

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

On this the 5th day of September 2019 the City Council of the City of Corinth, Texas met in Workshop Session at the Corinth City Hall at 5:45 P.M., 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:

Mayor Heidemann
Sam Burke, Mayor Pro-Tem
Scott Garber, Council Member
Kelly Pickens, Council Member
Tina Henderson, Council Member
Lowell Johnson, Council Member

Members Absent:

None

Staff Members Present

Bob Hart, City Manager
Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director
Patricia Adams, Messer, Rockefeller, & Fort
Jerry Garner, Police Chief
Cody Collier, Public Works Operations Director
Helen-Eve Liebman, Planning and Development Director
George Marshall, City Engineer
Jason Alexander, Economic Development Corporation Director
Brenton Copeland, Technology Services Assistant Manager
Brett Cast, Engineering Services Coordinator
Michael Ross, Fire Chief
Guadalupe Ruiz, Human Resources Director
Lana Wylie, Senior Administrative Assistant

Others:

David Pettit, David Pettit Economic Development
Natalie Moore, David Pettit Economic Development

CALL TO ORDER:

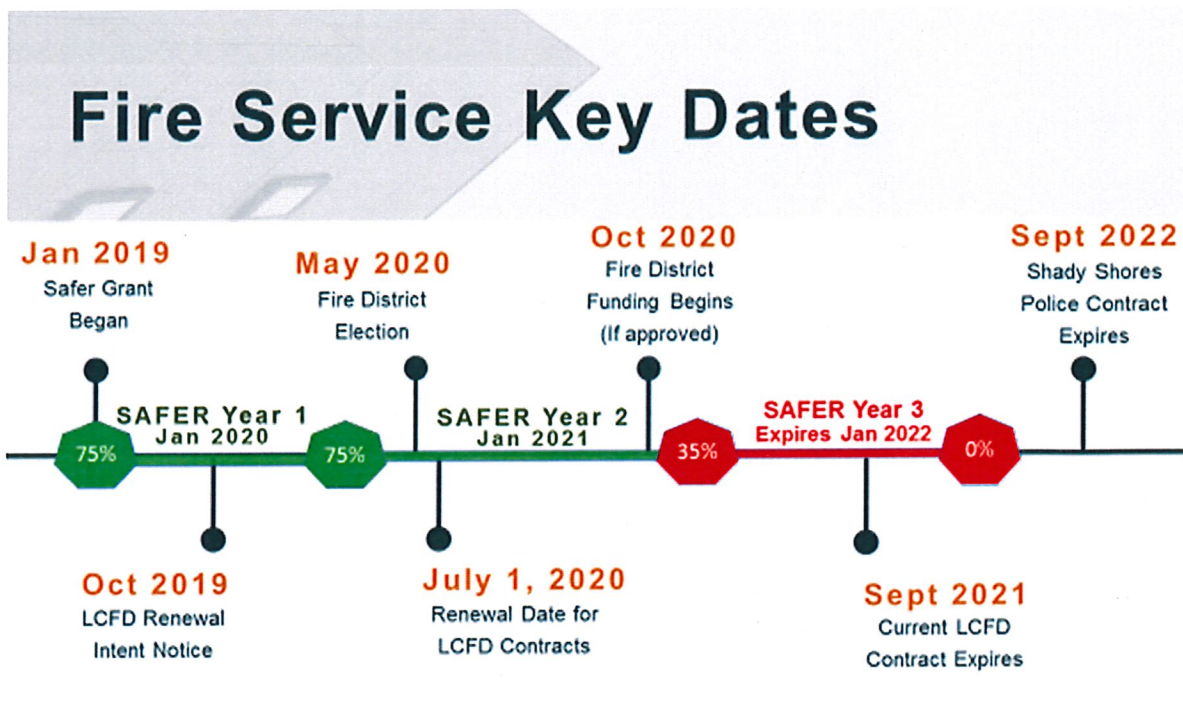
Mayor Heidemann called the meeting to order at 5:45 p.m.

WORKSHOP BUSINESS AGENDA:

- 1. Receive a report, hold a discussion, and provide staff direction on the Fiscal Year 2019-2020 Annual Program of Services and Capital Improvement Program.**

Bob Hart, City Manager – I would like to go through the budget one more time to be sure we are all on the same page. It also helps because the next item we will then talk about is the creation of the TIF and this will be a good segway into what Natalie and David will discuss in a moment. We are looking

at the budget. I would like to remind you of some of the key dates and the challenges with Senate Bill 2 and how we are moving from 75% funding from fire fighters, then dropping to 35% and then zero. When we do that over the next few fiscal years, we will use up virtually all of the cap that we are allowed under Senate Bill 2. A lot of what we are doing on this year's budget, we are staging it so we can deal with the next couple of years.



Another reminder, we will be getting numbers out toward the end of October to other three cities. We will start that conversation and I think we have a workshop item lined up for you on the budget contract, around October 17th. We will talk about those numbers before we pass it on to them. I have the election reference, this is coming up in a second. The way we have put the budget together, we are assuming that we will take a half a cent from EDC and have the election for the fire district and that would occur in May. My thought is that we would look at the numbers in December/January and getting ready in February for calling a May election. This way you would have time to second guess yourself and back off too. Did we ever get the resolution?

Patricia Adams, Messer, Rockefeller, & Fort – No, we did not and they do not want to talk to us anymore so we are still working on it.

Bob Hart, City Manager – We have the election in May for the street maintenance tax as well. All of that factors into the conversation in December/January, getting ready in February for calling a May election.

STREET MAINTENANCE SALES TAX

- Revenues from the sales tax may be used only to repair and maintain existing city streets and sidewalks.
- Can only be imposed in increments of 0.125%.
- Our current rate is 0.250%

QUESTIONS:

1. Do you prefer to call the street election in May or November?
2. If in May – are there concerns about more than one item on the ballot?
3. What length would you prefer?

The tax was established in September 2004.



The most recent reauthorization for 4 years was approved by the voters in the November 2016 election.



The tax is up for reauthorization in 2020

Again, the focus on the infrastructure within the budget fell into six broad areas: Transportation, Water/Wastewater, Drainage, TIRZ and Asset Management. These are the areas of each. We have a meeting tentatively scheduled for October 24th with property owners, encouraging them to buy flood insurance. We will be submitting the grant application in the latter part of December because the benefit cost ratio that FEMA uses is based on the amount of flood insurance that is purchased. So if they get in under the grandfathered rate, they are going to need to do something this fall. You talked about wanting the meeting so that is when all of that is scheduled.

Mayor Heidemann – Is that when the letter is going out and explaining to them that we did not get the grant?

George Marshall, City Engineer – We will cover that in the letter as well.



