

AGENDA PLACEMENT FORM

(Submission Deadline – Monday, 5:00 PM before Regular Court Meetings)

Date: _____

Meeting Date: 11/24/2025

Submitted By: County Judge's Office

Department: _____

Signature of Elected Official/Department Head:

Court Decision: <small>This section to be completed by County Judge's Office</small>


Description:

Consider and Approve Amended Joint Participation Agreement with the City of Cleburne Tax Increment Reinvestment Zone (TIRZ) No. 1; with Authorization for County Judge to Sign-County Judge's Office

(May attach additional sheets if necessary)

Person to Present: _____

(Presenter must be present for the item unless the item is on the Consent Agenda)

Supporting Documentation: (check one) PUBLIC CONFIDENTIAL

(PUBLIC documentation may be made available to the public prior to the Meeting)

Estimated Length of Presentation: _____ minutes

Session Requested: (check one)

Action Item Consent Workshop Executive Other _____

Check All Departments That Have Been Notified:

- County Attorney IT Purchasing Auditor
- Personnel Public Works Facilities Management

Other Department/Official (list) _____

**Please List All External Persons Who Need a Copy of Signed Documents
In Your Submission Email**



AGENDA MEMORANDUM

CONSIDER APPROVAL OF THE AMENDED TAX INCREMENT REINVESTMENT ZONE NO. 1 CITY AND COUNTY JOINT PARTICIPATION AGREEMENT.

Presenter: Chris Fuller, Deputy City Manager
Natalie Ayala Hall, Pettit and Ayala Consulting

SUMMARY: The Johnson County Commissioners Court has agreed to consider an expansion of Tax Increment Reinvestment Zone (TIRZ) #1 to expand into an area to be designated as TIRZ No. 1A. The area TIRZ #1A is contiguous to TIRZ 1 and consists of approximately 1,689 acres within the City limits and the City's extraterritorial jurisdiction. Natalie Ayala Hall with Pettit and Ayala Consulting will present the amended Project and Finance Plans as well as the City and County Interlocal Agreement and Bylaws.

JOINT PARTICIPATION AGREEMENT

The City and County Joint Participation Agreement has been updated to reflect the participation rate and contribution cap updates.

PROJECT AND FINANCE PLANS

The City is participating at a rate of 100% of its real property increment. To fund the public improvements, the City of Cleburne will contribute a percentage of the real property increment within the Zone. Subject to a separate Joint Participation Agreement, Johnson County may also contribute a percentage of the real property increment within the Zone, limited to property that is located within the City limits. The participation for each entity will follow a tiered approach based on the total amount contributed by each entity. The Contribution Tiers: (by each entity) are as follows:

- 100% Contribution on the first \$0 to \$25,000,000
- 75% Contribution on amounts between \$25,000,000 and \$50,000,000
- 50% Contribution on amounts between \$50,000,000 and \$75,000,000
- 25% Contribution on any amount above \$75,000,000

LEGAL REVIEW

The City and County Joint Participation Agreement and Project and Finance Plans have been reviewed by County and City attorney's offices.

BACKGROUND:

In 2001, Tax Increment Reinvestment Zone No. 1 was established, in which both the City and County both participated at a participation rate of 100%. The zone consisted of approximately 1,180 acres with a 20-year term that expired in 2021. In 2021, the Johnson County Commissioners Court and City Council unanimously voted to approve the funding and duration of the TIRZ No. 1 for an additional five years.

City of Cleburne
and
Johnson County Agreement
to Participate In the

Cleburne Tax Increment Financing District No. 1

THIS AGREEMENT (hereinafter "Agreement") is made and entered into by and between the City of Cleburne, ("City"), a municipal corporation, and Johnson County, Texas (the "County"). City and County may be referred to individually as a "Party," and collectively, as the "Parties."

WHEREAS, in accordance with the provisions of the Tax Increment Financing Act, V.T.C.A., Tax Code, Chapter 311. (the "Act"), and after due notice to the Johnson County Commissioners Court, the City Council of the City, pursuant to Ordinance No. OR03-2001-21 (the "Ordinance"), adopted on March 7, 2001, created, established and designated "Reinvestment Zone Number 1, City of Cleburne" (hereinafter called the "Reinvestment Zone") under the Act; and

WHEREAS, the Act provides that each taxing unit levying taxes on real property in a Reinvestment Zone is not required to pay the tax increment fund any of its tax increment produced from property located in the Reinvestment Zone, unless such taxing unit enters into an agreement to do so with the governing body of the municipality that created the zone; and

