



**NOTICE OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
TAX INCREMENT REINVESTMENT ZONE NO. 1,
CITY OF BRENHAM, TEXAS
THURSDAY, MARCH 17, 2022, AT 10:30 A.M.
SECOND FLOOR CITY HALL
COUNCIL CHAMBERS
200 W. VULCAN ST.
BRENHAM, TEXAS**

1. CALL TO ORDER

2. PUBLIC COMMENTS

An opportunity for citizens to address the Tax Increment Reinvestment Zone No. 1 Board of Directors regarding matters which are scheduled on this agenda for consideration by the Tax Increment Reinvestment Zone No. 1 Board, but not scheduled as a public hearing.

3. DISCUSSION ITEMS

- a) Presentation and Discussion on the Tax Increment Reinvestment Zone Number One and the Board of Directors

4. ACTION ITEMS

- b) Consider Approval of the Minutes from the December 5, 2019 TIRZ Board Meeting
- c) Consider the Adoption of a 'Policy for the Reimbursement of Qualified Infrastructure Costs for Private Development of Public Infrastructure within Tax Increment Reinvestment Zone Number One, City of Brenham, Texas'
- d) Consider a Memorandum of Understanding Between the City of Brenham and Brenham Market Square, LP Related to the Funding of Qualified Infrastructure Costs for Public Infrastructure Improvements at the Brenham Market Square Development, Located at 2410 S. Market Street, Brenham, Texas, from the Tax Increment Reinvestment Zone No. 1 Fund

5. ADJOURNMENT

CERTIFICATION

I do hereby certify that the above notice of a meeting of the Brenham Tax Increment Reinvestment Zone No. 1, City of Brenham, Texas Board of Directors was posted to the City Hall bulletin board at 200 W. Vulcan St., Brenham, Texas in compliance with Chapter 551, Texas Government Code on Monday, March 14, 2022 at 10:00 A.M.

Jeana Bellinger, TRMC, CMC

City Secretary



To: TIRZ Board

From: Carolyn D. Miller
City Manager

Subject: Economic Development Tools for Cities

Date: March 15, 2022

The State Tax Code outlines criteria for local governments related to economic development. The City of Brenham is utilizing the following economic development tools:

- **Chapter 312 – Property Tax Abatement (Tax Phase-In)**
 - Create or retain primary jobs
 - Add new real and/or personal property value to tax rolls
 - Duration of 10 years
 - A percentage of property tax is abated each year
 - At the end of FY2021, the City had eight (8) agreements in place

- **Chapter 380 – Economic Development Programs and Grants**
 - Grants of public funds for purpose of promoting economic development and stimulating business and commercial activity
 - Baker Katz 380 Agreement approved January 2019
 - Grant payments subject to a maximum reimbursement of \$7 million of Sales Tax generated from their project over 12 years
 - Grant payments to begin December 1, 2023, and terminate on December 1, 2034

- **Chapter 311 – Tax Increment Reinvestment Zone**
 - Promote development or redevelopment in an area that would not occur in the foreseeable future solely through private investment
 - Establish a Base Value for property located in the TIRZ
 - TIRZ No. 1 established in 2018; base value for property over \$336 billion
 - As property within the TIRZ develops, property values increase and 50% of the incremental value is deposited into TIRZ fund
 - FY2021 incremental value over base year was \$87 million

Decisions by TIRZ Board

We will be presenting two items for the TIRZ Board to consider:

- Adoption of a Policy for the reimbursement of qualified infrastructure costs from TIRZ property tax revenues
- Approval of an MOU from a private developer related to reimbursement of qualified infrastructure costs

Unlike the other economic development tools, the TIRZ is relatively new, and we have not established any guidelines for reimbursement of private development within the zone. If approved by the TIRZ Board, our economic development incentives will include:

- Tax Phase-In provides property tax relief (before remitted to the City)
- Chapter 380 Agreements - Baker Katz rebate sales tax (after collected and remitted to City)
- TIRZ Policy – establishes guidelines for reimbursement of qualified infrastructure costs from TIRZ property tax to private developers (after remitted to City)

Tax Increment Reinvestment Zone No. 1

A special meeting of the Tax Increment Reinvestment Zone No. 1 Board of Directors was held on December 5, 2019 beginning at 11:15 a.m. in the Brenham City Hall, City Council Chambers, at 200 W. Vulcan Street, Brenham, Texas.

