

City Council
City of Hillsboro, Texas
Special Session Meeting
February 17, 2023

The Hillsboro City Council and City Staff conducted a City Council Special Session Meeting on Friday, February 17, 2023. The meeting was held at Historic City Hall, 127 E. Franklin Street in Hillsboro, Texas at 6:00 p.m.

Present were:

Andy Smith, Mayor
Eric Fleming, Councilmember
Larry Lloyd, Councilmember
Dana Robinson, Councilmember
Frances Zarate, Councilmember
Leann Richmond, Councilmember
Scott Johnson, Mayor Pro-Tem

Megan Henderson, City Manager
Tony Cain, Assistant City Manager
Dale Snyder, Finance Director/HR
Art Mann, Economic Dev. Admin.
Sharon McFadden, City Secretary
Christi Ward, Admin. Assistant
Susan Mann, Library Director

Others present:

David Holmes, Hill County Attorney
Martin Lake, Hill County Pr. #4 Commissioner
Lynette Finley, Chamber Executive Director
Shannon Cottongame, The Reporter
Brian Glaser, Glaser Retail Partners, LLC
Holly Harris
Bryn & Duncan McLeod
Jeremy Whitehouse
Kathleen Pustejousky
Lizza Ross
Brian & Wendy McGilvray
Chris Moore
Melissa Boyle
Andre Lujan
Billy Don & Panta Curbo
Jeremy Moore
Cathy Bryans
Tom & Yvonne Mills

Nimai Patel
Carl Lider
Melissa Autrey
Kristen Bowman
Keith Bills
Bruce & Susan Vieregge
Jimmy & Ashley Loftin
Tom Bills
Randy & Crystal Cottrell
Thomas & Emily Merryman
Mickey Flores
Willie & Patricia Suarez
Rosario Gonzales
John Versluis
Rob Innis
Jerry Reiner
Lee Wallace
Theresa Arias

Mayor Smith called the Special Session Meeting to order at 6:05 p.m.

Hear Statements from Persons Wishing to Address Council.

No one addressed Council.

(Agenda Item #3)

Hold a Public Hearing Under Section 311.003 of the Texas Tax Code to Hear Comments from the Public Regarding Project and Financing Plans for Tax Increment Reinvestment Zone Number Two of the City of Hillsboro that Would Increase Total Estimated Project Costs and Designate Property Within the Zone to be Acquired by the City.

The City Manager thanked everyone in attendance for giving their time and participating in the business of the City (of Hillsboro). The City (of Hillsboro) recently designated the Outlet Mall and some surrounding property as a Tax Increment Reinvestment Zone which is a financing structure that allows the taxes from improvements to that property to be reinvested into the Zone. It does not change the amount of taxes paid anywhere in or out of the Zone. It changes the amount of money that the City (of Hillsboro) and Hill County receive from that property. The money is then reinvested in that area for a specific period of time so that those monies can be used to help redevelop that area. It is a tool where if the City (of Hillsboro) or Hill County designates an area it is because they identify that redevelopment is needed and may take some kind of action to help that happen. Therefore, the City (of Hillsboro) created the Tax Increment Reinvestment Zone, known as TIRZ. When that is done, a preliminary project plan that includes estimated project costs that is the tax revenue may be used for when it comes around. The City Manager said that since that time, we (City of Hillsboro) has been working with a developer who has the Outlet Mall under contract. In the course of working with that developer to see what can be done with the property, what they are likely to do, and what the developer wants the City (of Hillsboro) to do moving forward, and has given the City (of Hillsboro) more information. The new information constitutes a change to that preliminary plan that was adopted with the original project plan costs to the final plan the City Council and TIRZ Board are going to be considering during these meetings. The City Manager said everyone attending is not here for the details of the TIRZ and how it works, but because there is concern for what happens to the Outlet Mall and what the City (of Hillsboro) does or does not do about it. The project and financing plan is what makes the subsequent parts possible. This is the public hearing for the project and financing plan and if it is approved, the City Council may then go on to approve a development agreement and property purchase later in this agenda. It is necessary to provide the structure of TIRZ and it goes back to what the public cares about which is the redevelopment of the Outlet Mall. The City Manager read the visual slide that said the TIRZ 2 Project and Financing Plan specifies public improvements, project costs and property purchase by the City of Hillsboro. A special public hearing is required because the Plan, while consistent with the Preliminary Plan, increases estimated project costs and designates property in the Zone to be purchased by the City. The City Manager said if the City (of Hillsboro) purchases property in the Zone that will be a cost that was not anticipated when the preliminary plan was put together. Adding the property purchases both increases the project costs and adds property to be purchased, which constitutes a change and the public hearing is specifically around that. The purpose of the public hearing is to hear comments from the public regarding these changes, amendments to the plan and to hear what the community thinks about the proposed project. The City

