

# City Council Meeting

## Agenda Item

### Data Sheet

Meeting Date: April 1, 2024

#### Topic:

Approve Resolution Number 2024-08, a Resolution of the City Council of the City of Tomball, Texas approving a Development Agreement relating to the Graylou Grove Public Improvement District.

#### Background:

FLS Development, LLC has requested consideration of a public improvement district to develop approximately 44 acres at the intersection of Hufsmith Kohrville Road and Medical Complex Drive as a residential development called Graylou Grove. As part of the PID creation process, the City and the developer entered into negotiations for a development agreement to outline key elements of the proposed PID and development.

In December, the development was discussed with Council. Council provided general direction the developer did not have to make the connection to Country Club Green or build Medical Complex Drive through the development. In lieu of building the road through the development, Council asked that a cul-de-sac be constructed near the detention and amenity area.

Following the December discussion, staff met with the Tomball Economic Development Corporation to discuss the potential for the TEDC to participate in the portion of Medical Complex Drive adjacent to Hufsmith Kohrville, which will service commercial frontage property. TEDC stated they could consider this part of the extension for funding, which could allow the developer to extend their public infrastructure commitment on Medical Complex Drive further to the east without increasing costs. This funding option has been incorporated into section 4.07 of the Development Agreement, stating “the Tomball EDC will fund the portion of Medical Complex extending thru the commercial portion and the Developer will be responsible to fund and construct matching footage funded by the EDC.”

In addition to these considerations, the development agreement also includes the following terms:

- Reimbursement Debt PID with a cap of \$8,000,000, with bonds to be issued following the completion of the public improvements.
- Value to lien (LTV) ratio of 3:1 at the time of levy of assessment and total assessment value to lien (LTV) ratio of each series of PID bonds be at least 3:1.
- Maximum term of 30 years.
- Maximum assessment of \$0.95 per \$100 of assessed value.
- Requirement for annexation and CCN release prior to levy of assessments.
- Excluded street development of Medical Complex Drive includes seeking out funding from the Economic Development Corporation to fund a portion of Medical Complex and the Developer will be responsible to fund and construct matching footage.
- Excluded connection of the development to Country Club Green.

The developer has reviewed the recommended Development Agreement by our PID Counsel and is requesting the following exceptions to the agreement by City Council:

- Requesting to levy at less than a 3:1 LTV but issue the bonds at the 3:1 LTV.
- Removing the requirement for public improvements to be completed before the issuance of bonds.
- Requesting not to build any additional footage of Medical Complex Drive and not seek out funding through the EDC.
- Exception of the maximum assessment, per the PID policy the maximum assessment for a 30-year PID is \$0.48 per \$100 of assessed value and they are requesting \$0.95 per \$100 assessed value.

Resolution 2024-08 will approve the development agreement between the City and FLS Development, LLC with respect to the development of the property, the public improvements, and the levy of assessments in the proposed district. Following approval of Resolution 2024-08, Resolution 2024-07 will be presented to authorize the creation of Public Improvement District 15 – Graylou Grove.

**Origination:** Project Management

**Recommendation:**

Staff recommends denial of Resolution Number 2024-08, approving a Development Agreement with FLS Development, LLC, due to non-adherence of the minimum requirements of the City’s adopted PID policy as being requested with City Council granting an exception to the PID policy.

**Party(ies) responsible for placing this item on agenda:** Meagan Mageo, Project Manager

**FUNDING (IF APPLICABLE)**

Are funds specifically designated in the current budget for the full amount required for this purpose?

Yes: \_\_\_\_\_ No: \_\_\_\_\_ If yes, specify Account Number: # \_\_\_\_\_

If no, funds will be transferred from account # \_\_\_\_\_ To account # \_\_\_\_\_

Signed Meagan Mageo Approved by \_\_\_\_\_  
 Staff Member Date City Manager Date