

# Minutes



## Frisco Road Economic Development Project Plan Review Committee

THE FRISCO ROAD ECONOMIC DEVELOPMENT PROJECT PLAN REVIEW COMMITTEE MET IN SPECIAL SESSION ON **JANUARY 15, 2014** AT THE CENTENNIAL BUILDING IN THE CITY COUNCIL CONFERENCE ROOM. THE MEETING WAS HELD AT 2:00 PM

### CALL TO ORDER:

#### ITEM 1:

##### Roll Call:

Ken Smith, Chairman  
Betty Corn - Absent  
Bill Martin - Absent  
Kyle Ruzicka  
Jack Stewart  
Larry Taylor

### OTHERS PRESENT:

**Larry Mitchell**  
**Sara Hancock**  
**Grayson Bottom**

**Leslie Batchelor**  
**Amy Phillips**  
**Mike Segler**

#### ITEM 2:

### APPROVAL OF MINUTES FROM NOVEMBER 21, 2013 MEETING

*Motion for minutes to be approved,  
Pending Corrections.*

**Motion – Jack Stewart**

**Second – Larry Taylor**

**Ayes- Smith, Ruzicka, Stewart, Taylor**

**Nays-None**

#### ITEM 3:

### REVIEW AND CONSIDERATION OF PROPOSED BUDGET FOR PROJECT PLAN

Larry Mitchell provided a map with the Project and TIF District Boundaries. The map was made according to the consensus from the November 21, 2013 Review Meetings discussions. He then stated the next step in the process will be discussing the budget. We will be trying to anticipate and estimate what the needs will be within the district for various activities with respect to the development, so we can set the budget number. This number can be amended from time to time by the City Council. Larry Taylor

asked, if this was just a recommendation to the City Council. Mr. Mitchell stated yes. Mr. Mitchell proceeded to tell the process of the budget of the Project Plan. It includes public hearings at Planning Commission and City Council meetings. Mr. Taylor clarified it does not go to the Yukon Economic Development Authority meeting. Mr. Mitchell stated, correct, however we would provide a copy of the Project Plan to the Economic Development Authority. Once the Project Plan was adopted by the Council, the Economic Development Authority would manage the day to day and month to month management of the Project Plan and budget. They will approve expenditures and review financial condition of the District.

Mr. Taylor asked when the Council would look over the operations. Mr. Mitchell stated the Council would get reports and review the budget on an annual basis. Mr. Taylor asked if Council would be able to make changes. Mr. Mitchell stated the Council can amend the budget from time to time. If there is any major expenditure, the Council will be involved in the discussion and decision making. Ken Smith asked where the initial funding source would come from. Mr. Mitchell stated as of right now, the Hotel/Motel Tax. However, in the future, the District will generate revenue.

Leslie Batchelor wanted to clarify that anything that currently requires Council approval will still require Council approval. The adoption of the Project Plan just creates framework and direction of funds from the District. It does not delegate power away from the Council. Mr. Smith wanted to clarify creation of budget is not incurring debt. Ms. Batchelor stated correct. The most important aspect of the budget is setting the maximum amount of money that can be captured from the increment and be dedicated to the project cost. If there is never any money there, nothing will ever happen.

Mr. Smith wanted to know the information source we would use to make this budget. Mr. Bottom stated there is more than the expense side of the budget. In advance to setting expenses, you have to have revenue numbers. That is what the 3 Rivers report provides to you. Mr. Mitchell stated the report summary includes a low and high estimate. We know at the start, the first phase will be developed. The unknown is how the rest of the project will develop. Mr. Taylor questioned the report and the \$151 million for the TIF area. He wanted to know if it was the total or for 1 year. It was clarified that it was the cumulative total. Mr. Taylor wanted to clarify the number represented the number in the TIF District. He was concerned it was a large amount for our City. Mr. Bottom stated our sales tax is running about \$1.7 million a month. Mr. Taylor was concerned about the difference of \$18 million a year versus the projection of \$220 million a year. Mr. Bottom clarified that he was looking at Sales vs. Sales Tax. Ms. Batchelor stated the impact study and investment numbers are based on a full buildup of the project. Until we get commitments, it is just a projection.

Mr. Smith clarified the City would be moving ahead with the

extension of Health Center Parkway regardless of having a commitment. Mr. Bottom stated correct. Ms. Batchelor stated the City is in a fortunate place to already have funds to extend Health Center Parkway. She further stated the Project Plan has goals versus commitments. Mr. Bottom discussed how the development will not be using regular rules to be bank qualified. The developers will be buying the bonds, not the bank. The only way the developer gets his money back is by developing. You cannot use bank terms in consideration of the project.

Mr. Taylor asked if we had a dollar amount. Mr. Mitchell directed everyone to the last page of the agenda. He also reminded everyone we are only capturing \$.02 in the District. A realistic number for revenue of sales tax is close to \$3 to \$3.5million. Mr. Bottom stated we want to be attainable and sustainable. Mr. Mitchell gave the number for the Frisco Road interchange as approximately \$20 million.

