

REINVESTMENT ZONE NUMBER ONE

MARCH 17, 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 March 17, 2014 at 5:30 p.m.

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

Staff Present: Deputy City Manager Jose Madrigal; City Attorney Mark Houser; City Secretary Sandy Hart; Chief Financial Officer Rodney Rhoades; Executive Director of Development Services Barry Shelton; Director of Engineering Mark Hines; Director of Planning Michael Quint; Planning Manager Matt Robinson; Interim Director of Public Works Paul Sparkman; and Financial Analyst Trevor Minyard.

There was one guest present.

Chairman Day called the meeting to order at 5:34 p.m. after determining a quorum present.

14-256 Oaths of Office. City Secretary Sandy Hart administered the Oaths of Office to Board members Geralyn Kever, Roger Harris, and Rick Franklin.

14-257 Election of Vice Chair. Board members unanimously approved the motion by Board member Kever, seconded by Board member Pogue, to elect Travis Ussery as Vice Chair.

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

14-258 Minutes of the Reinvestment Zone Number One Meeting of September 17, 2013.

14-259 Chairman Day called for Consideration/Discussion/Action on the 2013 Annual Report for Tax Increment Reinvestment Zone Number One. Chief Financial Officer Rodney Rhoades stated that this is the annual report for Reinvestment Zone Number One. After approval the report will

be submitted to the State Comptroller, Collin County, Collin College, and the McKinney Independent School District. Mr. Rhoades stated that the Board took action last year to amend the reporting period from a calendar year basis to a fiscal year basis. The report before you is a nine month report rather than a full 12 month report. The total tax increment received into the TIRZ No. 1 fund totals \$212,514 consisting of the following: \$120,762 - 100% of captured City of McKinney real and business personal property (ad valorem) tax, \$24,255 - 50% of captured Collin County real and business personal property (ad valorem) tax, and \$67,497 - 100% of captured City of McKinney sales & use tax. Expenditures consist of the following: a single expenditure of \$10,500 in G&A expenses for the 2013 reporting period. The ad valorem increment for the current reporting period totals \$145,017, with \$120,762 coming from the City of McKinney and \$24,255 coming from Collin County. The ending balance for FY13 with the accrual is \$1.3 million. We anticipate an ending balance of \$1.6 million for FY14. Board member Pogue requested that the Board be presented with a comparison of catalyst project expenditures and prior year expenditures. Mr. Pogue also suggested designating a percentage of TIRZ revenue dollars for future catalyst or other smaller projects. That would be able to provide an ongoing component of each of those categories over the life of TIRZ. Board member Kever requested that this information be provided to the Board at each meeting. Board members unanimously approved the motion by Board member Kever, seconded by Board member Franklin, to approve the 2013 Annual Report for Tax Increment Reinvestment Zone Number One.

14-261 Chairman Day called for Consideration and Discussion on the Draft Construction Cost Reimbursement Application Packet and Related Process. Director of Planning Michael Quint stated that while the TIRZ was established and the TIRZ Board was created, a formalized

application and related process for which reimbursement from available fund balances could be requested was not established. Because of this fact, requesting reimbursement has been confusing, disorganized and extremely cumbersome. The attached draft packet is Staff's attempt to fill this existing void and to establish a formalized process for which applicants may request reimbursement for eligible construction costs as specified in the approved project plan. Council member Pogue requested that clarification of which category it is being allocated towards which would make it easier to track. Mr. Quint stated that the majority of the requests that will be received will be in the form of reimbursements. The larger allocations will come with different stipulations. Mr. Quint stated that a part of this application process includes that a person asking for a reimbursement will be required to tell us how many jobs they are creating and what their anticipated sales will be, so we can quantify the data back to the TIRZ. I think we need to put a cap on the smaller projects so that we have funds for the larger ones. We need some guidance for the TIRZ board so we can incentivize redevelopment.

