

MINUTES OF THE SPECIAL SESSION MEETING OF THE CITY COUNCIL OF THE CITY OF JERSEY VILLAGE, TEXAS, HELD ON AUGUST 6, 2018 AT 6:00 P.M. IN THE CIVIC CENTER, 16327 LAKEVIEW, JERSEY VILLAGE, TEXAS.

A. CALL TO ORDER AND ANNOUNCE A QUORUM IS PRESENT

The meeting was called to order by Mayor Ray at 6:00 p.m. with the following present:

Mayor, Justin Ray	City Manager, Austin Bless
Council Member, Andrew Mitcham	City Secretary, Lorri Coody
Council Member, Greg Holden	City Attorney, Leah Hayes
Council Member, Bobby Warren	City Attorney, Allison Killian
Council Member, James Singleton	City Attorney, John Hightower
Council Member, Gary Wubbenhorst	City Attorney, Scott Bounds

B. RECESS THE SPECIAL SESSION

Mayor Ray recessed the Special Session at 6:01 p.m. to convene into Executive Session pursuant to the Texas Open Meetings Act, Government Code Section 551.071 – Consult with Attorney, Section 551.072 – Deliberation Regarding Real Property, and Section 551.087 Deliberation Regarding Economic Development Negotiations.

C. EXECUTIVE SESSION

- 1. Pursuant to the Texas Open Meeting Act Section 551.071- Consult with Attorney, Section 551.072 - Deliberation Regarding Real Property, and Section 551.087 Deliberation Regarding Economic Development Negotiations, consult with the City Attorney regarding Cause No. 1061305; *Jones Road Holding Ltd. vs. City of Jersey Village, Texas*; County Civil Court at Law No. 2, Harris County, Texas and Cause No. 1074704; *Jones Road Project Ltd. vs. City of Jersey Village, Texas*; County Civil Court at Law No. 3, Harris County, Texas.**

C. ADJOURN EXECUTIVE SESSION

Mayor Ray adjourned the Executive Session at 6:56 p.m. and reconvened the Special Session, stating that no final actions, decisions, or votes were had during the Executive Session.

D. SPECIAL SESSION

- 1. Discuss and take appropriate action to approve Resolution No. 2018-48 for the purchase of approximately 23.34 acres of land southeast of US 290 on either side of Jones Road in Jersey Village, Texas, from Jones Road Holding Ltd. for the sum of \$5,250,000, pursuant to an agreement to settle the claims asserted by Jones Road Holdings Ltd. in Cause No. 1061305; *Jones Road Holding Ltd. vs. City of Jersey Village, Texas*; County Civil Court at Law No. 2; designating the fund from which the purchase price will be paid; and authorizing the City Manager to take all appropriate and necessary steps to complete the purchase.**

After calling the item, Mayor Ray had the following comments:

I campaigned during the 2012 election for public safety, economic development, and taking advantage of our upward trajectory. I knocked on hundreds of doors. The message of economic development resonated with almost every person I spoke with, and it is what we are here to discuss tonight.

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The City of Jersey Village is 92 percent built out. We are inundated with car lots, warehouses, and industrial complexes that, while valuable commercial neighbors, leave our community lacking the type of retail, entertainment, and restaurant options other communities both new and old have.

For many years, Jones Road dead ended at HWY 290. When Jones Road was extended to HWY 529, it opened up some of the last remaining undeveloped land in Jersey Village for development.

At the same time, the high speed rail began gathering steam with the ultimate pathway running along HWY 290 and in the vicinity of Jersey Village property on Jones Road. Communities that have a rail stop see increases in property values, retail services, and sales tax. To be a stop along a rail is very beneficial to the community and surrounding neighborhoods.

