

**STATE OF TEXAS  
COUNTY OF DENTON  
CITY OF CORINTH**

On this the 16<sup>th</sup> day of June 2016 the City Council of the City of Corinth, Texas met in a Workshop Session at 5:30 pm at the Corinth City Hall, located at 3300 Corinth Parkway, Corinth, Texas. The meeting date, time place and purpose as required by Title 5, Subtitle A, Chapter 551, Subchapter C, Section 551.041, Government Code, with the following members to wit:

**Members Present:**

Bill Heidemann, Mayor  
Joe Harrison, Mayor Pro-Tem  
Scott Garber  
Sam Burke  
Don Glockel  
Lowell Johnson

**Members Absent:**

None

**Staff Members Present:**

Lee Ann Bunselmeyer, Acting City Manager  
Kim Pence, City Secretary  
Fred Gibbs, Planning & Development Director  
Curtis Birt, Fire Chief LCFD  
Jason Alexander, Economic Development Director  
Barbara Cabbage, Planning & Development Manager  
Brenton Copeland, Technology Services  
Mike Brownlee, City Engineer  
Elaine Herzog, Business Manager  
Maria Rovira, City Attorney

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**CALL TO ORDER FOR WORKSHOP:**

**Mayor Heidemann** called the meeting to order at 5:30 pm.

- 1. Discuss Regular Meeting Items on Regular Session Agenda, including the consideration of closed session items as set forth in the Executive (Closed Session) agenda items below.**

**Public Hearing – Item #11**

TO HEAR PUBLIC OPINION REGARDING A REQUEST FROM THE APPLICANT DALE RIDINGER, WITH RIDINGER ASSOCIATES, INC, AUTHORIZED REPRESENTATIVE FOR THE PROPERTY OWNERS, JOHN HOFFLER AND SUSAN TORRIE FOR A ZONING CHANGE FROM SINGLE FAMILY-2 (SF-2) TO PLANNED DEVELOPMENT SINGLE FAMILY-3 PROVIDING A CONCEPT DESIGN MAP ON A TOTAL OF 2.658 ACRES LEGALLY DESCRIBED AS A PORTION OF J. HOFFLER ADDITION, BEING A PART OF A CERTAIN TRACT OF LAND DESCRIBED BY DEED TO JOHN V. HOFFLER RECORDED IN VOLUME 2853, PAGE 707 OF THE PRDCT AND BEING TRACT 3 SITUATED IN THE J.M. WALTON SURVEY, COUNTY ABSTRACT 1390 IN THE CITY OF CORINTH, DENTON, COUNTY, TEXAS. (This property is located on the south side of Fritz Lane – 3618 Fritz Lane).

**Councilmember Burke** – Fred, how is it going?

**Fred Gibbs, Planning & Development Director** – There was an HOA meeting on Tuesday, they are still progressing. He reached out to those property owners that butt up to the fence we talked about. It is moving in the right direction, I feel we're making more progress.

**Councilmember Garber** – I was under the understanding that we sent Chief Walthall after one of the trucks that drove up and down, did we ever catch that truck? Who sent that email to me?

**Lee Ann Bunselmeyer, Acting City Manager** – We didn't send her after the truck but we did have her contact Denton County. What happened last Saturday is there was truck that showed up at 5:00-5:30, they contacted the dispatch, 911, it is on the weekend so it went through Denton County, the County dispatched it and for some reason, there was a hiccup and they did not dispatch it right away to us. It took them about 20 minutes and when it got in to the police department, our officers were in a officers meeting so they did not take off for another 15 minutes. By the time we responded, it was between 30-40 minutes from the time the resident had made the call.

**Councilmember Garber** – I think this was yesterday.

**Lee Ann Bunselmeyer, Acting City Manager** – I didn't see that.

**Councilmember Garber** – Apparently they had engaged with the police officers and the police officers went out and were apparently looking for whatever vehicle this was. So we do not know.