The focus on infrastructure fall into six areas:
 Transportation, Water, Wastewater, Drainage,
 the TIRZ, and Asset Management

Transportation

- Alignment of Lake Sharon Boulevard and Dobbs Road
- Quail Run Drive Realignment
- Resurface Riverview Drive and Old Highway 77
- Safe Routes to School Grant
- Street Condition Software

Drainage

- Lynchburg Creek
- Wetlands & Flood Mitigation
- Preliminary Engineering
 - Lake Sharon near Corinth Parkway
 - Blake Street
 - Corinth Parkway near Lake Sharon

Water/Wastewater

- Elevated Storage Tank
- Preliminary Engineering for Parkridge Drive Extension

Asset Management

- Initial Funding of \$600,000
- Purchase Work Order/ Asset Management Tracking System

Bob Hart, City Manager – On Asset Management, if you will remember, we have about \$660 million worth of assets, we need about \$12 million annually to replace the assets we have. While we are setting back \$600,000 in this budget, there is also money in the budget that addresses some of this too, so it is not quite as bad as what I am showing you here. We do have to start on the asset management.

Asset Management Plan

Total Assets - \$659 million

General Fund \$421,750,000
 Utility Fund \$237,250,000

Annual Requirements

General Fund \$6,300,000
 Water/Sewer \$4,800,000
 Storm Water \$1,300,000

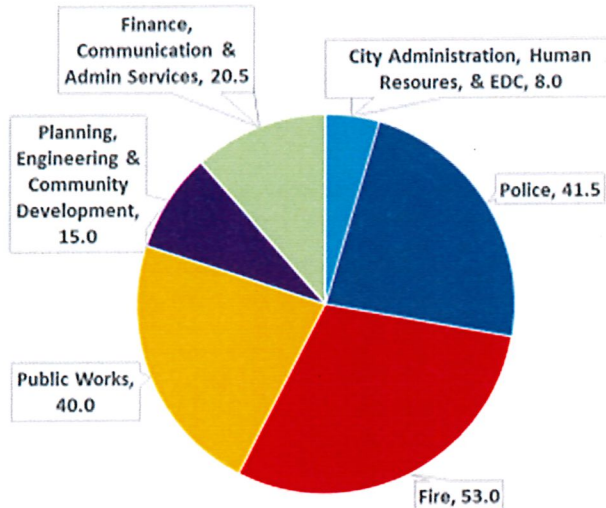
Recommended Budget

General Fund \$250,000
 Water/Sewer \$250,000
 Storm Water \$100,000

On the position summary we are recommending the two police officers and a court bailiff. This will free up an officer that we don't have to pull off the streets. The marketing intern and then bringing back a part-time accounting clerk. Mainly it will help us with internal control and segregation of duties. This is a distribution of where employees are within the city. Primarily Police, Fire, and Public Works.

Position Summary

Total Positions all Funds – 178 FTE



FY2019-20 Proposed Positions

- Police Officers – 2 FTE
- Restore Court Bailiff – 1 FTE
- Restore Part-time Accounting Clerk – .50 FTE
- Seasonal Marketing/ Special Event Intern (Hotel Tax Fund) – .50 FTE

These are the new programs within the budget. I referenced the positions. The shade structure repair within the parks is an example of asset improvements that is not showing up in the \$600,000. The mowing contract for Community Park and the broadband study. A&M is doing work with the Council of Governments. They are looking for sub-regions within this region so the four cities, we had a great conversation with them in the last couple of weeks. Wendy Withers was here while we were meeting with them. I am happy with where we are here. Equipment is mainly for Public Works. Some of the technology, the road conditions software will help us with asset management and the work order system which will help keep all of that up to date.



Proactive Government New Program Funding

Services

- Shade Structure Repair
- Community Park Contract Mowing
- Broadband Study

Positions

- Police Officers – 2 FTE
- Restore Court Bailiff – 1 FTE
- Restore Part-time Accounting Clerk – .50 FTE
- Special Event Intern – .50 FTE

Equipment

- Street Saw
- Dump bed trailer
- Mower
- Trailer
- Equipment for Court Bailiff

Technology

- Work Order/Asset Mgt System
- Road Condition Software

The regional cooperation, we are working with LCUMA on GIS. Working with DCTA and that is all tied back to the TIF and the TOD. I will touch on that in a moment. Working with NCTC, Denton County and the COG.

Regional Cooperation

Corinth is ideally located along I-35E in Denton County and is the largest of the four Lake Cities. Due to the City's location in the Dallas Fort Worth metroplex, it is necessary to be active in a wide variety of regional efforts.

- Continue Partnering with Lake Cities Municipal Utility Authority (LCMUA) to provide GIS services and joint construction and use of utility lines
- Pursue a commuter rail stop through DCTA
- Encourage the expansion of health services training through NCTC
- Pursue partnership with Denton County relative to the TIRZ.
- Participate in NCTCOG programs
- Participate in the North Texas Commission

Establish and Maintain Intergovernmental Relations

- City of Denton
- City of Hickory Creek
- City of Lake Dallas
- Town of Shady Shores
- Denton County
- Denton County Transportation Authority
- Denton ISD
- Lake Dallas ISD
- National League of Cities
- Texas Municipal League
- North Central Texas Community College
- Texas Woman's University
- University of North Texas
- University of Texas at Arlington
- Lake Cities Municipal Utility Authority
- Upper Trinity Conservation Trust
- Upper Trinity Regional Water District
- Texas Department of Transportation
- Texas Water Development Board

This is the overview of the budget for the year. We are going to be in very good shape through this year. We have a good launching pad for the next couple of years. We have about a four or five year window that we have to get the sales tax up.

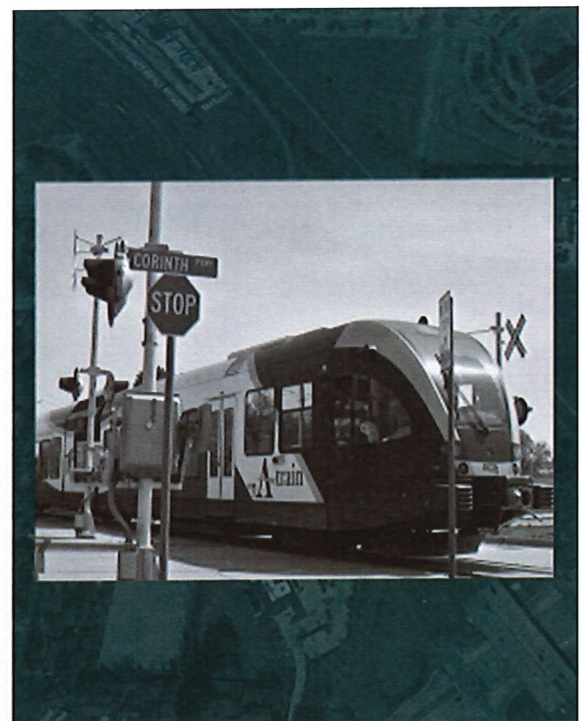
Operating Budget Overview

	General Fund	Debt Service Fund	Utility	Storm Drainage Fund	Economic Development Fund	Street Maint Sales Tax	Crime Control Fund
Estimated Beginning Fund Balance 10/1/18	\$5,091,654	\$325,667	\$3,686,678	\$375,150	\$1,083,693	\$1,268,961	\$481,505
Revenues	20,075,795	2,682,781	13,454,855	755,100	873,894	431,501	391,520
Use of Fund Balance	789,724	248,900	255,513	144,345	62,663	301,577	0
Total Resources	\$20,865,519	\$2,931,681	\$13,710,368	\$899,445	\$936,557	\$733,078	\$377,228
Expenditures	18,969,753	2,931,681	13,156,868	665,945	786,557	89,078	377,228
New on-going Programs	232,966	0	0	0	0	5,000	0
One-time Programs	1,662,800	0	553,500	233,500	150,000	639,000	0
Total Expenditures	\$20,865,519	\$2,931,681	\$13,710,368	\$899,445	\$936,557	\$733,078	\$377,228
Estimated Ending Fund Balance 9/30/19	\$4,301,930	\$76,767	\$3,431,165	\$230,805	\$1,021,030	\$967,384	\$495,797
% of Total Expenditures	20.62%		25.03%	25.66%			
Policy Target	20.00%		25.00%	25.00%			

