



**NOTICE OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
TAX INCREMENT REINVESTMENT ZONE NO. 1
THURSDAY, FEBRUARY 6, 2025 AT 11:00 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. ACTION ITEMS

- a) Consider Approval of the Minutes from the October 13, 2022 TIRZ Board Meeting
- b) Consider Appointment of a Vice-Chairman and a Secretary for the Tax Increment Reinvestment Zone No. 1 Board of Directors, Each for a Term of One-Year
- c) Consider Resolution No. TIRZ-2025-01 Providing for a Recommendation to the City of Brenham City Council Related to the Tax Increment Reinvestment Zone No. 1 Funding Correction Due to Revised Property Valuations
- d) Consider Resolution No. TIRZ-2025-02 Providing for a Recommendation to the City of Brenham City Council Related to a Decrease in the City Tax Increment for the Tax Increment Reinvestment Zone No. 1 Funding

4. 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 Friday, January 31, 2025 at 1:15 P. M.

Jeana Bellinger, TRMC, CMC

City Secretary

Tax Increment Reinvestment Zone Number One

A regular meeting of the Tax Increment Reinvestment Zone Number One Board of Directors was held on Thursday, October 13, 2022 beginning at 11:30 a.m. in the Brenham City Hall, City Council Chambers, at 200 W. Vulcan Street, Brenham, Texas.

Members present:

Milton Y. Tate, Jr.
Clint Kolby
Shannan Canales
Leah Cook
Atwood Kenjura
Adonna Saunders
Albert Wright
Gary Crocker
Tom Whitehead

Members absent:

None

Others present:

City Manager Carolyn Miller, City Attorney Cary Bovey, City Secretary Jeana Bellinger, Economic Development Director Susan Cates, and Finance Director Stacy Hardy

Citizens present:

Kyle Merten.

Media Present:

None.

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

There were no comments heard from the public.

3. DISCUSSION ITEMS

a) Update and Discussion on the Tax Increment Reinvestment Zone Number 1 Boundary

City Manager Carolyn Miller presented this item. Miller explained that the State Tax Code outlines criteria for local governments related to economic development and one of the tools the City of Brenham is utilizing is the Tax Increment Reinvestment Zone (TIRZ), as allowed in Chapter 311 of the Tax Code. Miller stated that the TIRZ can:

- 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
- As property within the TIRZ develops, property values increase and 50% of the incremental value can be deposited into the TIRZ fund to help with cost of future infrastructure projects within the TIRZ.

Miller stated that staff has discussed expansion of the TIRZ boundary to include the two (2) business parks and the undeveloped property off Highway 36 and Woodbridge. Miller also stated that while the incremental growth of the TIRZ fund (\$200 million in FY23) has been phenomenal, it has also had a negative impact on general government revenues. Miller explained that since the TIRZ was established, there has been \$900,000 in revenue which has not been available for general government services and operations because it had to be deposited into the TIRZ fund.

After further discussion with the Board, the decision was made to not expand the TIRZ boundaries at this time. The consensus of the Board was to wait until the Highway 36 and Woodbridge small area plan is completed and then discuss possibly expanding the TIRZ to include that area.

4. ACTION ITEM(S)

a) Consider Approval of the Minutes from the July 7, 2022 TIRZ Board Meeting

A motion was made by Shannan Cannales and seconded by Clint Kolby to approve the minutes from the July 7, 2022 TIRZ Board meeting.

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
Secretary Adonna Saunders	Yes
Shannan Cannales	Yes
Leah Cook	Yes
Atwood Kenjura	Yes
Albert Wright	Yes
Gary Crocker	Yes
Tom Whitehead	Yes

b) Consider a Recommendation to the City of Brenham City Council Related to a Chapter 380 Agreement with Brenham Market Square, LP.