WHEREAS, a tax increment agreement under the Act may be entered into any time before or after the zone is created, and such agreement may include any conditions for payment of the tax increment into the fund and must specify the portion of the tax increment to be paid into the tax increment fund, and the years for which that tax increment is to be paid into the tax increment fund;

NOW, THEREFORE, the Parties, in consideration of the terms, conditions, and covenants

contained herein, hereby agree as follows:

Section 1. The County hereby agrees to pay 100% of the tax increment levied and collected against the captured appraised value of real property as determined in Section 311.012 of the Act, in said “Reinvestment Zone 1, City of Cleburne” subject to the following terms and conditions:

- a. Boundary: The boundaries of the Reinvestment Zone are and shall be those boundaries described in the Ordinance, or an amendment thereto revising the boundary duly approved by the City Council in consultation with the Reinvestment Zone Board of Directors (the “Board”) and the Johnson County Commissioners Court. Within the boundary of the Reinvestment Zone, any future changes in land use from that shown in the Final Project Plan will be presented to Commissioners Court.

- b. Purpose and Program: Within the boundaries of the Reinvestment Zone, properties are to be developed as nearly as possible in conformity with the project plan and the financing plan prepared by the City and referred to the Board for final review and adoption. Any addition to the project plan or any change or amendment to the Reinvestment Zone Ordinance may be incorporated only with the approving vote of the City Council of the City, and in consultation with the Board and the Johnson County Commissioners Court.

- c. Taxable Value: The land within the boundaries of the Reinvestment Zone is to be appraised in 2025 for ad valorem tax purposes and for establishing the tax increment base referenced in Section 311.012 of the

Act. No mineral interest value shall be used in establishment of the tax increment base or in determination of the tax increment during the term of the Reinvestment Zone.

- d. County participation Outside City Limits: 0% of Real Property Increment.
- e. County participation Within City Limits: shall initially be 100% of Real Property Increment (staggered over time), see **Attachment A**.
- f. County participation on Residential Property: 0% of Real Property Increment on any residential property. For the purpose of this subsection, a parcel will be considered “residential” if the property is zoned for single or multi-family residential uses. Regardless of zoning, a parcel will be also considered “residential” if the property is primarily used for residential purposes, including single-family and multi-family uses whether rented, leased, or owner-occupied
- g. Contribution Timing: The County will contribute on property that is annexed into the City Limits of Cleburne as of January 1 of that calendar year (*i.e.*, if the property is annexed on January 1, 2025, then the County would participate in 2026).
- h. Bond Limit: Any tax increment bonds or notes issued to pay project costs for the Reinvestment Zone pursuant to Section 311.015 shall be issued in compliance with Chapter 311 of the Texas Tax Code, as amended, and in accordance with the terms and conditions established by the City’s governing body.
- i. Repayment: All amounts paid into the tax increment fund shall be used

solely to repay cash or the principal of and interest on tax increment bonds or notes issued to finance project costs under the Act, and to pay direct costs properly chargeable under the Act and generally accepted accounting principles to the administration of the Reinvestment Zone. No County tax increment funds may be used to reimburse costs for a project which directly benefits only residential development.

- j. Reimbursement of Costs: However, costs incurred by the County and the City in the creation of the District and in the organization and operation of the Board may be reimbursed from the tax increment fund, except costs of City employees or officials.

Section 2. As inducement to the County to enter into this Agreement, the City agrees that no tax increment bonds of the Reinvestment Zone will be issued to finance project costs of the Project until (a), a final Project Plan and Financing Plan has been prepared and adopted by the Board and approved by the City Council of the City, and (b), the City has furnished documentation, evidence and assurances necessary to the Board to the effect that funds necessary to support cash expenditures and/or the retirement of tax increment bonds will be available either from revenues derived from the District or from other funds available from the City.

Section 3. The term of this Agreement, shall be for thirty (30) years from the date the Reinvestment Zone was created with a termination date of December 31, 2055, or until all cash expended or bonds issued for the Reinvestment Zone under Section 311.015 of the Act, or refunding bonds issued to refinance such bonds issued under Section 311.015 of the Act, have been fully paid and discharged, whichever event shall be the latest to occur.

Section 4. The City and County shall each be responsible for the sole negligent acts of their officers, agents, employees or separate contractors. In the event of joint and concurrent negligence of both City and County, responsibility, if any, shall be apportioned comparatively in accordance with the laws of the State of Texas, without however waiving any governmental immunity available to City and County under Texas law, and without waiving any defenses of the Parties under Texas law.

