



HEATH MUNICIPAL  
**HMBC**  
BENEFITS CORPORATION



HEATH ECONOMIC  
**HEDC**  
DEVELOPMENT CORPORATION

**CITY COUNCIL MEETING**  
**January 14, 2025**

HEATH MUNICIPAL  
**HMBC**  
BENEFITS CORPORATION



HEATH ECONOMIC  
**HEDC**  
DEVELOPMENT CORPORATION

## MISSION STATEMENT

The Heath Economic Development Corporation (HEDC) and Heath Municipal Benefits Corporation (HMBC) provide financial assistance for qualified projects in accordance with guidelines that **encourage quality commercial development that expands the City of Heath sales and property tax base and contributes to a higher quality of life without altering the City's culture as a premier D/FW suburb.**

# FUTURE CAPABILITIES ROBUST

HEDC:

**\$4 Million Fund Balance End of FY 2024**

HMBC:

Supporting Towne Center Park Renovation

Supporting Department of Public Safety Facility Construction

Supporting Public Works Facility Construction

**\$1 Million Fund Balance End of FY 2025**



*The*  
**RESERVE**

★  
*Naturally Exclusive*  
★

HEATH • TEXAS

HEATH MUNICIPAL  
**HMBC**  
BENEFITS CORPORATION



HEATH ECONOMIC  
**HEDC**  
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**OPPORTUNITY:  
HMBC-OWNED LAND**

# The RESERVE

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# HISTORY: HMBC-OWNED LAND

- 25 Acres along Chris Cuny/Hawk Drive
  - Adjacent to Towne Center Overlay
  - 4.786 Acres Owned by Great Eventures/Hidden Creek
- Purchased from Rockwall ISD in 2004 for \$436,343
- Platted HMBC Land into 6 Lots
- Simultaneously, City Purchased 46.32 Adjacent Acres from Rockwall ISD for \$887,805
- Intended for Dedicated Park Land

# HMBC-OWNED LAND VALUES:

## 2024 Appraisal:

	<u>Gross Retail Value</u>	<u>PSF (rounded)</u>
• Lot 1A, acres 2.769	\$965,000	\$8.00
• Lot 1C, acres 5.142	\$1,120,000	\$5.00
• Lot 2, acres 9.56	\$1,960,000	\$4.70
• Lot 3, acres 1.36	\$500,000	\$8.59
• Lot 4, acres 1.36	\$500,000	\$8.59
• Lot 5, acres 46.32 (City owned/per RCAD)	\$1,806,480	

# THE RESERVE VISION:

- Public & Private Partnerships Available for Development that Fits Desired Culture of the Property/the Community
- Upscale, Unique
- One-of-a-Kind
- Bikeable/Walkable
- Native/Xeriscape for Low Water Consumption
- Prioritizes the Needs and Desires of Citizens
- Limited Impact on Traffic and Infrastructure by Discerning Visitors Who *“Come by Day, Leave by Nightfall”*
- Upscale Dining, Boutique Winery, Distinctive Retail, Luxury Spa





# Assistance Tool Kit & Current Prospect

- Land Leases
- Loans
- Grants
- Shared Infrastructure Support
- Tax Abatements (with a hard stop)
- Specific Fee Abatement
- Marketing Support

## **PROSPECTIVE BUSINESS VISION:**

- Upscale Dining Destination
- Exquisite Cuisine with a Vibrant Community Atmosphere
- Spacious Outdoor Patio and Open Space
- Menu Offers Sophisticated Blend of Contemporary Grill Dishes with a Focus on Quality Ingredients
- Exceptional Service
- Welcoming Ambiance
- A Favorite Spot for Locals and Visitors Alike

# OPPORTUNITY: 1880

## QUALITATIVE

- Fits The Reserve Vision
  - Enjoying Nature / Protecting the Natural Elements
  - SmartScape / Native Texas
  - Synergies with Trails
  - Trees Critical
  - Discerning Patronage instead of Traffic Centric
  - A Destination Venue
- Experienced Sole Proprietor
  - Successful Track Record in Hospitality Industry
  - Vested in Heath as a Resident/Business

# OPPORTUNITY: 1880

## QUANTITATIVE

- Comparable Structure to Hidden Creek Ground Lease Assistance; With Higher Sales Tax ROI
- Comparable Structure to Standard Service Economic Development Grant & Loan; without the Grant Component
- Year 5 Acquisition Price is at Market/Appraised Value (\$7.65/sq ft); Higher than Rockwall CAD Value
- Ad Valorem Tax Post Abatement
- ROI on Original Land Cost
- Utilities Assistance
- Loan with Repayment Terms
- Perpetual Sales Tax Reporting
- Security Interest in Property and Improvement

