LEWISVILLE CITY COUNCIL

REGULAR SESSION

DECEMBER 3, 2018

Present:

Rudy Durham, Mayor

Council Members:

TJ Gilmore
Bob Troyer, Deputy Mayor Pro Tem
R Neil Ferguson
Brent Daniels
Brandon Jones, Mayor Pro Tem

City Staff:

Donna Barron, City Manager
Eric Ferris, Deputy City Manager
Claire Powell, Assistant City Manager
Melinda Galler, Assistant City Manager
Julie Worster, City Secretary
Lizbeth Plaster, City Attorney

WORKSHOP SESSION – 6:30 P.M.

With a quorum of the Council Members present, the workshop session of the Lewisville City Council was called to order by Mayor Durham at 6:30 p.m. on Monday, December 3, 2018, in the City Council Conference Room of the Lewisville City Hall, 151 West Church Street, Lewisville, Texas. All City Department Heads were in attendance.

Overview of Establishment of TIRZ Related to Castle Hills Annexation **(Agenda Item A)**

At the request of City Manager Barron, Finance Director Brenda Martin conducted the attached PowerPoint Presentation.

Due to time constraints, Mayor Durham advised that the Discussion of Regular Agenda Item and Consent Agenda Items would be held first, and then if time allowed Discussion on Updates to the Economic Development Incentive Policy could be held prior to the Regular Session, if time allowed.

WORKSHOP SESSION – 6:30 P.M.

Discussion of Regular Agenda Items and Consent Agenda Items **(Agenda Item C)**

Mayor Durham reviewed Agenda Item A, Invocation. There was no discussion on this item.

Mayor Durham reviewed Agenda Item B, Pledge to the American and Texas Flags. There was no discussion on this item.

Mayor Durham reviewed Agenda Item C-1, Public Hearing: Consideration of an Ordinance Granting a Zone Change Request From Planned Development Estate Townhouse District (PD ETH) to Planned Development Estate Townhouse District (PD ETH) with an Amended Concept Plan, an Amended Landscape and Fence Plan Illustration, Amended Development Standards and Three Associated Variances Regarding Screening and Tree Mitigation; on Approximately 5.371 Acres Legally Described as Lot 1, Block A and Lots 2 and 3, Block B, Boyd Addition, Located on the North And South Sides of McCartt Drive, Approximately 260 Feet West of State Highway 121 Business. The Request is Being Made by Noah Flabiano, Skorburg Company, on Behalf of Charis Partners, Ltd. the Property Owner. (Case No. PZ 2018 08 09). There was no discussion on this item.

Mayor Durham reviewed Agenda Item C-2, Public Hearing: Consideration of an Ordinance Granting a Zone Change Request From Single Family Residential (R 7.5) to Old Town Mixed Use Two District (OTMU 2); on Approximately 0.304 Acres, out of the J.W. King Survey, Abstract 696 and Located on the Northeast Corner of Elm Street and Milton Street at 235 Elm Street as Requested by Douglas L. Arthur, the Property Owner. (Case No. PZ 2018 11 14). There was no discussion on this item.

Mayor Durham reviewed Agenda Item C-3, Public Hearing: Consideration of Designating a Non Contiguous Geographic Area of Approximately 708 Acres of Land That is Part of the City's Extraterritorial Jurisdiction (ETJ) Known as the Castle Hills Development, District 1 G & 1 H, as Tax Increment Reinvestment Zone, Number Three, for Tax Increment Financing Purposes, Pursuant to Chapter 311 of the Texas Tax Code. There was no discussion on this item.

Mayor Durham reviewed Agenda Item D, Visitors/Citizens Forum. There was no discussion on this item.

Mayor Durham reviewed Agenda Item E-4, Approval of City Council Minutes of the November 19, 2018, Workshop Session and Regular Session. There was no discussion on this item.

WORKSHOP SESSION – 6:30 P.M.

Discussion of Regular Agenda Items and Consent Agenda Items (cont'd) **(Agenda Item C)**

Mayor Durham reviewed Agenda Item F-5, Continued Item: Consideration of a Variance to the Lewisville City Code Section 11 10 (g) (c)(2)(vii) Freestanding Signs, to Allow a Freestanding Sign to Exceed the Maximum Height of 60 Feet in the I 35E Corridor to 75 Feet, Located at 2512 S Stemmons Freeway, as Requested by Tony Callaway, Representing 'At Home', the Property Owner. Discussion was held by the City Council that this would be the last time they would approve a continuance of this item. There was no further discussion on this item.

Mayor Durham reviewed Agenda Item F-6, Consideration of a Variance Request to the Lewisville City Code, Chapter 6, Article IX, Section 6 181(b), Exterior Finish Requirements, Regarding the Exterior Finish on a Proposed new Single Family Detached Residence Located at 343 West College Street; as Requested by Bill Peck on Behalf of Kent Ellis, Jr., the Property Owner. There was no discussion on this item.

Mayor Durham reviewed Agenda Item F-7, 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. There was no discussion on this item.

Mayor Durham reviewed Agenda Item F-8, Consideration of Appointment of the Board of Directors of the Tax Increment Reinvestment Zone, Number Three, and Appointment of a Chairperson. Council discussed the makeup of this Board and which of the five City Council Members would serve. There was no further discussion on this item.

Mayor Durham reviewed Agenda Item G, Reports. There was no discussion on this item.

Mayor Durham reviewed Agenda Item H-Closed Session. There was no discussion on this item.

Mayor Durham advised that due to time allowance, the City Council would begin discussion regarding Workshop Agenda B as follows.

WORKSHOP SESSION – 6:30 P.M.

Discussion on Updates to the Economic Development Incentive Policy **(Agenda Item B)**

At the request of Mayor Durham, Economic Development Manager Jason Moore, conducted the attached PowerPoint Presentation. Due to timing issues, Mayor Durham advised the continuance of this discussion would be held following the regular session.

With no further discussion, the workshop session of the Lewisville City Council was adjourned at 6:57 p.m. on Monday, December 3, 2018.

REGULAR SESSION – 7:00 P.M.