Members present:

Milton Y. Tate, Jr.
Susan Cantey
Adonna Saunders
Keith Herring
Albert Wright
Clint Kolby
Gary Crocker

Members absent:

Andrew Ebel
Tom Whitehead

Others present:

City Manager James Fisher, City Attorney Cary Bovey, City Secretary Jeana Bellinger, Assistant City Manager – Chief Financial Officer Carolyn Miller, Interim Police Chief Rusty Pancoast, Dant Lange, Economic Development Director Susan Cates.

Citizens present:

None.

Media Present:

None.

- 1. Call Meeting to Order**
- 2. Public Comments**

There were no comments heard from the public.

3. ACTION ITEMS

a) Consider Appointment of a Vice-Chairman and a Secretary for the Tax Increment Reinvestment Zone No. 1 Board of Directors

Assistant City Manager – Chief Financial Officer Carolyn Miller presented this item. Miller advised that as outlined in organizational documents for the Board, a Vice-Chairman and Secretary must be appointed by the Board. Miller explained that the Vice-Chairman shall exercise the powers of the Chairman during that officer’s absence or inability to act and the Secretary shall keep the minutes of all meetings of the Board and he/she shall have charge of such books, records, and documents of the Board.

A motion was made by Chairman Milton Tate and seconded by Adonna Saunders that Clint Kolby be appointed Vice-Chairman of the Tax Increment Reinvestment Zone (TIRZ) No. 1 Board.

A motion was then made by Keith Herring and seconded by Adonna Saunders that Susan Cantey be appointed Secretary of the Tax Increment Reinvestment Zone (TIRZ) No. 1 Board.

There being no other nominations, Chairman Tate called for a vote. The motion passed with Board voting as follows:

Chairman Milton Y. Tate, Jr.	Yes
Susan Cantey	Yes
Andrew Ebel	Absent
Adonna Saunders	Yes
Keith Herring	Yes
Albert Wright	Yes
Clint Kolby	Yes
Gary Crocker	Yes
Tom Whitehead	Absent

b) Consider Approval of Bylaws of the Tax Increment Reinvestment Zone No. 1, City of Brenham, Texas

Assistant City Manager – Chief Financial Officer Carolyn Miller presented this item. Miller explained that this item is for the approval of the Bylaws of the Tax Increment Reinvestment Zone (TIRZ) No. 1 Board which was created by the City Council at the December 20, 2018 meeting. Miller provided a brief summary of the information contained in the Bylaws.

A motion was made by Susan Cantey and seconded by Albert Wright that the Bylaws of the Tax Increment Reinvestment Zone (TIRZ) No. 1 Board be approved as presented.

Chairman Tate called for a vote. The motion passed with the Board voting as follows:

Chairman Milton Y. Tate, Jr.	Yes
Vice-Chairman Clint Kolby	Yes
Susan Cantey	Yes
Andrew Ebel	Absent
Adonna Saunders	Yes
Keith Herring	Yes
Albert Wright	Yes
Gary Crocker	Yes
Tom Whitehead	Absent

c) **Consider Approval of Resolution No. TIRZ-2019-01 of Tax Increment Reinvestment Zone No. 1, City of Brenham, Texas Final Project and Finance Plan; Making Certain Findings; and Providing for an Immediate Effective Date.**

Assistant City Manager – Chief Financial Officer Carolyn Miller presented this item. Miller explained that this item is for the approval of Resolution No. TIRZ-2019-01 giving approval of the Final Project and Finance Plan for the Zone. A *Preliminary Project and Finance Plan* was approved by the City Council on December 20, 2018 and staff is now presenting this final plan to the TIRZ Board for review and approval.

A motion was made by Gary Crocker and seconded by Clint Kolby to approve Resolution No. TIRZ-2019-01 approving the Tax Increment Reinvestment Zone (TIRZ) No. One, City of Brenham, Texas Final Project and Finance Plan.