# MEASURING THE BENEFITS TO HEATH

*Annual Sales of the Product or Service*

+ \$3.25 Million Annual Revenue in Heath

*Annual Sales Tax*

+ \$80,000 Annual Sales Tax Revenue to the City

*Capital Investment*

+ \$2.2 - \$2.5 Million

*Real Estate Value –  
City/County/RISD Taxes*

+ Approx. \$6,000 Ad Valorem Tax Post Abatement

*Employment*

+ 70-80 Jobs with Emphasis on Local Youth, Retirees

*Quality of Life*

+ Upscale, Sophisticated, Discerning Local Clientele

+ Rural, Open Space Vibe

+ Sense of Heath Community Spirit & Connectivity

+ Located on Trail System

# MEASURING THE BENEFITS TO HEATH

## Sales Tax Breakdown

### Annual Sales of the Product or Service

Proforma Revenues	\$	3,250,000.000	
Total Sales Tax	\$	325,000.000	6.25% + Mixed Beverage Tax
Local Sales Tax			2.00%
- to Community	\$	80,000.000	1.00%
-to the City	\$	40,000.000	0.50%
-to the EDC/MBC	\$	40,000.000	0.50%

Estimates based upon prospect application, and include Mixed Beverage Tax:

#### **Mixed Beverage Tax:**

Total Mixed Beverage Tax	6.7%
• -To the State	5.99%
• -To the City of Heath	.71%

# MEASURING THE BENEFITS TO HEATH

## Return on Investment:

### Land:

*2004 Original Purchase Price*

*\$23,737*

*2029 (or sooner) Sales Price*

*\$500,000\*\*\**

*Based upon \$8 sq.ft.; higher than CAD value*

**1901% Increase**

Compound Annual Growth Rate:

**16%**

\*\*\*Lot size and replat support the minimum 300' Property Line Distance From RISD and include trail and fire access easements.