Within the TIF, tonight you have the public hearing and the ordinance. What you are creating is the framework for that and it has a preliminary financial plan. We will come back here in November with a final financial plan. That is when you will really pay attention to the numbers. Right now you have to get the structure in place. Once we have the structure in place, then we can talk to Denton County and we can negotiate the numbers. Once we have those numbers, then we can get more clarity with DCTA and COG, then we come back and in November have some of those numbers nailed down much better. When David and Natalie talk in a few minutes it will make more sense too.

Tax Increment Reinvestment Zone

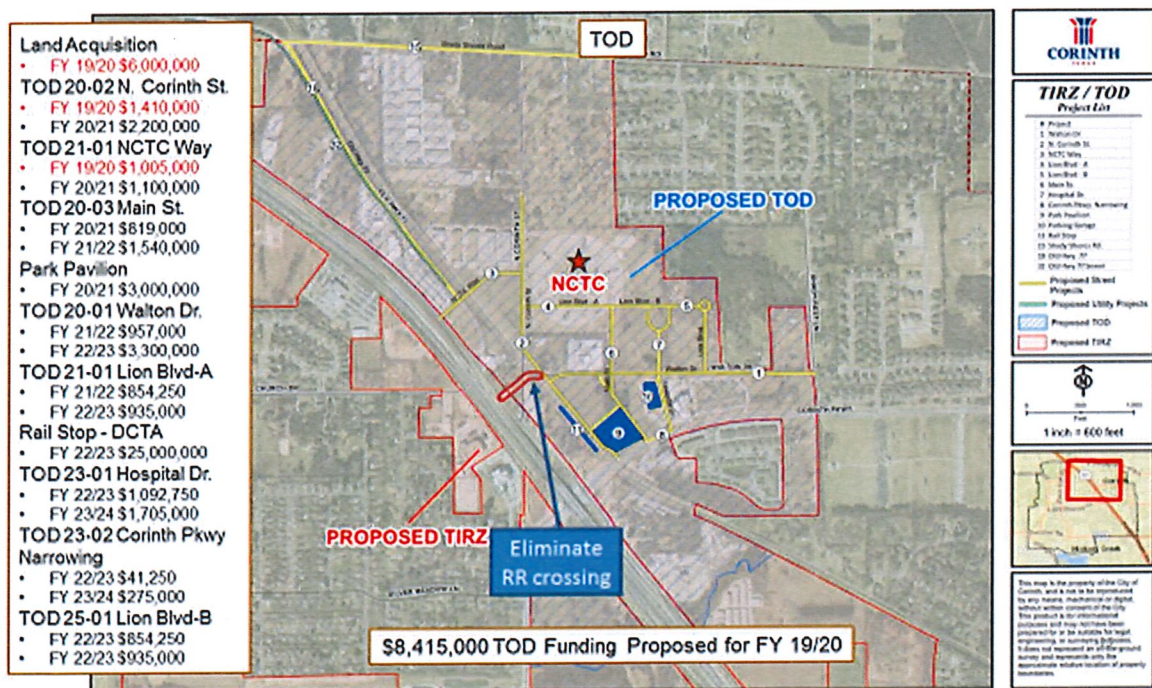
- The City Council to consider an ordinance creating a TIRZ in September 2019.
- The financial plan is anticipated to be developed and adopted in November



This is the TOD component. We met with DCTA on Tuesday. The rail stop will work here. If you remember the conversation we had we have to worry about the crossing at Corinth Parkway and it doesn't work if we have the crossing at North Corinth Street and Walton Street. We have to close that but we can close that and make it work well by moving what we are calling NCTC Way. A lot of it will be accessing property. We will be talking with some of the property owners on that tomorrow morning. We will reroute North Corinth Street. What we have in the budget is the preliminary engineering work for NCTC Way and the right of way and the right of way and preliminary engineering work for North Corinth Street. Those have to be in place before we can close the crossing and we have to have the crossing closed while the rail stop is going in.

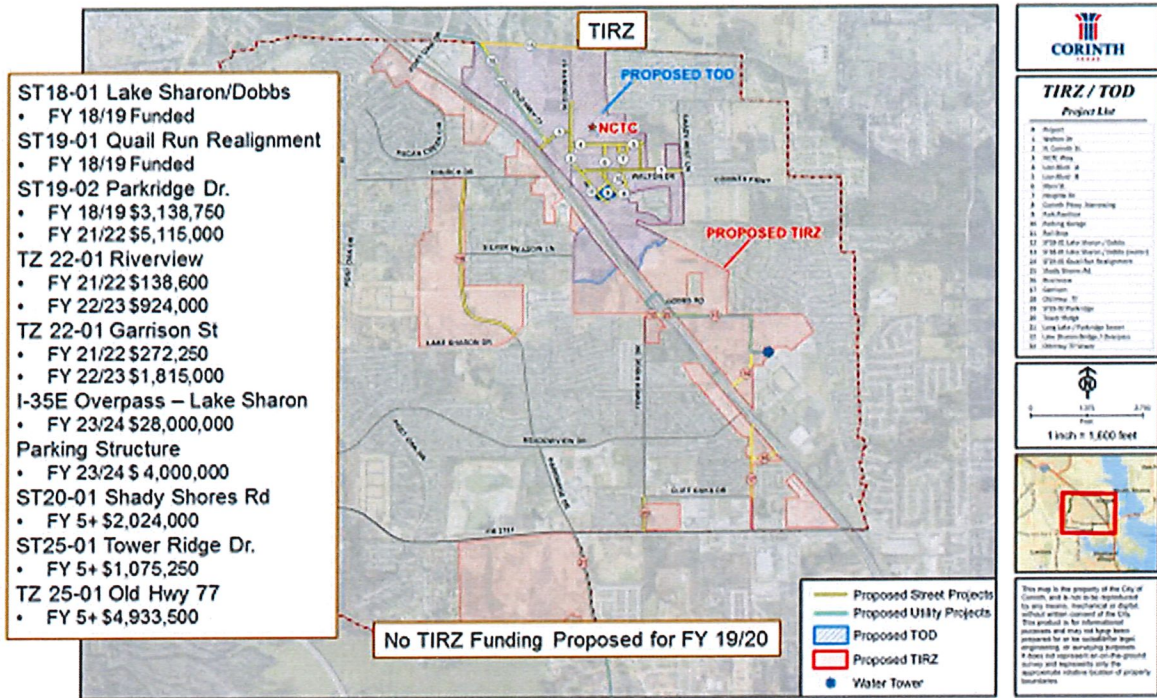
Mayor Heidemann – We have already paid for phase one of their engineering, correct? And what you are talking about now is phase two.