**Lee Ann Bunselmeyer, Acting City Manager** – All I know about is the one from last Saturday. Chief Walthall and I were talking to Denton County to see how we can get those officers a little bit quicker on weekends. The other issue, you might recall, the lady that addressed the drainage on the back of her property that said the developer came in, made some changes and it was causing some standing water and issues in her back property. I sent Cody to take a look at it and what had happened is when they built her house they actually put in a French drain and they drained it into the property behind them, so when the developer came in, they did crush that, the French drain never should have drained into that property. Cody showed them exactly what the problem was and told them how to correct it because it is her issue and not the developer, they were impeding on his property. They came up with an inexpensive way on how to raise the property to correct that issue. Cody said she was happy with the resolution.

**Mayor Heidemann** – The email I received, that you sent out, was that you're back issuing permits. Have they taken any permits for the fence?

**Fred Gibbs, Planning & Development Director** – No they have not. They only have one new building permit turned in as of today. They have not requested any new permits, fence or building, they do have one in house we still have to review.

**Councilmember Burke** – If we approve this tonight, what leverage do we have if there is a continued problem?

**Fred Gibbs, Planning & Development Director** – This is really a separate issue or case and we have to be cautious of how we tie phase 2, a zoning request with a phase 1 issue, what other mechanisms we have, we still have the building permits. They are not done out there, we can still hold inspections on the construction of their homes. We still have some mechanisms in place that we can get their attention on.

**Councilmember Burke** – There's nothing wrong with what they are asking to do, on phase 2, what we are doing is saying we do not want you to do it because we do not trust you and is that okay?

**Councilmember Glockel** – Are you talking about where they want to do the cul-de-sac?

**Councilmember Burke** –The problem is this particular developer who has not performed according to the residents consistent with their agreements with them. My concern is can we say you did not do over here in this development therefore we are not going to approve this plan, even though the plan is good.

**Councilmember Glockel**- I agree with what you are saying but I am confused about the cul-de-sac issue and the temporary street is it on phase 2?

**Fred Gibbs, Planning & Development Director** – Yes. The zoning which is its own zoning category, its own rules and that really needs to be treated as its own entity and not in correlation with what happened with phase 1 which was rezoned two years ago. I would advise to look at that particular development as its own freestanding zoning case and not tie it into what has happened in phase 1.

**Mayor Heidemann** – Do you feel comfortable with some leverage on phase 1 if they do not conform?

**Fred Gibbs, Planning & Development Director** – We still have the ability to withhold any more future inspections to get the builder's attention to get some of those issues addressed. We still have some mechanisms in place.

**Councilmember Glockel** – We beat that fence up and one of the closing remarks that the developer said, he said that when he would draw a permit, he is still going to do it based on permits, so if he went to that second lot from the top down, that encompasses three houses of the existing. We talked about him stopping a fence in the middle of the yard and he said he would go to the property line. Your permit will not encompass the next lot on the fences so are you going to have to give him a little leeway to do that?

**Fred Gibbs, Planning & Development Director** – What we will end up happening to do, he will have to get a fence permit for the lot, in his subdivision, for that whole fence. We would actually give him a fence permit for his lot that he is building that fence on. With other residents that he meets with that is adjacent to him, getting something from them to make sure that they met and they agree to that 6 foot.

**Councilmember Glockel** – His 2<sup>nd</sup> lot being longer than the other one and he encompasses three, one totally and half way into two other yards. If he got a permit for his 2<sup>nd</sup> lot, his fence would stop at the west and the east property line if he got a permit just for his and forget about this other subdivision over here to the south. He said he would not stop in the middle of there I will go to the property line, can he do that on your permit unless he draws a permit for the lot above and the lot below on his property?

**Fred Gibbs, Planning & Development Director** – He would get a permit for what he's constructing as part of that house, so if he is going to that north or south property line he would build that fence on that whole property line.