Chairman Tate called for a vote. The motion passed with the Board voting as follows:

Chairman Milton Y. Tate, Jr.	Yes
Vice-Chairman Clint Kolby	Yes
Susan Cantey	Yes
Andrew Ebel	Absent
Adonna Saunders	Yes
Keith Herring	Yes
Albert Wright	Yes
Gary Crocker	Yes
Tom Whitehead	Absent

The meeting was adjourned.

Milton Y. Tate, Jr.
Chairman

Susan Cantey
Secretary



To: TIRZ Board
From: Jeana Bellinger, City Secretary
Subject: TIRZ Reimbursement Policy
Date: March 15, 2022

The Brenham City Council established the Tax Increment Reinvestment Zone Number One (TIRZ) on December 20, 2018. The purpose of the TIRZ is to utilize Tax Increment Financing to fund Public Improvements within the boundaries of the TIRZ, in order to enhance the value of all taxable real property in the TIRZ as a general benefit to the City.

Since private development of public infrastructure benefitting the TIRZ may facilitate development that enhances the value of taxable real property within the TIRZ, the City wants to establish some guidelines for reimbursement to private developers from the tax increment revenues. Some of the guidelines outlined in the attached policy include:

- Applies only to projects located within and/or benefitting the TIRZ.
- The TIRZ Board must review a proposed Project and approve the Project as eligible for reimbursement prior to the commencement of work on the Project.
- An “Opinion of Probable Cost” prepared by a licensed Professional Engineer must be submitted.
- Only Projects built to City standards are eligible for reimbursement.
- Qualified Infrastructure Costs will be calculated and reimbursed as follows:

WCAD Appraised Value of Property After Development	Infrastructure Reimbursement as an Actual Percent of WCAD Appraised Value of Property	Maximum Infrastructure Reimbursement Cap
\$25,000,000 - \$50,000,000	4%	\$2,000,000
\$50,000,001 - \$100,000,000	6%	\$6,000,000
>\$100,000,000	8%	\$10,000,000

The full policy is attached to this memo for your review.

**POLICY FOR THE REIMBURSEMENT OF QUALIFIED
INFRASTRUCTURE COSTS FOR PRIVATE DEVELOPMENT OF
PUBLIC INFRASTRUCTURE WITHIN TAX INCREMENT
REINVESTMENT ZONE NUMBER ONE, CITY OF BRENHAM, TEXAS**

SECTION 1
PURPOSE OF THE POLICY

Pursuant to Chapter 311 of the Texas Tax Code, the City Council of the City of Brenham established Tax Increment Reinvestment Zone Number One, City of Brenham, Texas (“TIRZ”) on December 20, 2018. The purpose of the TIRZ is to utilize Tax Increment Financing to fund Public Improvements within the boundaries of the TIRZ in order to enhance the value of all taxable real property in the TIRZ and as a general benefit to the City.

The City Council passed and approved the Final Project and Finance Plan for the TIRZ on December 5, 2019. Section 15 of the Final Project and Finance Plan establishes Economic Development Programs as a valid use of Tax Increment funds in the TIRZ to incentivize the development of public improvements necessary to the growth of commercial enterprises in undeveloped or underdeveloped areas within the TIRZ.

Private development of public infrastructure benefitting the TIRZ may facilitate development that enhances the value of taxable real property within the TIRZ. Therefore, the City seeks to establish guidelines for reimbursement from the Tax Increment revenues generated by projects within the TIRZ for infrastructure costs for public improvements incurred by private developers when the public improvements enhance the value of all taxable real property in the TIRZ and are of general benefit to the City.