City Government at the time realized that if the Jones Road corridor was not zoned to encourage a mixed use development that would support a rail stop, the property would almost assuredly become more car lots, warehouse, and industrial locations. The City government instituted the Form Based Codes to direct development of the area into a mixed use / high density development to serve as potential rail stop and the Jersey Village community. These codes dictated what types of establishments and their appearance – to comport with what has been the longing needs and wishes of our community. This area became known as the Jersey Crossing. I asked the question as a member of the Planning and Zoning Commission if this type of development is sustainable without rail. The consultants confirmed it was indeed.

Since the inception of the codes, the Jones Road out of town property owners have brought forth several development plans that were in no way close to the vision, needs and wants of our community. I have sat down with the property owners on several occasions to seek a path to develop this property. It became obvious to me, the property owners were speculative property flippers looking to quickly turn that property by the easiest possible means – car lots, warehouses, and industrial. I was firm and adamant with these owners that our community deserves better than a car storage lot or another warehouse.

At an impasse, the two largest property owners retained the same legal counsel to file suit against the city claiming that our zoning ordinance was a governmental taking – in essence our form based codes reduced their property values to zero. The City rightfully contended that our justified and legal zoning ordinances did not constitute a governmental taking and we set to vigorously defend the suit. As in many cases, negotiated settlement agreements are preferred to protracted and costly litigation. One of the plaintiffs, myself, Councilmembers Holden and Mitcham, City Manager Bless, and our attorneys conducted an all-day mediation with the property owners. A settlement agreement was reached (thanks to some creative construction by Councilmember Holden) where the City would purchase a six (6) month option to purchase the property for \$5.2M with the ability to

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purchase another six (6) month option to settle the lawsuit. If during the option periods, the City or an assigned party did not execute an option, in essence buy the property, the City agreed to abandon the form based codes, and begin the rezoning process to allow for the property owners desired uses – car lots, warehouses, and industrial.

The reason for this type of agreement was for time. The City needed time. Why did we need this time?

At last year's budget retreat, I explained to Staff and Council for too long we have waited on Jones Road property owners to promote Jersey Village. The same property owners that do not share our same goals and vision for the community. Now was the time for the City government of Jersey Village and its elected representatives to step up and market our City and the Jersey Village Crossing to developers. City Council and Staff agreed with this fresh directive and began laying down plans to incentivize development in Jersey Crossing. Steps included developing a Tax Increment Reinvestment Zone (TIRZ) to direct increased property revenue in the Jersey Crossing to fund infrastructure improvements. There was also an understanding the City would entice developers with sales tax rebates and other economic incentives at our disposal.

The City Manager and I engaged in actively contacting developers and providing marketing materials for our community. Over the last year, we had numerous meetings and conversations with local developers to discuss our "City Center" vision for the Jersey Crossing on Jones Road. The conversations were all positive and it was universally agreed that our area needs can support the type of mixed use development envisioned in Jersey Crossing. No developer said it was unreasonable, ill-suited, or unsustainable.

Over the last several months, negotiations with developers began to gather momentum. Developers with means and expertise have confirmed their desire to move forward with the shared mixed use vision for Jersey Crossing. As a result of these exciting developments, the City entered into a similar settlement agreement and option agreement with the second property owner and plaintiff. The option on the previous settlement agreement is due to lapse this month. The City requested an additional option period in order to maintain control of the two properties throughout the development period. The property owner refused to grant another option period leaving the City to either purchase the property or lose it to rezoning and forever abandon our community's vision for Jersey Crossing.

So we are here tonight to discuss the purchase of property in Jersey Crossing for the agreed upon \$5.2M. I will say I do not want to buy this property and I wish there were some other way to preserve this property. However, time is unfortunately not on the City's side. Either we buy this property or lose it. Therefore, I advocate that the City purchase the property to preserve it for the needs of the community.

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I want to clarify a few things. I would not advocate purchasing this property if there was no real developer in the picture with the means and confirmed desire to build in Jersey Crossing. Only because there is real momentum do I advocate this course.

The property purchase price of \$5.2M is under the appraised value the City has received from independent appraisals of \$5.7 to \$5.M. The City conducted its due diligence and would not be overpaying for this property. I see the City simply holding and preserving this property temporarily in order to transfer over to the interested developer parties in the very near future.