**Councilmember Glockel** – That is what I am saying, that is now in the middle of somebody else's yard behind him. His property lines do not match up with the other guy, he is coming down and he is in the middle of this yard, he is going to build all the way across Joe's place and he is going to stop in the middle of her yard. But he said he would not do that, I am just going to go to the property line. Even with the permit you are going to have to work with him.

**Fred Gibbs, Planning & Development Director** – I see what you are saying. That is something we definitely have to work through as he pulls those permits and see where he is stopping and beginning his fence and make sure that it is in a good location of having that transition of that 6 foot cedar fence. We got in negotiating 8 foot and 6 foot and he pretty much nixed that and said I am doing 6 foot cedar. Which will help getting that built too. We will definitely have to coordinate that.

**Councilmember Harrison** – What avenues do we have when something happens like Saturday? There was a breakdown in our communications and there was a breakdown in the builders. He has already told

us that he could not control his subcontractors. What are you going to hold up if you have a truck out there delivering something at 5:00 in the morning?

**Councilmember Burke** – What is the cost to the City if we put the code enforcement guy out there for a week at 5:00 in the morning?

**Lee Ann Bunselmeyer, Acting City Manager** - That is an option that we tossed around this morning at staff. Trying to see if we can have a staff member out there for a few weeks or something in the mornings. We have not gotten too much into the discussions yet because Chief was trying to figure out if she can get some of the volunteer police officers out there so that way they can have direct connection to our police department without costing any money. She was trying to see if she can get some folks to sign up this weekend and if not we also discussed possibly having the code enforcement officer out there. Those are definitely options.

**Fred Gibbs, Planning and Development Director** – One thing with PD is they have the right to write tickets in the ROW, my code officer cannot write tickets out in the ROW. They can only write them on private property. Police has the ability to write them in the ROW.

**Lee Ann Bunselmeyer, Acting City Manager** – They would still have to contact the police department.

## **Business Agenda – Item #12**

Consider and act on a request from the applicant, Dale Ridinger with Ridinger Associates Inc., authorized representative for the property owner, for a Major Waiver to City of Corinth Ordinance No. 13-05-08-20, Unified Development Code (UDC) to allow an 80 foot turnaround outside paving diameter in lieu of the 100 foot outside paving diameter as required in the UDC; and an 81 foot diameter temporary turnaround easement in lieu of the 120 feet dimension as required for the Right-o-Way in the IDC on a total of 2.658 acres legally described as a portion of J. Hoeffler Addition, and being a part of a certain tract of land described by deed to John V. Hoeffler recorded in Volume 2853, Page 7-7 of the PRDCT and being Tract 3 situated in the J.M. Walton Survey, County Abstract 1390 in the City of Corinth, Denton County, Texas.

**Councilmember Glockel** – I still have a concern about that temporary cul-de-sac issue. To me if you do something temporary in lieu of what is permanent that equates to the possibility that you can fix it at a later time. This guy cannot fix that at a later time unless he buys a road from somebody else. He is not able to go back in there. Until somebody dedicates a road, he is not able to fix that. It is going to be 590 feet back to a dead end and if he buys the other lots to the west of there then that forces us to say no you cannot develop those, you force us to extend the dead end road two or three more lots back. He cannot fix that with the property he has. That is going to be permanent unless he buys more additional property and gets a road. If we give him a temporary, it is semi-permanent.

**Councilmember Garber** – Fred, does staff support that item?

**Fred Gibbs, Planning and Development Director** – Our biggest support came from the Fire Department and that is the whole reason for the radius. We have certain radiuses in our ordinance to make sure they can maneuver the fire truck around those cul-de-sacs, they were a big component of allowing this variance. These temporary can be permanent, until somebody else decides to develop that property, take it up to Fritz or somewhere else, that is when that cul-de-sac would eventually be abandoned and at that time and maybe a continuation that road.