Mr. Stewart asked about the sales tax dedication being only \$.02. Mike Segler stated the City has a permanent dedicated sales tax of \$.02. \$.01 goes to the employees and the rainy day fund and the other \$.01 to the Capital Improvement fund. Mr. Stewart questioned the report. Mr. Mitchell stated the report is just an example. Mr. Mitchell then went back to discussing the budget. The big number of \$25 million is for public improvements. Frisco Road by itself is about \$30 million. However, a big portion of this will be paid by highway funds. Our local share is in the neighborhood of \$12 million. Health Center Parkway will be about \$2.5 million. Mr. Bottom stated Health Center Parkway should be about \$2.2 million. It will not only include the road, but water and sewer. It will not be financed through TIF finance. Another important thing about the Health Center Parkway is it will serve three businesses in the Tax Increment Finance District, without there being any debt associated with those businesses. The three businesses will be 125,000 square feet of retail space and will give to the TIF District. Mr. Taylor stated the money for Health Center Parkway had to be used. Mr. Bottom stated yes, because of loan agreement. Mr. Taylor asked, if Yukon Health Center Parkway was developed, we would have developers ready to build. Mr. Bottom stated yes. Mr. Mitchell stated even though City has money, the Health Center Parkway can be reimbursed through the TIF.

Mr. Taylor asked how much is generated yearly in the Hotel/Motel Tax. Mr. Bottom stated Hotel/Motel tax is a 5% occupancy tax and generates about \$20,000 a month. Mr. Segler stated tax is dedicated to Economic Development and Tourism.

Mr. Smith clarified we have moved from Item 3 to Item 4 on the agenda.

***NO ACTION WAS TAKEN***

**ITEM 4: DISCUSSION AND QUESTION**

Mr. Segler asked when Fairfield would be opening. Mr. Bottom is not sure. He is in negotiations and confident we will have a new opportunity soon. Mr. Taylor asked if it would be in TIF District. Mr. Smith asked if it had a conference center. Mr. Bottom stated conference center is important.

Mr. Smith asked if the proposed budget would be the primary focus at the next meeting. Mr. Mitchell stated he had a handout of preliminary draft. Ms. Batchelor would like to focus on budget. The proposal for consideration is \$37 million. She stated there are four categories. One category is \$25 million for Public Improvements. Mr. Smith wanted clarification that the \$37 million is not money we are fronting. Mr. Mitchell stated correct, that is money that will be collected in the district. Ms. Batchelor stated the list is made up to show items the TIF can be used to pay for. She further clarified the committee does not make commitments. Mr. Smith clarified the Council makes the decisions. Ms. Batchelor stated the decision being made is the absolute number amount the TIF District can be and what it can be spent on.

Mr. Smith likes how it is set up, but what source is used to come up with the \$37 million. Ms. Batchelor stated first we look at estimate on what the City is going to need/wish list. Mr. Taylor asked about police, fire, and garbage. Ms. Batchelor stated that we cannot use TIF money for employees or operations. Mr. Stewart asked who would own land. Ms. Batchelor stated not the City. Mr. Taylor stated the developer. He further questioned if the developer will ask the City to do the plumbing. Ms. Batchelor stated not necessarily, that could be part of negotiations. She stated our goal is to make this place where real people want to be. How that happens is still yet to be determined. Mr. Mitchell stated the Project Plan is basically building the umbrella. Ultimate goal is having the development occur. The beneficiary is the community. The new revenue generated goes to the City. Mr. Taylor asked if development does not happen, who pays for the interchange, the citizens of Yukon? Mr. Bottom stated the developers buy the bonds. They are left holding the bag, if they don't develop. Mr. Taylor clarified, not for the development, but for the interchange. Mr. Bottom restated the developers. Mr. Stewart asked, what would happen if the developer went bankrupt. Mr. Bottom restated, the developer's would be affected, not us. Mr. Smith stated there is fear in community about TIF District. He believes it would be beneficial to share as much information to public as possible. Mr. Mitchell stated we are trying to get Project Plan, so we can share with the public. Once the Review Committee makes their recommendation on a proposed Project Plan, the plan will go through a series of Public Hearings. Mr. Smith asked if there were any further questions.

Ms. Batchelor wanted to give the other categories. The second one is for Development Financing Assistance and potential land acquisition. This can be for right of ways to widening Frisco Road. This is a label

under the statute where you give financial assistance to the developer in a contract for exchange for what they do. Sometimes it is easier for the developer to do a piece of construction themselves and we reimbursed them through tax dollars over time. The third and fourth are costs for preparing and implementing plan over the next 10, 15 to 20 years with a modest contingency. Ms. Batchelor wanted to clarify the \$37 million cost in principal. The district will go away once the \$37 million plus interest is paid off.

Mr. Smith believes information has given some clarity. Mr. Smith asked, if next meeting will include making a decision. Mr. Mitchell stated hoping committee will be making a decision soon to pass on to Council. A preliminary draft was handed out. Mr. Bottom asked if we had concluded Item 3. Ms. Batchelor reminded committee that items handed out are marked draft. Nothing has been finalized and anything can be changed.

Mr. Smith notated Item 3 has been concluded with No Action Taken. Item 4 discussions and questions.

Mr. Mitchell handed out map and discussed project area that included north of I-40 and whether not to include a property in the district. Mr. Smith agreed with recommendation, but not to acquire it. Mr. Mitchell stated not acquiring, but to include it in district. Mr. Smith agreed with recommendation. Mr. Mitchell stated it would be at next meeting for consideration.

Mr. Smith would like to have nominations for Vice Chairman at next meeting. Ms. Batchelor would like to take recommendation to Planning Commission in February.

**ITEM 5:**

**CONSIDER SELECTING AND APPROVING THE DATE AND TIME, FOR THE NEXT REVIEW COMMITTEE AND SPECIAL MEETING**

January 23, 2014 at 1:30pm was suggested.

**Motion to approve Thursday, January 23, 2014 at 1:30 pm, for the next Review Committee Special Meeting.**

**Motion – Larry Taylor**

**Second – Kyle Ruzicka**

**Ayes – Stewart, Smith, Taylor, Ruzicka**

**Nays- None**

**ITEM 6:**

**ADJOURNMENT**