Manager said the overall thinking behind the TIRZ and project plan is removing the existing obsolete, vacant and deteriorating improvements, serving the Property with public infrastructure suitable to development and redevelopment, and achieving a desired mix of commercial and compatible uses that meet the needs of the citizens of Hillsboro and Hill County are highly prioritized public goods that have been identified through rigorous public engagement and strategic planning. The City of Hillsboro hired the firm MRB Group to walk staff through a public engagement and strategic planning process over 2020 to 2021. The City Manager said over a period of approximately six (6) months, there were surveys collected, public meeting held, there were things online and in person, and there was a lot of public input requested about what people cared about the most for the City of Hillsboro to make it great. The requests included to identify the greatest strengths, greatest weaknesses, the greatest opportunities, and the greatest threats. One (1) of the top three (3) weaknesses was the Outlet Mall property. One (1) of the top three (3) opportunities was redeveloping the Outlet Mall property. It has been consistently heard that the public wants something done with the Outlet Mall and the most frustration heard from citizens around the Outlet Mall is thinking the City (of Hillsboro) has the ability to do something. The City (of Hillsboro) did not have the ability to do anything since the property is privately owned, private property. The City (of Hillsboro) does not have the ability to tell the property owner what to do with his property, that is not in our (City of Hillsboro) power. The citizens do not want the City (of Hillsboro) to have that power because people desire limited government. The City Manager said in order for us (City of Hillsboro) to do anything, the City (of Hillsboro) must be able to work with a property owner or a potential property owner. When the City (of Hillsboro) was approached by someone who has the Outlet Mall property under contract, the question was if the City (of Hillsboro) should engage and help this redevelopment happen or not. There is a large amount of public input from citizens clearly telling the City of Hillsboro to engage. The City Manager said the public is attending the meeting tonight to see what engagement might look like and provide input with plus, minus, for, against, and the input is very important and welcomed. The City Manager referred to the visual slide and identified the items that are specified in the plan and the items colored red are the things that are changing in the final plan that is up for adoption at this meeting. There are up to 32 acres of property being added to the Outlet Mall property for future development of commercial or other uses determined to be in the public interest. The estimate cost is \$4.9 million. The City Manager referred to the visual slide to show the boundaries of the property the City (of Hillsboro) intends to purchase if everything being presented is approved. The property to be retained by the developer, Glaser Retail Partners, LLC, was identified on the visual slide. Glaser has the entire property under contract at this time and will move forward with the purchase if the City (of Hillsboro) purchases the designated section of property. Glaser will develop the first section immediately which is considered as phase one (1) and will consist of retail and restaurant development. The next target to be considered will be to develop the southeast portion and once a development plan is together for that portion, the City (of Hillsboro) would have to be in substantial agreement with it. The developer would then purchase the property from the City (of Hillsboro) at an increased cost to make the City (of Hillsboro) whole.

The City Manager said that portion would then be redeveloped. This process would provide the City (of Hillsboro) with a voice and helps the project to happen at all. In the final plan, the overall costs and projected revenues were displayed on the visual slide. The \$4.9 million purchase is offset by another \$4.9 million that is expected to be recouped when the property is sold. The City Manager said the expectation is that it is drawn down by Glaser Retail Partners, LLC, in association with approved development the City (of Hillsboro) feels good about. The repurchase price would be higher than \$4.9 million but the City (of Hillsboro) is only assuming \$4.9 million in the chart to be conservative. This is the opportunity for public comment and the City Manager made Mayor Smith aware that the developer was at the meeting. The City Manager suggested to allow people to speak first and if there are questions for either the City (of Hillsboro) or for the developer, they could move to that.

Mayor Smith announced that it is only a public hearing and said this is the opportunity for each person attending to speak if wanting to. Mayor Smith said with such a large crowd and the unknown number of people wanting to speak, he asked to get up one (1) at a time, approach the podium, provide name and address, and to hold comments to a reasonable amount of minutes. The public hearing was opened at 6:17 p.m.

The first citizen to speak was Melissa Boyle who resides at 414 North Thompson Street. Ms. Boyle said she is wanting to know where the funds are coming from to pay for the project and if bond money already issued was going to be used. The purpose of the bond must be followed. Ms. Boyle said she wants to know more about the EDC grant because the City (of Hillsboro) has a EDC "A" and wants to know what kind of retail development is going to be done through the EDC. The City Manager said the majority of the property purchased would be financed. The remainder of the property price would be paid for with cash the City of Hillsboro has on hand. The exact terms, we are assuming roughly \$1 million in cash, and the majority of that would come from the American Recovery Act dollars. Those funds would be recouped on the sale of the property and then redirected to local priorities. They are not long-term expenses, but would be received back. The grants to the developer in the project plan will not go through the EDC, so it is correct that Hillsboro does have a Type "A" Economic Development Corporation. Type "A" EDC can only make economic development incentives using those particular tax dollars for primary jobs. Those jobs are primarily in industrial and it is anticipated that much of the development will be commercial and would not qualify for EDC dollars. Instead, the revenues would come from the TIRZ, the property tax increment to be generated by those proposed improvements. The City Manager said in economic development, it is known as "eat what you kill" so, specifically the taxes generated by the project would be what pays for the incentives for the project. There would not be money coming from other sources of funds.

The second citizen to speak was Bryan McGilvray who resides at 406 Cade Street. Mr. McGilvray said he has a simple question. He asked if the City (of Hillsboro) done due diligence as to a background check on the developer and accomplished one (1) at this point. The City Manager said the City of Hillsboro has looked at the previous

accomplishments of the developer. There are a couple of different channels and staff have been pleased with what has been reviewed. The developer has a good track record and the City Manager said she would let Mr. Glaser speak to his reputation himself when he comes to the podium. The City Manager said there will be a couple more public hearings and invited Mr. Glaser to the podium to speak.