**Councilmember Garber** – With that being said, the Fire Department is supporting this?

**Fred Gibbs, Planning and Development Director** – Yes.

**Councilmember Glockel** – As it is laid out and built today, I don't have a problem with it, it is under 600 feet and the Chief says he can turn around, my problem is there is lots just to the west that are land locked until somebody puts a road out to Fritz. If we do not ever want to extend that road over 600 feet, it is going to force us to extend that dead end road more than 600 feet for anybody to do anything with the lots to the west of this project. In my mind it is temporary today but we are going to end up giving somebody a variance to go two more lots or whatever the distance is.

**Councilmember Burke** – Those two properties are long. It is not like there is a backside, there is not a land locked track that you would buy. If a developer is going buy it he is going to have to buy both of those tracks that come from Fritz all the way to connect to that. If he is not intelligent to buy both and he buys one, you would not have the width to put in anything but a road going back to two additional lots. If you were going to try to develop that, I think you would have to buy both of those two long lots, put a street on a lot line and turn it in.

- 2. Receive a presentation, hold a discussion and provide staff direction concerning proposed amendments to the Corinth Economic Development Corporation Bylaws; proposed financial incentive policies targeting business recruitment, expansion and development in Corinth; proposed revisions to the Tax Abatement Policy; and a proposed Chapter 380 Agreement between the City of Corinth and First Texas Homes.**

**Jason Alexander, Economic Development Director** – Starting with the bylaws, references the Development Corporation Act (“Act”), not Chapters, replaces “Chair” with “President”, replaces “Vice Chair” with “Vice President”, and replaces “Member” with “Director”. Amends term limits to reflect a beginning date of October 1<sup>st</sup> and an ending date of September 30<sup>th</sup>, this is consistent with the term limits adopted for other City Boards. Amends meeting time from 7:00 pm to 6:00 pm, incorporates language permitting meeting notices to be delivered to Directors through e-mail.

We are a type “B” Corporation, we can do a lot of things a type “A” Corporation can do. State law says it requires a Public Hearing to be held on every project, however, there are special stipulations with communities less than 20,000, under that provision in Chapter 505 of the Development Corporation Act, allows an Economic Development Corporation to bypass the Public Hearing process for certain projects. Those projects are type “A” not type “B” projects. That deals with agriculture, manufacturing, research and development, finance architecture, anything under the North American Industry classification system. It excludes retail, restaurants, and hotels.

**Councilmember Harrison** – Basically you're saying that anything that deals with the agriculture, etc., you are saying we will not exclude public hearings to that. If you are doing retail or anything else, then you are still going to have a Public Hearing, right?

**Jason Alexander, Economic Development Director**- When you are talking about the type “A” and type “B” there is a \$25,000 provision that is in the bylaws currently, the way the bylaws are set up that anything over \$25,000 has to come to City Council and that is the same for contracts regardless of the value. This provision in the bylaws actually conflicts with state law. Is this an amendment that City Council might want to consider to the bylaws?

**Councilmember Harrison** – We know that we are over 20,000 in population. We know that in 2020 we are going to ditch this anyway, right?

**Jason Alexander, Economic Development Director** – It reverts back to the Public Hearing process per that provision of state law. When you go over 20,000 then the Public Hearing requirement actually kicks back into gear. Any project that will come before the Economic Development Corporation dealing with anything that is contractual or over \$25,000 would have to come to City Council for action and consideration.

**Councilmember Harrison** – Hopefully any project we started will be done by the time this rolls around, right?

**Jason Alexander, Economic Development Director** – We are hoping to add on retail and restaurants, yes.

**Councilmember Harrison** – As far as I'm concerned a Public Hearing is a good thing. That is why we are here, because of the public has an opportunity of voicing the opinion good or whatever. We are trying to make everything transparent. Until we hit 20,000, then the public is not going to have the opportunity if they want to contribute.