If for any reason development were to fall through, the City will not be in a compromised position. Our City revenues are strong and fund balances are healthy. This is a valuable asset that could be rezoned and sold if development falls through and no other developers are interested.

There have been many sensitive negotiations that have transpired over the last year – both economic and legal. Much of which was so sensitive that it took place legally behind closed doors. But I can tell you with complete confidence that your City Officials have been working diligently, honestly, ethically, and in the best interest of our community, neighbors and friends. I have been looking forward to this opportunity to share with everybody the exciting work that has taken place and I look forward to sharing more good news to come.

In completing his summary remarks, Mayor Ray called upon each Council Member for comments as follows:

Council Member Wubbenhorst: Council Member Wubbenhorst stated that there have been many discussions on this topic and many meetings scheduled. The lawsuits have complicated matters. During the discussions, a referendum was discussed, but because the recent request to extend the option was denied, there is not enough time. City Council must respond to the competition from neighboring communities in order to ensure that we are not left behind and that property values do not decline. Council wants Jersey Village to keep growing. This purchase is the right thing to do. There is not a lot of risk because land has value.

Council Member Holden: Council Member Holden thanked Mayor Ray for the summary. It has been a long road and there are many facets to this process. The reason we are in a position to even consider this purchase is because of the City's healthy fund balance. We have been conservative and diligent in spending. In terms of the purchase, as a City, we should facilitate development, not be the process. We have an interest in the property and it has been a goal for Jersey Village, but at this point, it is not a good move to purchase raw land.

Council Member Warren: Council Member Warren stated that he has respect for what has been stated. There has been much debate on this topic. It is not ideal and it is an

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extraordinary position. In reviewing this transaction, we looked at all the ways it can go wrong. We got an appraisal to answer questions. We looked at what if the current development plans fall through and we discussed if we can still do all the things we need to do in terms of city services and still purchase the land. Because of the healthy fund balance, the answer is we can. It is not an unreasonable investment. Currently, the City is landlocked. We have limited options for growth. If we pass up on this option, what are the next steps for growth which is needed to compete with other communities? We must be able to attract young families. This is a good and solid value for Jersey Village with a high rate of success.

Council Member Singleton: Council Member Singleton understands the position of the community as it has been a learning curve for him as well being new to the Council and not having the benefit of prior discussions. Council did discuss placing this issue out for a vote, but there is not enough time. The best decision in moving forward is to buy the property. The appraisal information is good and we have a developer interested in the property.

Council Member Mitcham: Council Member Mitcham stated that discussions on this topic have been going on for quite a while. He stated that he grew up in Jersey Village and not much has changed over the years. It seems that we have been by-passed by development. Prior to the adoption of the new Comprehensive Plan and prior to Austin Bleess taking the position of City Manager, we have not marketed our City. We must use the rights afforded to us by State law in order to make development happen that matches the character of our community. We know what voters want because we have campaigned on it and the voters elected this City Council. I support this purchase. I do not like being in this position, but because the option period has expired and we have a developer interested it is a fiscally responsible deal. We have survived the US HWY 290 expansion. In coming years, we may not have freedom to rely on property tax, and must move toward increasing sales tax revenue. We must purchase this property in order to continue down the path that most residents choose. It is either do or don't at this point and I say we do.

With no further discussion on the matter, Council Member Wubbenhorst moved to approve Resolution No. 2018-48 for the purchase of approximately 23.34 acres of land southeast of US 290 on either side of Jones Road in Jersey Village, Texas, from Jones Road Holding Ltd. for the sum of \$5,250,000, pursuant to an agreement to settle the claims asserted by Jones Road Holdings Ltd. in Cause No. 1061305; *Jones Road Holding Ltd. vs. City of Jersey Village, Texas*; County Civil Court at Law No. 2; designating the fund from which the purchase price will be paid; and authorizing the City Manager to take all appropriate and necessary steps to complete the purchase. Council Member Mitcham seconded the motion. The vote follows:

Ayes: Council Members Mitcham, Warren, Singleton and Wubbenhorst

Nays: Council Member Holden

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The motion carried.

