

JOINT SPECIAL MEETING OF THE HARLINGEN CITY COMMISSION
AND
TAX INCREMENT FINANCING REINVESTMENT ZONE NO. 3

APRIL 20, 2012

A Joint Special Meeting of the Harlingen Elective Commission and the Tax Increment Financing Reinvestment Zone No. 3 was held on Friday, April 20, 2012 at 12:00 Noon in Town Hall, City Hall, 118 E. Tyler Street, Harlingen, Texas. Those in attendance were:

Mayor and City Commissioners

Mayor, Chris Boswell
Jerry Prepejchal, Mayor Pro-Tem, District 4
Danny Castillo, Commissioner District 1
Robert Leftwich, Commissioner District 2
Michael Mezmar, City Commissioner District 3
Joey Trevino, Commissioner District 5

Tax Increment Financing Reinvestment Zone #3

Victor Villarreal, Member
Robert Leftwich, Member
David Garza, Member
Frank Puente, Member
Ernesto Silva, Member
Felix Sanchez, Member

ABSENT

Tom Hushen, Member

Staff

Carlos Yerena, City Manager
Amanda C. Elizondo, City Secretary
Roxann Pais Cotroneo, City Attorney
Gabe Gonzalez, Asst. City Manager
Roel Gutierrez, Finance Director
Dan Serna, Public Works Director

Anne Burger Entrekin, City of Harlingen Financial Advisor

Mayor Chris Boswell and Mr. Victor Villarreal both announced that a quorum was established for the City Commission and Tax Increment Refinancing Zone (TIRZ) #3 Board. A notice of the meeting had been duly posted according to state law and the following proceedings were held.

Mayor Boswell called the meeting to order for the Harlingen City Commission and Mr. Villarreal called the meeting to order for Tax Increment Refinancing Zone #3 Board.

- 1) Presentation by Larry Cline on the role and functions of a Tax Increment Financing Reinvestment Zone.

Mr. Larry Cline stated the TIFRZ was a mechanism to fund needed new public improvements for a public system. It was a public/private partnership, which gave the opportunity to leverage municipality capital with capital of private entities or other public agencies. The TIFRZ did not invade the revenues going into the general budget of the city or county. It did not involve additional or increased taxes or charges on existing or new development. It did not incur a forgiveness of taxes or abatement; however, it did create a debt or other obligations to pay part or overall infrastructure cost within the TIFRZ. A TIFRZ typically used real property tax dollars generated by new development. If no new taxes were generated, the developer funded the infrastructure costs and did not get reimbursed. Sales tax revenues could be used to fund TIFRZ infrastructure projects.

This would be a separate cost by the city. The only risk was that if a TIFRZ was created and nothing happened; the city would be obligated to pay for the cost of the improvements.

Mr. Cline highlighted the process of creating a TIFRZ and stated the city could create the zone as per state statutes. The city had to develop a list of public infrastructure projects that were expected to be funded by the TIFRZ. It was the TIFRZ Board's responsibility to monitor the project plan. There was the possibility of modifying the plan based on project activities. The modifications could be done as long as it was within the total cost of the projected financial plan. The board would prepare an annual report and review requests from developers for use of the TIFRZ funds. The board would negotiate an agreement with the developer or a public/private partnership. The developer's agreement could also stipulate that reimbursement to the developer could only come from funds generate by his development. If no funds were generated, then the developer would not receive a reimbursement or if sufficient funds were received than the developer could receive a reduced reimbursement. The board was an advisory board and would recommend items to the City Commission for their final approval such as the developer's agreement and all term rested within the City Commission.

A brief discussion was held and Mr. Carlos Yerena, City Manager stated staff was in the process of updating the financial plan and increasing the amounts due to the closing issues with the Bass Pro Shops.

Mr. Cline stated if there was an increase in development activities, the project and financial plans could be review by the TIFRZ Board with recommendations to the city and county for final approval.

2) Presentation of the Financials for Tax Increment Financing Reinvestment Zone No. 3.

Roel Gutierrez, Finance Director highlighted the Tax Increment Financing Reinvestment Zone No. 3 Balance Sheet as of March 31, 2012 and the Statement of Revenues, Expenditures and Changes in Fund Balance as followed:

ASSETS

Cash	\$348,094.00
Accounts Receivable/Miscellaneous	_____ -0-
TOTAL ASSETS	\$348,094.00

LIABILITIES AND FUND BALANCE

Liabilities	0
Fund Balance	\$348,094.00
TOTAL LIABILITIES AND FUND BALANCE	\$348,094.00

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	Current Month	Current Year to Date
<u>Revenue</u>		
Investment Earnings	\$ 38	\$ 189
Transfer from General Fund	26	111,467
Transfer from Dept Service Funds	0	0
Total Revenues	\$ 64	\$ 111,655
<u>Expenditures</u>		
Professional Services	\$ 0	\$ 500
Total Expenditures	\$ 0	\$ 500
Excess Revenues over Expenditures	\$ 64	\$ 111,155
Fund Balance, Beginning of Year		236,939
Fund Balance, Year to Date		\$ 348,094

Mayor Boswell stated the current balance did not include contributions from the county. The city was working with the County Commissioners Court and an agreement had been approved, but there were some details pending that were being worked on by staff.