**Jason Alexander, Economic Development Director** – Yes and no. What happens is that there is a notice would have to be published about the project. The Economic Development Corporation cannot take action on that project until at least 60 days have passed. If the citizens come out and said this is a project they do not want during that 60 days, then that project would not move forward.

Bonds and obligations, consistent with provision of the state law with Chapter 501 says that Economic Development Corporation can actually have City Council approve a resolution to issue debt at least 60 days before the date the debt is delivered, rather than 120 days prior to the date of sale. All these proposed revisions are consistent with the Development Corporation Act. Essentially is wanting to place the bylaws in a position where they are consistent with state law.

**Councilmember Harrison** – What is the benefit of this to the current one?

**Jason Alexander, Economic Development Director** – There really is not one. State law says it and you got the issuance of obligation 60 days sooner.

**Councilmember Garber** – Can you explain to us in the bylaws why we do not have the back up positions for the alternates?

**Jason Alexander, Economic Development Director** – A Type "A" Corporation can have an unlimited amount of Directors, state law does not specify. For a Type "B" Corporation state law specifies is clear, seven directors. That is why there is not alternates.

**Councilmember Harrison** – In the seven that have Directors, those Directors could be all Council plus one person, right?

**Jason Alexander, Economic Development Director** -That is correct for a Type "A" Corporation, for a Type "B" Corporation at least three would have to be residents of the community.

**Councilmember Harrison** – So four Councilmembers could be on there?

**Jason Alexander, Economic Development Director** - Yes. I now want to talk to you about financial incentives and proposed amendments to the tax abatement. There are a lot of developers that are reaching out to Economic Development Corporation and Planning and Development and are asking about incentives. Right now the city does/does not have an incentive policy. Part of creating a set of financial incentives is so we can make it known that here is who we are targeting, here are the types of incentives that we have to kind of put us out there and help make us a little more marketable. We want to enhance our competitiveness, encourage economic activity, grow our business community, and convey "we are open for business". These are all the things that we talk about as an Economic Development Corporation that we want to put into language that developers and others can see. Part of that is making sure that City Council is aware of what these incentives can do. One of the things we have talked about is that the financial incentives should be considered on a case-by-case basis. That way you can evaluate the fiscal impact, community impact,

and the competitive impact. There are four proposed financial incentives currently. I think we should start out with four which includes the tax abatement policy and the proposed amendments thereof.

- The Chapter 380 Agreement, you can use it to go after retailers, restaurants, hotels, offices, you name it you can go after it. They are performance based, they are tied to jobs, value, aesthetics, that sort of thing. They can be offered as grants or loans.
- Medical and research development, we have very little land that is zoned for industrial left. This might be a way to bring in businesses that are high paying and that can help to build up our economy. They could go into offices and mixed use communities or where we have land zoned for office and institutional activities. Considering how TWU, UNT are growing and NCTC is focusing a little bit more on health care and medicine. Taking advantage of those three generators right there with respect to research and education. One of the things that could be considered in terms of an incentive would be a tax abatement.
- Special restaurants and retail, some cities have a specialty restaurant and retailer incentive where they go out and target restaurants and retailers that are not your typical McDonalds, Chick-fil-A, Starbucks, that sort of thing. Financial incentives may be offered as development fee rebates, sales tax rebates and/or leasing assistance. State law mandates that you can't give more than 50% of your sales tax back as a rebate to a business. We have been looking at more unique restaurants and retailers so this might be an incentive policy that could work.

**Mayor Heidemann** – When you look at sales tax rebate, is that restricted to just what Economic Development portion is of the sales tax?

**Jason Alexander, Economic Development Director** – It is the .02 cents that the city gets from the state. They can only get 50% of that, the maximum they could get back is .01 cent.

**Councilmember Harrison** – Dealing with the .02 cents he is quoting, what is the percentage that would be available? It is not the .02 cents unless we do away with crime control.