With a quorum of the Council Members present, the regular session of the Lewisville City Council was called to order by Mayor Durham at 7:00 p.m. on Monday, December 3, 2018, in the Council Chambers of the Lewisville City Hall, 151 West Church Street, Lewisville, Texas.

Invocation **(Agenda Item A)**

At the request of Mayor Durham, Councilman Gilmore gave the invocation.

Pledge to the American and Texas Flags **(Agenda Item B)**

At the request of Mayor Durham, Councilman Ferguson gave the pledge to the American and Texas flags.

<u>Public Hearing</u>: Consideration of <u>Ordinance No. 0085-18-ZON</u> Granting a Zone Change Request From Planned Development Estate Townhouse District (PD ETH) to Planned Development Estate Townhouse District (PD ETH) with an Amended Concept Plan, an Amended Landscape and Fence Plan Illustration, Amended Development Standards and Three Associated Variances Regarding Screening and Tree Mitigation; on Approximately 5.371 Acres Legally Described as Lot 1, Block A and Lots 2 and 3, Block B, Boyd Addition, Located on the North And South Sides of McCartt Drive, Approximately 260 Feet West of State Highway 121 Business. The Request is Being Made by Noah Flabiano, Skorburg Company, on Behalf of Charis Partners, Ltd. the Property Owner. (Case No. PZ 2018 08 09) **(Agenda Item C-1)**

The Park Central Terraces planned development and its two associated variances were originally approved by City Council on September 10, 2018. After the PD was approved, the applicant discovered a private agreement that required a regional detention pond on the PD's subject property. The following three PD amendments are requested to comply with the private drainage agreement: 1) to swap the location of the visitor parking lot and open space lot across McCartt Drive; 2) to expand the open space lot to allow detention by reducing the number of developable lots by one; and 3) to allow detention in the open space buffers on the north and south ends of the development. Three variances are requested: a) to maintain the existing wood fence and vegetation in lieu of the required screening wall on the southern boundary of the development adjacent to the multi-family zoned property, b) to allow a tubular steel fence with masonry columns in lieu of the required screening wall along the western boundary of the development adjacent to the multi-family zoned property, and c) to waive the requirement of tree mitigation in a private drainage easement. The Planning and Zoning Commission recommended unanimous approval (7 0) of the amended planned development at their November 6, 2018 meeting.

The City staff's recommendation was that the City Council approve the ordinance and three associated variances as set forth in the caption above.

Mayor Durham opened the public hearing.

Richard E. Luedke, Planning Director, was available to address any questions posed by the City Council.

<u>Public Hearing</u>: Consideration of <u>Ordinance No. 0085-18-ZON</u> Granting a Zone Change Request From Planned Development Estate Townhouse District (PD ETH) to Planned Development Estate Townhouse District (PD ETH) with an Amended Concept Plan, an Amended Landscape and Fence Plan Illustration, Amended Development Standards and Three Associated Variances Regarding Screening and Tree Mitigation; on Approximately 5.371 Acres Legally Described as Lot 1, Block A and Lots 2 and 3, Block B, Boyd Addition, Located on the North And South Sides of McCartt Drive, Approximately 260 Feet West of State Highway 121 Business. The Request is Being Made by Noah Flabiano, Skorburg Company, on Behalf of Charis Partners, Ltd. the Property Owner. (Case No. PZ 2018 08 09) (cont'd) **(Agenda Item C-1)**

Noah Flabiano, Skorburg Company, 8214 Westchester Drive, Suite 710, Dallas, Texas 75225, spoke before the City Council in support of this item.

MOTION: Upon a motion made by Deputy Mayor Pro Tem Troyer and seconded by Mayor Pro Tem Jones, the Council voted five (5) "ayes" and no (0) "nays" to close the public hearing. The motion carried.

City Attorney Lizbeth Plaster read the ordinance caption into the record as follows:

"An Ordinance of the Lewisville City Council, Amending the Zoning Ordinance by Rezoning Approximately 5.371-Acres Legally Described as Lot 1, Block A and Lots 2 and 3, Block B, Boyd Addition, Located on the North and South Sides of McCartt Drive, Approximately 260 Feet West of State Highway 121 Business, From Planned Development – Estate Townhouse District (PD-ETH) Zoning to Planned Development – Estate Townhouse District (PD-ETH) Zoning With an Amended Concept Plan, an Amended Landscape and Fence Plan Illustration, and an Amended Development Standards; Correcting the Official Zoning Map; Preserving all Other Portions of the Zoning Ordinance; Determining That the Public Interests And General Welfare Demand This Zoning Change And Amendment Therein Made; Providing for a Repealer, Severability, a Penalty, and an Effective Date; and Declaring an Emergency."

<u>Public Hearing</u>: Consideration of <u>Ordinance No. 0085-18-ZON</u> Granting a Zone Change Request From Planned Development Estate Townhouse District (PD ETH) to Planned Development Estate Townhouse District (PD ETH) with an Amended Concept Plan, an Amended Landscape and Fence Plan Illustration, Amended Development Standards and Three Associated Variances Regarding Screening and Tree Mitigation; on Approximately 5.371 Acres Legally Described as Lot 1, Block A and Lots 2 and 3, Block B, Boyd Addition, Located on the North And South Sides of McCartt Drive, Approximately 260 Feet West of State Highway 121 Business. The Request is Being Made by Noah Flabiano, Skorburg Company, on Behalf of Charis Partners, Ltd. the Property Owner. (Case No. PZ 2018 08 09) (cont'd) **(Agenda Item C-1)**

MOTION: Upon a motion made by Councilman Ferguson and seconded by Mayor Pro Tem Jones, the Council voted five (5) "ayes" and no (0) "nays" to approve and adopt **<u>Ordinance No. 0085-18-ZON</u>**, as previously captioned; and approve the following three associated variances regarding screening and tree mitigation: a) to maintain the existing wood fence and vegetation in lieu of the required screening wall on the southern boundary of the development adjacent to the multi-family zoned property, b) to allow a tubular steel fence with masonry columns in lieu of the required screening wall along the western boundary of the development adjacent to the multi-family zoned property, and c) to waive the requirement of tree mitigation in a private drainage easement, on approximately 5.371 acres legally described as Lot 1, Block A and Lots 2 and 3, Block B, Boyd Addition, located on the north and south sides of McCartt Drive, approximately 260 feet west of State Highway 121 Business, as requested by by Noah Flabiano, Skorburg Company, on behalf of Charis Partners, Ltd. the property owner. The motion carried.

