
TIRZ BOARD MEETING
April 16th, 2015
Minutes

Members Present: Kelly Young ~ Chairman
Robert (Stormy) Higgins ~ Vice -Chairman
Charles Black
Chris Evatt

Members Absent: None

Staff Present: Jon James, Director of Planning and Development Services
Dan Santee, City Attorney
Kelley Messer, Assistant City Attorney
Donna Boarts, Secretary (recording)

Members Absent: Paul Grohman
Brian Bethel

Item One: Call to Order.

Mr. Kelly Young called the meeting to order at 9:00 a.m. in the Basement Conference Room of City Hall.

Item Two: Honor and Acknowledgment.

Mr. Kelly Young wanted to honor and acknowledge the passing of Mr. Brian Green, a TIRZ Board Member.

Item Three: Approval of Minutes.

Mr. Higgins moved to approve the minutes of the January 15th meeting. Mr. Evatt seconded the motion.

Item Four: Discussion and possible approval of the 2014 Annual Report (tabled at the January 15th meeting).

Mr. Young stated at the last meeting did not reflect all the information that was needed at the time.

Mr. James stated that the March report other than the change in the final dollar amount all remains the same. The main summary, Tax Increment Finance Zone Collections Report from the appraisal district listing the information that was missing at the January 15th, 2015 meeting including the amount outstanding showing the tax due. The total amount for the year end 2014,

\$78,421.30, of that \$ 72,013.50 has been collected with about \$6,000 still remaining. The 2014 year-end report requires approval to send on to City Council.

Mr. Higgins moved to table the 2014 Annual Report. Mr. Evatt seconded the motion and the motion carried by a vote of four (4) in favor (Higgins, Black, Young, Evatt) and zero in opposition.

Item Four: Review and approval of revisions to the Board Bylaws.

Mr. James stated the Bylaws went to City Council they had some questions regarding the wording and how things were referred to.

- *What is a majority vote?*
Under the bylaws it takes 3 members to make up a quorum with a majority vote required to approve an item. Therefore, an item could be approved with only 2 members voting in favor. Most Boards and Commissions do not allow that to occur. The recommendation from one of the City Council members was to require that it take at least 3 votes to pass an item.
- Were referenced as Directors or Board Members?
Directors of the Board of Directors.
- Added a new financial provision section article five (5) sections 1, 2 and 6 need to change to 1, 2 and 3. Finance staff is reviewing the paperwork and have signed off on it but would like to review again and send to the City's bond counsel for additional review. Mrs. James is recommending approval, any changes can be revised before going on to City Council.
- Question to clarify: Indemnifications?
We added an indemnification section to specifically address this.

Mr. Higgins inquired under Article III Section 6. Area highlighted.

(a) The Board shall pay reasonable compensation to the City for such services.

Asked for clarity on the two words "*Shall* and *May*"

Mr. James stated it was a duplication and should say "Shall" in both places, but we can remove it in one of the two locations.

Mr. Santee stated either word could be used depending on the board's decision. The original TIF (Tax Increment Financing) district had no bylaws at all. If the City does perform that then the City must be compensated out of the TIRZ funds.

Mr. Higgins asked if there needs to be a separate agreement that we sign with the City? Or does the City charge the district a "*reasonable compensation*".

Mr. Santee explained that an audit is done by an outside entity that would document the appropriate charges.

Mr. Santee recommended that we **TABLE** this item until finance is able to join the meeting to discuss and to clarify.

Mr. James indicated that we might need to keep both phrases *shall* and *may* due to the wording in the bylaws.

Mr. Santee stated that he would like to have the finance in on this meeting to make sure we have the authority from the by-laws, if needed to sale the bond and reimburse with the funds that come in.

Mr. Young asked for clarity on the wording in Article 6 Section 4b. “The *board shall indemnify each and every member of the Board*”

Mr. James stated each board member as an individual is indemnified by the board as an entity.

Mr. Young inquired about Article 4 Section 2.

Mr. James stated the correct wording is read “In order to become an Amendments changes shall also require approval of the City Council.”

Mr. Young made the motion to **TABLE** *consideration of the by-laws* until the end of the meeting. Mr. Higgins seconded the motion. Motion was approved unanimously.

Item Five: Presentation by development group seeking TIRZ funding and a development agreement regarding a hotel and related development on Ambler Ave.

Mr. Paul Grohman (property owner) of 550-558 Ambler since 1986. Mr. Grohman stated that construction of this hotel venue for Abilene would be an asset to the entire area. The Adoba Eco-Suites is a contemporary, eco-conscious hotel will have approximately 200 rooms making this the first Adoba Hotel built from the ground up. Adoba Hotel currently has three hotels in operation with over 1,100 rooms nationally. They pride themselves in being a unique hotel.

Mr. Grohman stated the locations of the other hotels.