**Lee Ann Bunselmeyer, Acting City Manager** – Most times when you do sales tax incentive, you are not giving away the sales tax you are collecting from other entities, you are giving away the sales tax you are going to receive from that firm. If Twisted Root came here and they are estimating they are going to collect \$100,000 in sales tax a year then you can give out some of that sales tax abatement back to them and you will only collect 50% of theirs. Our sales tax revenues we receive realistically from others will stay in tack, it is just new taxes you are going to receive coming in.

**Councilmember Harrison** – They would not contribute to the crime control or the ¼% of a cent?

**Lee Ann Bunselmeyer, Acting City Manager** – Correct.

**Councilmember Glockel** – You are saying right that they will not contribute? The money that is ear tagged for Economic Development, you cannot use that as an abatement.

**Lee Ann Bunselmeyer, Acting City Manager** – It is only the 2% that is coming in to the general fund, the general fund portion of it so it will not touch that piece of that.

**Councilmember Glockel** – Their money still would go to those entities? Crime control and EDC.

**Lee Ann Bunselmeyer, Acting City Manager** – Correct.

**Jason Alexander, Economic Development Director** – Finally with the tax abatement, one of the things the Economic Development Corporation discussed with the proposed revisions to the tax abatement policy was actually taking a look at incentivizing the tax abatements for a particular business in consideration for wages. Making sure there is an average or mean income. The average hourly wage is about \$23 which equates to about \$49,000. One of the things you look at our community our average household income is about \$110,000. So making sure the jobs we are bringing in, that they are actually paying so the folks that work there can actually contribute to our economy while they are here when they are going out to lunch, getting gas that sort of thing. Jason referred to the slide on page 17, Tax abatement. This is just an example of some of the things that could be considered tax abatement policy and the proposed revisions there too.

**Councilmember Glockel** – I do not think I followed you, we were talking about sales tax and then we got to this one and now we are talking about ad-valorem tax, so where does it switch?

**Jason Alexander, Economic Development Director** – It switches with the tax abatement, so if the tax abatement, you can take a look at ad-valorem tax and you can also take a look at tax relief on personal property as well. You are looking at four incentive policies, three are new, the proposed amendment to the tax abatement policy, the city has already used tax abatement policies in the past. It just proposes a method to actually strengthen the tax abatement policy.

**Councilmember Glockel** – When I looked at this earlier I thought this was a sales tax.

**Jason Alexander, Economic Development Director** – No Sir.

**Mayor Heidemann** – Is that not what we did for DATCU?

**Jason Alexander, Economic Development Director** – Yes that is very similar. So that way it would actually be in writing so that way businesses could actually see it. With the tax abatement policy, I think the way it is written in the tax code is that it expires every two years, so we would have to update.

**Councilmember Harrison** – I have some questions on 380 Agreements, I will address those when we come down to the next one. On the tax abatement policy, I would like to have a complete workshop on that rather than group this as a whole thing.

**Jason Alexander, Economic Development Director**- I will leave you with two key takeaways from those previous slides. The whole idea behind the proposed amendments to the bylaws is to bring the bylaws to a state where they are consistent with state law. The second takeaway is to leave you with is just having a menu of financial incentives and economic incentives that can work together and that City Council can pick and choose for different projects based on the scope of that project. The whole idea behind expanding the amount of incentives that we have available or I should say incentive policies. It also give Economic Development Corporation a little bit more leverage with respect to marketing Corinth and recruiting businesses.

Doug Duffie is a Certified Public Accountant and he is representing First Texas Homes, he reached out to the City to discuss a Chapter 380 Agreement. Part of the proposition of the Chapter 380 Agreement is that First Texas Homes wants to build about 86 homes and the average sales price is \$440,000. He has used 380 Agreements with 17 other cities. Mr. Duffie is proposing to the City that we enter into a 380 Agreement with him that will allow First Texas Homes to recover upfront costs based on purchasing building materials. The building materials will not be purchased in Corinth, they will be purchased somewhere else. Based on a 380 Agreement, based on getting a direct sales tax permit from the state, the sales tax that would have been collected by another city for purchasing those building materials, they would not get, it would come to Corinth.