The City Manager introduced Brian Glaser with Glaser Retail Partners, LLC. The City Manager asked if anyone had questions for Mr. Glaser.

The next citizen to speak was Lee Wallace and he stated that he lives on the City limit line on Highway 22. Mr. Wallace said he has been in construction for 40 years and has a little experience at some things. He said the area being developed already has a truck stop, 7-11, Quik Trip is building, and restaurants right down the street. Mr. Wallace asked how the traffic is going to be managed. He asked if the State (of Texas) was going to provide an exit ramp for the Outlet Mall and sees it as a huge issue. Mr. Glaser asked if he could hold onto Mr. Wallace question and introduce himself first. Mr. Wallace agreed.

Brian Glaser introduced himself and said he is with a company based out of Dallas called Glaser Retail Partners, LLC. This is Mr. Glaser's 27th year in the retail business, for better or for worse. He said in the retail business, he spent the first 19 years at a very large Texas-wide retail focus company called the Whitesman Group. He was President of the company for half of that time. Mr. Glaser left that group to form his own company to do exactly what he is here to do today which is retail centric, retail tenant driven development. His background and history of 27 years is representing retail, specifically restaurant tenants ranging from as small as Starbucks and stores as large as At Home and Home Depot. The sizes range from 2,200 square feet for a Starbucks and as large as Home Depot at 160,000 square feet. Mr. Glaser said he is here because he identified the Outlet Mall as a problem. He attended the University of Texas and graduated in 1993, and he like everyone else, traveled up and down the freeway (I-35). Mr. Glaser said that every single person that he mentions the Outlet Mall to, mentions they shopped there in the 1990's and it was their primary stop back and forth between Dallas and UT (University of Texas). He said other people say the negative, that it is vacant and is still a vacant piece of property in Hillsboro. Mr. Glaser said he takes an interest in challenging projects and his partners ask him why he takes on the challenging ones. He said the easy projects are already done and are not as fun. Mr. Glaser said he really enjoys challenging projects and likes to make a difference in doing things. He said it is partially about taking something in a bad situation and improving it. Mr. Glaser said at this time, the bar is low for him with the Outlet Mall being vacant, empty, and it is not doing what it could do. His basis for interest in retail real estate is he has always wanted to take land and put it into production. He sees the Outlet Mall as a piece of land that he sees that needs to be reproduced. It is not going to function as it currently exists and the real answer is it needs to come down, then start over. The point of the development is to change the memory of everybody in the community and those 78,000 cars traveling down I-35 every day. Mr. Glaser said it can be done and his background is tenant driven development. His

relationships every day are with Starbucks, Wendy's, At Home, Home Depot, and to keep naming them, HEB, and Sprouts Grocery Store. He has developed several shopping centers for Sprouts over the past ten (10) years since starting his own company. The focus is driving development through those relationships and everything he does is collectively. He does not say come with me and let's go down there and build something, then they (retailer) will be down there alone. Mr. Glaser said he gets groups of retailers together and encourages them all to go together. It takes a little more time and takes more of a relationship to work with each other. He used tenants already existing in the City (of Hillsboro) for his example. He might sit down together with Whataburger next to Wendy's; might sit down with Chic Fil A; then put them all together and say this is a great line-up and we should do this together because we are better together. In Houston and Pasadena, on the east side of Houston about six (6) years ago, the conversation was exactly that, our relationships. They do business for Outback Steakhouse, Razzoo's, Chuy's, Red Robin, and BJ's Restaurant. He said it was more about a restaurant farm, an invention, and they would all do better together. Mr. Glaser said that today if you drive through the east side of Houston into Pasadena, there is a line-up of those exact tenants. The same project was duplicated in Lubbock, Texas, nine (9) years ago, with the same relationships, same type of development he calls a restaurant farm. No one (referring to retailers) does not want to go alone and they all want to go together. Joining them together is a slower process and a more meaningful process. Glaser Retail Partners listen to what the tenants want, bring them together as a group, and with a group brings better tenants. It is no different than how a mall develops by putting the anchors in, and the small tenant gather around. That is the background of what the developer does and Glaser Retail Partners is building all over Texas. They no longer cross over state borders (Louisiana, Oklahoma) because there is plenty to develop between here and the southern border. He has done development in McAllen, as far east as Tyler, Texas with building a Sprouts Grocery Store. He took an old Kroger that had been vacant for 22 years and wanted to do a new development there. They sat down with the City Manager to explain their vision and work through the construction of the roads to for traffic and traffic lights. Those are the types of changes Mr. Glaser likes to do by taking old properties that are not functioning at their highest best use and fix them. Mr. Glaser said that is his 27 years of history and landed here to share that he has tenants "in his pockets" that go with him into different places. He takes his vision and goals then he shares with them (tenants) to see how it all relates to the tenant's visions and goals. His vision and thesis for the property is the plan being presented at this meeting. It is to develop retail and restaurants across the frontage and develop some type of greater use in the back but there is not an answer for it just yet. He will start at the front and work his way to the back of the property. The point of the entire development is to start over. Mr. Glaser referred to the visual slide that provided his vision of how he sees the property developing. Across the front is retail and restaurants. He said on the history of the retail businesses, there is not much left in the world. He said the minute through Covid his 82-year-old father was able to figure out how to have groceries delivered to his home, retail was going to change forever. In the same year, Amazon trucks were driving up and down everywhere and that moment showed retail was going to change forever. Retail has