Discussion was held and Mr. Garza, (board member and County Commissioner) stated the only reason the county had not approved the final document was because the county agreed to use the 2006 evaluations.

Mr. Ernesto Silva, board member inquired how accurate were the collections.

Mr. Gutierrez responded the collections were pretty accurate. Staff had encountered some problems when they first started with the Appraisal District and Tax Collection Office, but collectively they had reviewed the numbers and corrected the amounts in the system. Mr. Gutierrez reported the following amounts for each of the TIFRZ(s): TIFRZ #1 - \$275,462.00, TIFRZ #2-\$499,858 and TIFRZ #3-\$348,094.

- 3) Consider and take action to approve payment plan to the Economic Development Corporation of Harlingen, Inc. for reimbursement of public infrastructure improvements for improvements for Harlingen Venture No. 2.
- 5) Closed/Executive Session pursuant to Chapter 551, Subchapter D, V.T.C.A. Government Code, Section 551.087 and 551.071 regarding commercial and financial information from a business prospect known as Project Uncle with which the City Commission is conducting economic development negotiations regarding the possible creation of a Chapter 380 Economic Development Program and/or to discuss or deliberate financial incentives with prospect and to seek legal advice from the City Attorney regarding the development of a Chapter 380 Economic Development Agreement and matters related to the subject.

At 12:23 p.m., Mayor Boswell announced the City Commission would convene into executive session to discuss Items No. 3 and 5 pursuant to Chapter 551, Subchapter D., V.T.C.A., Government Code; Section 551.071.

Motion was made by Mayor Pro-Tem Prepejchal and seconded by Commissioner Leftwich to go into executive session to discuss Items No. 3 and 5. Motion carried unanimously.

At 12:25 p.m., Mr. Villarreal announced the Tax Increment Financing Reinvestment Zone #3 Board would convene in executive session to discuss Item No. 3 and 5 pursuant to Chapter 551, Subchapter D., V.T.C.A., Government Code, Section; 551.071.

Mr. Silva relinquished his chair and excused himself from the meeting room in order to avoid "an appearance of impropriety."

Motion was made by Mr. Garza and seconded by Mr. Leftwich to convene into executive session to discuss Items No. 3 and 5. Motion carried unanimously.

At 1: 42 p.m., Mayor Boswell announced the City Commission and TIFRZ Board had completed its executive session and declared the meeting open to the public.

- 4) Consider and take action to approve a request for reimbursement from the Tax Increment Financing Reinvestment Zone No. 3 to the City of Harlingen for public infrastructure improvements for Cameron Crossing Subdivision.

Dan Serna, Public Works Director stated the cost for the Project, (Phase 1) at Cameron Crossing was \$4,011,902.04. He stated there was a Change Order No. to replace the damaged asphalt on Dixieland Road. Phase 2 of the project was estimated at \$712,500. The total cost for both phases of the Bass Pro Shops/Cameron Crossing Project was estimated at \$12.7 million. There was \$2,750,000 in bond proceeds and

\$1,974,402.04 in reimbursement bonds. The Phase 2 figures were estimate numbers and that project had not yet started or engineered.

Mr. Gutierrez stated the cash on hand for TIFRZ #3 was \$348,094, leaving an estimated balance of \$228,396. The remaining balance would be \$119,698.

Commissioner Mezmar inquired about the payment due dates for the principle and interest and if the payments were to pay the city.

Mr. Gutierrez responded the due dates were every February and August and the upcoming payment was due in August.

Motion was made by Commissioner Castillo and seconded by Mayor Pro-Tem Prepejchal to authorize the reimbursement of \$228,396 annually for 20 years to the City of Harlingen. Motion carried unanimously.

Motion made by Robert Leftwich, TIFRZ Board Member and seconded by Felix Sanchez, TIFRZ Board Member to authorize the reimbursement of \$228,396 annually for 20 years to the City of Harlingen. Motion carried unanimously

- 3) Consider and take action to approve payment to the Economic Development Corporation of Harlingen, Inc for reimbursement of public infrastructure improvements for Cameron Crossing Subdivision.

Motion was made by Commissioner Leftwich and seconded by Mayor Pro-Tem Prepejchal to approve the TIFRZ recommendation of \$100,000 payment to the Harlingen Economic Development Corporation, Inc. Motion carried unanimously.

Motion was made by Commissioner Leftwich and seconded by Mr. Garza to approve the \$100,000 payment to the Harlingen Economic Development Corporation, Inc for reimbursement of the Harlingen Venture #2. Motion carried unanimously.

There being no further business to discuss, Mayor Chris Boswell and Mr. Villarreal adjourned the meeting.

City of Harlingen


Chris Boswell, Mayor

Attest:


Amanda C. Elizondo
City Secretary

Tax Increment Refinancing Zone Board No. 3

Victor Villarreal, Chairman

Attest:

Amanda C. Elizondo
City Secretary