<u>Public Hearing</u>: Consideration of <u>Ordinance No. 0086-18-ZON</u> Granting a Zone Change Request From Single Family Residential (R 7.5) to Old Town Mixed Use Two District (OTMU 2); on Approximately 0.304 Acres, out of the J.W. King Survey, Abstract 696 and Located on the Northeast Corner of Elm Street and Milton Street at 235 Elm Street as Requested by Douglas L. Arthur, the Property Owner. (Case No. PZ 2018 11 14) **(Agenda Item C-2)**

The subject property is one block south of West Main Street and previously contained a single family residence. Several accessory buildings remain on the property. The surrounding properties are townhomes, a church, offices, and single family homes. The applicant intends to build an office building, possibly with residential above the office component. The first step to develop the property is zoning it Old Town Mixed Use Two District (OTMU 2) as indicated in the Old Town Master Plan adopted in 2003. The Planning and Zoning Commission recommended unanimous approval (7 0) on November 6, 2018.

The City staff's recommendation was that the City Council approve the ordinance as set forth in the caption above.

Mayor Durham opened the public hearing.

Richard E. Luedke, Planning Director, was available to address any questions posed by the City Council.

MOTION: Upon a motion made by Deputy Mayor Pro Tem Troyer and seconded by Mayor Pro Tem Jones, the Council voted five (5) "ayes" and no (0) "nays" to close the public hearing. The motion carried.

City Attorney Lizbeth Plaster read the ordinance caption into the record as follows:

"An Ordinance of the Lewisville City Council, Amending the Zoning Ordinance by Rezoning an Approximately 0.304-Acre Tract of Land out of the J.W. King Survey, Abstract No. 696; Located at 235 Elm Street, From Single Family Residential District (R-7.5) Zoning to Old Town Mixed Use Two District (OTMU-2) Zoning; Correcting the Official Zoning Map; Preserving all Other Portions of the Zoning Ordinance; Determining That the Public Interests and General Welfare Demand This Zoning Change and Amendment Therein Made; Providing for a Repealer, Severability, a Penalty, and an Effective Date; and Declaring an Emergency."

Public Hearing: Consideration of Ordinance No. 0086-18-ZON Granting a Zone Change Request From Single Family Residential (R 7.5) to Old Town Mixed Use Two District (OTMU 2); on Approximately 0.304 Acres, out of the J.W. King Survey, Abstract 696 and Located on the Northeast Corner of Elm Street and Milton Street at 235 Elm Street as Requested by Douglas L. Arthur, the Property Owner. (Case No. PZ 2018 11 14) (cont'd) **(Agenda Item C-2)**

MOTION: Upon a motion made by Councilman Ferguson and seconded by Councilman Gilmore, the Council voted five (5) "ayes" and no (0) "nays" to approve and adopt **Ordinance No. 0086-18-ZON**, as previously captioned. The motion carried.

Public Hearing: Consideration of Designating a Non Contiguous Geographic Area of Approximately 708 Acres of Land That is Part of the City's Extraterritorial Jurisdiction (ETJ) Known as the Castle Hills Development, District 1 G & 1 H, as Tax Increment Reinvestment Zone, Number Three, for Tax Increment Financing Purposes, Pursuant to Chapter 311 of the Texas Tax Code **(Agenda Item C-3)**

A tax increment reinvestment zone (TIRZ) is a financing tool enabled by the Texas Legislature with the adoption of Chapter 311 of the Texas Tax Code to assist cities in developing or redeveloping certain areas. Prior to creation of a TIRZ, the statute requires preparation of a Preliminary Project Plan and Reinvestment Zone Financing Plan and for the City to hold a public hearing and receive comments on the creation of the Zone. The City of Lewisville TIRZ #3 is proposed to finance infrastructure improvements necessary to catalyze residential and commercial development within the Zone as well as provide funds to service outstanding debt of PID5 and PID6, which provided funding for public improvements on the land within the boundaries of the Zone. After annexation, the Plan anticipates the City will participate in the district at 100% of the property tax on the new increment. The City will also contribute 100% of the base property tax until infrastructure improvements are reimbursed fully to the developer. It is anticipated that Denton County will participate in the TIRZ at 80% of the property tax on the new increment beginning their next budget year. The developer is proposing to front the costs of building the infrastructure and receive reimbursement when tax increment revenue is generated by the project.

<u>Public Hearing</u>: Consideration of Designating a Non Contiguous Geographic Area of Approximately 708 Acres of Land That is Part of the City's Extraterritorial Jurisdiction (ETJ) Known as the Castle Hills Development, District 1 G & 1 H, as Tax Increment Reinvestment Zone, Number Three, for Tax Increment Financing Purposes, Pursuant to Chapter 311 of the Texas Tax Code (cont'd) **(Agenda Item C-3)**

The City staff's recommendation was that the City Council conduct the public hearing and receive input on the creation of Tax Increment Reinvestment Zone, Number Three, for the City of Lewisville.

Mayor Durham opened the public hearing.

David Hawet, 600 NE 16th Street, Mineral Wells, Texas, was available to address any questions posed by the City Council.

Steve Southwell, 995 Downey Drive, Lewisville, Texas, spoke before the City Council in opposition to this item.

MOTION: Upon a motion made by Councilman Gilmore and seconded by Councilman Ferguson, the Council voted five (5) "ayes" and no (0) "nays" to close the public hearing. The motion carried.

<u>Visitors/Citizens Forum</u> **(Agenda Item D)**

No one appeared to speak at this time.

