

## MINUTES OF WORKSHOP MEETING

September 28, 2021

### MONTGOMERY CITY COUNCIL

#### CALL TO ORDER

Mayor Countryman declared a quorum was present and called the meeting to order at 5:30 p.m.

Present: Sara Countryman Mayor  
Carol Langley City Council Place # 1  
T.J. Wilkerson City Council Place # 3  
Julie Davis City Council Place # 4  
Byron Sanford City Council Place # 5

Absent: Kevin Lacy City Council Place # 2

Also Present: Richard Tramm City Administrator  
Dave McCorquodale Assistant City Administrator  
Susan Hensley City Secretary  
Alan Petrov City Attorney

#### INVOCATION

T.J. Wilkerson gave the Invocation.

#### PLEDGE OF ALLEGIANCE TO FLAGS

#### VISITOR/CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the City Council. Prior to speaking, each speaker must be recognized by the Mayor. Council may not discuss or take any action on an item but may place the issue on a future agenda. The number of speakers along with the time allowed per speaker may be limited.

Kevin Lacy arrived at 5:37 p.m.

## WORKSHOP MEETING:

### 1. Presentation regarding Redbird Meadow Development (Kammerer Tract)

Mr. Tramm said on September 23, 2021, the Mayor, City staff, and consultants held a preliminary meeting with the developer and their consultants for the planned Redbird Meadow Development on the property previously discussed as the Kammerer Tract. Mr. Tramm said the developer has asked to make an introductory presentation to City Council.

Mr. Tramm said they will continue to work with the developer on an agreement that will come before City Council for approval at a future date.

Mr. Perry Senn, one of the owners of Redbird Meadow Development said they have been in the developing business for more than 30 years. Mr. Senn said they have completed 20-25 projects ranging from 25 acres to 800 acres. Mr. Senn said the last project they just finished took them 18 years to complete, which is on the Grand Parkway in Katy. Mr. Senn said the estimated value they created on that project alone was over \$600 million and has 1,000 homes. Mr. Senn said other projects include Walmart, Kroger, Amazon, and other businesses and restaurants. Mr. Senn said they have a project near Montgomery called Pine Lake Coves with 320 acres. Mr. Senn said it is a smaller community in the City of Conroe. Mr. Senn said they did a public, private partnership with the city and agreed to build a water plant and a wastewater treatment plant and then get reimbursed from that City. Mr. Senn said they started selling 75 permits and 53 homes have already been sold.

Mr. Senn said they are keeping the name Redbird Meadow Ranch for this project, and they intend to keep the property looking the same. Mr. Senn said there will be a total of 552 home sites with the smallest property being 60 x 140 square feet, there will be 85 x 170 and 110 x 200 which are half-acre lots. Mr. Senn said the average home value will be \$650,000. Mr. Senn said they will generate the taxable value to \$358 million.

Mr. Senn said they have asked the City of Montgomery to annex them into the City. Mr. Senn said they are not a utility user and are going to help with the City utilities and pay their share to help support the City. Mr. Senn said they will also create an in-City MUD, which will be an additional tax to their residents that live in their community only.

Mr. Senn said they will end up with at least two, maybe three builders and most of them are national home builders, with no production builders as these will be custom homes.

Ms. Annette Stephens, an attorney with Allen Boone Humphries Robinson, LLP (ABHR) said they represent and create special districts for residential and commercial development. Ms. Stephens gave a slideshow presentation regarding Municipal Utility Districts in Texas, which is on file with the City.

Ms. Stephens said it is created over a limited area to provide water, sewer, drainage, parks and recreational facilities, and roads. Ms. Stevens said those are the only types of services and utilities they provide.

Ms. Stephens said the biggest benefit of the MUD is the new growth pays for itself. Ms. Stephens said the district that is created will create enough taxable value to eventually pay for through the tax-exempt bonds the utilities that serve the land within its boundaries.

Ms. Stephens said another primary benefit is it creates high-quality infrastructure. Ms. Stephens said a Municipal Utility District is highly regulated in the State of Texas. Ms. Stephens said all public infrastructure has to be in compliance not only with the City codes, but also TCEQ regulations.

Ms. Stephens said the Municipal Utility District is governed by its own Board and levies its own tax, so the residents within the MUD will be entitled to vote for the Board, run for the Board, and they will be the ones that will be controlling the tax rate in their district.

Ms. Stephens said one of the key components and something that Texas prides itself on is affordable new housing. Ms. Stephens said one of the reasons for this is the ability of the special districts to finance their infrastructure.

Ms. Stephens said MUDs are very prevalent in the State of Texas. Ms. Stephens said MUDs have been used to develop almost all the major master-planned communities in the greater Houston area. Ms. Stephens said the reason for this is that the infrastructure costs can be absorbed by the community.

Ms. Stephens said the TCEQ highly regulates MUDs and they only allow MUDs to sell bonds to reimburse the developer once their suspicion is above the ground taxable value and there has to be several homes on the ground with enough value in this area of Montgomery County to reimburse the developer at a tax rate not to exceed \$1.50, which includes the City's tax rate.

Ms. Stephens said MUDs can only exercise those powers expressly granted in the Texas Water Code. Ms. Stephens said plans for public infrastructure are subject to all City codes and ordinances; infrastructures regulated by the TCEQ are subject to EPA requirements.

Ms. Stephens said there are two ways to create MUDs. Ms. Stephens said one is through TCEQ and the other is through the Texas legislature. Ms. Stephens said if a MUD is in a city's ETJ or corporate limits, the city must consent to the creation of the MUD. Ms. Stephens said in connection with the consent, the landowner and the city negotiate other terms for providing services to the MUD, including a development agreement and utility agreement. Ms. Stephens said the city is partners with the MUD in setting forth development expectations.