Bob Hart, City Manager – Yes and we will also have in the budget, phase two of the DCTA rail stop study. They will have phase one completed by the end of this month so in October we can roll into phase two. They are operating like we are in the fiscal years so everybody is dancing around the October 1 fiscal year. We have the park pavilion in here and some land acquisition and a parking structure by the old hospital. We have been trying to make sure we have all of the numbers identified so we can get them to David and Natalie and then we have the preliminary plan to go and sit down with the county. We have all of these on the same page and hopefully easier to follow.

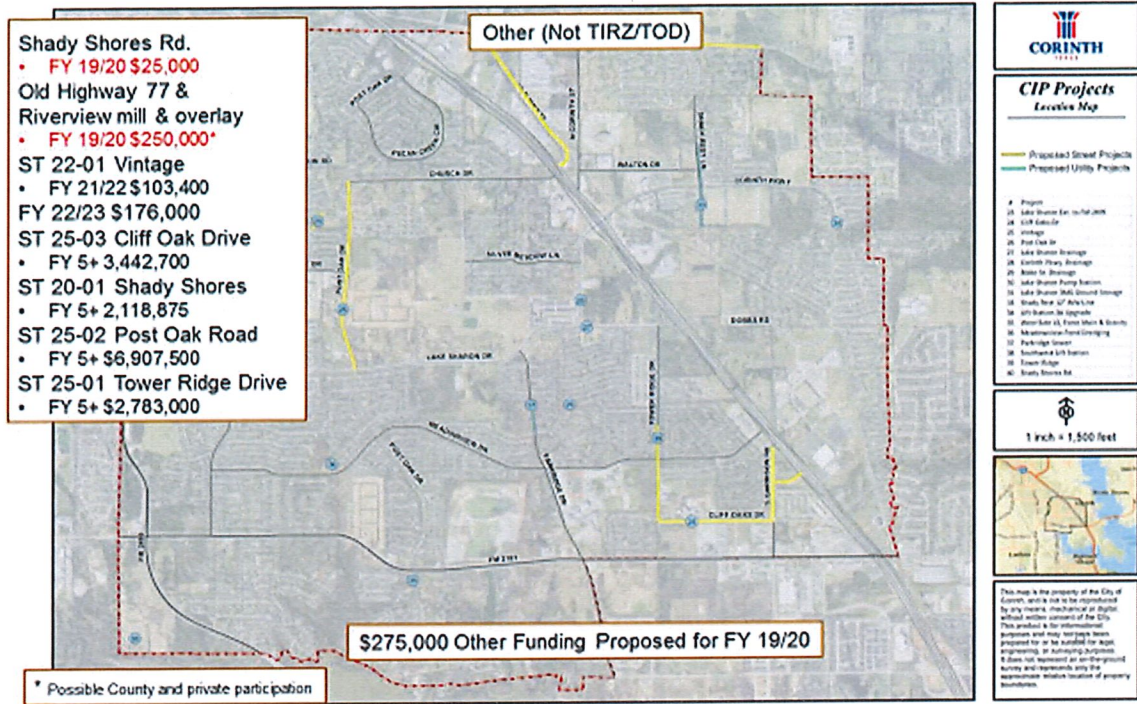


Within the TIRZ itself, we have added the overpass number for I-35. That money will come out of Denton County and TxDOT but it is within the TIF and I would like to have that in for some initial conversation with the county. We added \$59 million. The rail stop that we added, at build out we have two platforms and two tracks going each way. The cost of that is \$25 million which is all in here. That is where we will go back and look to COG for money. It is not necessarily local money being generated. Same thing with the overpass lane but it is important to get it in there. We also added a parking structure on the realty capital property. I don't know that we will want to do that but I think it

is important to get all of the numbers out on the table. That gives you a good handle on all of the projects.



This is some of the capital work, mainly showing the overlays. The Shady Shores Road is to get some preliminary work done as we talk to the county about their bond election and so forth and trying to get some things going with City of Denton, Shady Shores and the county. The TIF is not going to generate funding up front so we will need some money to work with, if you will remember we had a little bit of debt capacity next year so we can look at that as a potential source of some front end money to get some of the TIF items started. Of course, that would include some of Parkridge, North Corinth Street, and NCTC Way. Those are all the dots we are trying to connect together.



I would like to introduce Natalie Moore and David Pettit. If you will remember the way we did the TIF, we brought in Paris Rutherford to do the land use assumptions and then David and Natalie are doing the structure of the TIF, financial plan and so forth. They are going to walk through all of this and I think it will be plenty of time for you all to ask questions.

2. Review proposed Tax Increment Reinvestment Zone Number Two.

Natalie Moore, David Pettit Economic Development – David and I are headquartered out of Fort Worth so we are somewhat local and happy to see a different side of the metroplex. We are here to give an overview of what a TIRZ is, the creation process and then I will hand it over to David to talk more about the specifics of this TIRZ. This is TIRZ number two for you and some of the next steps and then go over some of the questions. Tax increment reinvestment zones, it is a tool that facilitates economic development within a tax increment reinvestment zone. A lot of times, throughout the state we hear people refer to them as TIFs, some refer to them as TIRZs and people get confused but it is tax increment financing which is a tool that helps facilitate economic development within a tax increment reinvestment zone. So TIF or TIRZ, it is somewhat interchangeable. It is governed by Chapter 311 so there is some degree of flexibility as to what you can use a TIRZ for but really the outline and the structure is provided by Chapter 311. Approximately 313 TIRZs have been created. We think that is quite low but that is what the state has on their registry, however, there are some communities that are not as diligent about registering all of their TIRZs so we think that number be close to double in terms of TIRZs that have been established but suffice it to say, you are not alone. This is a common tool that is used. I previously worked at the City of Fort Worth in the Economic Development and we had 15, I also know the City of Dallas has quite a few. Cities use this tool alone or in partnership with other taxing units, they can use this to pay for improvements within the zone. Really, what the goal of attracting new development, facilitating investment and really bringing excitement and energy to a designated area, I lean on my own experience with the City of Fort Worth, one of the great examples of using a tool for this energy and excitement is in the near south side. It was an area that I am from in Fort Worth, an area that no one would think to go there. My parents would never allow me to go hang out on Rosedale but now it has

cool shops and a lot of that is place making that they used TIF increment financing in order to pay for those improvements.