CONSENT AGENDA **(Agenda Item E)**

MOTION: Upon a motion made by Councilman Gilmore and seconded by Mayor Pro Tem Jones, the Council voted five (5) "ayes" and no (0) "nays" to approve and adopt all items on the Consent Agenda, as recommended and as follows:

4. <u>APPROVAL OF MINUTES</u>: City Council Minutes of the November 19, 2018, Workshop Session and Regular Session.

The motion carried.

END OF CONSENT AGENDA

<u>Continued Item</u>: Consideration of a Variance to the Lewisville City Code Section 11 10 (g) (c)(2)(vii) Freestanding Signs, to Allow a Freestanding Sign to Exceed the Maximum Height of 60 Feet in the I 35E Corridor to 75 Feet, Located at 2512 S Stemmons Freeway, as Requested by Tony Callaway, Representing 'At Home', the Property Owner **(Agenda Item F-5)**

The subject site is a 10.30 acre lot zoned General Business (GB) within the Lakepointe Crossing Shopping Center. The property owner 'At Home' has an existing 122,000 square foot facility located on the site. Due to the impact of the I 35E widening, the property owner is requesting a variance for a sign to exceed the maximum height of sixty feet (60') to a height of seventy five feet (75') in the I 35E corridor. City Council held this item under advisement on November 5th and November 19th. The applicant has requested that this item be continued to the January 7, 2019 City Council meeting.

The City staff's recommendation was that the City Council continue the item to the January 7, 2019 City Council meeting.

Wayne K. Snell Jr., Director of Neighborhood & Inspection Services, was available to address any questions posed by the City Council.

Councilman Gilmore advised that this was the last continuance that he was interested in approving.

MOTION: Upon a motion made by Councilman Gilmore and seconded by Mayor Pro Tem Jones, the Council voted five (5) "ayes" and no (0) "nays" to continue this item to the January 7, 2019 City Council meeting. The motion carried.

Consideration of a Variance Request to the Lewisville City Code, Chapter 6, Article IX, Section 6 181(b), Exterior Finish Requirements, Regarding the Exterior Finish on a Proposed new Single Family Detached Residence Located at 343 West College Street; as Requested by Bill Peck on Behalf of Kent Ellis, Jr., the Property Owner **(Agenda Item F-6)**

The property owner plans to build a craftsman style home on the north side of West College Street that matches the aesthetics of the existing neighborhood and reflects the design requirements in the Old Town Design District, which applies to the south side of West College Street. A design overlay to support consistent design on the north and south side of West College Street was recommended by the Old Town North Small Area Plan, but has not yet been adopted. The current standards require 80% brick veneer with no single wall elevation consisting of less than 60% brick veneer. The applicant is requesting to allow 100% cementuous fiber siding in lieu of the required 80% brick veneer to compliment the surrounding properties and fully express the craftsman style.

The City staff's recommendation was that the City Council approve the variance request as set forth in the caption above.

Richard E. Luedke, Planning Director, was available to address any questions posed by the City Council. At the inquiry of Councilman Gilmore regarding making cement board an option instead of a variance, Mr. Luedke advised that City staff would be bringing back an overlay district for this area for City Council consideration that would allow for that option.

MOTION: Upon a motion made by Councilman Ferguson and seconded by Councilman Gilmore, the Council voted five (5) "ayes" and no (0) "nays" to approve a variance request to the Lewisville City Code, Chapter 6, Article IX, Section 6 181(b), Exterior Finish Requirements, regarding the exterior finish on a proposed new single family detached residence located at 343 West College Street to allow 100% cementuous fiber siding in lieu of the required 80% brick veneer to compliment the surrounding properties and fully express the craftsman style; as requested by Bill Peck on behalf of Kent Ellis, Jr., the property owner. The motion carried.

Consideration of Ordinance No. 0087-18-ORD 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 **(Agenda Item F-7)**

A tax increment reinvestment zone (TIRZ) is a financing tool enabled by the Texas Legislature with the adoption of Chapter 311 of the Texas Tax Code to assist cities in developing or redeveloping certain areas. Prior to creation of a TIRZ, the statute requires preparation of a Preliminary Project Plan and Reinvestment Zone Financing Plan and for the City to hold a public hearing and receive comments on the creation of the Zone. A public hearing to receive input was held earlier this evening. The City of Lewisville TIRZ #3 is proposed to finance infrastructure improvements necessary to catalyze residential and commercial development within the Zone as well as provide funds to service outstanding debt of PID 5 & 6, which provided funding for public improvements on the land within the boundaries of the Zone. After annexation, the Plan anticipates the City will participate in the district at 100% of the property tax on the new increment. The City will also contribute 100% of the base property tax until infrastructure improvements are reimbursed fully to the developer. It is anticipated that Denton County will participate in the TIRZ at 80% of the property tax on the new increment beginning their next budget year. The developer is proposing to front the costs of building the infrastructure and receive reimbursement when tax increment revenue is generated by the project.

The City staff's recommendation was that the City Council consider the information received and approve the ordinance as set forth in the caption above.

City Attorney Lizbeth Plaster read the ordinance caption into the record as follows:

> "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."

Consideration of Ordinance No. 0087-18-ORD 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 (cont'd) **(Agenda Item F-7)**

MOTION: Upon a motion made by Mayor Pro Tem Jones and seconded by Deputy Mayor Pro Tem Troyer, the Council voted five (5) "ayes" and no (0) "nays" to approve and adopt **Ordinance No. 0087-18-ORD**, as captioned previously. The motion carried.

Consideration of Appointment of the Board of Directors of the Tax Increment Reinvestment Zone, Number Three, and Appointment of a Chairperson **(Agenda Item F-8)**

At this Council meeting, City Council approved an ordinance creating Tax Increment Reinvestment Zone, Number Three, for the City of Lewisville pursuant to Chapter 311 of the Texas Tax Code and created a Board of Directors for this Zone. The Board of Directors will have seven members, with Positions One through Five to be appointed by the City Council and Place 6 and 7 to be appointed by Denton County. The Board will be responsible for approving a final project and financing plan, budget, and other documents that it deems necessary.