SECTION 2
DEFINITIONS

- AGREEMENT – A Chapter 380 Agreement between the City and a Developer pertaining to the reimbursement of Qualified Infrastructure Costs for a Project
- BOARD – The Board of Directors of Tax Increment Reinvestment Zone Number One, City of Brenham, Texas
- CHAPTER 380 – Chapter 380 of the Texas Local Government Code which authorizes cities to make loans or grants of public funds, as well as provide for other programs and incentives, for the purpose of promoting economic development and stimulating business and commercial activity within the City
- CITY – The City of Brenham, Texas

- COUNCIL – The City Council of the City of Brenham, Texas
- DEVELOPER – Private landowner developing commercial real property within the TIRZ and seeking Qualified Infrastructure reimbursement under the Policy
- POLICY – This Policy for the Reimbursement of Qualified Infrastructure Costs for Private Development of Public Infrastructure within the TIRZ
- PROJECT – Commercial development of undeveloped or underdeveloped land for which the Developer is seeking reimbursement for Qualified Infrastructure Costs
- QUALIFIED INFRASTRUCTURE COSTS – Costs incurred for infrastructure that, as described in the application for TIRZ reimbursement, has been constructed, and proof of payment of such costs has been provided to the City
- TAX INCREMENT – The portion of City ad valorem revenue attributable to new development in the TIRZ deposited into the Tax Increment fund (also sometimes referred to herein as the “TIRZ fund”), calculated as fifty percent (50%) of the City’s ad valorem tax rate in the base year (2019) of the TIRZ, or \$0.257 per \$100 valuation.
- TIRZ – Tax Increment Reinvestment Zone Number One, City of Brenham, Texas

SECTION 3
TERMS FOR REIMBURSEMENT

1. This Policy applies to Chapter 380 Agreements between the City and Developers for projects located within and/or benefitting the TIRZ, and in no way constrains other funds appropriated for public projects as authorized by the City.
2. Only Tax Increment revenues generated by a Project within the TIRZ will be allocated for reimbursement pursuant to a Chapter 380 Agreement with the Developer of the same Project, with the subject real property clearly identified in the Agreement.
3. To be eligible for reimbursement using TIRZ funds, the Board must review a proposed Project and approve the Project as eligible for reimbursement prior to the commencement of work on the Project.
4. Board approval of a Project as eligible for reimbursement using TIRZ funds is made based on the merits of the Project in relation to the enhancement of the value of all taxable real property in the TIRZ and as a general benefit to the City. Board approval of a “similar” Project does not obligate the Board for future Projects.
5. An “Opinion of Probable Cost” prepared by a licensed Professional Engineer must be submitted with the application for reimbursement using TIRZ funds.
6. Only Projects built to City standards are eligible for reimbursement using TIRZ funds. Additional aesthetic or design elements will be considered on a case-by-case basis.

7. After the Board has reviewed a Developer's application for reimbursement, the Board will make a recommendation to the Council regarding the City and Developer entering into a Chapter 380 Agreement.
8. Qualified Infrastructure Costs will be calculated and reimbursed according to the following chart:

WCAD Appraised Value of Property After Development	Infrastructure Reimbursement as an Actual Percent of WCAD Appraised Value of Property	Maximum Infrastructure Reimbursement Cap
\$25,000,000 - \$50,000,000	4%	\$2,000,000
\$50,000,001 - \$100,000,000	6%	\$6,000,000
>\$100,000,000	8%	\$10,000,000

9. Reimbursement for Qualified Infrastructure Costs shall comply with the following terms and conditions:
 - a. No reimbursement shall be made in the calendar year that the Agreement is executed. Year One of the Agreement is the subsequent calendar year.
 - b. Year 1-10: 100% of Tax Increment collected from the Project
 - c. Year 11-20: 75% of the Tax Increment collected from the Project
 - d. No Agreement term shall exceed twenty (20) years.
 - e. No Agreement term shall extend past the expiration date of the TIRZ, said date being December 31, 2048.
 - f. Notwithstanding any term of years stated in the Agreement, the Agreement shall automatically terminate immediately upon the Developer's receipt of total reimbursement payments equal to the lesser amount of the Qualified Infrastructure Costs or the Maximum Infrastructure Reimbursement Cap.
10. The total amount of reimbursement for Qualified Infrastructure Costs paid to a Developer shall not exceed the amount the Project has generated in Tax Increment paid into the TIRZ fund. It is anticipated that the Qualified Infrastructure Costs will be incurred in the initial years of the Chapter 380 Agreement and will be reimbursed to the Developer as Tax Increment revenues generated by the Project are accumulated in the Tax Increment Fund.
11. There shall be no financial obligation for further reimbursement or other payment to the Developer by the City or the Board exceeding the Maximum Infrastructure Reimbursement Cap or the maximum reimbursement years established by this Policy and memorialized within the Chapter 380 Agreement. This Policy in no way limits the ability of the City to approve other incentive programs or enter into other economic development incentive agreements with the Developer or in regard to other projects located on the same parcel(s) of land.