Tax Increment Reinvestment Zones (TIRZ)

- Tax Increment Financing (TIF) is a tool that incentivizes economic development within a Tax Increment Reinvestment Zone (TIRZ)
- Governed by Tax Code, Chapter 311
- Approximately 313 TIRZs have been created in the state of Texas
- Cities, alone or in partnership with other taxing units, can use this tool to pay for improvements in a zone so it will attract new development, facilitate investment, and bring excitement and energy to a designated area



TIF CONCEPT

Taxing entities can contribute ad valorem taxes and that is what we are proposing here today. Some of the TIFs throughout the state actually do also contribute a portion of their sales tax. That is not something that we are proposing but it is something that is available. ATIRZ can pay for the cost of public improvements or infrastructure, economic development programs or other projects benefitting the zone. Typically you will see the money being funded for projects within the boundaries but the statute does allow for you to spend the money outside the boundaries as long as it directly benefits the zone. You can lean on your attorney to make that ruling.

Tax Increment Reinvestment Zones (TIRZ)

- Taxing entities contribute ad valorem taxes received from incremental value increases on property within the TIRZ.
- A TIRZ can pay for:
 - infrastructure;
 - public improvements;
 - economic development programs; or
 - other projects benefiting the zone

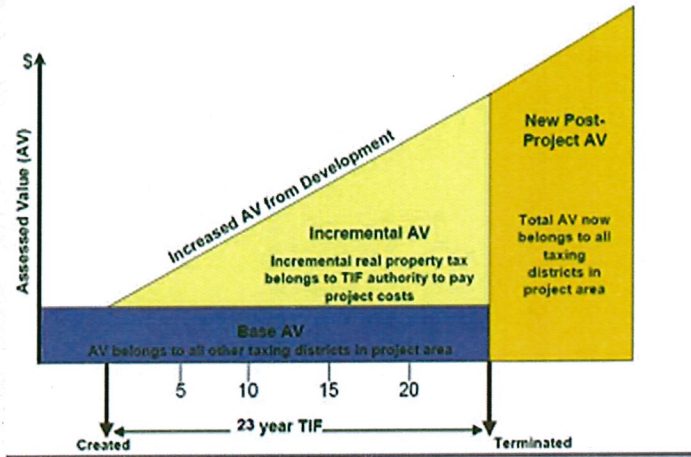
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DAVID PETTIT
ECONOMIC DEVELOPMENT

TIF CONCEPT

This is a visual, the purple is the base ad valorem so we like to say that the city or the entity will never receive less dollars if values hold steady then they are receiving today. The base values and dollars that go into the general fund off of that value will remain. The incremental AV which is in the light yellow that is anything beyond the creation of the TIF so if you create anything here you are moving forward. This is actually an aggressive chart because that assumes that 100% of the increment goes into the TIF fund but we are actually proposing, which David will get into later in the presentation, is 50%. So if you can imagine that the line, a portion of the light yellow would go into the general fund as well. Once the TIF has been terminated, 100% of the base and the increment will go into the general fund and the idea is that the golden portion is much larger because of the investment that you made into the TIF during the duration of the TIF. What is also interesting to note is that this is for one entity and different entities can have different participation rates. You will see in David's slides, we are anticipating or proposing that Denton County might participate at 50% which is the same as what we are proposing for the city to participate but it doesn't have to be that way. The city might participate at 50% for the first three years and then it bumps up to 75% so there is a degree of flexibility you can have within that.

Tax Increment Reinvestment Zones (TIRZ)

TIF Assessed Value (AV) Over Project Life



- Taxing entity rates are negotiated and can vary (not identical).

How is that increment generated? It is new construction/investment or annual appreciation of real property. You either build something or what you have in place appreciates in value.

TIRZ Revenues

Two ways to create new tax increment:

1. New construction/investment; and/or
2. Annual appreciation of real property (i.e. "organic growth")



How do you create a TIF? I mentioned Chapter 311 earlier. It outlines the various procedures and as Mr. Hart said it earlier, this is what we are doing today. We are establishing the structure, the outline, the skeleton of the TIF but it is a two-step process. First it is creating it and then adopting the project and

the financing plan. We are only doing the first step and the two step. The creation ordinance establishes five key elements, the boundary, the term, the TIF Board, the city participation and the preliminary project and financing plan. That is an exhibit to the creation ordinance, it is preliminary, and it can change quite a bit from now until when you approve it. There is a time where you can adjust it and as Mr. Hart said, finalize those numbers. Once the TIF has been created, then the final project and financing plan will be approved first by the board and then by City Council.

TIRZ Creation Process

- Chapter 311 outlines the various procedures for creating and amending a TIF. Two main documents:
 1. Creation ordinance; and
 2. TIF Project and Financing Plan
- Creation ordinance establishes five key elements:
 - Boundary;
 - Term;
 - TIF Board;
 - City Participation and
 - Preliminary Project and Financing Plan
- Upon TIF creation the Final Project and Financing Plan is approved by the TIF Board and then the City Council by separate ordinance

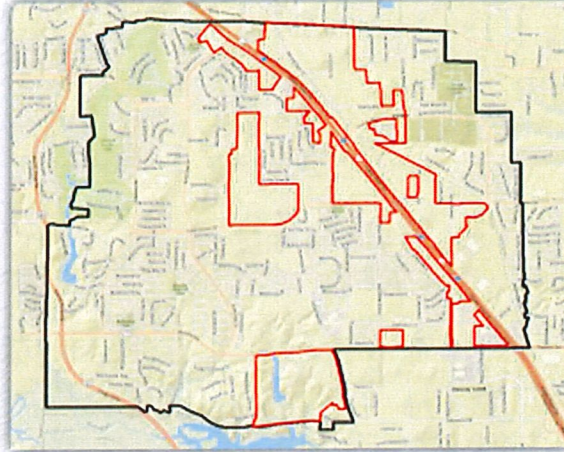


TIRZ CREATION

Today you are considering the creation ordinance. The black outline is the city boundaries. You can see the TIF is in the red boundary. It is approximately 995 acres, it is noncontiguous. You may know that you were not always allowed to have noncontiguous TIFs but I believe it was 2009 that it was approved. If you would like to see a fascinating noncontiguous TIF we did one in the City of Grand Prairie that has random parcels in different parts and it is all one TIF. The purpose of the TIRZ is to encourage private development that will yield additional tax revenue to all taxing jurisdictions.

TIRZ #2 - Overview

- Located wholly within the City limits of Corinth
- Approximately 995 acres
- Noncontiguous
- The purpose of the TIRZ is to encourage private development that will yield additional tax revenue to all taxing jurisdictions.



DAVID PETTIT
Economic Development

PROPOSED TIRZ #2

David Pettit, David Pettit Economic Development – I was born and raised here. I grew up in Argyle, went to Argyle elementary and middle school. I went to Denton high school. Many of my friends lived in Corinth and I still have family in Denton and Argyle. I have known this area for a long time and this is a very exciting time. A little bit about us, I wanted to be a City Manager. I graduated from UNT with a Public Administration degree. My first job was with the City of Dallas, then I said life is too short to work for the city, kudos to Bob for sticking it out, I worked for the City of Dallas and the City of San Antonio and came back, concentrating on TIFs with the City of Fort Worth on their downtown TIF and a number of other projects.