changed and it is about service and it is about food. He said anyone can get any Nike from the Nike Outlet that you can get online on the phone and probably at a cheaper price. Mr. Wallace asked Mr. Glaser if the biggest percentage of the frontage development was going to be restaurants. Mr. Glaser said there would be more restaurant than retail and would like to have sit-down restaurants for the community. Sit-down restaurants would keep people from having to drive to Waco or Waxahachie to go to. Mr. Wallace said some of the restaurants mentioned, like Chuy's, have population requirements that Hillsboro does not meet as a city. Mr. Glaser said he was using Chuy's as an example of how he does his developments and does not guarantee that Chuy's would be coming to Hillsboro. Mr. Glaser said conversations will take place with all the retailers and there are those that have density requirements that cannot be met. Mr. Glaser said he believes there are about 12,000 people in Hillsboro and 48,000 in Hill County. There needs to be 48,000 people within the City (of Hillsboro) for some of the sit-down restaurants. Mr. Wallace asked Mr. Glaser who (which retailers) he would be bringing. Mr. Glaser said at this time he does not have the answer. Mr. Wallace said if Mr. Glaser is fortunate enough to be awarded this (Outlet Mall) property, and then start development, what do local citizens look for first. Mr. Wallace wants to know how Hillsboro citizens are going to benefit from the development and everyone in the room wants to know that. Mr. Glaser said the first order of business is to line-up the tenants across the front with retail uses but he cannot tell exactly who the tenants will be. Mr. Glaser said he has a list of people he is talking to but he is not going to make any announcements in a public forum. Mr. Glaser said the frontage will be retail and restaurants that are generally seen in a strip center of about 8,000 to 10,000 feet. There is a 10,000-foot user that is purely retail that he is currently working with. There are currently four (4) restaurant companies he is working with to go across the front. There is a gas use on the corner that Mr. Glaser is talking to. His vision for the rear (section of the Outlet Mall property) is a 68,000 square foot building on the northeast quadrant of the property and there are two (2) different large retailers he is talking to. He said he has the land behind it also under contract and there is a vision for a much larger grocery store. Mr. Wallace asked if he was referring to the property directly behind the Outlet Mall and Mr. Glaser said that is correct. There is another 48 acres under contract and Mr. Glaser said he would like to see that joined in with this project. Mr. Wallace asked if the other 32 acres the City (of Hillsboro) would own would actually split in front of it. The City Manager said that is incorrect and provided clarification on the property ownership. Mr. Wallace said the City (of Hillsboro) would own some (property) that separates him (Mr. Glaser) that would make it advantageous for him to reacquire to connect the properties. The City Manager said there is at least one (1) larger use that the citizens would really like to see and is not coming today, and there is a big area for that use. Mr. Wallace said he sees the City (of Hillsboro) at a great advantage in having that piece of property that will divide him (Mr. Glaser) away from it, and it would be in his best interest to reacquire that (property) first. Mr. Wallace said he thinks that he is good right now and is just wondering about the construction process. His concern is if the City (of Hillsboro) will be able to move through it and if the traffic flow will be improved in that area. Mr. Wallace said the truck stop over in that area will bog the area down and

there is a lot of red light. He is sure everyone knows if they get caught at that red light, there will be a couple of minutes at a minimum spent there. Mr. Wallace said that is a big deal of just moving people through because of that type of retail that is going to be developed. He said everyone has seen the mall traffic before and anyone who has lived here (in Hillsboro) more than 25 years has seen that mall traffic does get heavy, especially on the weekend. Mr. Wallace said the truck stop is not going anywhere because this (Hillsboro) seems to be a good place for truck stops at the joint intersection of Interstate 35. Mr. Wallace said in consideration of the development, monitoring of the traffic flow in the area. Mayor Smith thanked Mr. Wallace for his comments.

The fourth citizen to speak was Randy Cottrell who resides on FM 1221 and he is associated with Farm to Market. Mr. Cottrell asked if the property in the back that the City (of Hillsboro) plans to keep going to consider having events like Farm to Markets and other events like that. The City Manager said she does not think a Farmer's Market has been specifically contemplated and any potential smaller retail uses in town, we would be looking at trying to offer the best possible location. A lot of cases would be considered for downtown since there has been a lot invested into downtown and want it to continue to be the heart of the community for a lot of uses. Since the City (of Hillsboro) will own the eastern portion of the property, we would be in conversation with how to develop the property for the best use, and during the time of ownership the City would want to use the property for advantageous things. The City Manager said she would not rule that out (Farm to Market suggestion) but for long-term, there are larger needs that need to be out by the interstate. There are also those community needs that might want to be downtown. Mr. Cottrell said he had one last question. He said he sees the City (of Hillsboro) lacking in the development is public restrooms and with the previous Outlet Mall, there were public restroom facilities. The City Manager said that his concern would be taken into advisement but she does not see how it would work this time.

