

**Minutes**  
**Special Council Meeting**  
**March 21, 2013**

On this 21<sup>st</sup> day of March 2013, at 12:00 p.m. the City Council of the City of Devine convened in a Special Meeting; the same being opened to the public at their regular meeting place; thereof, at City Hall, 303 S. Teel Drive, Devine, Texas. Notice of said Meeting having been prescribed in Chapter 551, Government Code, and Vernon's Texas Codes, Annotated, and the following members being present:

Mayor William L. Herring  
Alderman Hal Lance  
Alderwoman Kathy Wilkins  
Alderwoman Gina Champion  
Alderman Steve A. Lopez

Absent being: Alderman Valdez; thus, constituting a quorum.

Personnel present: Gary L. Pelech, City Administrator; Dora V. Rodriguez, City Secretary; Denise Duffy, City Accountant.

Others present: Lance Elliot, TIF Financial Advisor; James Armstrong, Medina Valley Times; Dr. Robert Fitzgerald, Hondo, TX; Cindy Gonzalez and Sandy Jopling, of Devine, TX.

Mayor Herring, presiding, declared the meeting open.

The first order of business was the **Public Hearing**: To designate an area known as the City of Devine Redevelopment Project as a Tax Increment Reinvestment Zone.

Mayor Herring declared the Public Hearing open to the public at 12:00 p.m.

Mr. Lance Elliott, TIF Financial Advisor, addressed the Council and public. He stated that the purpose of this Public Hearing was to discuss the creation of this Tax Increment Reinvestment Zone in the City of Devine; it will be Tax Increment Reinvestment Zone Number Two. He explained that the City of Devine created Tax Increment Reinvestment Zone Number One in the year 2000; this is where the houses around the Golf Course are located, and that particular zone will be expiring in about 18 months.

Alderman Lance arrived at 12:10 p.m.

Mr. Elliott went on to explain that the primary purpose of creating this zone is to continue the access road improvements. He directed Council to a map and explained that all the areas in red are the properties that they're contemplating putting inside the Reinvestment Zone. He explained that the City owns 40+ acres, behind Triple C, of which they have \$600,000+ invested in the remediation and cleanup and the property has not been on the tax rolls in 90+ years, so we have the opportunity in working with the State thru TxDOT to run the access road down the entire front of the property but it would cost the City \$1,400,000 to do that. Coupled with the \$600,000+ that is already

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invested in the property, he stated it would cost the City around \$2,000,000. As the Tax Increment Reinvestment Zone is created, increment means that as properties are developed, the new tax revenue that is generated by the development goes to a special fund that is used to provide development within the zoned area. By taking this property and getting it off of the City's name and into a private developer's name, means that the property would automatically go on the tax rolls which would generate an incremental increase in income for both the City and the County. We'll take that incremental increase and leverage it to get the \$1,400,000 that we need to give to TxDOT to put an access road all the way from Hondo Highway to FM 3176. Mr. Elliott added that part of the property is in the City's ETJ; it's not in the city limits right now but at some point in the future the city limits will be extended to include that property. However, it was included in the zoned area to be able to get the access road extended.

Mayor Herring then explained that TxDOT is going to extend it and widen the road but not all the way to FM 3176. He added that eventually in order to extend that access road, we would have to buy that strip of property which currently belongs to Agnes Ramirez; her property is in the City's ETJ. The City will have to try to negotiate a deal with them to buy enough property to extend the road and make a loop to come across FM 3176. That will give us access to City property which we do not have right now, off the frontage road.

Mr. Elliott went on to explain that when the private developer creates the zone, the private developer must own 51% of the value of the property in the zone and also any landowner can protest being included in the zone if it is for the benefit of the private developer. However; when the zone is created for the benefit of the City, because it doesn't affect their taxes (whether they pay taxes or not), the City can go ahead and create the zone based upon the needs of the City because all of the funds generated from the development of these properties are going to be used for City projects. They would all be used for public works – street, water and sewer.

