

TOWN OF ARGYLE ECONOMIC DEVELOPMENT POLICY

I. Policy Development Overview:

The Town of Argyle desires to promote, encourage and develop the creation of jobs and the expansion (and diversification) of the local tax base through projects intended to retain and expand existing business as well as attract new employers while remaining consistent with the Town of Argyle's rural-suburban character and the Comprehensive Plan. As such, the Town of Argyle is willing to consider economic development incentives in support of this goal.

II. Policy Objectives:

The Town of Argyle is committed to the promotion of a diverse economic foundation which complements the Town's rural character. To satisfy this commitment, the Town of Argyle will, on a case-by-case basis, and after the review and recommendation of the Argyle Economic Development Corporation consider economic incentives to create and enhance desirable economic development opportunities. The policy is generally intended to:

- **Provide Consistency** – Provide a consistent process for evaluating development proposals where economic development incentives are being requested.
- **Balance Interests** – Ensure that benefits accrue for both the Town and the developer so that the overall quality and sustainability of tax base is ensured. At the same time, create a positive and predictable development atmosphere that will help Argyle maintain its high quality of life and rural character.

III. Types of Public-Private Partnerships:

There are a variety of public-private partnerships available to municipalities in Texas. The type of partnership that is most appropriate is determined by the specific financing needs of the proposal as well as the types of public facilities that are being proposed. In some instances it may be desirable to layer multiple partnerships. In other instances it may not be necessary to create a partnership at all.

The following is a discussion of the types of partnerships that may be used (but not limited) to support of economic development initiatives.

- **Municipal Utility Districts (MUD):** A Municipal Utility District can be created by provisions of the Constitution, the Water Code, or Legislative Act. They help finance the cost of water, wastewater, drainage and detention and

are usually, but not necessarily, used to support development in unincorporated areas.

MUDs have the power to levy an ad valorem tax to repay developers for expenses related to eligible public facilities as well as operational and maintenance costs of the district. MUDs may reimburse up to 100% eligible project expenses as well as associated financing costs. MUDs have recently been given broader powers to provide such additional services as garbage collection, security, and parks construction.

- **Fresh Water Supply Districts (FWSD):** A Freshwater Supply District can be created by provisions of the Constitution, the Water Code, Legislative Act, or by a County. They help finance water infrastructure and are usually, but not necessarily, used to support development in unincorporated areas.

FWSDs may broaden their powers to finance sewer, drainage, detention, and roads. FWSDs may also annex and subdivide to serve areas outside their initial boundaries and to enhance their financing capacity. FWSDs have the power to levy an ad valorem tax to repay expenses related to eligible public facilities as well as operational and maintenance costs of the district. FWSDs may reimburse up to 100% of the costs of eligible project expenses as well as associated financing costs.

- **Tax Increment Reinvestment Zones (TIRZ):** A Tax Increment Reinvestment Zone is a development-financing tool created under the provisions of Chapter 311 Texas Tax Code.

The term TIRZ, or Tax Increment Financing District (TIF) refers to an entity created to target new property tax or sales tax revenue generated by development or redevelopment within a Zone or District to public improvement projects within that area. At the time the TIRZ is created a base is established, and the tax revenue generated above that base year level is used by the TIRZ to pay for public improvements within the Zone.

Municipalities and Counties may create a TIRZ and any jurisdiction that levies a tax within the TIRZ may “participate” by contributing all or a portion of its tax to the TIRZ. However, existing law and property tax formulas make School District participation unlikely.

- **Municipal Management District (MMD) /Improvement Districts (ID):** Municipal Management Districts and Municipal Improvement Districts are created either by a special act of the Legislature or through petition to the Texas Commission on Environmental Quality (TCEQ). Property owners within these districts are authorized to assess, and in some instances tax, themselves to fund specific improvements, including those related to quality of life issues such as beautification, security, mobility, transit, traffic control, marketing, and can operate and maintain infrastructure through services (i.e.,

landscape maintenance, street and sidewalk sweeping, traffic management, security).

Municipal Management Districts/Improvement Districts can also function on a peer level with other public agencies to provide a similar mechanism for interaction between the agencies, property owners, tenants and residents to guide the cooperative processes typically necessary for effective large-scale development and/or redevelopment. Municipal Management/Improvement Districts have the ability to provide long-term maintenance to improvements.

- **Public Improvement Districts (PID):** A Public Improvement District is a financing tool created under the Chapter 372 of the Texas Local Government Code. This tool allows the Town to initiate or receive a petition from property owners requesting the establishment of a special district to finance improvements.

A PID enables a neighborhood or commercial area to make improvements benefiting the area and spread the cost equally among all properties. Property owners who benefit from the improvements are assessed based on that benefit.

The assessment is overlapping, i.e. it is in addition to City, County and School District taxes. A PID can even be used to actively market an area. A PID may be created by the Town and needs no state agency approval.