Economic Development Director Susan Cates presented this item. Cates stated that at the TIRZ Board meeting on March 17, 2022 the Board approved a Memorandum of Understanding (MOU) between the City of Brenham and Brenham Market Square, LP for reimbursement of qualified public infrastructure costs in accordance with the Policy for Reimbursement of Qualified Infrastructure Costs for Private Development of Public Infrastructure within the Tax Increment Reinvestment Zone Number One, City of Brenham. Cates explained that the necessity of the MOU was timing to allow Brenham Market Square to meet certain business goals regarding sale of property to certain prospective buyers and to secure financing for the infrastructure while the Chapter 380 was being drafted by the City.

Cates advised that the terms of the Chapter 380 Agreement are the same as stipulated in the MOU and in accordance with the Policy with one exception. Cates explained that due to the economic constraints of post-pandemic supply chain issues that have impacted the Market Square Development, the developers have requested a revision of the date stipulated in the MOU (Section III.5) to make Year One 2024 instead of 2023. The revision of the date may benefit the City with funding of TIRZ projects to allow an additional year of funds to flow into the TIRZ before disbursements commence for this Chapter 380 Agreement.

A motion was made by Shannan Cannales and seconded by Albert Wright to recommend to the City of Brenham City Council the approval of the Chapter 380 Agreement with Brenham Market Square, LP with the change to Section III.5. to make Year One 2024 instead of 2023.

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
Secretary Adonna Saunders	Yes
Shannan Cannales	Yes
Leah Cook	Yes
Atwood Kenjura	Yes
Albert Wright	Yes
Gary Crocker	Yes
Tom Whitehead	Yes

The meeting was adjourned.

Milton Y. Tate, Jr.
Chairman

Adonna Saunders
Secretary



To: Tax Increment Reinvestment Zone No. 1 Board

From: Carolyn D. Miller
City Manager

Subject: Appointment of a Vice-Chairman and a Secretary for the TIRZ No. 1 Board

Date: January 24, 2025

This agenda item is for the appointment of a Vice-Chairman and a Secretary, each for a 1-year term, as outlined in Article 3 of the Bylaws. The Vice-Chairman shall exercise the powers of the Chairman during that officer's absence or inability to act. 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.

Currently Clint Kolby is the Vice Chairman and Adonna Saunders is the Secretary.



MEMORANDUM

To: TIRZ Board

From: Julie Flagg, Chief Financial Officer

Subject: TIRZ Funding

Date: January 30, 2025

There are two purposes for this memo:

1. To detail a necessary funding correction due to revised property valuations.
2. To propose a decrease in the City Tax Increment from 50% to 25%.

BACKGROUND INFORMATION

The Tax Increment Reinvestment Zone #1 (the Zone) was established in December 2018 to encourage new investment in the defined area. Starting in 2019, tax revenue on 50% of the incremental value of properties within the Zone is deposited in the TIRZ Fund. Expenditures from the TIRZ Fund must be a direct cost for the approved public improvement projects or for economic development programs within the Zone. A summary of all revenues and expenditures from inception of the TIRZ Fund through September 30, 2024 is below:

TIRZ Fund 301	Thru FY24
Property Tax Revenue	\$1,564,303
Interest Income	30,954
BFP-Small Area Plan	(70,000)
Market Square 380	(4,977)
NET FUND BALANCE	\$1,520,280

FUNDING CORRECTION DUE TO REVISED PROPERTY VALUATIONS

During a software upgrade in 2024, Washington County Appraisal District (WCAD) discovered that previously reported TIRZ values were incorrect. There were two primary issues that contributed to this: 1) business personal property was mistakenly included in the TIRZ and 2) due to previous software limitations, the incremental value was calculated in aggregate, instead of on each property separately.

It took several months for WCAD to sort through this issue and to provide the City with corrected TIRZ valuation reports for each year. Once we received the corrected reports, we calculated the funding difference and consulted with Petty & Associates regarding how to proceed. The total funding difference over the five-year period is an overfunding of the TIRZ Fund of \$399,950. Petty & Associates advised that the previous 5 years of funding should be trued up by adjusting this year's funding for the difference. This will result in a lower amount of revenue for the TIRZ fund than the budgeted amount of \$731,236. However, budgeted expenditures are only \$118,605 and, even with the reduction in revenue, there will be a revised budgeted net increase in fund balance of \$212,681.