The City staff's recommendation was that the City Council appoint Tax Increment Reinvestment Zone, Number Three, Board members to Positions One through Five, and appoint a Chairperson.

MOTION: Upon a motion made by Councilman Gilmore and seconded by Mayor Pro Tem Jones, the Council voted five (5) "ayes" and no (0) "nays" to appoint the following members to the Tax Increment Reinvestment Zone, Number Three: Place No. 1 – Bob Troyer (Chairperson); Place No. 2 - Brent Daniels; Place No. 3 – TJ Gilmore; Place No. 4 – Brandon Jones; and Place No. 5 – R Neil Ferguson. The motion carried.

Reports **(Agenda Item G)**

- Fire Chief Tim Tittle thanked the Mayor, City Council, Administration, Directors and City staff that had attended the recently held Fire Station Dedication and Swearing-In Ceremony. He reminded everyone that Santa would be making his rounds throughout Lewisville soon and encouraged anyone wanting to see where Santa would be heading to check out the City's website for Santa Tracking.
- Director of Public Services Keith Marvin gave an update on the status of the lake.
- Assistant City Manager Claire Powell reminded everyone that on December 8th from 10 a.m. – 2 p.m., the Santa Paws (annual adoption) event would be held at the Gene Carey Animal Shelter.
- City Engineer David Salmon gave an update on the Main and Mill Project.
- Councilman Daniels thanked everyone that was responsible for the holiday stroll and advised that it was one of the best parades in years. He acknowledged the government class that was present in the audience from Marcus High School.
- Mayor Pro Tem Jones wished his mother Happy Birthday!
- Councilman Gilmore reminded everyone that on December 15th from 10 a.m. – 3 p.m. at the Minor-Porter Log House at LLELA there would be an event to experience a rustic holiday. He encouraged anyone interested to check out LLELA.org and get your tickets, as well as checking out information regarding season passes.
- City Manager Barron wished her Mother a Happy 90th Birthday on Wednesday.
- Councilman Ferguson advised of upcoming events at the MCL Grand Theatre.
- Mayor Durham thanked the Police Officers present for their service to the community.

There were no additional reports at this time.

Mayor Durham advised that the City Council would be returning to the City Council Conference Room to continue the Workshop Session discussion of the Workshop Item B – Discussion on Updates to the Economic Development Incentive Policy.

With the City Council all present in the City Council Conference Room, the continuation of the Workshop Session began at 7:35 p.m.

Discussion on Updates to the Economic Development Incentive Policy **(Agenda Item B)**

Economic Development Manager Jason Moore continued his PowerPoint Presentation. Prior to reviewing the targeted incentive options, Mr. Moore advised that staff did not have the details at this point, details would need to be worked through with the City Attorney. He explained that these were more specialized than existing "tool." City Manager Barron reminded the City Council that Mr. Moore's research showed what was going in neighboring cities. City Manager Barron indicated that if City Council was interested in any of these options, especially those that had a budget consideration, she recommended it be considered in the FY 2018-2018 budget. Discussion was held regarding the options. Mayor Pro Tem Jones advised that he would like to see the numbers and how it could be funded. Councilman Gilmore requested some examples on what other cities had done and what worked and did not work.

Councilman Ferguson expressed concern regarding going ten years on the matching grants for Old Town. He suggested perhaps going seven years, as he felt ten years could cause the location to look dated.

Mayor Durham advised there were no items to discuss in Closed Session.

Adjournment **(Agenda Item J)**

MOTION: Upon a motion made by Mayor Pro Tem Jones and seconded by Councilman Gilmore, the Council voted five (5) "ayes" and no (0) "nays" to adjourn the Regular Session of the Lewisville City Council at 7:59 p.m. on Monday, December 3, 2018. The motion carried.

These minutes approved by the Lewisville City Council on the 17th day of December, 2018.

APPROVED

_____
Rudy Durham
MAYOR

ATTEST:

_____
Julie Worster
CITY SECRETARY

Castle Hills
and
Tax Increment Reinvestment Zone, Number Three (TIRZ3)

Castle Hills

Annexation in 2021 will cause:

- All property value in Castle Hills to be added to the City's total value
  - City will receive property taxes on taxable assessed value @ City's rate
- City assumes all districts obligations (contracts, debt, etc)
  - Outstanding contract revenue debt will be refinanced to GO debt and will have lower interest costs due to City's AAA rating
- City will provide services to all districts including those offered by the County (animal control, fire marshal) and State (food inspection)

Castle Hills

For developed districts (1B, 1C, 1D, 1E & 1F) revenues will be sufficient to cover road and utility debt service + additional costs for servicing new customers

For undeveloped districts (1G & 1H), revenues will not initially cover debt service + additional service costs + finance public improvements remaining to be completed

- The current financing model of issuing debt to pay for public infrastructure within this area will no longer be feasible

Districts 1G & 1H

At annexation, a remaining $107M of public infrastructure is to be completed per developer (roads & utility)

Property values will increase as development progresses

Need a solution that will segregate this area to:

- Pay debt service beginning at annexation, and
- Reimburse developer for remaining public improvements to be constructed

Tax Increment Reinvestment Zone (TIRZ3)

Revenues

- Taxable property values in 1G & 1H x City's rate ($0.436086, currently)
- Denton County to participate in the Zone at 80% of the incremental value increase over their base (2018 is base tax year) x County's rate

Expenditures

- Debt service on the refunded 1G & 1H road & utility debt
- Any remaining monies each year after debt service will be utilized to reimburse the developer
  - Not to exceed **$88,685,915** of the $107M expected public improvements

Tonight's Agenda

Public Hearing on creation of TIRZ3

- Provides time for review and comment by the public
- No tax increase; a tool to capture certain revenues to use in the financing plan for improvements and debt service within the Zone

Ordinance for creation of TIRZ3

- Creates the Zone and sets the base tax year for the TIRZ (2018 tax year)
- Duration of 30 years or shorter if all project costs and debt service have been funded
- Base value is the amount that is subtracted from each future year's value to arrive at the increment used for revenues
- Establishes a board for the Zone—5 members from the City; 2 from the County