- **Neighborhood Empowerment Zones:** Cities or Towns may create Neighborhood Empowerment Zones (NEZ) under the provisions of Chapter 378 of the Local Government Code. The creation of a NEZ allows a Town to contract to abate and/or refund all or a portion of the taxes, including personal property and sales taxes, if the Town makes findings that the NEZ will promote economic development within its corporate limit. To create a NEZ the Town must adopt an ordinance or resolution with findings that the NEZ will contribute to the economic development of the Town.
- **Abatements:** Tax abatements are a popular economic development tool used by municipalities across the state. Under these agreements, all or part of the value of improvements created is removed from the tax rolls for a period of up to 10 years. Abatements are generally viewed by taxing units as “seed money” that temporarily lowers a company’s cost of investment, while eventually adding to the community’s job core and tax base.

Abatements may be used alone or in concert with other programs.

- **380 Grants:** Chapter 380 of the Local Government Code provides significant latitude to Texas municipalities interested in economic development. If a Town wants to provide loans, grants of city funds, personnel, facilities, or services in furtherance of economic development activities, it can utilize provisions of this law.

Under Chapter 380, the City must then “establish a program” which can be administered by Town personnel or by contract with another entity. And economic development-related expenditures of Town funds must be made pursuant to consideration and approval in an open meeting of the Town council.

- **Municipal Development Districts (MDD):** Chapter 377 of the Local Government Code permits municipalities to create a district within its corporate limits, or extraterritorial jurisdiction, to finance projects eligible for 4B economic development assistance. With the approval of voters within the District, the municipality may levy an additional sales tax of up to one half percent. Revenue from that tax must be used to fund eligible projects or pay for bonds secured by the pledge of the District’s sales tax.

It should be noted that the Town reserves the right to limit the term or duration of any entity it creates or consents to being created. Further the Town may limit the timing, term and number of debt issues, and place restrictions on the refinancing of debt as it may deem be appropriate. The Town may restrict the size of the district, the types of projects it finances, or the degree to which an individual project may be eligible for economic development assistance. The degree to which the Town will permit or restrict the financing or other terms of an entity will be determined on a case-by-case basis.

IV. Project Review Process:

All proposals received by the Town shall be directed to the Town Manager. The Town Manager shall direct staff to complete a Project Description Form attached as Exhibit A.

Once complete, the proposal will be reviewed according to the Economic Development Flow Chart guidelines and definitions attached as Exhibit B.

The Town and the Review Team will respect the confidentiality of proprietary material to the extent permitted by law.

V. Professional Services

Certain proposals deemed by the Town Manager to require the expenditure of funds for outside consulting, engineering or legal services may be subject to the completion of a Pre-Development and Professional Services Agreement, attached as Exhibit C. This agreement will be presented to the Town Council for consideration as a Resolution.



EXHIBIT A

**TOWN OF ARGYLE
ECONOMIC DEVELOPMENT PROSPECT
PROJECT DESCRIPTION FORM**

PROJECT CATEGORY			
<input type="checkbox"/> RETAIL <input type="checkbox"/> COMMERCIAL <input type="checkbox"/> RESIDENTIAL w ASSISTANCE <input type="checkbox"/> MIXED USE <input type="checkbox"/> INDUSTRIAL	<input type="checkbox"/> GOVERNMENTAL <input type="checkbox"/> RECREATION/AMUSEMENT <input type="checkbox"/> SPORTS <input type="checkbox"/> OFFICE CAMPUS <input type="checkbox"/> OTHER		
PROJECT DATA			
# Acres Required: _____ New Construction (sq. ft.) Phase I _____ Phase II _____ New Employees Phase I _____ Phase II _____ Est. Project Taxable Value: \$ _____/yr Est. Sales Tax Potential: \$ _____/yr Est. Development Fees \$ _____ Est. Permit Fees \$ _____ Est. Total Fees \$ _____ Zoning Needed <input type="checkbox"/> Yes <input type="checkbox"/> No Infrastructure Extension Required <input type="checkbox"/> Yes <input type="checkbox"/> No Other Assistance Requested: _____			
PROJECT TIME LINE			
Desired Construction Start: Date: Phase I ___/___/___ Phase II ___/___/___ Estimated Completion Date: Phase I ___/___/___ Phase II ___/___/___			
PROJECT REFERRAL			
Referred to EDC	<input type="checkbox"/> Yes	<input type="checkbox"/> No	Date ___/___/___
Completed	<input type="checkbox"/> Yes	<input type="checkbox"/> No	Date ___/___/___

EXHIBIT C

PRE-DEVELOPMENT AND PROFESSIONAL SERVICES AGREEMENT

This Pre-development and Professional Services Agreement (this "Agreement"), effective upon its execution by both parties (the "Effective Date"), is made and entered into by and between the Town of Argyle, Texas, a general law Town organized and operating pursuant to the laws of the State of Texas (the "Town"), and _____, the developer of a certain tract of land located in the Town as herein described, herein collectively known as the "Company".