Mr. Elliott added that as the property is developed, they plan to install a lift station so they have included money to be able to do this. He said they wanted to be able to not only sell the property but to develop the property as well. We will use the money that is generated in the zone to be able to do improvements in the zone.

Dr. Robert Fitzgerald, from Hondo, inquired of Mr. Elliott if there is going to be any future development for low-income housing in the zone because he thought he had heard this mentioned at a Commissioners Court meeting in Hondo. Mr. Elliott responded that what he mentioned is that this is the most economically disadvantaged area in the City. So they are looking at building 75-90 homes on that property and we want it to be for workforce housing; this would be for people who live in Devine who can work in Devine and be able to afford these homes. They would not be like the houses around the golf course but it would be affordable housing in the area of \$135,000 - \$150,000 range, but not exactly low-income housing.

Discussion regarding TIF was held with Cindy Gonzalez of Morales Realty.

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Mr. Elliott explained that tax increment money is TIF money and TIF means tax increment financing; tax increment reinvestment zone is the property itself. It is slow money because in Texas we pay taxes a year after. If we create a zone in 2013, the earliest we would have money is in March, 2015; 2013 would be the base year, 2014 is the year we get the taxes off that zone. Part of the creation of this zone is to be able to demonstrate to TxDOT that we have a future funding mechanism to try to get them to allocate the money now and start planning the access road.

Discussion was held with Cindy Gonzalez on annexing the ETJ.

Discussion was also held with Dr. Fitzgerald regarding the increased traffic on IH-35 due to the Eagle Ford Shale demands of trucks. He felt that the safety features of this project will help prevent the loss of lives and property and he told Council it speaks very highly of our project. He also shared that he wasn't very happy with what the Medina County people did with a private developer with real estate in Hondo, but he felt that our project fits what the law was designed to do; to take an undeveloped area that is a hazard and create a taxable future development that will be a boom to the City and the County. He told the Mayor and Council that he was "for" our project.

Medina Valley Times Editor James Armstrong asked if there was any cost estimate yet on the lift station specifically. He was told we have a very rough cost estimate of about \$1,000,000.00. Mr. Elliott stated that we are estimating for the zone to generate about \$5.6 Million over a 25 year period.

Mr. Elliott also added that for Tax Increment Reinvestment Zone #1 (by the golf course), both the City and the County committed 100% each of its revenue until that zone was paid for. In this zone, he said, we are only asking the City and County for 90% of their revenue; the City and County will still have funds coming off the zone to use for their General Funds.

There was no further discussion.

Mayor Herring closed the Public Hearing to the public at 12:25 p.m.

The second order of business was to discuss and consider adopting an Ordinance designating an area known as the City of Devine Redevelopment Project as a Tax Increment Reinvestment Zone; describing the boundaries of the Zone; creating a Board of Directors for the Zone; providing for an effective date and termination date for the Zone; naming the Zone "Reinvestment Zone Number Two City of Devine; and establishing a Tax Increment Fund.

Council reviewed the Ordinance, and Mayor Herring noted some date changes on the Ordinance; namely changing the date from March 19<sup>th</sup> to March 21, 2013; and the time to 12:00 Noon. The ordinance was given a number of 03-13.

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Motion by Alderwoman Champion, seconded by Alderman Lopez to adopt Ordinance 03-13 designating an area known as the City of Devine Redevelopment Project as a Tax Increment Reinvestment Zone; describing the boundaries of the Zone; creating a Board of Directors for the Zone; providing for an effective date and termination date for the Zone; naming the Zone “Reinvestment Zone Number Two City of Devine; and establishing a Tax Increment Fund.

Ayes	--	Four
Nays	--	None
Absent	--	One (Alderman Valdez)

Motion carried.

There being no further business to come before the governing body, motion made by Alderman Lance, seconded by Alderwoman Wilkins

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Mayor

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City Secretary