TIRZ3 Board Appointments

- City will have five members to appoint to the board with staggering terms (Position One–Five)
  - Members will be from Council due to their long history and familiarity to the Castle Hills Development
- The member appointed to Position One will serve as chair for the first year of the Board

Future Agenda

Participation Agreement between the City and County

- Sets the level of participation in the Zone for each entity
  - City is 100% of property taxes within the Zone (base and increment)
  - County is 80% of property taxes within the Zone (increment only)
  - Revenues will continue at same % for each entity throughout the duration of the Zone
  - County reviewing this agreement currently and is expected to be approved in December

Agreement between City and TIRZ3

- Sets the intention that the City will be refinancing existing road and utility debt of 1G & 1H and revenues from the Zone will pay debt service on the refunded debt

Developer Agreement between City, TIRZ3, andDeveloper

- Details eligible public improvements to be reimbursed from TIRZ3 revenues when available and process for reimbursement

TIRZ Board and Council will approve these agreements, along with a final project and financing plan

Economic Development
Incentive Policy Update 2018

Economic Growth

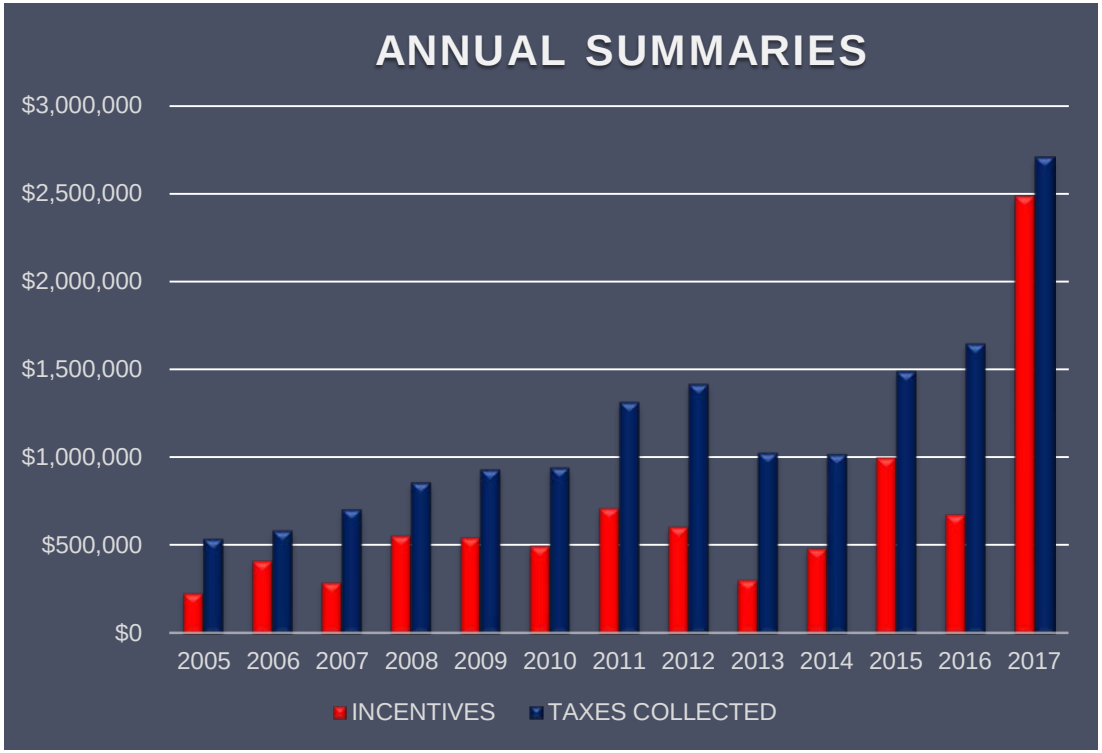
Redevelopment

Business Retention & Expansion

Price is what you pay.
Value is what you get.
-Warren Buffet

Price vs Value - ROI

YEAR	AGREEMENT
2016	RO Properties, LTD
2016	DFW Lewisville Partners, GP (Majestic #4)
2016	DFW Lewisville Partners, GP (Majestic #6)
2016	Hard Sun 100, LLC
2016	Mortgage Contracting Services
2016	Mary Kay Inc (380)
2016	Mary Kay Inc (Tax Abatement)
2017	Wittington Holdings, LP
2017	Ferguson Enterprises, Inc
2017	Main Valley Realty, LTD
2017	125 S. Walters, LLC
2017	Legacy Pointe, LLC