PROPOSED DECREASE IN THE CITY TAX INCREMENT

The current City Tax Increment used to calculate the TIRZ funding is 50%, which means 50% of the property tax revenue generated by the incremental value of properties within the Zone is deposited in the TIRZ Fund, instead of in the General Fund. The TIRZ feasibility study estimated that the cumulative City tax contribution for the first five years would be \$696,310. With the funding correction detailed above, the actual cumulative City tax contribution for the first five years was \$1,164,353, or 67% greater than anticipated. During this same time period, the Texas legislature passed Senate Bill 2, which essentially capped increases in city property tax revenue on existing properties at 3.5% per year, versus the previous limit of 8%. The cap on property tax revenue increases coupled with Brenham's historic population growth has put increasing pressure on the General Fund budget. Fire Station No. 2 is scheduled for completion during FY2025-26, and the growing population creates a need for increased public safety personnel, including a fire inspector/assistant fire marshal and additional police officers. The estimated cost for these public safety expenditures is \$349,500, as detailed below.

General Fund Public Safety Cost Increases	
Fire Station #2 O&M	
> Utilities, phone, sanitation	\$85,000
> Janitorial/Grounds	8,000
> Insurance	10,000
> Miscellaneous	7,500
Fire Inspector/Asst Fire Marshal	84,000
2 New Police Officers	155,000
Total Estimated Cost	\$349,500

Taking into consideration the TIRZ funding is greater than projected by the feasibility study and the anticipated increase in public safety costs, we recommend that the City Tax Increment be reduced to 25%, beginning in FY2025-26. As an example, the estimated effect on the FY2024-25 budget would have been to shift \$365,618 from the TIRZ Fund to the General Fund.

After reviewing this information, should you have any questions prior to the February 6th meeting, do not hesitate to contact me directly at 979-337-7511.

**TAX INCREMENT REINVESTMENT ZONE NUMBER ONE
CITY OF BRENHAM**

RESOLUTION NO. TIRZ-2025-01

A RESOLUTION OF THE TAX INCREMENT REINVESTMENT ZONE NUMBER ONE, CITY OF BRENHAM, TEXAS (“TIRZ”) BOARD APPROVING THE TIRZ FUNDING CORRECTION; MAKING CERTAIN FINDINGS; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE.

WHEREAS, the Tax Increment Reinvestment Zone Number One, City of Brenham, Texas Board (the "Board") has been duly appointed in accordance with State law; and

WHEREAS, the City of Brenham, Texas (the "City") City Council (the "City Council") previously approved the creation of the Tax Increment Reinvestment Zone Number One, City of Brenham, Texas (the "Zone" or "TIRZ") by adoption of Ordinance No. O-18-019 on December 20, 2018 (the "Creation Ordinance"); and

WHEREAS, upon a full review of property valuations prepared by the Washington County Appraisal District (WCAD), it was determined that business personal property was mistakenly included in the TIRZ and previous software limitations caused the incremental value to calculate in the aggregate, instead of on each property separately; and

WHEREAS, the Board hereby finds that it is in the best interest of the City and its citizens to correct the overfunding of the TIRZ fund; and

WHEREAS, all constitutional, statutory and legal prerequisites for the passage of this Resolution have been met, including but not limited to the Open Meetings Act.

NOW THEREFORE, BE IT RESOLVED BY THE TAX INCREMENT REINVESTMENT ZONE NUMBER ONE, CITY OF BRENHAM, TEXAS BOARD, THAT:

SECTION 1. The recitals set forth in the WHEREAS clauses of this Resolution are true and correct and are incorporated as part of this Resolution.

SECTION 2. The Board approves the TIRZ funding corrections for fiscal years 2020 through 2024, attached hereto as **Exhibit A**.

SECTION 3. The Board recommends to the City Council approve the TIRZ funding correction.

SECTION 4. This Resolution shall become effective from and after its date of passage in accordance with law.