RESOLUTION NO. 2018-48

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF JERSEY VILLAGE, TEXAS, APPROVING THE PURCHASE OF APPROXIMATELY 23.34 ACRES OF LAND SOUTHEAST OF US 290 ON EITHER SIDE OF JONES ROAD IN JERSEY VILLAGE, TEXAS, FROM JONES ROAD HOLDING LTD. FOR THE SUM OF \$5,250,000, PURSUANT TO AN AGREEMENT TO SETTLE THE CLAIMS ASSERTED BY JONES ROAD HOLDINGS LTD. IN CAUSE NO. 1061305; *JONES ROAD HOLDING LTD. VS. CITY OF JERSEY VILLAGE, TEXAS*; COUNTY CIVIL COURT AT LAW NO. 2; DESIGNATING THE FUND FROM WHICH THE PURCHASE PRICE WILL BE PAID; AND AUTHORIZING THE CITY MANAGER TO TAKE ALL APPROPRIATE AND NECESSARY STEPS TO COMPLETE THE PURCHASE.

- 2. Consider Ordinance No. 2018-15, amending the General Fund Budget for the fiscal year beginning October 1, 2017 and ending September 30, 2018 by increasing line items 01-12-6570 (Land Acquisition) in the amount not to exceed \$5,250,000 for the purchase of approximately 23.34 acres of land southeast of US 290 on either side of Jones Road in Jersey Village, Texas, from Jones Road Holding Ltd., pursuant to an agreement to settle the claims asserted by Jones Road Holdings Ltd. in Cause No. 1061305; *Jones Road Holding Ltd. vs. City of Jersey Village, Texas*; County Civil Court at Law No. 2.**

With limited discussion on the matter, Council Member Wubbenhorst moved to approve Ordinance No. 2018-15, amending the General Fund Budget for the fiscal year beginning October 1, 2017 and ending September 30, 2018 by increasing line items 01-12-6570 (Land Acquisition) in the amount not to exceed \$5,250,000 for the purchase of approximately 23.34 acres of land southeast of US 290 on either side of Jones Road in Jersey Village, Texas, from Jones Road Holding Ltd., pursuant to an agreement to settle the claims asserted by Jones Road Holdings Ltd. in Cause No. 1061305; *Jones Road Holding Ltd. vs. City of Jersey Village, Texas*; County Civil Court at Law No. 2. Council Member Mitcham seconded the motion. The vote follows:

Ayes: Council Members Mitcham, Warren, Singleton and Wubbenhorst

Nays: Council Member Holden

The motion carried.

ORDINANCE NO. 2018-15

AN ORDINANCE OF THE CITY OF JERSEY VILLAGE, TEXAS, AMENDING THE GENERAL FUND BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2017 AND ENDING SEPTEMBER 30, 2018 BY INCREASING LINE ITEMS 01-12-6570 (LAND ACQUISITION) IN THE AMOUNT NOT TO EXCEED \$5,250,000 FOR

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THE PURCHASE OF APPROXIMATELY 23.34 ACRES OF LAND SOUTHEAST OF US 290 ON EITHER SIDE OF JONES ROAD IN JERSEY VILLAGE, TEXAS, FROM JONES ROAD HOLDING LTD., PURSUANT TO AN AGREEMENT TO SETTLE THE CLAIMS ASSERTED BY JONES ROAD HOLDINGS LTD. IN CAUSE NO. 1061305; *JONES ROAD HOLDING LTD. VS. CITY OF JERSEY VILLAGE, TEXAS*; COUNTY CIVIL COURT AT LAW NO. 2.

F. ADJOURN

There being no further business on the Agenda the meeting was adjourned at 6:46 p.m.



Lorri Coody, City Secretary