**Mayor Heidemann** – Who monitors this?

**Jason Alexander, Economic Development Director** – First Texas Homes. They would have to report to City Council through staff if City Council would like to move forward with this, how much they are spending on building materials because that is going to dictate the amount of sales tax and then that split 60/40 between First Texas Homes and the City of Corinth. It would be on the honor system.

**Councilmember Garber** - With what you just presented, I do not see a downside for Corinth. Is the kicker, if you will, the fact that they are getting to share in the savings with the sales tax?

**Jason Alexander, Economic Development Director**- That could be something to consider. The other kicker would be that this is over a 10 year period. If you are looking at what Corinth will get under current building costs of \$81,734. that would be about \$8,200 that the City would get every year. That \$82,000 would not be paid initially. It would be over a 10 year period. He is basing it off of \$440,000, but what if real estate has a down swing, that is something else to consider as well.

**Councilmember Burke** – I have already heard this presentation from Doug so has Lowell. Essentially what they do is elect particular vendors to not pay a sales tax, they elect to pay use tax and the vendor informs the state. Not pay a sales tax he is going to pay a use tax. When they bring it here and use it in the buildings, it is not going to be all \$440,000, they are not going to do that with all their vendors, then they pay a use tax when they use it here. They want to do it because they are going to shave some amount of sales tax off because we are going to give them some rebate. The state of Texas as a whole is going to collect less sales tax revenue. If you think, he is going to pass that savings on to the consumer and it is better to collect tax revenue, if you think we are more efficient at using the money, but overall it is just saving, they are just doing it to save 1% or 2%. If they were just building here it would not make any sense at all, but for 86 homes.

**Councilmember Johnson** – For a 10 year period, the dollar amount is relatively small.

**Mayor Heidemann** - The thing is how do we administrate that?

**Councilmember Burke** – I do not think we would have to. I think they report. I think it is like the situation where someone sends a 10-99 in and you do not have a matching income, the IRS says hey you owe me. If the vendor turned in this form and said I am not paying sales tax on this sale, First Texas Homes, and there does not come a use tax, the comptroller matches them up.

**Councilmember Harrison** – I realize we are in a workshop and you cannot make a decision, but I see all kinds of pitfalls in the process. In my vision of the city putting retail or commercial developments with the 380 and all these other things. I can certainly support all that, anything we can do to bring them in. We are 95% built out on residential property and now we have one developer that wants to come in and wants us to sign a 380 Agreement for his benefit. It is kind of difficult for me to accept that, but I will consider anything when it comes time to make a decision.

**Councilmember Glockel** – The ten year thing is confusing to me because I am assuming this is the piece of land we already seen his plans on. Surely he is not talking about dragging that out for 10 years.

**Jason Alexander, Economic Development Director** – Yes.

**Councilmember Glockel** – The 86 homes on that piece of property, he is anticipating 10 years to build that out?

**Jason Alexander, Economic Development Director** – Not that it would take that long to build out, but he is talking about dragging out the actual \$86,000 that the city would get at current prices for building materials. If it is at a 5% increase or 8% increase, it will be dragged out. So he is saying that on top of that based on an agreement I saw that he proposed somewhere else and that he is also proposing for the city, is

that he would further take that monthly or that yearly figure of \$81,000 and then he would divide it monthly. So you would be looking at \$8,000 and it would be paid bi-monthly. You take that \$8,200 and you are looking at \$4,100 every two weeks pretty much.

**Councilmember Burke** - I thought the \$81,000 was over a 10 year period.

**Jason Alexander, Economic Development Director** - It is, he wants to make payments to the city from the \$81,000 bi-monthly. So you take the \$81,734, divide that by 10 or 12, so maybe about \$7,400 and you take that and you half that. That \$7,400 becomes \$3,700 that the city would get every two weeks.