Price vs Value – Majestic Airport Center

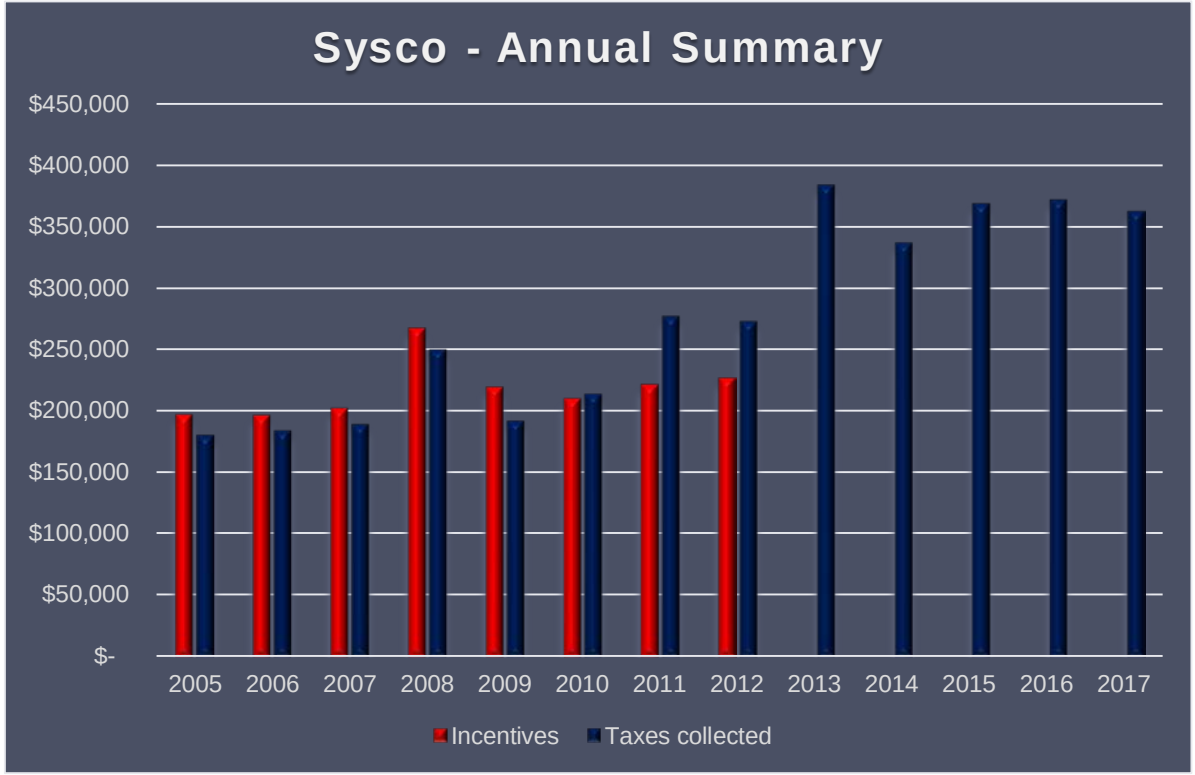
Majestic Airport Center

		City	County	School
Property Taxable Value	Tax Rate	0.436086	0.225574	1.4075
$215,764,077		$940,917	$486,708	$3,036,879

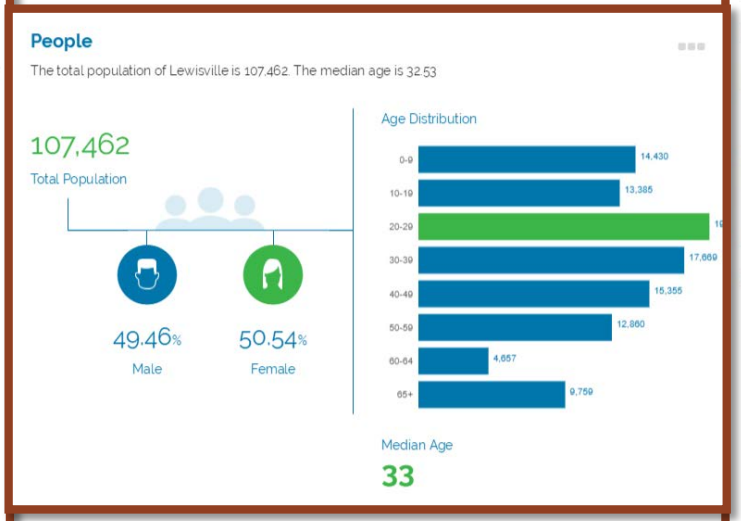
Incentives are provided with these funding streams

		COL GF	COL 4B	COL CCP	COL FCP	DCTA
Sales Taxable Value	Tax Rate	1.000%	0.250%	0.125%	0.125%	0.500%
$124,695,120		$1,246,951	$311,738	$155,869	$155,869	$623,476