Of those 313 TIFs we have done about 120 so I have about 25 years of experience doing it. There is not many things we have not seen in the TIF. We are excited to be here and the opportunity that presents itself with a TOD. We mentioned it is a noncontiguous TIF. We just did one in Grand Prairie, they took it from 4,000 acres to 12,000 acres. It is nine different noncontiguous zones. We did not used to do that, we used to have TIFs that would have an area, which followed a road and then expand but now we can do the noncontiguous because of House Bill 1770 that was passed in 2009.

We were here for the presentation by Catalyst Urban Development and they prepared the master plan. I have known Paris since 1995 when I worked with the City of Dallas and he was doing urban planning in the uptown Dallas areas. We worked a lot together on a lot of different projects. I think he did an excellent job of laying out a master plan. What is really hard for us, give us a clean slate. I am a numbers guy, tell me what you are going to build and I will tell you about the capacity, how it can be built and what I think of the velocity of how it will come on but his master plan anticipated a development of a mix of uses including retail, office, industrial, multifamily, hotel, single family residential; very exciting plan and those are the proposed uses.

TIRZ #2 – Proposed Development

- Catalyst Urban Development prepared a Master Plan vision for the property located within the TIRZ
- Anticipated development includes a mix of uses including retail, office, industrial, multifamily, hotel, and single family residential



DAVID PETTIT
Economic Development

PROPOSED TIRZ #2

I do not want to rehash what Paris went through with you but you have a lot of different drivers obviously, being a TOD stop is important. The college is a great generator here. There are a number of different things, talking about a village square development, the health science area, where Bob mentioned building a parking garage, mixed use along I-35 frontage and what Realty Capital is doing on the west side of 35. All those things lend themselves, the iron is hot we just need to strike. We really think the timing is right.

TIRZ #2 – Proposed Development



10

DAVID PETTIT
Economic Development

PROPOSED TIRZ #2

These are kind of the artist renderings but I think from looking at a lot of pretty pictures, I think this is very doable and I think it is achievable if we have the skeleton in place.

TIRZ #2 – Proposed Development



DAVID PETTIT
CORPORATE DEVELOPMENT

PROPOSED TIRZ #2

What we were proposing with the TIF was a 36 year term and the City of Corinth participating with 50% of its ad valorem and Denton County, Denton County cannot even look at a TIF until the city has done its job, which is create the boundary, the term, the TIF board and has a preliminary plan. Once we have those numbers we can sit down with the county and start discussing what they can pay for, what they will not pay for. For example, I have presented TIFs before to Denton County and Tarrant, Dallas Counties. They do not like to pay for City Halls. Southlake Town Center is one of the things they highlighted in there and if you will notice, they have a county facility in that City Hall that helped the county participate so there are some tricks.

TIRZ #2 – Participation Assumptions

DAVID PETTIT
Economic Development

- 36-year term
- City of Corinth participating at 50% of its real property increment
- Proposing Denton County participation at 50% of its real property tax increment, subject to an interlocal agreement with the City of Corinth.

Real Property Tax	Participation		
City of Corinth	0.5300000	50%	0.2650000
Denton County	0.2255740	50%	0.1127870
Denton ISD	1.5400000	0%	0.0000000
	2.2955740		0.3777870

Personal Property Tax	Participation		
City of Corinth	0.5300000	0%	0.0000000
Denton County	0.2255740	0%	0.0000000
Denton ISD	1.5400000	0%	0.0000000
	2.2955740		0.0000000

City Sales Tax Rate	0.0000000	0.00%	0.0000000
State Sales Tax Rate	0.0625000	0.00%	0.0000000

City HOT	0.0700000	0.00%	0.0000000
State HOT	0.0600000	0.00%	0.0000000

PROPOSED TIRZ #2

Scott Garber, Council Member – Is there a benefit to a longer term, 36 versus 25 year?

David Pettit, David Pettit Economic Development – What we have found is that particularly on a project of this scope, if you had a development that was ready to go, shovel ready, you are still not going to see increment for the first three to five years, so really, you have 10 years' worth of increment. The way we are structuring here, is for every new dollar that is generated above that base, \$.50 goes to the general fund and \$.50 goes to the TIF. The TIF money is reinvested in those areas. That is if you had everything shovel ready today. You are probably 15 years into it. When I was doing the projections, I was looking at stuff coming online in 2028, 2032, so that is where the 36 year, if there is no obligations outstanding within the TIF. The city has the right, under the statute, to terminate the TIF. We can do a shorter term but we think we are doing a disservice because you are not going to generate the revenue you need. It will pull options off the table. That \$59 million that Bob gave us earlier, we would not have any opportunity to fund that. It really shows a commitment to the development community that the community is behind it by having that longer term. More and more of our TIFs that we are putting in today are in the 36 year term.

Bob Hart, City Manager – Some of you are coming to the North Texas Commission luncheon a week from Monday. At our table, Michael Talley will be at the table. He is the gentleman at the county that will be the most critical at making this work. He has been included in all of our DCTA meetings also.

David Pettit, David Pettit Economic Development – We knew Michael when he was with the City of Kenne. I have known him and Andy Eads, Andy received his MPA from UNT so we have a close nit group of City Managers and public administrators. Natalie mentioned that you can put in sales tax, let me say, you do not want to do that because it is too hard to track from the comptrollers. We can get the Denton County Appraisal District information easily and they prepare those reports. We know what the base is and we know what the increment is. The easiest way to look at a TIF is you get your base and any new dollar that comes on, \$.50 will go to the general fund and \$.50 will go to the special

fund that is going to pay for the outlined improvements that we will further refine in November. We have a preliminary plan now that outlines those costs. I always like to say that 50% of something is better than 100% of nothing. You've really got to have this in place in order to facilitate the type of quality development that Catalyst Urban Development put together. These things do not just happen, just by putting out a master plan. They have to have an implementation piece and that is what this is. The TIF is the implementation piece. If you look at the total taxes generated, obviously Denton ISD, they have the highest tax rate. What we also include in that, there is a number of hotels and sales tax that the city will generate revenue from. We include that in there because there is a number of hotels and sales tax retail establishments that are a part of it. So with \$884 million generated from this area and with 50% participation with the City of Corinth, the Denton County, we are proposing that, it is subject to an Interlocal agreement. They typically take the final project and financing plan and attach it to the Interlocal and say they are holding you to this because they do not want you saying you will do 50 now and now I am doing zero. You have their money. They are savvy and most cities understand it. Even with that, the total net benefit of \$753 million to the taxing jurisdictions. Denton ISD, they will tell you it is even-stein because of Robin Hood but that is changing these days. We talked about Senate Bill 2 with House Bill 3, they are capped at 2.5% but this still helps their INS and so Denton ISD is right there on the border. It is not property wealthy but it is not property poor. This will benefit them, they just floated an \$800 million bond this will help them pay for a lot of those bonds. Unfortunately ISDs cannot participate in TIFs and that is since 1999. For a long time when TIFs first came around, ISDs were putting money into TIFs and sheltering them from the Robin Hood, mainly districts like Highland Park, Grapevine/Colleyville ISD and so that is why you see a lot of these TIFs from other places that were established August 31, 1999 because the law went into effect September 1. We just had a whole slew of laws that went into effect. We are still trying to dig out of that but a benefit that increment would not be there without this TIF being in place.