PASSED AND APPROVED BY THE TAX INCREMENT REINVESTMENT ZONE NUMBER ONE, CITY OF BRENHAM, TEXAS BOARD, ON THIS THE 6th DAY OF FEBRUARY, 2025.

Board Chairman

ATTEST:

Board Secretary

APPROVED AS TO FORM AND LEGALITY:

Cary Bovey, City Attorney

Exhibit A

**Tax Increment Reinvestment Zone Number One, City of Brenham
FY20-FY24 Funding Correction**

O&M	Original Tax Amount	Revised Tax Amount	Over/ (Under) Funding
FY20	44,869.44	48,014.10	(3,144.65)
FY21	115,807.49	79,717.39	36,090.10
FY22	223,994.42	127,637.28	96,357.14
FY23	531,298.40	376,398.70	154,899.70
FY24	438,727.96	360,401.31	78,326.65
Total O&M	1,354,697.71	992,168.77	362,528.94

I&S	Original Tax Amount	Revised Tax Amount	Over/ (Under) Funding
FY24	209,605.04	172,183.99	37,421.05
Total I&S	209,605.04	172,183.99	37,421.05

GRAND TOTAL	1,564,302.75	1,164,352.76	399,949.99
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**TAX INCREMENT REINVESTMENT ZONE NUMBER ONE
CITY OF BRENHAM**

RESOLUTION NO. TIRZ-2025-02

**A RESOLUTION OF THE TAX INCREMENT REINVESTMENT ZONE
NUMBER ONE, CITY OF BRENHAM, TEXAS (“TIRZ”) BOARD
APPROVING A DECREASE IN THE CITY OF BRENHAM’S TIRZ TAX
INCREMENT; MAKING CERTAIN FINDINGS; AND PROVIDING FOR
AN IMMEDIATE EFFECTIVE DATE**

WHEREAS, the Tax Increment Reinvestment Zone Number One, City of Brenham, Texas Board (the "Board") has been duly appointed in accordance with State law; and

WHEREAS, the City of Brenham, Texas (the "City") City Council (the "City Council") previously approved the creation of the Tax Increment Reinvestment Zone Number One, City of Brenham, Texas (the "Zone" or "TIRZ") by adoption of Ordinance No. O-18-019 on December 20, 2018 (the "Creation Ordinance"); and

WHEREAS, the City of Brenham, Texas (the "City") City Council (the "City Council") previously approved the Final Project and Finance Plan for Tax Increment Reinvestment Zone Number One, City of Brenham, Texas by adoption of Ordinance No. O-19-049 on December 19, 2019; and

WHEREAS, upon a full review of TIRZ funding, it was determined that the cumulative City tax contribution for the first five years was \$1,164,353, or 67% greater than anticipated and the predicted increase in public safety costs; and

WHEREAS, the Board hereby finds that it is in the best interest of the City and its citizens to reduce the TIRZ tax increment from fifty percent (50%) to twenty-five percent (25%), effective October 1, 2025; and

WHEREAS, all constitutional, statutory and legal prerequisites for the passage of this Resolution have been met, including but not limited to the Open Meetings Act.

NOW THEREFORE, BE IT RESOLVED BY THE TAX INCREMENT REINVESTMENT ZONE NUMBER ONE, CITY OF BRENHAM, TEXAS BOARD, THAT:

SECTION 1. The recitals set forth in the WHEREAS clauses of this Resolution are true and correct and are incorporated as part of this Resolution.

SECTION 2. The Board recommends to the City Council that the City’s Tax Increment be decreased from fifty percent (50%) to twenty-five percent (25%) beginning October 1, 2025.

SECTION 3. This Resolution shall become effective from and after its date of passage in accordance with law.

PASSED AND APPROVED BY THE TAX INCREMENT REINVESTMENT ZONE NUMBER ONE, CITY OF BRENHAM, TEXAS BOARD, ON THIS THE 6th DAY OF FEBRUARY, 2025.

Board Chairman

ATTEST:

Board Secretary

APPROVED AS TO FORM AND LEGALITY:

Cary Bovey, City Attorney