Section 5. This Agreement shall be administered by the City Manager or his designees.

Section 6. Whenever this Agreement requires or permits any consent, approval, notice, request, proposal, or demand from one Party to another, the consent, approval, notice, request, proposal or demand must be in writing to be effective, and shall be delivered to the Party intended to receive it at the addresses shown below:

If intended for City, to:

City Manager
City of Cleburne
P. O. Box 677
Cleburne, TX
76033

If intended to Johnson County, to:

County Judge
Johnson County
Johnson County Courthouse
#2 Main Street
Cleburne, TX 76033

or to such other addresses as the Parties may request, in writing, from time to time.

Section 7. This Agreement is made subject to the provisions of the charter and ordinances of City, as amended; Texas constitution, codes, statutes; and all other applicable state and federal laws, regulations and requirements, as amended. Venue shall be exclusively in Johnson County, Texas.

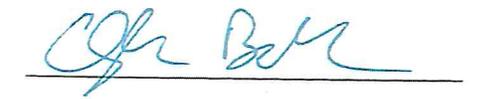
Section 8. This Agreement embodies the complete understanding of City and the County superseding all oral or written previous and contemporary agreements between the Parties relating to matters herein. This Agreement may be amended, modified, or supplemented only by an instrument in writing executed by City and County. Any alterations, additions or deletions to the terms of this Agreement required by changes in federal, state or local law or regulations will be automatically incorporated into this Agreement without written amendment, and shall become effective on the date designated by such law or regulation.

EXECUTED this 25th day of Nov (Month) 2025, by the City, signing by and through its City Manager, duly authorized by Resolution No. RS11-2025-174, approved on (Month) Nov (Day) 18, 2025 and by Johnson County through its duly authorized officials on (Month) 24th (Day) Nov, 2025.

City of Cleburne

Johnson County


Michael Marrero, City Manager


Christopher Boedeker, County Judge

Attachment A

Contribution Tiers

The following model outlines a tiered approach based on the total amount contributed by each entity. The goal is to create a more flexible alternative to a fixed contribution cap, allowing continued support while enabling each entity to retain a portion of the future growth as the Reinvestment Zone 1A develops and generates additional tax revenue.

Contribution Tiers: (by each entity)

- 100% Contribution on the first \$0 to \$25,000,000
- 75% Contribution on amounts between \$25,000,000 and \$50,000,000
- 50% Contribution on amounts between \$50,000,000 and \$75,000,000
- 25% Contribution on any amount above \$75,000,000

RESOLUTION

NO. RS11-2025-174

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLEBURNE, TEXAS AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE AN AMENDMENT TO A JOINT PARTICIPATION AGREEMENT BETWEEN THE CITY OF CLEBURNE AND JOHNSON COUNTY CONCERNING CLEBURNE TAX INCREMENT FINANCING REINVESTMENT ZONE NUMBER ONE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council approved Ordinance OR11-2025-45 on November 18, 2025, after due notice in the manner provided by law, and unanimously recommended that the City of Cleburne amend Tax Increment Financing Reinvestment Zone Number One to expand into an area to be known as Tax Increment Financing Reinvestment Zone Number No. 1A; and

WHEREAS, the City Council approved the original Joint Participation Agreement per Resolution RS05-2001-44 on May 8, 2001; and

WHEREAS, staff believes that an amendment to the existing Joint Participation Agreement with Johnson County concerning the Tax Increment Reinvestment Zone Number One can benefit both the City and Johnson County and is in the best interests of our community; and

WHEREAS, approval by both the City Council of the City of Cleburne and the Johnson County Commissioners Court is required to formally adopt such an agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CLEBURNE, TEXAS, THAT:

SECTION ONE. The City Council of the City of Cleburne hereby authorizes the City Manager to negotiate and execute an amended Joint Participation Agreement, attached hereto as **Exhibit A** and by reference incorporated herein, with Johnson County concerning Tax Increment Reinvestment Zone Number One.

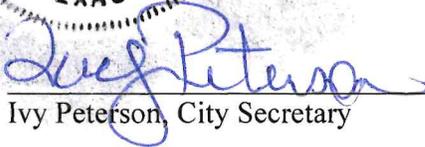
SECTION TWO. This Resolution shall become effective immediately upon its passage.

PASSED AND APPROVED this the 18th day of November, 2025, at a Regular Meeting of the City Council of the City of Cleburne, Texas.

CITY OF CLEBURNE

BY: 
Blake Jones, Mayor Pro tem




Ivy Peterson, City Secretary