TIRZ #2 – Revenue Summary

Taxing Jurisdictions	Total Taxes Generated	Participation	Total Net Benefit
City of Corinth	\$216,973,556	\$67,175,338	\$149,798,218
Denton County*	\$57,859,409	\$28,599,509	\$29,259,900
Denton ISD	\$395,007,800	\$0	\$395,007,800
State	\$179,657,618	\$0	\$179,657,618
Total	\$849,498,383	\$95,774,846	\$753,723,537

**Proposing Denton County participation at 50% of its real property tax increment, subject to an interlocal agreement with the City of Corinth.*



PROPOSED TIRZ #2

This is a list of improvements. What we do at this point is look at the needs that Bob outlined. Over 36 years, we generate over \$95 million worth of increment, assuming we have county participation. What we have found, is at this juncture, it is best to identify categories and then once we get into the

TIF Board level, we start refining those and distributing the monies. We like to say that savings from one item can be applied to a cost increase to another line item. We do not want to come back to the TIF Board and if we saved on one line but not the other, it is hard to predict costs over 36 years. We want a little bit of flexibility. How it works, as Bob had mentioned, the TIF will not produce a lot up front but if you have projects in the que we can tell you pretty much within a couple hundred dollars of the revenue if Realty Capital gets going. If you get a multifamily project going, if you get some retail going. That might require some infrastructure up front and if the city pays for that they would come to the TIF board and ask if they can be reimbursed for the dollars that we have. The reason we have longer terms for TIFs is in the latter part. It is hard to front end load because we do not know what we do not know. We have our assumptions, there are some ebbs and flows that come with that.

TIRZ #2 – Project Costs

Proposed Project Costs		
Street and Intersection Improvements	\$ 33,521,196	35.0%
Sanitary Sewer Facilities and Improvements	\$ 19,154,969	20.0%
Water Facilities and Improvements	\$ 9,577,485	10.0%
Storm Water Facilities and Improvements	\$ 9,577,485	10.0%
Transit/Parking Improvements	\$ 9,577,485	10.0%
Open Space, Park and Recreation Facilities and Improvements	\$ 7,183,113	7.5%
Economic Development Grants	\$ 4,788,742	5.0%
Administrative Costs	\$ 2,394,371	2.5%
Total	\$ 95,774,846	100.0%

- The costs illustrated in the table above are estimates and may be revised.
- Savings from one line item may be applied to cost increase in another line item.
- **Individual TIRZ project cost allocations will be evaluated on a case by case basis, consistent with the categories listed above, and brought forward to the TIRZ board and City Council for consideration**

D
DAVID PETTIT
Economic Development

PROPOSED TIRZ #2

The next steps for creation, we have the boundary, term, TIF Board, city participation, the preliminary project and financing plan. Once that is done, I will come back to you. The TIF will be created. TIF number two, City of Corinth, will be created. Your TIF Board, I believe the way we set it up is the City Council and we afford each participating taxing jurisdiction one seat on the board and that is by law found under Chapter 311. If the county chooses to participate, they will get a seat on the board. They are a recommending body to City Council so they do not have the final say so I always like to tell councils to put on your TIRZ hat, turn it around to your city council hat. It makes it more efficient because sometimes we have appointed boards that think they are an inflated role when really city council is making the final decision. I am happy to answer any questions. We will have a public hearing tonight which was published seven days in advance and allow anybody to speak for or against TIRZ. You have a great plan in place, you have a lot of catalyst drivers in your master plan and 50% of something is better than 100% of nothing.

Next Steps for Creation

- City Council Consider Creation Ordinance
- Creation ordinance establishes four key elements:
 - Boundary;
 - Term;
 - TIF Board;
 - City Participation; and
 - Preliminary Project and Financing Plan
- Upon TIF creation the Final Project and Financing Plan is approved by the TIF Board and then the City Council by separate ordinance



NEXT STEPS

Lowell Johnson, Council Member – In your estimation, why is Razor Ranch having so much difficulty?

David Pettit, David Pettit Economic Development – Razor Ranch, I saw the article in the Denton Record Chronicle. They are debating, should we give them additional incentives? The problem is they did not deliver on the first phase. They promised a bunch and were promised a bunch back from the TIF but they did not deliver. There is a lot of mitigating circumstances so I do not want to get into all of the weeds of why that happened but if you did not live up to your original pledge, what makes you think we are going to live up to your second pledge? I think there is some bad blood. I think it will go forward. We recently did the Tanger Outlet with Bucces that was in Denton County. We worked with Andy Eads and that group but we delivered what we said we were going to deliver. We delivered an outlet mall and Bucces and we will give you retail. When you say that and you do that contractually and Natalie was a compliance officer with the City of Fort Worth, that is what she had to do. In the development agreements it says you will build ½ million square feet, if you do so, we will give you so much money. If you only build 100,000 there is a level of trust that has been broken so it is hard to go back to the well once that trust has been broken so they have to reestablish that. We can put anything down on paper, it is executing. We can all blame the recession, I have had a lot of projects that weathered the recession and came back really strong. Was it part of the original plan, was it a modified plan? We do not know what we do not know but I think that is just that they didn't deliver on their original promises.

Lowell Johnson, Council Member – Same question in Flower Mound, with the River Walk area. Slower development, I guess the recession bit them too and the swap in developers caused them some problems too.

David Pettit, David Pettit Economic Development – I am very familiar with that project as well. It is the same situation and they also have some upfront money in there which is through a public improvement district that the town actually had to approve and so by charter they had to approve a

public improvement district. That developer likes to see those funds up front. What we are talking about is a reimbursement type which is a safer approach to doing development. I think this has the belts and suspenders that you would expect from somebody that is taking a conservative approach to development.

Sam Burke, Mayor Pro-Tem – What is your role going forward?

David Pettit, David Pettit Economic Development – We will work with you on the final project and financing plan. We will work with staff and discussions with the county, I know Andy Eads and Michael Talley well and negotiating what will most likely happen is we have an ask. The city will have its commitment saying we are putting 50% in so we are all in. They will probably go through our laundry list of items and say what they will pay for. It might come in the form of TIF or other monies. What really matters is that we get their participation to the level that we anticipate which about \$28 million is. Once we are done with that and once it is up and running we make ourselves available to Bob and staff as questions or negotiations come up. There are some parking garages, we do the negotiations. I like to say we are the broker between the private and public sector, they do not talk to one another in the same language they do not trust one another. We have served in both so we can outline the details. We will serve that roll if need be but for right now we are going to get you from soup to nuts to a final project and financing plan with county participation.

Sam Burke, Mayor Pro-Tem – So all of that will be in place and the county's money is going to come up front as well.