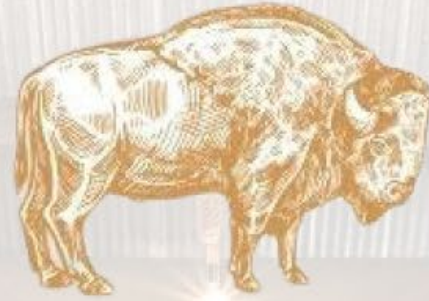
# OPPORTUNITY: 1880

Welcoming  
Agron Dika – Entrepreneur/Owner  
Stan Britton



1880

KITCHEN



HEATH, TX

CONCEPTUAL SITE PLAN & DESIGN  
CONCEPTS PRESENTATION

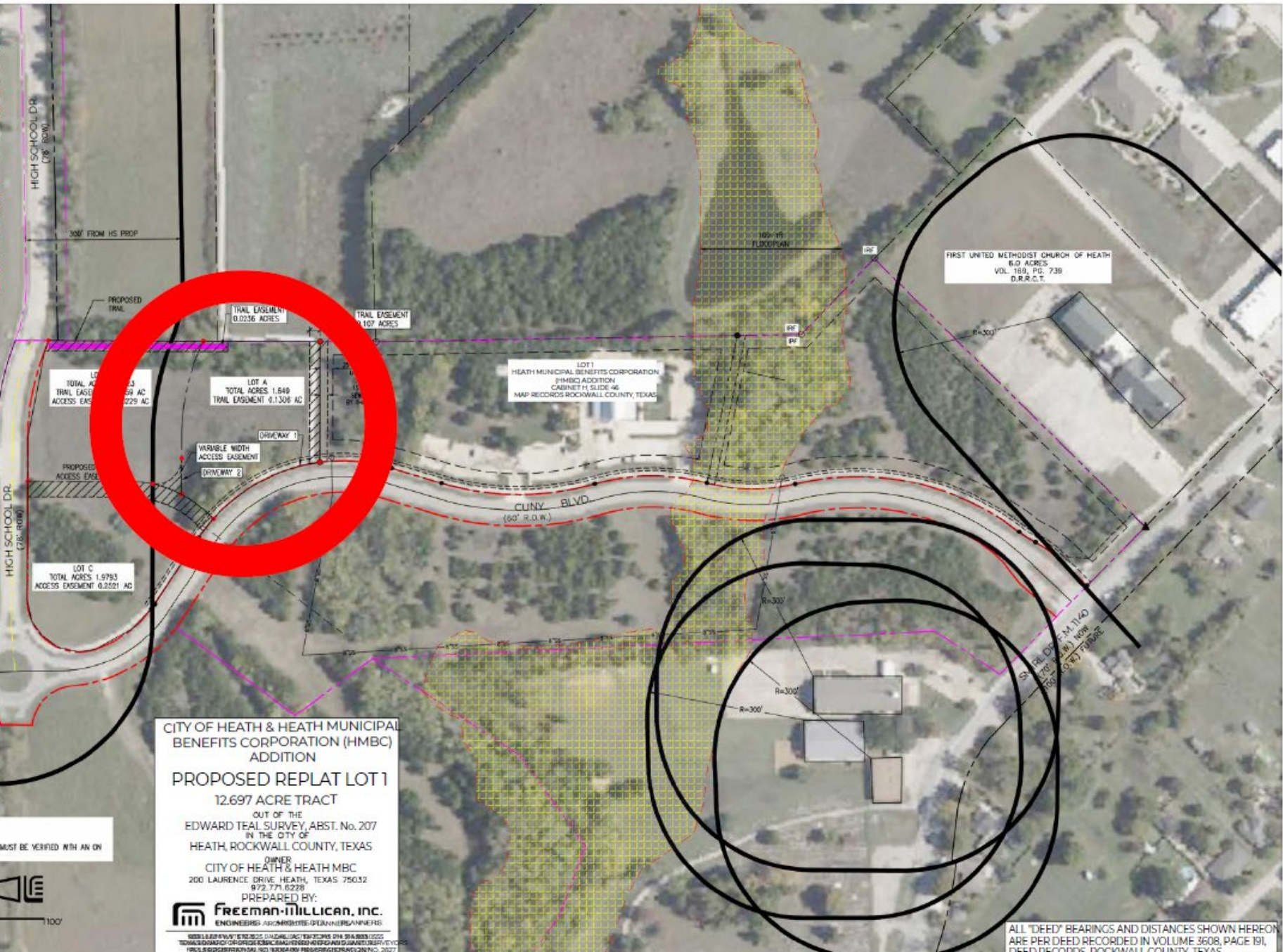
01. PROPOSED SITE  
*Site Location - The Reserve*
02. DESIGN CONCEPTS / INSPIRATION  
*Interiors / Patio / Exterior*

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PROPOSED SITE



**NOTE:**  
 1. ALL INFORMATION IS BASED ON RECORD DRAWING AND MUST BE VERIFIED WITH AN ON THE GROUND SURVEY.

**LEGEND**

- PROPOSED CORNERS LOTS A,B,C
- EXISTING CORNERS
- ▨ PROPOSED EASEMENTS
- 300' FROM HS PROPERTY

**CITY OF HEATH & HEATH MUNICIPAL BENEFITS CORPORATION (HMBC) ADDITION**  
**PROPOSED REPLAT LOT 1**  
 12.697 ACRE TRACT

OUT OF THE  
 EDWARD TEAL SURVEY, ABST. No. 207  
 IN THE CITY OF  
 HEATH, ROCKWALL COUNTY, TEXAS

OWNER:  
 CITY OF HEATH & HEATH MBC  
 200 LAURENCE DRIVE HEATH, TEXAS 75032  
 817.771.6228

PREPARED BY:  
**FREEMAN-MILLICAN, INC.**  
 ENGINEERS ARCHITECTS PLANNERS

HEATH, TEXAS: 75032-0000 | DALLAS, TEXAS: 75201-2524 | HOUSTON, TEXAS: 77001-2524 | DALLAS, TEXAS: 75201-2524 | HOUSTON, TEXAS: 77001-2524 | DALLAS, TEXAS: 75201-2524 | HOUSTON, TEXAS: 77001-2524  
 PHONE: 817.771.6228 | FAX: 817.771.6229 | WWW.FREEMANMILLICAN.COM | INFO@FREEMANMILLICAN.COM  
 SCHEDULE: 10/10/18 - 11/01/18 - 11/20/18 - 12/01/18 - 12/15/18 - 1/01/19 - 1/15/19 - 2/01/19 - 2/15/19 - 3/01/19 - 3/15/19

ALL "DEED" BEARINGS AND DISTANCES SHOWN HEREON ARE PER DEED RECORDED IN VOLUME 3608, PAGE 191, DEED RECORDS, ROCKWALL COUNTY, TEXAS.