SECTION 4
INFRASTRUCTURE COSTS ALLOWABLE FOR REIMBURSEMENT

1. Subject to compliance with all applicable provisions of this Policy, infrastructure costs incurred in the following categories are eligible for reimbursement to a Developer from the TIRZ fund:
 - a. Streets, roads, parking or other transportation improvements for motor vehicles;
 - b. Delivery infrastructure for City water supply;
 - c. Infrastructure for City wastewater system;
 - d. Drainage and stormwater detention or retention infrastructure;
 - e. Trails, paths, or sidewalks for public pedestrian travel; and
 - f. Public recreational amenities and gathering spaces.

2. Infrastructure costs must be shown to support the one or more of the following goals of the City as outlined in the City's Comprehensive Plan "Historic Past, Bold Future Plan 2040," as adopted September 19, 2019:
 - a. Goal EO1: An expanded retail base and mix within Brenham, to increase local spending, increase City revenues and respond to residents' desire for more varied shopping opportunities.
 - b. Goal EO2: Recognition of the essential role of housing in economic development and the need to have adequate supply and mix of housing for employees.
 - c. Goal EO4: A diversified local economy as Brenham continues to attract new businesses while retaining and growing existing businesses.
 - d. Goal GLUD1: An increased housing supply within the City limits, capturing an increased amount of county and regional growth within the City.
 - e. Goal GLUD2: A wider variety of housing types available within the City, including rental options and options affordable across the income spectrum and for various "life cycle" stages.
 - f. GLUD5: The City grows in logical areas and in a manner that supports the fiscal sustainability of the City into the future including through infill development.
 - g. GLUD6: Aged commercial corridors experience redevelopment and revitalization, providing increased retail and entertainment options within the City.
 - h. Goal GC3: A growth pattern that provides for the long-term financial sustainability of the City, balancing infrastructure investment and other public service needs of new development with reinvestment/rehabilitation needs of existing development areas.
 - i. Goal T1: Improved traffic flow, safety and crosstown connectivity.
 - j. Goal T2: Increased opportunities for Brenham's residents and visitors to safely walk and bike within the City, whether for work, shopping or recreation.
 - k. Goal T3: A street system that is in good repair and is safe and inviting for all users (vehicles, bicyclists, and pedestrians), utilizing the "Complete Streets" concept whenever feasible.
 - l. Goal PR1: A continued provision of high-quality park space and recreational programming to meet the needs of residents and visitors.

- m. Goal PR2: An emphasis on Brenham's natural, historic, recreational, and cultural assets in marketing and economic development efforts.
 - n. Goal PR3: A renewed focus on pedestrian and bicyclist access and safety within the City, including connecting to park and recreation sites, via trails, sidewalks, and on-street bicycle facilities.
3. Only infrastructure costs that have been incurred by the Developer and submitted to the Board with proof of payment may be reimbursed from TIRZ funds. Costs may include the cost of:
- a. Design;
 - b. Engineering;
 - c. Surveying;
 - d. Materials;
 - e. Labor; and
 - f. Final Inspection.

Costs that are approved by the Board with proof of payment provided by the Developer are then considered Qualified Infrastructure Costs.

4. Qualified Infrastructure must be completed within the first ten (10) years of the Agreement. Proof of payment for Qualified Infrastructure Costs must be submitted to the City no later than December 31st of year eleven (11) of the Agreement. No further Qualified Infrastructure Costs under the Agreement will be included in the reimbursement total after this submittal deadline.
5. It is the sole responsibility of the Developer to submit proof of payment for Qualified Infrastructure Costs. Proof of payment of said Qualified Infrastructure Costs by the Developer must be submitted to the City within twelve (12) months of the date of payment.
6. The City will remit reimbursement to the Developer on an annual basis no later than February 15th of the subsequent calendar year, or upon Developer's payment of ad valorem property taxes, whichever is later.