David Pettit, David Pettit Economic Development – To be determined. Up front money, time value of money, it is always best to get that money up front or a commitment over time and that will be spelled out in the Interlocal agreement that we have. An Interlocal agreement is just an agreement between two cities. They might do 25% and put in \$15 million and the other \$15 million is going to come through the form of bond money and other monies that they have and Andy is really good at doing that.

Sam Burke, Mayor Pro-Tem – Have you all run an analysis of the time value return on investment that you project? We saw the total number of \$95 million and the increment increase is X. On the timing of those investments, what is the return that you anticipate?

David Pettit, David Pettit Economic Development – We have not done that, we take the approach that if we do not do this we are going to have a lot of haphazard development. Really you will continue to get what you have been getting. This is implementing a master plan. Without this being in place, you would get 25% of what you are seeking. It is really guesswork and I am guessing. This isn't like a traditional incentive where I am giving this warehouse building with 1,500 employees \$5 million. It is going to take them X amount of time to pay me back. We are starting with a clean slate here and so you will continue to get those revenues and those revenues are those revenues are not going to be going away. They will be placed in a special bucket to invest in this TOD. I like to think of it as a do something or do nothing scenario and with what is at play here, the stakes are very high. It is reasonable to do something and 50% is reasonable. New dollars generated, we implement the master plan that we have; that goes into the general fund. It helps Bob pay for the things he needs to pay for and then we have money in the TIRZ to help pay for all of those projects that are along that.

Sam Burke, Mayor Pro-Tem – There is no mathematical calculation of if you don't do this here is the revenue increase you would see over time versus if you do this here is your revenue increase over time. Just as a matter of experience you think we are going to do better and you are going to like what you see better.

David Pettit, David Pettit Economic Development – Natalie had a good comment when this question came up, the velocity of the development is going to be accelerated, the quality of the development is going to be accelerated and you control it because you are going to be in partnership with these individuals. I think anecdotally, I have done the studies as to where, what if we did nothing but it is basically like doing a comp plan and saying this is what we would like to have here but you have no carrot to incentivize making that work. I think anecdotally you would achieve 25% of the revenue that you would otherwise see so you are seeing a significant jump because you are putting this in place. We did this in Fort Worth in West 7th, we said yeah, they paid a lot for the dirt but what happens if we do not incentivize this and they came back and said they could sell all of these to banks and they could pay the \$40 per foot but we want mid-rises with parking garages. We looked at the revenue return and if you sell all of the good stuff along the highway frontage but you don't concentrate on what is back there and create a sense of place you are really losing out on a lot of revenue. We put those numbers up but it is a total guess about what will happen if you do not implement this plan because it will just be the same ole, same ole.

Natalie Moore, David Pettit Economic Development – Just to give you some form of mat, what we do in our project and financing plan, you should have this, we take the revenue of the base growth assuming 2% growth. What that generates, total taxes is \$71 million over the life of the TIRZ and what we are proposing that the TIRZ will generate with all of the growth is \$849 million. Of that \$849 million you would receive \$71 million just on 2% growth of the base. Everything else is generated by the new development that we are proposing that could be made possible because of this investment.

David Pettit, David Pettit Economic Development – Thanks Natalie. If you take what is there and you grow it at 2%, since the dawn of time, this is what has been there. Grow that at 2% the state is going to cap you at 3.5%, what you can capture of it but 2% is a pretty general growth rate. All the remainder of it is new development that otherwise you would not see.

Mayor Heidemann – Were you involved with the TIF in North Richland Hills to finance their rail/Dart line? Can you give us any details or insight of how it might correspond with what we are doing?

David Pettit, David Pettit Economic Development – I worked for the City of North Richland Hills as a consultant but the TIF was already in place. We did a full blown study on what type of development would occur because without the TOD you will get apartments that do not have parking garages, surface. I was a special consultant to the city when they were sued because they took away the zoning for the Realty Capital and Arcadia. You are familiar with the lawsuit. Basically we had to mitigate the piece that was a part of that but I think there's great similarities between what is going on in North Richland Hills and I also think there are great opportunities up and down the Txrail that North Richland Hills, I have worked with them on the Main Street Station and also the Iron Horse Station. Without those generators and this goes back to my days when I was getting into the business, it is like filling a mall. We know malls are dying but it is like any development, you have to have anchors, people generators. The transit station is one of those key components so people want to live by that transit station and because of that you can get a premium for it. Otherwise you will build along a railroad track that you cannot use so you are back in your car oriented development. We are not saying we will get rid of cars but TODs, I do not have the statistics but the return on investment from what DART has done for all of their TODs, they have seen exponential growth compared to other areas of the city to where there are no TODs. I see a great similarities to what Mark Hindman, the City Manager there and the Mayor and Council have done because they have been very proactive. In Grapevine, we worked on the TIF there and we provided the TIF for Grapevine Mills and we expanded it to include what we call the Rafael Palmerio 185 acres and that is where Kubota and Daimler Chrysler and hotel development, there is a water park going in there. We had excess money to build a nice parking garage

and transit facility through that TIF. That was a noncontiguous TIF. A lot of success stories out there.

Scott Garber, Council Member – Maintenance activities inside the TOD, is that covered through the TOD, meaning road repairs?

David Pettit, David Pettit Economic Development – The TIF cannot pay for maintenance. There is a section in there for grants. You can expend money for the purpose of enhancing the business and commercial activity within the zone so it is general practice that it is for bricks and mortar.

3. Discuss Regular Meeting Items on Regular Session Agenda, including the consideration of closed session items as set forth in the Closed Session agenda items below.

Bob Hart, City Manager – Item number 9, this is a resolution to consider the nomination of board members of the appraisal district. The mayor and I had tried to nominate Don Glockel but he does not want to do it. He would have access to votes through his daughter. He is not interested due to the controversy surrounding it. We do not have any names for you. You do not have to act on it.

Item number 10, you will talk about your vote for the 911 district. Traditionally it has always been elected officials on the board. You will need to vote for someone tonight.

Tina Henderson, Council Member – I would recommend David Terre.

Sam Burke, Mayor Pro-Tem – I would support him.

There was no Closed Session.

CLOSED SESSION

The City Council will convene in such executive or (closed session) to consider any matters regarding any of the above agenda items as well as the following matters pursuant to Chapter 551 of the Texas

Section 551.071. (1) Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; and/or (2) a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

Section 551.072. To deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

Section 551.087. To deliberate or discuss regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

RECONVENE IN OPEN SESSION TO TAKE ACTION, IF NECESSARY, ON CLOSED SESSION ITEMS.

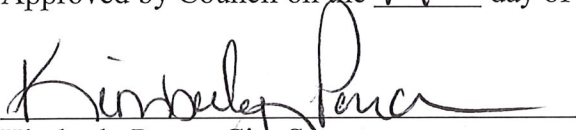
ADJOURN:

Mayor Heidemann adjourned the meeting at 6:43 p.m.

AYES: All

Meeting adjourned.

Approved by Council on the 14 day of November, 2019.



Kimberly Pence, City Secretary
City of Corinth, Texas

