

REINVESTMENT ZONE NUMBER ONE

SEPTEMBER 3, 2014

The Reinvestment Zone Number One of the City of McKinney, Texas met in regular session in the Council Chambers, 222 N. Tennessee Street, McKinney, Texas on September 3, 2014 at 6:00 p.m.

Board members Present: Chairman Don Day, Board members Brian Loughmiller, Geralyn Kever, Travis Ussery, Chris Hill, Randy P. Pogue, Rick Franklin, Roger Harris.

Absent: Ray Ricchi.

Staff Present: Interim City Manager Tom Muehlenbeck; City Attorney Mark Houser; City Secretary Sandy Hart; Assistant City Secretary Denise Vice; Chief Financial Officer Rodney Rhoades; Director of Planning Michael Quint; Planning Manager Matt Robinson; Assistant Director of Development Services Rick Leisner; and Financial Analyst Trevor Minyard.

There was one guest present.

Chairman Day called the meeting to order at 6:00 p.m. after determining a quorum was present.

Board members unanimously approved the motion by Board member Pogue, seconded by Board member Harris, to approve the following consent item:

14-871 Minutes of the Tax Reinvestment Zone Number One Meeting of March 17, 2014

14-872 Chairman Day called for Consideration/Discussion/Action on the Fiscal Year 2014-2015 Annual Budget for Tax Increment Reinvestment Zone One (TIRZ No. 1 / Town Center). Chief Financial Officer Rodney Rhoades stated that the proposed budget for fiscal year 2015 consists of estimated revenues of \$822,000. Of that, \$302,000 is property tax, \$518,000 in sales tax, and a small portion for interest income. For fiscal year 2015, we have not proposed expenditures other than the support cost from the internal departments. The general administrative maintenance expense was estimated at \$10,500, however, since the submittal of the budget, Mr. Quint and Mr. Rhoades have discussed

funding for the Flour Mill Project. It is not included in the proposed budget. Mr. Rhoades noted that if the Board desires to include funding for the Flour Mill Project in the budget, it will need to be stated as an amendment to the motion. Mr. Quint presented an update of the Flour Mill Project and stated that \$200,000 is required to meet the obligation of a \$1.76 million NCTCOG grant for the reconstruction of Louisiana Street. He requested that the Board approve the budget with an amendment to include the \$200,000 for the Flour Mill Project. Mr. Rhoades noted the previous amendment to the project plan that changed to a fiscal year reporting period versus a calendar year reporting period. Mr. Rhoades reviewed the economic incentives: the Cotton Mill parking lot budgeted at \$500,000; the Flour Mill Project budgeted at \$200,000; and the catalyst project for 2015 for the downtown parking garage. The project plan was developed with \$85 million in catalyst projects, \$3 million for vacant, underutilized sites or buildings, mixed income housing, administration and implementation for a total of \$91 million for the project plan. To date, there has been \$721,000 in expenditures, a combination of the Cotton Mill Project, the Flour Mill Project, and the general administrative costs associated with the support of the fund. Mr. Rhoades presented a brief history of the ad valorem tax history of TIRZ One. Chairman Day noted that after we expend \$700,000 in grants, we will still have \$1.4 million remaining. Mr. Rhoades recommended bonding of no more than \$7 million. Board members unanimously approved the motion by Board member Loughmiller to approve the Fiscal Year 2014-15 Annual Budget, with an amendment to include the expenditure of \$200,000 for the Flour Mill Project, seconded by Board member Kever,

- 14-873** Chairman Day called for Consideration/Discussion/Action on a Policy Regarding the Allocation and Awarding of TIRZ No. 1 Funds, and Accompanying Resolution. Planning Manager Matt Robinson presented the item and noted that staff is requesting some guidance in making

recommendations for allocation of grants. This policy proposes a cap on vacant or underutilized sites and building projects and a method for staff to provide recommendations for larger catalyst projects. Placing a cap helps to retain revenues in the TIRZ in order to fund the larger catalyst projects outlined in the TIRZ project plan. As proposed smaller, vacant or underutilized building sites would be capped at about \$100,000 per fiscal year with each individual qualifying project being limited to no more than \$25,000. Requests for funding would be on a first-come, first-serve basis until the allotment for that year has been reached. Once the allotment has been reached for that fiscal year, staff will request that the Board not fund any additional requests until the following fiscal year or deny the request. This policy would help establish a method for staff to provide a recommendation to the Board for future requests. Staff recommends approval of the proposed policy. Mr. Quint presented the scoring system generated by the Catalyst Project Evaluation Criteria using a private parking garage as an example. Mr. Quint noted that any recommendation brought to the Board will be tied back to the project plan. Board members unanimously approved the motion by Board member Harris, seconded by Board member Pogue, to approve a Resolution approving a Policy regarding the allocation and awarding of TIRZ No. 1 Funds. Caption reads as follows:

RESOLUTION NO. 2014-09-001 (TR1R)

A RESOLUTION OF THE BOARD OF TAX INCREMENT REINVESTMENT ZONE NUMBER ONE OF THE CITY OF MCKINNEY, TEXAS, ADOPTING POLICIES WHICH WILL GOVERN THE ALLOCATION AND AWARDING OF TAX INCREMENT REINVESTMENT ZONE NUMBER ONE FUNDS

Board members unanimously approved the motion by Board member Loughmiller, seconded by Board member Ussery to adjourn. Chairman Day adjourned the meeting at 6:25 p.m.

DON DAY
Chairman

ATTEST:

DENISE VICE
Assistant City Secretary