

ROYSE CITY COMMUNITY DEVELOPMENT CORPORATION
 REGULAR MEETING
 April 28, 2015
 7:00 A.M. CITY HALL
 305 NORTH ARCH ST.
 ROYSE CITY, TEXAS 75189

MINUTES

| <u>Members Present</u> | <u>Employees Present</u> | <u>Other:</u> | <u>Not Present:</u> |
|------------------------|--------------------------|---------------------------|---------------------|
| Dena Elder | Larry Lott, CDC Director | Paula Morris, Main Street | |
| Clay Ellis | Tonya Brown, Secretary | | |
| Mike Gilbert | | | |
| Charles Houk | | | |
| Richard Pense | | | |
| Bobby Gladu (7:03) | | | |
| Jesse Vaughn (7:04) | | | |

CALL TO ORDER

Announce the presence of a Quorum.

At 7:01 A.M. the meeting was called to order by Dena Elder and invocation was given by Clay Ellis.

DISCUSS AND ACT ON MINUTES AND SALES TAX COMPARISON OVERVIEW

Mr. Lott discussed the sales tax revenue for April 2015; for the year sales tax revenue increased by 10%. There were no questions or comments regarding minutes from 3-17-15 or 3-24-2015.

ACTION

1. At 7:02 A.M., Charles Houk made a motion to approve minutes.
2. Richard Pense seconded the motion.
3. The motion passed 5:0

CITIZENS PARTICIPATION

This Period is reserved for citizens to discuss items not listed on the Agenda, (persons may have three, (3) minutes to address the board) however, by law, no action or discussion may be taken on these items.

1. *No citizen participation.*

RECESS CDC MEETING AND OPEN PUBLIC HEARING

At 7:02 A.M., Mr. Lott discussed the incentives from the CDC for Buc-ee's project, which includes:

- a. Third pump at Verandah lift station
- b. ½ cent sales tax reimbursement for 20 years
- c. Cost of 12" bore for water line under F.M. 2642

No citizens present for public hearing.

CLOSE PUBLIC HEARING AND TAKE ANY ACTION NECESSARY AS A RESULT OF THE PUBLIC HEARING

Public hearing closed at 7:03. No action was necessary.

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{Due to time constraints, the order of the agenda was rearranged and the board recessed into closed executive session to discuss agenda item H}

RECESS INTO CLOSED EXECUTIVE SESSION

Recess into closed executive session at 7:04 A.M. in compliance with section 551.001 et seq., Texas Government Code to Wit:

- a) *Section 551.087 Deliberation Regarding Economic Development Negotiation*
1. *Negotiate incentive request for improvements to Collin County Rd. 1031*

CLOSE EXECUTIVE SESSION

Executive session closed at 7:08 A.M.

RECONVENE REGULAR SESSION AND TAKE ANY NECESSARY ACTION REGARDING EXECUTIVE SESSION DELIBERATION

1. At 7:08 A.M. Mr. Gladu made a motion to approve \$22, 984.00 (1/2 of total cost) for improvements to Collin County Road 1031
2. Mr. Ellis seconded the motion.
6. The motion passed 7:0.

DIRECTOR'S REPORT WAS GIVEN TO INCLUDE:

MEDICAL SPA

An impressive group of people that intends to open their facility where Main Street Consignment was previously. An extensive amount of work is needed to get the facility in a condition to meet their needs. At this point, due to slow progression with builder and subcontractor, they have not turned in all the necessary paper work to the city to have the renovations permitted. Janet McPherson, Community Services Director, has provided them with all the steps necessary to get the renovations permitted. An opening date has not been determined but we are hopeful it will open sometime in June.

CHARLIE'S OLD FASHIONED BURGERS

A preconstruction meeting was held two weeks ago. There are some questions still lingering with the outside inspector regarding the architectural plan; a permit has not been issued.

THE MEADOWS

- A week ago Monday, The Meadows developers, who will be spending \$18M for on-site and off-site infrastructure which will eventually be turned over to the city, came to us and asked us to consider a substantial incentive request. We did not agree with the incentives they were asking us to consider.
 - One of the incentives was a Public Improvement District (PID). With this PID, the city would be required to issue \$5.5M in bonds; however, the bonds would not affect the city's bond rate because they would be paid back thru assessments on the property itself. For example, if Mr. Gladu purchased a 1-acre lot he would pay regular property taxes plus a PID