To: TIRZ Board

From: Jeana Bellinger, City Secretary

Subject: Memorandum of Understanding with Brenham Market Square, LP

Date: March 15, 2022

The City of Brenham established Tax Increment Reinvestment Zone Number One, City of Brenham (TIRZ) pursuant to Chapter 311 of the Texas Tax Code on December 20, 2018. The purpose of the TIRZ is to utilize Tax Increment Financing to fund public improvements within the TIRZ that significantly enhance the value of all taxable real property in the TIRZ and as a general benefit to the City.

Section 15 of the Final Project and Finance Plan of the TIRZ establishes Economic Development Programs as a valid use of funds in the Zone to incentivize the development of public improvements necessary to the growth of commercial enterprises in undeveloped or underdeveloped areas within the TIRZ.

Brenham Market Square is a proposed 51-acre mixed use development that will include multifamily residential, commercial, retail, hospitality, and restaurant properties which will positively impact the ad valorem tax revenue, hotel occupancy tax revenue, and sales tax revenue for the City.

This Memorandum of Understanding (MOU) is intended to establish the basis for a Chapter 380 Agreement between the City and Market Square for reimbursement of Qualified Infrastructure Costs to the Developer as outlined in the Policy presented in the previous item on this agenda. The approval of this MOU will allow the Developer to proceed with infrastructure construction while the Chapter 380 Agreement is prepared.

MEMORANDUM OF UNDERSTANDING
between
THE CITY OF BRENHAM, TEXAS
and
BRENHAM MARKET SQUARE, LP

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) SETS FORTH THE TERMS AND UNDERSTANDING BETWEEN THE CITY OF BRENHAM, A TEXAS HOME-RULE MUNICIPAL CORPORATION LOCATED IN WASHINGTON COUNTY, STATE OF TEXAS (“CITY”) AND BRENHAM MARKET SQUARE, A TEXAS LIMITED PARTNERSHIP LOCATED AT 1722 BROADMOOR DRIVE, SUITE 212, BRYAN TEXAS (“MARKET SQUARE”) AND IS INTENDED TO ESTABLISH THE BASIS FOR A CHAPTER 380 AGREEMENT REGARDING REIMBURSEMENT OF QUALIFIED PUBLIC INFRASTRUCTURE COSTS WITHIN A PRIVATE DEVELOPMENT LOCATED WITHIN TAX INCREMENT REINVESTMENT ZONE NUMBER ONE, CITY OF BRENHAM, TEXAS.

I. Background

1. The City of Brenham established Tax Increment Reinvestment Zone Number One, City of Brenham (TIRZ) pursuant to Chapter 311 of the Texas Tax Code on December 20, 2018.
2. The purpose of the TIRZ is to utilize Tax Increment Financing to fund public improvements within the TIRZ that significantly enhance the value of all taxable real property in the TIRZ and as a general benefit to the City.
3. Section 15 of the Final Project and Finance Plan of the TIRZ establishes Economic Development Programs as a valid use of funds in the Zone to incentivize the development of public improvements necessary to the growth of commercial enterprises in undeveloped or underdeveloped areas within the TIRZ.
4. The City adopted by Resolution R-2022-000 the “Policy for the Reimbursement of Qualified Infrastructure Costs for Private Development of Public Infrastructure within Tax Increment Reinvestment Zone Number One, City of Brenham, Texas” (“Policy”) on March 17, 2022
5. Market Square is a proposed 51-acre mixed use development (“Project”) that will include multi-family residential, commercial, retail, hospitality, and restaurant properties which will positively impact the ad valorem tax revenue, hotel occupancy tax revenue, and sales tax revenue of the City of Brenham.
6. The Market Square development will provide additional residential options for Brenham citizens. Further, it is anticipated that this commercial development will mitigate retail leakage to adjacent communities and attract visitors to our community for shopping, dining, and hotel stays.

7. Market Square anticipates the total property value of the fully developed Project to be in excess of \$133,850,000.
8. It is necessary to build infrastructure to support the development of the Market Square Project. The infrastructure will include water, wastewater, roads, and drainage. The estimated cost of the infrastructure is \$7,500,914.