The next citizen to speak was John Versluis who resides at 218 Craig Street. Mr. Versluis said the City (of Hillsboro) acquired property previously with a developer that intended to bring in an Applebee's. He said the City had to acquire Old Brandon Road to get the cut-in from TX DOT that was a comprise Council had to make with TX DOT. He said Old Brandon Road is getting really bad and with more development going in and that road being used more, he asked if any road maintenance was going to be rolled-into the project. The City Manager said the public rights-of-way adjacent to the TIRZ would all be eligible for public improvement dollars generated by the TIRZ. She said Old Brandon Road east of Interstate 35 is adjacent to the TIRZ. The City has committed close to \$1 million to improve Old Brandon Road and the section everyone is worried about has funding. It will go out for bids on design in a couple of months. The City Manager said that (Old Brandon Road) is separate and apart from this (Outlet Mall property redevelopment). Mr. Versluis said this (public hearing) is a creative way for City Council to do this great undertaking and he just heard Council will continue to look at quality of life in Hillsboro. He suggested looking into a 4A and a 4B for the quality of life. Mayor Smith thanked Mr. Versluis for his comments.

The sixth citizen to speak was Rob Innis who resides at 1405 Alford Street. Mr. Innis said he has resided in Hillsboro approximately 30 years. He said places have come and went. Black eyed Pea apparently did well at some point, then left. Mr. Innis said his biggest concern is if the right businesses are not brought in right the first time, then people will see that Hillsboro has not changed. He said personally he would like to see a Chic Fil A, Raising Cane's, and In and Out. Mr. Innis said he was a market major, he did the research, and he knows those type of businesses bring in the money and will continue to grow. He asked what is the time-frame for the project from the signing of contracts, to the breaking of ground, then see and reap the benefits. Mr. Glaser said that Mr. Innis had good questions. Mr. Glaser said the concepts are good, the retailers mentioned are one's he is currently talking to, and Mr. Innis is correct from a marketing standpoint. The users have a very sophisticated set of demographic analysis that they use and also have staying power. Mr. Glaser said he is not telling the public and the City Manager that he intends to bring in "fly by night" types of companies because those are not the types of business he deals with. He goes to the bank for financing and the companies he deals with must have longevity and a balance sheet worth financing. The users are national retail users like the ones that have been named. Mr. Glaser said for timing, he said generally things take three (3) years to do. It consists of getting the vision together then get it into motion which takes about 18 months to buy and build. He said it is a three (3) year plan for the frontage and he will not overpromise with what he can accomplish. Mr. Glaser said that he wanted to go on record that is his vision and his path but not his promise. He will do what he can do, is incentivized to make sure the project happens, and incentivized to make the project happen quicker than even that. He said his fair answer is that it will take three (3) years to turn all the frontage into motion. Mr. Glaser said he hopes for citizens to see it sooner and he is not a patient person. He is antsy, excited, likes to do things, and does not like to sit still. He has not done this for 27 years because he sits still easily. He would like to see the project move faster but he said the view is three (3) years.

The next citizen to speak was Andrew and he resides in Town Oaks Apartments. He said he knows several people think that there is a need to bring back a movie theatre, Alley Cats, or some sort of bowling alley. Mayor Smith thanked Andrew for his comments.

The eighth citizen to speak was Holly Harris who resides on FM 3050. Ms. Harris said her family was very much involved with bringing the Outlet Mall to Hillsboro back in 1989. McArthur-Glen developers came in with treasures in their pockets and questions were not asked, the developers just did what they needed to do. Ms. Harris said she the Outlet Mall was very exciting for the City (of Hillsboro). She said when the phases of the Outlet Mall were exciting as they were completed, then restaurants came, hotels came, and unfortunately a lot of the stores over expanded themselves. Then Grapevine Mills opened up. There was bad management, construction hit the area, there were a lot of battles that were not ours and we tried to fight. When Mr. Craig bought the Outlet Mall, he promised everything and when speaking with manager in Conroe, she let Ms. Harris know he will put up a sign, paint the buildings, and then never be seen again. That is what happened and with this project we (Hillsboro citizens) need to have faith. Hillsboro

is growing and is getting ready to just explode with everything going on. We are no longer the Hillsboro of the 1990's, 2000's, or the 2010's. We are now the Hillsboro of 2020 and we need to support this project. There is nowhere else to go, we have hit the bottom with the Outlet Mall. There is no tax increase for anyone, no liability on our part, and all that is there is expectations. We need to stop being known as the dead mall. Everyone that goes somewhere and says they are from Hillsboro are always asked what has happened to the Outlet Mall. We need to be changed to Hillsboro- the new city on the horizon, the city at the split, a city that is growing, a city that has industry, a city that has citizens that love their city and their county. This project is something that we need at this point and it is the best thing that could happen to Hillsboro. Mayor Smith thanked Ms. Harris for her comments.