14-260 Chairman Day called for Consideration/Discussion/Action on a Resolution Approving a Chapter 380 Economic Development and Project Plan Implementation and Loan Agreement with Casey Advisory Group, Inc. (and The Cotton Mill Partners, Ltd., as Intervener and Owner) for the Historic Cotton Mill Redevelopment Project and a Budget Amendment to the TIRZ No. 1 Fiscal Year 2013-2014 Annual Budget. Planning Director Michael Quint stated that City staff is proposing a development agreement with Casey Advisory Group and the Cotton Mill Partners Ltd. in order to create a Chapter 380 agreement for development and redevelopment of portions of the Cotton Mill. The proposed agreement is intended to: facilitate the incubation, acceleration, retention, and expansion of existing businesses in the Historic Cotton Mill; attract new businesses to the Historic Cotton Mill; and further enhance and leverage

the MEDC's business relationship with the Historic Cotton Mill via the Emerging Technology Program and the Collide Center. Under the proposed agreement, the specific obligations of TIRZ are: fund a one-time, up front grant not to exceed \$500,000, which shall be disbursed on a reimbursement basis to Casey and contributed to Cotton Mill upon the satisfaction of the conditions described below; provide Casey and Cotton Mill with the partially complete draft construction documents for the western parking lot (minimum 150 parking spaces) that was prepared by City of McKinney Staff; under the proposed agreement, the specific obligations of Casey and Cotton Mill are: Casey shall accept the loan payment from TIRZ and contribute said funds to Cotton Mill to complete construction on a 150 space (minimum) parking lot; Casey and Cotton Mill are required to (1) complete the partially complete draft construction documents for the western parking lot that was prepared by City Staff; (2) construct the concrete private parking lot to include a minimum of 150 new or refurbished parking lot spaces together with lighting, landscaping and irrigation features; and (3) receive a "green tag" inspection of the parking lot by January 1, 2015; Cotton Mill is required to complete 27,000 square feet of shell building improvements for future office space (the "27,000 Square Feet") and receive the appropriate certificates of occupancy therefor by January 1, 2017. The 27,000 Square Feet could be located anywhere indicated on Exhibit A (specifically excluding suite numbers 100, 200, 400, 700, 710, 800, 930, 1000, and Outbuilding D which are already improved and have certificates of occupancy); Cotton Mill is required to have at least 30 new jobs occupying some portion of the 27,000 Square Feet by January 1, 2017; upon the satisfaction of the obligations listed above, the \$500,000 loan shall be forgiven and allocated over three tax years; and if Casey and Cotton Mill do not fully satisfy the aforementioned obligations by January 1, 2017, Casey and Cotton Mill shall be required to pay back the prorated portion of the

\$500,000 grant loan plus interest. Mr. Quint stated that the funds would be distributed as follows: \$500,000 dollar payment in advance of any construction. If Cotton Mill fails to satisfy their obligation and they fail to receive a green tag for the parking lot by 2015, then they will have to pay back prorated amounts of the TIRZ grants on a three year allocation. If they don't meet it by 2017 they have to pay back two-thirds. Applicant, Mr. Casey stated that they will be starting on the parking lot as soon as the plans are completed. He stated that he is expecting to start within 120 days and plans are completed and they obtain three bids from concrete companies. Board members unanimously approved the motion by Vice Chairman Ussery, seconded by Board member Harris, to approve a Resolution approving a Chapter 380 Economic Development and Project Plan Implementation and Loan Agreement with Casey Advisory Group, Inc. (and the Cotton Mill Partners, Ltd., as Intervener and Owner) for the Historic Cotton Mill Redevelopment Project and a budget amendment to the TIRZ No. 1 Fiscal Year 2013-2014 Annual Budget. Caption reads as follows:

RESOLUTION NO. 2014-03-001 (TR1R)

A RESOLUTION OF THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER ONE, CITY OF MCKINNEY, TEXAS APPROVING A CHAPTER 380 ECONOMIC DEVELOPMENT AND PROJECT PLAN IMPLEMENTATION AGREEMENT WITH CASEY ADVISORY GROUP, INC., (AND THE COTTON MILL PARTNERS, LTD., AS INTERVENOR AND OWNER) FOR THE HISTORIC COTTON MILL REDEVELOPMENT PROJECT

Board members unanimously approved the motion by Board member Pogue, seconded by Board member Harris, to adjourn. Chairman Day adjourned the meeting at 6:30 p.m.

DON DAY
Chairman

ATTEST:

Sandy Hart, TRMC, MMC
City Secretary