II. Purpose

This MOU is intended to establish the basis for a Chapter 380 Agreement between the City and Market Square for reimbursement of Qualified Infrastructure Costs to the Developer as outlined in the Policy attached hereto as Exhibit "A" and incorporated herein for all pertinent purposes.

III. Terms

1. Based on the application for Economic Development Incentives and the Opinion of Probable Cost for public infrastructure, it is estimated that \$7,259,539.00 is the amount of Qualified Infrastructure Costs to be incurred in development of the Project.
2. The estimated appraised value of the land tract including Washington County Appraisal District tracts R20290, R67212, R24715, R67801, R20315, and R20322 as fully developed will be greater than \$100,000,000. Therefore, 8% of the appraised value of the property value can be reimbursed for Qualified Infrastructure Costs. The maximum Qualified Infrastructure Reimbursement for this Project is \$10,000,000.
3. Only Tax Increment revenues generated by the properties listed in Section III (2) herein above may be used to fund the reimbursement to Market Square for this Project.
4. Notwithstanding Section 3.3 of the Policy, due to current time constraints, Market Square may proceed with the construction of public infrastructure associated with the Project, and such commencement of construction will not cause such public infrastructure to be deemed ineligible for reimbursement as Qualified Infrastructure Costs pursuant to the Policy. The reimbursement will be paid as revenues are received annually into the TIRZ fund. At no time will reimbursement exceed the funds generated by the Project.
5. Reimbursement for Qualified Infrastructure Costs may commence in 2023 – Year One. In years one through ten (1-10) 100% of the increment generated by the Project may be used to reimburse Qualified Infrastructure Costs for which proof of payment has been received and approved by the TIRZ Board. In years eleven through twenty (11-20) 75% of the increment generated by the Project may be used to reimburse Qualified Infrastructure Costs for which proof of payment has been received and approved by the TIRZ Board.
6. The Chapter 380 Agreement will terminate: 1) after the reimbursement for year twenty (20) has been made by the City to Market Square; 2) upon Market Square's receipt of total reimbursement payments equal to the amount of the Qualified Infrastructure Costs; or 3) upon Market Square's receipt of total reimbursement payments equal to the amount of the Maximum Infrastructure Reimbursement Cap; whichever occurs first.

7. Should the appraised value of the developed Project not meet the projections, the maximum value of the reimbursement will be adjusted.

IV. Reporting

1. It is the responsibility of Market Square to submit proof of payment for all Qualified Infrastructure Costs that are eligible for reimbursement within one (1) year of payment to the contractor or supplier. Receipts submitted to the TIRZ Board after one (1) year will no longer be considered allowable costs for reimbursement.

V. Duration

1. This MOU shall become effective upon signature by the authorized representatives of the City and Market Square and will remain in effect until modified or terminated by either party. This MOU may be terminated without cause, at any time, by either party by providing written notice to the other party.
2. This MOU shall automatically terminate on the earlier to occur of 1) the effective date of a Chapter 380 Agreement between the City and Market Square; or 2) June 30, 2022.
3. Notwithstanding any provision of this MOU, it is expressly understood and agreed that this MOU is intended to be a preliminary expression of intent between the City and Market Square and shall not constitute and is not intended to be a legally binding agreement. This MOU does not obligate the City or Market Square to undertake any act, refrain from taking any act, or otherwise bind the City or Market Square in any manner. Neither party shall have any legal or other obligation to the other with respect to the terms provided herein until both parties have executed a definitive Chapter 380 Agreement.

VI. Contact Information

City of Brenham

Milton Y. Tate, Jr.
Mayor
P.O. Box 1059
Brenham, TX 77834-1059

Milton Y. Tate, Jr
Mayor

Date

With Copies to:

Cary L. Bovey
Bovey & Cochran, PLLC
2251 Double Creek Dr., Suite 204
Round Rock, TX 78664

ATTEST:

Jeana Bellinger, TRMC, CMC
City Secretary

Brenham Market Square, LP

Paul Leventis

President

1722 Broadmoor Drive, Suite 212

Bryan, TX 77802

With Copies to:

Chris Peterson

Peterson Law Group

416 Tarrow Street

College Station, TX 77840

Paul Leventis

President

Date