The next citizen to speak was Jerry Reiner who resides at 406 Stoneridge. Mr. Reiner said he is concerned with the traffic control. He said even though there are going to be restaurants, there is going to be a lot of business coming from the highway. There is not good access leading from the highway down into that area, there is going to be missing a lot of traffic from that highway. If it gets to where they cannot get in or out, they will not stop. Mr. Reiner said he has not heard much about that. He asked what kind of contact is there with the highway department to see what can be done to make that more accessible for that area. You will have people from the city come and go but going to have to expect a lot of customers to be highway traffic. There has to be easy on and easy off or you will lose out altogether. The City Manager said they have visited with TX DOT and they have advised that making any change in configuration of I-35 to add or move an exit or entrance is a federal decision. It will probably be a year or two (2) before TX DOT would make a decision. There is an interest on the developer's part to explore that option but it is not going to be a fast process or a definite process. It is absolutely a conversation that has been had.

The tenth citizen to speak was Melissa Boyle who resides at 414 North Thompson Street. Ms. Boyle asked if a PID, Public Improvement District had been considered. If a PID were created, the PID would take-on the debt and the TIRZ would pay the debt payment. So then the city would not be acquiring more debt and the PID is basically some entity that is acquiring debt. That way if you do issue or finance \$4.9 million someone said the tax rate will not go up but there will be a debt payment. She asked how they plan to make the debt payment. Ms. Boyle said she is not against the project and thinks it needs to be done. She said all options need to be considered and if a PID has not been looked into, she suggested it be done. She has a PID lady that would be glad to share information with you, her name is Mary, and she is out of Dallas. Ms. Boyle said she has a meeting with Mary on Monday. If that is something Council is interested in, Ms. Boyle said she would be glad to forward the information. Mayor Smith thanked Ms. Boyle for her comments. The City Manager said a PID is financed by an extra assessment, like a tax, on top of the property taxes levied against properties. In negotiations with the developer, the City (of Hillsboro) has asked that the developer, because it is an extra tax paid by the property owner, the property owners have to initiate that. Part of the negotiations with the

developer is that we have asked that they set-up a PID and that is part of the negotiations with them. The difference is that a PID generates, the TIRZ can take on debt as well as the City (of Hillsboro) if it wants to, that is a structure that can be established as well. The revenues from the TIRZ, the revenues from the PID, will not be insignificant but they will not be substantial enough to tolerate the debt service payment. Those will be accomplished by within the revenue side of TIRZ.

David Holmes, Hill County Attorney, asked the City Manager to explain the valuation of the entire Outlet Mall property, how the TIRZ works in generating the dollars into the TIRZ, and then what the redevelopment of what that twelve (12) acres will do in terms of generating tax revenue, particularly sales tax, and Mr. Holmes thinks people need to know that. The City Manager said the total valuation of Outlet Mall property and the two (2) properties behind it, all together comprises the TIRZ is \$4.1 million. We are talking about adding some \$40 to \$50 million dollars in improvements over a period of five (5) to ten (10) years. The taxes on the \$4 million that is the existing value, the City (of Hillsboro) and Hill County will continue to get that money. The additional value, all of those tax dollars, would go into the TIRZ for these expenses, the expenses that make it happen. At the end of the ten (10) year period of the TIRZ, all of that tax money will come to the City of Hillsboro and Hill County. With the tax money going back into the project, it is going to create opportunities for employment, shopping, and dining for citizens. The tax revenue from sales tax is going to outperform probably all of that. As soon as things start to open and people start purchasing, there will be more money for street repairs and it is a good idea. All this is about is making the engine that is the City (of Hillsboro) run smoothly, efficiently, and carry all of us and do all of the work we are here together to do. It is not to benefit him (Mr. Glaser). It is because all of this together is what it takes to say grace over the City (of Hillsboro) and all of the water lines, sewer lines, and streets that we have to maintain. We have a great big dead weight out there that is not pulling its weight and it is not helping us do what we are in business to do. The Outlet Mall is never going to be what it was. It can be something viable and profitable. The City Manager said she means that in the highest sense but it is not her decision.

The next citizen to speak was Jimmy Loftin who resides at 100 HCR 3402. Mr. Loftin said his concern is with the vision. He just moved here from The Woodlands and he has no desire to be Pasadena at all. What he does not see here is entertainment for people who live here. He recommended something like a Main Event for people that actually live here. All he heard about was people passing through to buy food. He requested something here for his children and citizen's entertainment to go bowling and have a beer. Things like that will actually benefit us (Hillsboro citizens). He said not to just line the pockets of basically just fast food joints like Chuy's and stuff like that. He wanted to know if he (Mr. Glaser) had asked people if they want to be Pasadena and no one wants to be Pasadena. Everyone wants to be in the number one (1) place to live in America and that is The Woodlands and Mr. Loftin said he could see that here. The City Manager said she would have Mr. Glaser speak about Main Event. She said the City (of Hillsboro) is working all day, every day to improve and increase business that is made available to