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- assessment; the PID assessment would be his portion of paying back the bonds issued to pay for the infrastructure.
- The second incentive is called a Tax Increment Financing/Tax Increment Reinvestment Zone (TIF/TIRZ) which would require future tax revenue to be used to offset development costs; the incremental difference between sales tax and property tax would be used to offset a portion the bond costs. These tax revenues are not currently generated, but would be generated as a result of the facility being open for business.
 - We did not agree with the TIF/TIRZ because it was a substantial amount of money and we could not justify incurring/offsetting all of the infrastructure cost.
 - We will meet with them tomorrow along with their lawyer, Misti Ventura.
 - We have agreed to support the PID because the property owners end up paying a portion of the development cost of the property.
 - While chose not to fully support the TIF/TIRZ, we did agree to support a portion by way of a Chapter 380 Agreement. In the 380 agreement, the property tax is left alone and only future sales tax generated from facilities located at that site to help defray developmental costs.
 - What we have put on the table is a ¼ cent from the city and ¼ cent from the CDC for a 15 year period; in addition Hunt Co. believes they may be able to do ¼ cent for 10 years, up to a maximum of \$12M. This concept would recoup approximately \$12M of the \$18.6 they will spend. A meeting is scheduled for 11 o'clock tomorrow. If we can conceptually come to an agreement, then it will be brought before council for approval.
 - Mr. Ellis wanted to clarify if we plan to use both the PID and Chapter 380 Agreement and then asked if there will come a point in time where we can reel-in on how much we incentivize because we will have more growth and infrastructures in place?
 - Mr. Lott answered yes to both. He then went on to explain how on a piece of property that has not had any development, it is necessary to incentivize an anchor but it is not really for business coming in around the anchor. Mr. Lott used as an example an Urgent Care facility that is interested in one the Walmart pad sites who called wanting to know what kind of incentives are available. Mr. Lott explained that we do not know until we are asked, but it is not likely to be much as we have already provided incentives for that property.
 - Mr. Pense asked if the PID assessments would be a deterrent to someone wanting to come to The Meadows or if the cost if feasible.
 - Mr. Lott explained; the most they will recoup from the PID is \$5M. To remain competitive, the Meadows property tax must remain at or below \$3.50 per \$100 valuation. For example, someone wanting to buy a one-acre tract in the Meadows will already be paying Hunt Co. taxes, RCISD taxes, City taxes, and Hospital District taxes before PID assessment is added.

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Those taxes are added up then subtracted from \$3.50. The remainder is the amount that can be assessed. In this case, it is \$0.38. The Meadows calculated how many PID bonds they can sell and still be at \$0.38.

- To sum up; we will support the sales of the \$5M in PID bonds which will not cost us anything. In addition, the CDC will offer to give up ¼ cent or approximately \$2.5M in sales tax over a 15 year period (1/2 our sales tax) or once we reach the \$2.5, whichever comes first.

BUC-EE'S

It is impressive how quickly and thoroughly Buc-ee's is moving along. Preliminary plat has been approved by P&Z. Council will be voting on it tonight. Zoning will go to council in May. We have a joint meeting today at 11 a.m. in Dallas between the D.R Horton engineers and Buc-ee's engineer to determine how best to work together and gain any economic benefits possible by putting both in simultaneously. The critical path item is the overpass schedule, which will be discussed shortly. In a meeting with TXDOT we suggested that F.M. 2642 exit ramp be moved back.

D.R. HORTON

This is a multi-faceted and complicated development agreement. We are hopeful that tonight, after hearing all the ramifications and details of the agreement in executive session, Council will approve the agreement. D.R. Horton intends to do a PID as well, however no sales tax or property tax will be used; it will strictly be PID bonds sold and paid back by assessments placed on homeowners in that development.

BIG LEAGUE DREAMS

Councilman Matt Wheatley is interested in having a sports complex. We recently contacted Big League Dreams who builds very impressive facilities that are miniature versions of big league stadiums such as Fenway Park, Globe Life Park, etc. Unfortunately, they require the city and/or county pay for the costs to build the facility. They will operate, maintain and advertise for the facility and pay the city 1% of gross revenues per field. For example, a 6-field facility would mean the city receives 6% of the gross revenues, however, that 6% would not cover the debt incurred by the city to build the facility. The cost for these miniature complexes is approximately \$20M.

- Mr. Pense asked about the status of the waterpark
 - Mr. Lott stated that the status of the water park is the same as the ballpark; we do not have the \$20-\$23M necessary to build it. Mr. Lott does not believe the city has the capacity to bond that amount.
- Mr. Houk asked if The Meadows was aware beforehand of the city's inability to fund the building of a waterpark.
 - Mr. Lott stated that The Meadows was not aware of the water park until he, (Mr. Lott), who had been communicating with Hawaiian Falls, brought it to their attention. The Meadows initial concept plan included an entertainment venue, not a water park. In speaking to the EDC director in Pflugerville about their Hawaiian Falls, Mr. Lott learned that they borrowed

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the \$17M against future sales tax from a bank. He also stated the benefit of doing so is clearly there, as they now have three hotels around Hawaiian Falls and extensive retail.