Price vs Value – Sysco



Community Profile

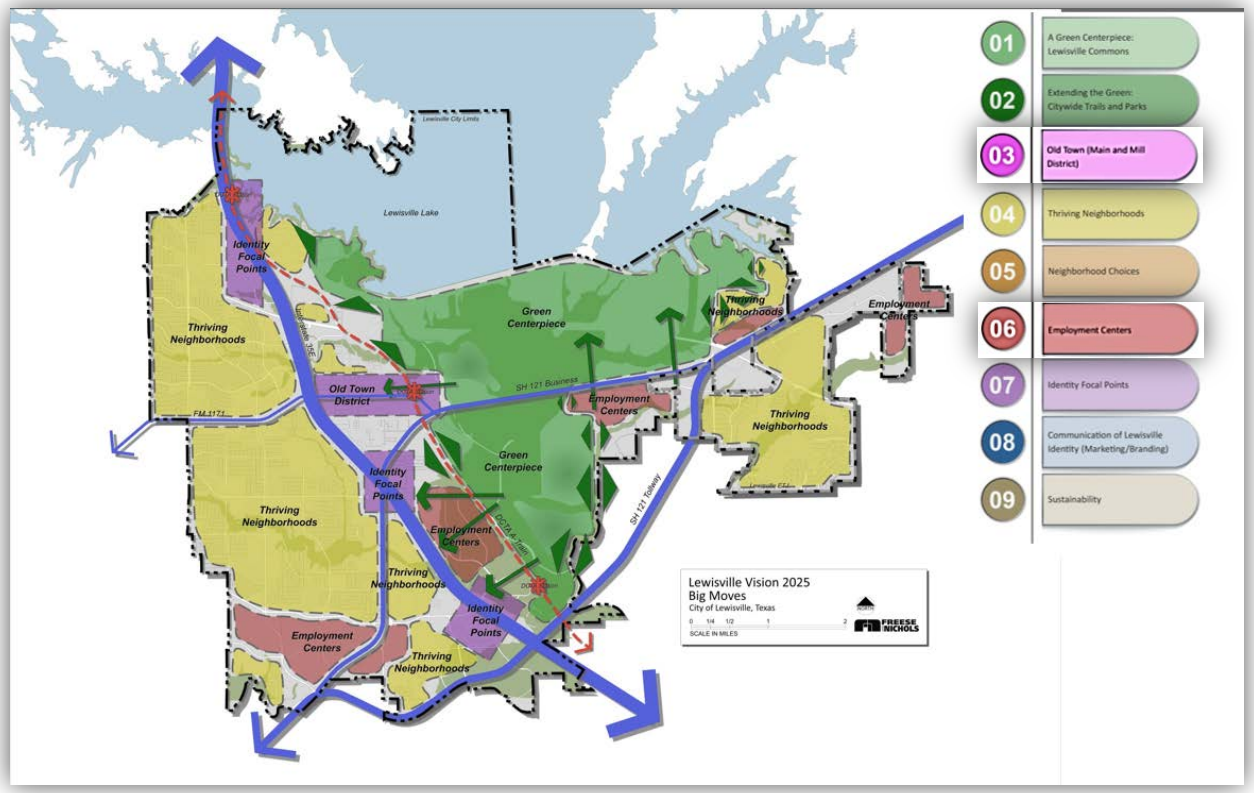


SWOT Analysis

	Positive	Negative
Internal	**Strengths** Strong national economy Location, Location, Location Stable local politics Existing industrial parks Façade grant matching program	**Weaknesses** Dedicated funding sources Quantity of existing rooftops in Old Town Staff availability for business retention efforts Location, Location, Location (competition) Access to workforce development
External	**Opportunities** I-35 Overlay TIRZ #1 Funding - Street reconstruction Land swapping with heavy industrial users Partnerships with NCTC & LISD E-commerce and supply chain sectors	**Threats** I-35E construction (ultimate phase) Affordable Housing Land/Building values increasing Skilled workforce availability Development regulations for redevelopment

Where to next?

Lewisville 2025



Proposed Criteria

Fiscal Impact

How much real and personal property value will be added to the tax roll?
How much direct sales tax will be generated?
How will this project affect existing business?
What infrastructure construction would be required?
What is the total projected annual operating budget of this facility?

Community Impact

What effect would the project have on the local housing market?
What environmental impact, if any, will be created by the project?
How compatible is the project with the City's comprehensive plan?
What effect would the project have on other taxing entities?

Employment Impact

How many jobs will be brought to Lewisville?
What types of jobs will be created?
What will be the total annual payroll?

Minimum Criteria

A Project requesting a Tax Abatement must meet at least two of the following minimum qualifications to be considered:

- Corporate/Regional Headquarters
- Average Salary – $60,000
- Payroll – $8,000,000
- Real Property – $10,000,000
- Personal Property – $1,000,000
- Targeted Site - as identified in City's long range and master plans
- Annual Taxable Sales & Uses – $25,000,000

Proposed Targeted Incentives

Targeted Incentives

Specialty Retail, Entertainment, & Restaurant

The City may consider providing incentives to "destination" retailers and restaurants that do not have a strong presence in other locations in DFW and have the capability to attract customers from outside the area and fit well into the existing retail/restaurant economy to provide new and different shopping, dining, and/or entertainment experiences.

Incentive Types:

1) Rent Assistance

   Rent assistance grants for up to 12 months are available to destination retailers and restaurants that locate within a targeted site:

   a. I-35 Corridor (within the boundaries of the I-35 Overlay District)

   b. Business 121 Corridor (Business 121 from Valley Ridge Blvd to Corporate Drive)

2) Sales Tax Grants

   The City may grant up to One Percent (1%) of Sales and Use Tax generated from the facility for up to five (5) years.

Proposed Targeted Incentives

Targeted Incentives

Backfill of Vacant Buildings

The City may consider incentives for vacant buildings that include grants for exterior tenant improvements:

a. Façade improvements including: painting; lighting, awnings, doors, windows, etc.;
b. Signage on storefront and perimeter signage;
c. Landscaping; and
d. Parking

Conditions include:

1. The building must be in excess of 20,000 SFT;
2. For restaurant uses only, the building may be a minimum of 5,000 SFT and must sign a minimum 5-year lease;
3. The allowance is a one-time only grant and there will be a maximum amount that is eligible for funding; and
4. The incentives offered would be determined on a case-by-case basis but shall be limited by an ROI of 10:1 (for example, a $1 million investment, maximum incentive would be $100,000).

Proposed Targeted Incentives

Targeted Incentives

Speculative Projects

Projects that are built on a speculative basis but will suit future use by tenants typically exhibiting high indicators in any of the Criteria based incentive evaluation method categories, may apply for a speculative incentive. The maximum amount of a speculative incentive is **50%** of real and personal property for a period of 5 years. Renegotiation of such incentive shall only be considered if a single tenant purchases or leases for occupancy more than 90% of the facility or will maintain a personal property or inventory value of $15 million **or will maintain annual taxable sales and uses over $25,000,000**. In such instance, a renegotiated incentive agreement will be made with the occupant of the building. In any instance, the extension of benefits or negotiation of incentive involving an occupant or tenant shall be subject to approval by the City.

Proposed Targeted Incentives

Targeted Incentives

Old Town

Matching Grants

a. The City may grant up to 50% of the costs of tenant and/or facade improvements (including brick repair, signage, awnings, windows, fixtures, furniture, equipment, signage, landscaping, and lighting).
b. A maximum of $40,000 total per project
c. A grant will not be issued to the same location if a grant was awarded within the previous ten years
d. Must complete within 12 months upon approval

Grease Trap Grant

The City may consider a grant equal to fifty percent (50%) of the cost to purchase and install or upgrade an existing grease trap up to a maximum of $7,500 per project for "destination" restaurants/retail.

Sales Tax Grants

The City may grant up to 100% of the City of Lewisville's one percent (1%) increment of Sales and Use Tax generated from the facility for up to ten (10) years.

Rent Assistance Grant

Rent assistance grants for up to 12 months are available to destination retailers and restaurants that do not have a strong presence in other locations in DFW and the tenant must sign a minimum 5-year lease at the property.

Proposed Targeted Incentives

Targeted Incentives

Old Town

Redevelopment Assistance

For residential and non-residential projects of the highest caliber, the City may assist with low or no interest loans, grants, brownfield assessments, relocation of non-conforming uses to areas outside of Old Town that permit that use, and demolition of structures. To be considered for this type of incentive, applications shall address the following factors:

a. Size and location of the proposed project site;
b. Proposed project plan;
c. Proposed financing plan;
d. Degree to which the project conforms with the City of Lewisville's 2025 plan;
e. Degree to which the project promotes any applicable Master Planning initiatives sponsored by the City; and
f. Market and financial feasibility for the development

Single Family Home Economic Development Incentive Programs

Feedback/Questions