citizens. The project is not about how do we solve all of Hillsboro's desires. This is about how we solve specific problem of this property. For the City (of Hillsboro) to buy the property and then create what we want out there it will be close to \$10 million without any real promises of getting that money back. What we are talking about doing today is not a long-term expense of the City (of Hillsboro) dollars. It is a short-term investment and recoup because we need those dollars to do our day to day business. We are not into the retail, movie, restaurant, or entertainment business. We have Chris Moore here tonight and he did a great job of attracting businesses in our community that are the right size for our community and he worked for seven (7) years to bring entertainment businesses to town. Main Event and Top Golf are not going to come (to Hillsboro) and neither are other big market businesses. Hillsboro is not metroplex adjacent like The Woodlands is, but what we have done and continue to do is try to attract entertainment businesses that are going to solve some of those needs. They are going to be locally owned businesses like an arcade Chris Moore found in Waxahachie that is a great place and they may be interested in having a second location. Mr. Moore walked them over to Hillsboro and showed them multiple places, it is going to be concierges to find them and a place for them to go. If that means we can get them out there, that would be great, but if they do not go there, then we are not going to stop trying to get those businesses. The City Manager said entertainment is at the top of the list and if someone walked into her office tomorrow saying they plan to bring a bowling alley; she would offer to find them a place. The City (of Hillsboro) would be their partner, and make that happen. We have been in that position and it fell through because that person could not get their financing. Having some space (Outlet Mall property) that we can have a say in and carve out a niche for that, this gives us more tools but she absolutely does not want to overpromise. She does not want anyone here to think the City (of Hillsboro) has the power or ability to make something happen there just because we all want it really bad.

The twelfth citizen to speak was Wendy McGilvray who resides at 406 Cade Street. Ms. McGilvray said she realizes it may sound strange to start with restaurants and eateries. However, she has lived in places where you could not keep an area going because when you finished shopping or whatever you wanted to do, there was no place to eat. Everyone would go somewhere else to eat and then would not come back. It seems like a reasonable thing to do, start with restaurants, eateries, and eating places because then you have the draw for whatever else there is in the area. Ms. McGilvray said she does not know what he (Mr. Glaser) is going to bring but she knows if you cannot eat there, people are not going to play there and that is the way it frequently happens. She also understands they are talking about retail and possibly some large retail as well. She said she has redone many houses and it is unimaginable how many hours she has spent in home stores like Home Depot and Lowe's. Those type of retail bring people in but once she goes out, she wants to go get coffee and a piece of pie. Restaurants need a reasonable beginning and are a nice place to start.

Mr. Wallace said he was approaching the podium again because someone (Carl Lider) handed him a piece of paper with something he wanted stated. Mr. Wallace said as a lady

said, the city is coming this way. If you have been to Waxahachie or driven any farm to market roads out of Waxahachie, you know it is coming. He thinks there is some concern here of if we are ready as a Council, as a City, for the big business to get here. He wants the city to boom, the city to do well, and the citizens to do well. He thinks this is a great opportunity as far as getting someone like you (referring to Mr. Glaser) coming onboard to help us get thing started. He wants to be sure ordinances, inspectors, and the ability to manage big business in a small town are done right. We do not want to get ran-over by big corporations, we are in charge of it, and we are managing it. Mr. Wallace said the gentleman (Carl Lider) that handed him the note, he is saying to look because we do not need more accidents, we need progress, we need success, and we need to make sure we are prepared for all of the above.

The last citizen to speak was Lynette Finley who resides at 220 HCR 1330 East. Ms. Finley said she is very familiar with the Whitesman Group from her time in Dallas real estate and the company has a good reputation. She said image matters and she is very excited about the Buc-ee's and in real estate there is a momentum and she thanked Mr. Glaser and the City Manager. Everyone seems energized, innovated, and careful. She asked if they could speak to the phasing that would happen with the demolition or the plan so it stays beautiful during the development. She understands there will be dirt and debris, but are all of the buildings going to be wiped-out. Mr. Glaser said the question he believes Ms. Finley was asking is related to the phasing to the development. He is not totally clear about construction and the messiness of it. The intention is to develop from the front so it cannot be developed without tearing down the buildings on the front. He said there have been conversations about blowing it all down at one (1) time and getting rid of it all. Mr. Glaser understands people want to see it (Outlet Mall) gone. He thinks the City (of Hillsboro) wants to be mindful of maybe using these buildings to benefit the city. While some want to see it just gone tomorrow morning, there is a phasing to it, and determining a way the city can use these buildings during the five (5) year period before he is ready to develop the rear property. Construction is messy but it is contained on-site and will likely be unsightly during the tear-down. Mr. Glaser said it will end up looking a lot better than what is seen now which is a vacant 42 acres of concrete. In redevelopment, cities always have ordinances relative to landscape and he personally chooses to try to over-landscape which creates value over the long-term that people do not see. If the city calls for a certain caliber of tree, he tries to push it with a nominal amount of money and add larger trees that will grow faster. It is his ability to make it look better afterwards and he hopes he can. Mr. Glaser said he believes there are ordinances in place and landscape requirements for redevelopment in the city. He referred to the visual slide that shows landscaping included in the vision plan. He said in answering the phasing question, the tear down will first take place in the front and then redevelop the front. He will then choose to go to the south then move toward the north. He said the vision has three (3) phases of tear-down. He said some will be preserved for utilizing buildings for certain uses that still want to be in those buildings. There are other things the city could utilize the space for temporarily until the second and third phase developed.

Mayor Smith asked if anyone else would like to speak regarding this agenda item before closing the public hearing. There were no additional responses. Mayor Smith announced closure of the public hearing at 7:13 p.m. Mayor Smith stated this is not an item required for action.