DESIGN CONCEPTS



DESIGN INSPIRATION / INTERIOR - DINING



DESIGN INSPIRATION / INTERIOR - CEILINGS

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DESIGN INSPIRATION / INTERIOR - FIREPLACES





DESIGN INSPIRATION / INTERIOR - OPEN KITCHEN

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DESIGN INSPIRATION / INTERIOR - OPEN KITCHEN



DESIGN INSPIRATION / INTERIOR - BAR



DESIGN INSPIRATION / INTERIOR - SEATING



DESIGN INSPIRATION / INTERIOR - SEATING



DESIGN INSPIRATION / OUTDOOR - PATIO

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DESIGN INSPIRATION / OUTDOOR - PATIO



DESIGN INSPIRATION / OUTDOOR - PATIO





DESIGN INSPIRATION / EXTERIOR

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DESIGN INSPIRATION / EXTERIOR

# SUMMARY OF TERMS

## LAND:

- \* 1.5 acres + Trail & Access Easements =  
**TOTAL 1.639 ACRES**
- \* Lot anchored against Hidden Creek lot and includes trail
- \* Perpendicular line from eastern edge to Chris Cuny on north side of property
- \* “Throat” in parking lot design to Hawk Drive splitting the lots to the north for future access
- \* 1880 agrees to maintenance/beautification of trail and easement on property
- \* \$500,000 purchase price for acquisition by end of Year 5
- \* All Land Purchase closing costs paid by 1880

# SUMMARY OF TERMS

## LAND:

- \* If not under contract for immediate purchase by month 60:
  - Purchase price increases to market rate via appraisal
  - Purchase price increases 5% annually beyond Year 5 from appraisal value
  - Land lease changes to base rent:
    - \$5k/month + Corresponding abated tax value
  - Re-appraisal at requesting party expense using HEDC/HMBC selected appraiser

# SUMMARY OF TERMS

## LAND LEASE:

- \* 20-year ground lease; terminates upon land acquisition
- \* 5 years @ \$2500 per year.
- \* Due on first day of annual period
- \* Year 6 - \$5,000 per month base rent + effective taxes owed to city on current land value
- \* Year 7+ - 5% annual appreciation of base rent + current effective taxes

# SUMMARY OF TERMS

## LOAN:

- \* \$500,000; 0% interest
- \* Loan disbursed AT actual project construction milestones
- \* Loan disbursements to be used solely for hard constructions costs
- \* HEDC/HMBC Security interest in property improvement
- \* Repaid at 2.5% gross sales
- \* Gross sales calculation based on state reported sales tax filing
- \* Estimate is for full repayment of loan by end of year 8 without growth in sales
- \* Balloon payment required by end of Year 8, if necessary

# SUMMARY OF TERMS

## **LOAN: Reimbursement Begins...**

- \* After 1880 obtains all permits, approvals and licenses from the City to begin construction of the Improvements, including appropriate zoning, platting, and building permits
- \* When 1880 provides a statement of hard costs with invoices and/or proof of expenditures for the Fund Improvements

# SUMMARY OF TERMS

## **LOAN: Reimbursement Milestones...**

- (1) 30% reimbursed within 30 days after commencement of construction
- (2) 30% reimbursed:
  - (i) within 120 days after commencement of construction; or
  - (ii) 75% completion, whichever comes first
- (3) 30% reimbursed:
  - (i) within 180 days after commencement of construction of the Fund Improvements as certified by Developer's engineer/verified by City engineer;
- (4) 10% reimbursed:  
within 30 days after opening and receipt of Certificate of Occupancy



# SUMMARY OF TERMS

## OTHER:

Gas Line to Property Edge	Up to \$65,000 paid by HEDC/HMBC
City Permit Fees	Up to \$18,000 abated by City
City Impact Fees	Paid by 1880
Land Taxes	Abated during HMBC ownership period (Year 1-5) Year 6+ paid by 1880 (post purchase or part of ground lease)
Other Taxes (property improvement/building/ business/business personal property)	Paid by 1880
Sales Tax	Paid by 1880
Property Survey after Replat	First \$2500 paid by HEDC/HMBC Next \$2500 paid by 1880 Amounts over \$5000 paid by HEDC/HMBC
Replat Re-Appraisal	Paid by HEDC/HMBC (estimated at \$1000)
Sales & Sales Tax Report Quarterly	By 1880 in perpetuity for economic impact valuation
Security Interest in Property Improvement	

QUESTIONS?



# NEXT STEPS

- **COUNCIL ACTION**
- **Execute Economic Development Agreement/Ground Lease**
- **Complete Replat/Refiling Process**
- **Begin City Development Process:**
  - ***Must Comply with City Ordinances/Regulations***
    - **Pre-Development Conference with Development Review Committee (DRC)**
    - **Planned Development (PD)**
    - **Site Plan**
    - **Development Agreement**
    - **Building Permits/Construction Inspections**
    - **Certificate of Occupancy**
    - **Grand Opening!**