadway and Mobility Improvements</b>	
Holland Road Construction and Landscaping	7,447,717
Hughes Road Construction and Landscaping	6,471,177
I-45 / Overpass	5,000,000
I-45 Landscaping	3,901,309
Sub-total	22,820,203
<b>Detention / Retention / Place Making Amenities</b>	
125 ± Acre Lake	28,973,505
Lake Landscaping	2,259,922
Monumentation	2,323,052
Sub-total	33,556,479
<b>Zone Administration</b>	
Legal, Auditing, Planning, Architectural, Engineering, Administration, etc.	2,850,000
<b>Total Estimated Project Costs</b>	<b>88,633,582</b>
<p><b>Note:</b> It is understood that land costs for major CIP dedications (water plants, water wells, etc.) and professional fees (engineering, planning, architectural, geotechnical, surveying, etc.) are necessary expenses that will be incurred on behalf of the Zone. These fees have been estimated and included in the line-item projections.</p>	

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TEXAS CITY, TEXAS  
2013 ANNUAL REPORT  
Tax Year Ending December 31, 2013**

Prepared by Marsh Darcy Partners, Inc.

**CITY COMMISSION REGULAR MTG**

**6. (d.**

**Meeting Date:** 09/03/2014

**Submitted By:** Justin Herter, City Secretary

**Department:** City Secretary

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**Information**

**ACTION REQUEST (Brief Summary)**

Consider and take action on Resolution No. 14-086, approving Property In Trust (PIT) property, Lot One Hundred Forty-Three (143), TD Armstrong Extension, Texas City, Galveston County, Texas, said property described more particularly in the instrument recorded at Book 1227, Page 329 in the Official Deed Records of Galveston county, Texas. (Management Services)

**BACKGROUND**

**ANALYSIS**

**ALTERNATIVES CONSIDERED**

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**Fiscal Impact**