Mayor Smith announced a recess of the Council at 7:13 p.m.

A meeting of the Board of Directors of the Tax Increment Reinvestment Zone Number Two took place.

Mayor Smith requested the City Secretary to note that Council reconvenes at 7:15 p.m.

(Agenda Item #4)

Hold a Public Hearing, Second Reading of an Ordinance, and Deliberate and Act on an Ordinance of the City Council of the City of Hillsboro, Texas, approving a Project and Financing Plan for Tax Increment Reinvestment Zone Number Two, City of Hillsboro, Texas, Established pursuant to Chapter 311 of the Texas Tax Code; providing a Severability Clause; Finding and Determining the Meeting at Which This Ordinance is Adopted to be Open to the Public as Required by Law; and Providing an Effective Date.

The City Manager said this is the same issue, there is nothing to add, and thanked Council for the opportunity. Mayor Smith asked if there were any questions from Council. There was no response. The City Manager there technically needs to be a public hearing on this item.

Mayor Smith announced opening of the public hearing at 7:16 p.m.

No comments from the public were made.

Mayor Smith announced closure of the public hearing at 7:17 p.m. and called for a motion. Councilmember Robinson moved to approve and Mayor Pro-Tem Johnson seconded.

On roll call, the following votes were cast:

Ayes: Fleming, Lloyd, Robinson, Zarate, Richmond, Johnson

Nays: None Absent: None

Agenda Item #5

Deliberate and Act on a Resolution of the City Council of the City of Hillsboro, Texas, approving a Development Agreement with Glaser Retail Partners, LLC, for Development and Redevelopment Located in Tax Increment Reinvestment District Number Two of the City of Hillsboro, Consistent with and in Implementation of the TIRZ 2 Project and Financing Plan, and Authorizing the City Manager to Execute All Necessary Documents.

The City Manager said the idea of the project is we go forward and respond to the request

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of this developer to enter a partnership with the City (of Hillsboro) whereby he will do what he has identified and the City (of Hillsboro) will do what has been identified to wit. Glaser Retail Partners or its affiliated entity would purchase the 43-acre Outlet Mall property. They would develop the twelve (12) acres along the west side with a minimum of four (4) national retail restaurant users. This would involve some demolition of existing improvements. We, and they likewise, anticipate there will be a good many more than that number, but they are in trouble with us (City of Hillsboro) if there are not at least four (4) in the first five (5) years. The City (of Hillsboro) would purchase the 31 acres behind it at a price of \$3.55 per square foot. After delivering their four (4) they have agreed to, they would be reimbursed one-third of their demolition costs. The demolition costs required for the first phase. If they do a fifth one, then they get another third. If they do a sixth one, then they get the final third. They must do six before they get their demolition costs reimbursed and that comes out of the TIRZ revenue. Glaser Retail Partners would have the right to repurchase some or all of the 31 acres from the City (of Hillsboro) for agreeable uses. The price is \$4.25 per square foot. Mayor Smith asked if there were any questions or comments from Council. There were no responses. On a motion by Councilmember Fleming and a second by Councilmember Lloyd, the resolution was accepted and approved.

On roll call, the following votes were cast:

Ayes: Fleming, Lloyd, Robinson, Zarate, Richmond, Johnson

Nays: None Absent: None

Agenda Item #6

Deliberate and Act on a Resolution of the City Council of the City of Hillsboro, Texas, Approving the Purchase of up to 32 Acres of Real Property Comprising a Portion of the Hillsboro Outlet Mall, Located in Tax Increment Reinvestment District Number Two of the City of Hillsboro, Consistent with and in Implementation of the TIRZ 2 Project and Financing Plan, and Authorizing the City Manager to Execute All Necessary Documents.

The City Manager said in order to effectuate the desirable development of the Outlet Mall property as requested by our citizens in the 2021 public engagement process, included in our strategic plan, and in the TIRZ 2 project financing plan. We have contemplated and exhaustively discussed purchasing approximately 30.798 acres of the Outlet Mall property from the developer or their related entity GRP Hillsboro Land Partners for \$3.55 per square foot. It is consistent with an approved development agreement that would survive the sale of the property and include development plans for the adjacent property and a means to agree on development of the 30.798 acres. Mayor Smith asked if there were any questions or comments from Council. No comments were made. On a motion by Councilmember Robinson and a second by Councilmember Richmond, the resolution was accepted and approved.

On roll call, the following votes were cast:

Ayes: Fleming, Lloyd, Robinson, Zarate, Richmond, Johnson

Nays: None Absent: None

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The Mayor said that completes our agenda for tonight. Mayor Smith said there are between 60 to 75 people attending tonight and some of us have been on the Hillsboro City Council for many years. We have never seen this kind of a crowd and we appreciate the interest, appreciate time in attending tonight, and we think this is a big undertaking for the City of Hillsboro. It is all because the Outlet Mall was one (1) of the top priorities identified by the citizens as needing attention. Mayor Smith said we think this is a good partnership with Brian Glaser and appreciate his involvement with the City (of Hillsboro). Mayor Smith said with there being no further business, the meeting was adjourned at 7:22 p.m.



Andrew L. Smith, Mayor

ATTEST:



Sharon McFadden, City Secretary