Ms. Stephens said a MUD is governed by a five-member Board that is initially appointed by the TCEQ and later elected by residents in the MUD. Ms. Stephens said elections are conducted in accordance with the requirements of the Texas Election Code. Ms. Stephens said the Board oversees the management of the MUD and is charged with developing facilities in the manner that is in the best interest of residents and the landowner. Ms. Stephens said the MUD employs several professional consultants to advise the board and make recommendations on action items.

Ms. Stephens said no tax or bail bonds may be issued by the MUD until they are voted on by the residents of the district.

Julie Davis asked if the MUD is in place of the City tax and not in conjunction with it. Ms. Stephens said if a MUD is in the ETJ and not within the boundaries of the City, there is no City overlap. Ms. Stephens said if the MUD is within the boundaries of the City it is in conjunction with the City tax. Ms. Stephens said that is something a developer has to take into consideration and more when they set the tax rate because they want to make sure that it is a competitive tax rate. Mr. Alan Petrov, City Attorney said it also has to be disclosed when people buy property, so people buying houses in the MUD know what the tax rate is going to be.

Julie Davis asked if a PID was considered over a MUD. Julie Davis said she would like the taxpayers to not have this overwhelming MUD tax.

Ms. Stephens said a PID is very different, whereas it is an assessment as opposed to a tax. Julie Davis said it is a flat fee that has an expiration term. Ms. Stephens said yes it does. Ms. Stephens said a PID will levy an assessment to reimburse the developer for infrastructure costs. Ms. Stephens said if you are reimbursed on a pay-as-you-go basis from an annual collection of assessments it would take many years for the developer to be reimbursed. Ms. Stephens said a bond that is payable from an assessment is a more efficient way to reimburse; there is a much higher interest rate and a PID is not a distinct political subdivision. Ms. Stephens said it is an entity that is created by the city and would be part of the city's portfolio. Ms. Stephens said it is a decision that needs to be made on whether or not to allow PID debt to be on the books at a much higher interest rate. Ms. Stephens said it is difficult to collect and enforce as opposed to having a tax. Ms. Stephens said the development decision for a MUD, while there is an overlay of tax, typically what the homeowner receives is the benefits and the amenities associated with high-quality infrastructure. Ms. Stephens said a tax also will only be levied for so long as the MUD is in existence. Ms. Stephens said eventually after the debt is all paid off the city can dissolve the MUD.

Julie Davis asked if they are allowed to set any kind of limits within the dollar that they cannot exceed \$1.50 and are they able to set any limits regarding their MUD assuming City Council is even going to approve it. Mr. Petrov said the City is entitled to enter into a development agreement and they can set out parameters that are typically part of that process.

Mr. Senn said their MUD tax is not creating a tax on existing homeowners within the City and it is only for their community.

Julie Davis said they are asking to be annexed and they are extremely grateful for a \$358 million asset adding to the City, but those 552 homes are constituents that will then be a part of the City that they will have to answer to. Julie Davis said she understands it is not a tax to the current residents, but it is a tax to the future residents, which means it is a tax to the current residents because then they all live and work together.

Mayor Countryman said this MUD does not affect what she pays yearly. Mayor Countryman said if you move into this subdivision, it is your choice and you voluntarily take on that tax when you move into a MUD community.

Ms. Stephens said there is a notice to purchasers that they are required to file concerning the MUD tax.

Byron Sanford asked if the City staff has a projection based on the evaluation and current City tax. Byron Sanford asked if \$1.5 million per year was projected for the City. Mayor Countryman said they would not know the future taxes. Byron Sanford said if it was projected today and kept at \$0.40.

Mr. Roznovsky, City Engineer said back in January when they did the feasibility study the estimated value was \$258 million and based on that number for the event service rate you are looking at approximately \$293,000 a year and operations maintenance tax rate possibly \$690,000 a year. Mr. Roznovsky said that is two-thirds of what it is now and add \$100 million on top of that.

Mayor Countryman thanked Mr. Senn and Ms. Stephens for their time and presentation.

**EXECUTIVE SESSION:**

The City Council reserves the right to discuss any of the items listed specifically under this heading or for any items listed above in executive closed session as permitted by law including if they meet the qualifications in Sections 551.071(consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Government Code of the State of Texas.

There was no Executive Session held.

**POSSIBLE ACTION FROM EXECUTIVE SESSION:**

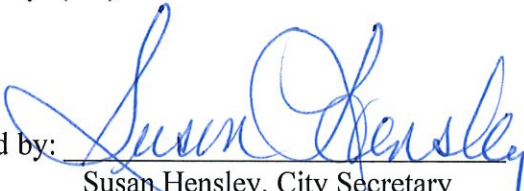
**COUNCIL INQUIRY:**

Pursuant to Texas Government Code Sect. 551.042 the Mayor and Council Members may inquire about a subject not specifically listed on this Agenda. Responses are limited to the recitation of existing policy or a statement of specific factual information given in response to the inquiry. Any deliberation or decision shall be limited to a proposal to place on the agenda of a future meeting.

No inquiries from City Council.

**ADJOURNMENT**

Kevin Lacy moved to adjourn at 6:00 p.m. Byron Sanford seconded the motion, the motion carried unanimously. (5-0)

Submitted by:  Date Approved: \_\_\_\_\_  
Susan Hensley, City Secretary

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Mayor Sara Countryman