WHEREAS, the Company intends to develop approximately _____ acres of land in the Town and situated generally at _____ and further described in Exhibits "A" & "B" hereto (the "Development Area"); and

WHEREAS, the Town and Company hereby recognize and agree that substantial professional services including, but not limited to, planning services, engineering services, and legal services (the "Professional Services") will be needed to assess the Town's current ordinances, infrastructure needs and demands, and assess financial issues that will be associated with or necessitated by the possible development of the Development Area; and

WHEREAS, the Company hereby agrees to pay for the Professional Services incurred by the Town in an amount not to exceed \$_____. The Company reserves the right to request reimbursement of such expenses from the Town at a later date in accordance with applicable law; and

WHEREAS, the Town Council of the Town, by and through this Agreement, shall maintain sufficient controls to ensure that the public purpose and best interests of the Town and its review of the proposed development are carried out.

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration (including the payment of the Company to the Town of \$100.00 cash), the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Recitals. That the representations, covenants, and recitations set forth in the foregoing recital and in this Agreement are material to this Agreement and are hereby incorporated into and made a part of this Agreement as though they were fully set forth in this article.

2. Exhibits. All Exhibits referenced in this Agreement, and listed below, are incorporated herein for all purposes; specifically:

Exhibit "A" – Legal Description

Exhibit "B" – Development Area Description (Site Plan)

3. Payment for Professional Services. The Company shall pay all invoices from the Town for Professional Services relating to the Town's review of the Development Area and its impact on the Town's financial structure; land development including applicable road design, site grading and site hydrology, and; subdivision and zoning plans; and infrastructure requirements (on and off-site); and coordination with TxDOT relative to the Development Area.

- (a) The Town will provide original invoices to the Company approximately every thirty (30) days with a detailed billing statement of all professional services rendered in accordance with this Agreement.
- (b) Upon receipt of said monthly invoice, the Company shall pay the invoice in full within thirty (30) days.
- (c) Company shall provide an Application Fee down payment of \$25,000. The Town may not expend or bill for Professional Services at the Company's expense above and beyond \$10,000.00, without first receiving a letter from the Company giving consent for the additional expenditures.
- (d) Subject to the approval of all applicable Town authorities, the Company reserves the right to request reimbursement of such expenses from the Town at a later date in accordance with applicable law. There is no assurance or guarantee of the reimbursement of such expenditures.

4. Current and Future Regulations. The Company shall be subject to all ordinances of the Town to the extent required by law or as otherwise provided by this Agreement. This Agreement shall confer no vested rights or development rights on the Development Area or to the Company unless specifically enumerated herein or otherwise mandated by law. Further, this Agreement shall provide no assurances, promises, or covenants to approve any development in the Development Area.

5. Termination. This Agreement shall terminate by operation of these terms and conditions by _____, 200____; provided, however, that all remaining invoices that are outstanding as of the date of termination, or which are submitted by the Town within forty five (45) days of termination, shall be paid in full by the Company, but not exceeding the maximum agreed amount. Notwithstanding the foregoing, either party may terminate this Agreement by providing 30 days written notice.

6. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the transactions contemplated herein. Nothing in this Agreement shall prohibit either party from terminating this Agreement by providing thirty (30) days written notice to the other party.

7. Amendment. This Agreement may only be amended, altered or revoked by written instrument signed by the Company and the Town.

8. Successors and Assigns. Neither Town nor Company may assign or transfer their interest in the Agreement without prior written consent of the other party.

9. Notice. Any notice and/or statement required and permitted to be delivered shall be deemed delivered by depositing same in the United States Mail, Certified, with Return Receipt Requested, postage prepaid, addressed to the appropriate party at the following addresses, or at such other addresses provided by the parties in writing:

Company:

with copies to:

Town:

Lyle Dresher
Town Administrator
Town of Argyle:
P.O. 609
Argyle, Texas 76226

with copies to:

Matthew C. G. Boyle
Boyle & Lowry, L.L.P.
4201 Wingren, Suite 108
Irving, Texas 75062

10. Interpretation. Regardless of the actual drafter of this Agreement, this Agreement shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against either party.

11. Applicable Law. This Agreement is made, and shall be construed in accordance with the laws of the State of Texas and venue shall lie in Denton County, Texas.

12. Severability. In the event any portion or provision of this Agreement is illegal, invalid, or unenforceable under present or future law, then and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the parties to this Agreement that in lieu of each clause or provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

13. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

TOWN OF ARGYLE, TEXAS

By _____
Lyle Drescher, Town Manager

Attest:

Town Secretary

APPROVED AS TO FORM

Matthew C. G. Boyle, Town Attorney

COMPANY:

By _____

CORPORATE ACKNOWLEDGMENT:

The State of Texas

County of Denton

Before me, the undersigned, on this day personally appeared _____, _____ of _____ proved to me through the presentation of a valid Texas Driver's License to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed. Mr./Ms. furthermore attested that he/she is signing this Professional Services Agreement in his/her capacity as _____ of _____ and that such capacity makes his signature valid to bind the company, _____.

Seal:

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 200__.

My Commission Expires:

Notary Public in and for the State of Texas