BONNER CARRINGTON APARTMENTS

The apartments near Fate, which have already been approved, are beginning to look at off-site infrastructure. Their preliminary plat and I-30 overlay conformance plan will be sent to P&Z in May. They will run a water line from the Walmart site down the north side of the interstate to their facility; bore underneath the interstate run it back on the south side to Circle Dr. and connect at AA Granite. They received a reimbursement grant from the city for \$200,000 as a portion of the \$1.2-\$1.3M total cost. They want us to agree to a participation agreement, which would require any future development occurring along that water line to pay back a prorated amount for the cost of the putting in the water line. We look to have construction start fairly soon and possible go vertical by the fall.

PARK RIDGE SUBDIVISION

Located off of F.M. 35; they are looking to get the property entitled so that they can sell to a builder who is ready to buy, possibly Altura, but there is a lot of entitlement work and off-site infrastructure that still needs to occur.

DWAYNE MAYS - APARTMENTS

We received a call last week from Dwayne Mays. He is the builder and owner of Deer Run apartments in Greenville on F.M. 1570 across from L3. He would like to build in Royse City. We do not want to be over saturated with multi-family units. Since we already have The Meadows and Bonner Carrington building multi-family facilities, I passed on contact information for those developments.

FUNERAL HOME

There is a young man we have been working with on building a funeral home on 5 acres near Buc-ee's. He was on a 2-year build plan, but since the announcement of Buc-ee's, those plans have progressed significantly.

FITNESS FACILITY

PCA has moved out of the space they were occupying in Almo Plaza. Mr. Lott contacted the owner of the complex for a possible location for Urgent Care who is interested in being in Royse City. Mr. Lott was told the space is not vacant; it has been leased by a fitness facility, Snap Fitness.

CHICKEN EXPRESS

Mike Tatari, owner of Almo Plaza, told Mr. Lott that he is very close to a contract with Chicken Express to occupy the space where Kentucky Fried Chicken used to be. It may be in as early as July.

URGENT CARE FACILITY

Urgent Care is owned by a group of doctors and spearheaded by Dr. Pierce. We were not able to find a 3,000 S.F facility for them in Royse City, so they are now looking at a pad site next to Walmart. The facility would be open 24 hours a day and a great addition to our community.

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F.M. 2642 OVERPASS PROJECT

Timing is very important because of Buc-ee's and other developments in that area. Mr. Lott will be attending a luncheon tomorrow in Greenville, where Paul Montgomery, district engineer out of Paris, for TX Dot, will be speaking. Funding may be in place for this project within the next 30-60 days. Construction may begin before the end of the calendar year. They have hired an outside design firm and have allowed the city and Buc-ee's to participate in conversations regarding configuration of the intersection.

TEACHER OF THE YEAR

Mr. Lott spent half a day participating in selecting Teacher of the Year.

(Mr. Lott asked the board if they would be willing to move the next meeting to May 21, instead of the 26, because Mr. Lott will be out of town for ICSC.) The Board agreed.

MAINSTREET DIRECTOR'S REPORT – Paula Morris

141 E. MAIN STREET: Mrs. Morris met with potential new owner Kenyon Hill, who also owns the Arboleda's building. They were supposed to close on the 24th but she was not able to confirm if that had taken place. Mrs. Hill plans to do a lot of work on the facility. She is aware of the extensive work needed.

MAIN STREET CLEAN UP: The Main Street Board decided to have a clean-up day Sunday May 3rd. The parks department has already sprayed all the weeds. The downtown merchants were invited to participate; we will pick up trash, clean windows, and get rid of weeds. If we are rained out, we will postpone until the Sunday after the car show.

MAIN STREET CAR SHOW: The car show will take place Saturday May 9th from 10-2:30; streets will close at 8 A.M.

ADJOURNMENT

At 7:53 A.M. Clay Ellis made a motion to adjourn the meeting.

NEXT MEETING

Next CDC board meeting will be Thursday, May 21, 2015 - 7 A.M. at City Hall – 305 North Arch St. – Royse City, Texas - 75189.

ATTEST:

Secretary
Tonya Brown

President / Vice President
Dena Elder / Mike Gilbert