**Councilmember Burke** – That is an annual amount?

**Jason Alexander, Economic Development Director** - The contract he proposed it would be bi-monthly not annual.

**Councilmember Burke** – So we are really talking about \$500 a month.

**Jason Alexander, Economic Development Director** – Something like that, every two weeks.

**Councilmember Garber** – Could you just summarize it, what is the benefit for Corinth to do this?

**Jason Alexander, Economic Development Director** – There really is none. Because he is still going to build in Corinth for Texas Homes. It is just simply that they saw this as a way to perhaps give us more revenue based on current and future building cost for materials. The city is still going to get the building permit, fees and ad-valorem tax.

**Councilmember Garber** – So best case scenario if all this happens over 10 years, the very best thing that can happen for Corinth over that 10 year period is net?

**Jason Alexander, Economic Development Director** - \$81,734 and again, that is an estimate. Based off the average sales price of \$440,000.

**Councilmember Garber** – So that is the potential net gain. What is the worst case scenario, what would this cost the City of Corinth?

**Jason Alexander, Economic Development Director** – It would not cost the city anything, it is just simply the city would enter into an agreement. So when the city gets the sales tax, we would keep 60% of that sales tax and pay our 1.2%.

**Councilmember Garber** – Sales tax we would normally get anyway.

**Jason Alexander, Economic Development Director** – The other 8% or 40% would go to First Texas Homes.

**Councilmember Johnson** – I think you have to look at this as found money. If the real estate market crashes he gets these 86 homes and gets 10 built, he does not build anymore homes, where does this leave us? We cannot do anything with that money but put in in vehicle replacement fund or somewhere. You cannot put it in the general fund and count on it because it is just going to be found money.

**Councilmember Garber** – But if we do not do the agreement, then there is no found money. So this is net found money, not a net cost.

**Councilmember Harrison** – I would assume this would be a way we could enforce the delivering of these materials we are going to purchase for these 86 homes, we are going to enforce them about delivering them until after 7:00 am.

**Councilmember Burke** – We are not going to order them.

**Councilmember Johnson** – This might be an interesting tool to keep laying around and back of the office when you have to consider \$12 or \$15 million of retail comes along and says would you guys be interested as part of the 380 Agreement working on filing use tax to split some of that money with us.

**Councilmember Harrison** – This is similar to the deal we did at Pennell Point, and we still have not gotten that money on those lots that are tied up. When you sell a lot, we will get money. We still have not gotten that money.

**Jason Alexander, Economic Development Director** – I think we discussed all the pros and cons to this proposed Chapter 380 Agreement with First Texas Homes. I would like to receive direction from the City Council, should I engage Doug Duffie to have him to come in to speak further on this at a future workshop session? Is this something City Council would want to see before them in the future?

**Councilmember Johnson** – He came and spoke to EDC and there was no interest.

**Jason Alexander, Economic Development Director** - It is kind of a new concept and it takes a while to understand all of the moving pieces.

**Councilmember Burke** – It is a decision for the Council to make, it is \$80,000 if we want to hear it and vote on it. He came to the EDC like we were going to decide, I told Jason that we could not decide, it is for the Council to decide. Jason did the presentation as well as Doug did.

**Mayor Heidemann** - I am looking for consensus here, do we want it as an agenda item?

**Councilmember Burke** – I am kind of torn, it is found money, some part of me rebels against, we are just giving them a tax break they do not need. Unless it is going to end up in the consumers' pockets somewhere, then I do not know what we are doing it for. They are going to build houses. I wanted you all to hear it because you might have a totally different view on it.

Consensus from the Council was not to have this as a future workshop item.

**Mayor Heidemann adjourned the Workshop Session at 6:35 pm.**

Approved by Council on the \_\_\_ day of \_\_\_\_\_, 2016

Kimberly Pence  
Kimberly Pence, City Secretary  
City of Corinth, Texas