- Dearborn, Michigan
- Rapid City, South Dakota
- Highlands Ranch, Colorado

He specified that the hotel is located in the former Hilton Hotel in Dearborn Michigan with 880 rooms that is across from Ford World Headquarters. The proposed hotel would be a four star property and would be located on the north side of Ambler on approximately 110 acres. With an estimated cost of \$50 million, Mr. Grohman stated this would be the largest private taxable development in Abilene’s history. We are looking for about 25% of the public participation in

order to acquire our financial stack. He explained that the City is at “*Zero Risk*” stating that if a taxable value is not produced the City simply does not owe anything. Mr. Grohman clarified that they are not considering a bond issue the owners are willing to look at a long term cash flow from their success.

Mr. Higgins inquired about the method of financing public improvements. The beginning amount requested is \$8,075,000 in tax rebates.

Mr. Young inquired if an approval needed to be made today?

Mr. Grohman stated that we wanted to introduce this product, and answer any question from the Board, but that he did not necessarily expect a definitive answer today. He also indicated that interest rates will be on an increase due to their historical lows, so he wanted to move forward soon.

Mr. Young suggested that this item be TABLED to allow time to discuss the process and procedures to use in the future to apply to this item and others. He stated that he is aware that Mr. Grohman would like an answer within the next quarter.

Mr. James had a few questions;

- The reimbursable costs, including kitchen area, restaurants/bar and meeting rooms, would they be city owned? And is that what would make them eligible as public improvements?
- Would the entire facility be owned by the City and leased back, or just the meeting space?

Mr. Grohman stated that it would be just the meeting space. The City would own and a “*Lease Back*” option would be done for a period of time. Mr. Grohman specified that the presentation to the TIRZ Board was an assumption that was created for new development, and to enhance an area that was underperforming. His desire is to get a proposal on the table for City Council and TIRZ Board consideration.

Mr. Santee stated that the TIRZ Board might not be able to make that recommendation. If the TIRZ Board makes this recommendation and the council rejects any city participation, does it then go back to the TIRZ Board? The City needs to decide if they would be interested in this development.

Mr. Young advised that questions that a Board Member might ask might be different than what City Council would ask. The developer would discuss with the City Council and/or staff first, then the Board could look over the proposal and bring to the TIRZ Board a summarized version.

Mr. James inquired if county participation is anticipated?

Mr. Grohman stated that county participation would be desired, although the county chose not to attend this meeting due to other commitments at this time.

Mr. Young suggested to move on to the next item and stated the question regarding this project should be brought to the city staff for consideration and recommendation before coming back to the Board.

Item Six: Discussion regarding procedures for development proposals being placed on the Board agenda.

Mr. Young spoke about the decisions the board needs to make regarding a set of policies and procedures that can be shared with developers so everyone knows what to expect in the process. Mr. Young recommended having a special meeting or workshop and possibly learning from other successful TIRZ Boards in other cities.

Mr. Santee stated the original TIF funds that were used were from the funds on hand for public improvements in the downtown area. There are a lot of assumptions in these project proposals and we rely on our finance department and staff to run those assumptions and advise the rest of us on the viability of projects and to consult with bond counsel.

Mr. Higgins stated that a workshop would be desired for a better understanding of the financial implications of recommendations of this board.

Mr. Evatt agreed with Mr. Higgins.

Mr. Young stated that a time needs be set to discuss and possibly come to some sort of conclusion. He inquired about the policies and procedures from other TIRZ Boards and how they operate.

Mr. Santee stated it will depend on what the project is and what is necessary for this board to see, how the process works for those that are seeking reimbursement from the TIRZ Board as well as a list of questions that need to be answered before seeking reimbursement.

Mr. James stated that a date does not need to be decided today, an email will be sent out to confirm a date that all are in agreement with.

Mr. Young stated that the city should look at the proposals before they come before the TIRZ Board. He also suggested that there be an appeal process available if projects are denied.

Return to Item Four: TABLED PREVIOUSLY.

Mr. Higgins made a motion to Remove the *Board Bylaws* item from the table, seconded by Mr. Evatt and the motion was carried with a vote of four (4) in favor, none in opposition.

Mr. Santee requested that Mrs. Mindy Patterson from the City's Finance Department answer questions regarding Article V; *The Financial Provisions*. The board had some questions on article III, section VI, where it states:

- *Finance and Planning and Development Services Departments, provided that (a) the Board **shall** pay reasonable compensation to the City for such services, and (b) the performance of such services does not materially interfere with the other duties of such personnel of the City.*
- *The proceeds of Obligations **may** be used for the purposes of financing or otherwise providing one or more Projects.*

Mr. Santee stated that a better understanding is needed on the relationship between the funds of the TIRZ and how our Finance staff handles it, what is done and what the typical charges are with the other boards that we do that for.

Mrs. Mindy Patterson spoke about the venue district, stating that City staff collects all the money and we provide reports as well as collections, accounting, and distributing the funds. Our legal staff handles the legal side of all that.

For the previous TIF Board, City staff handled all the accounting and the finance. The monthly reports were than distributed, as well as handling all of the investments if there are any residual funds available. Budgeting and the audit side is also handled in by the Finance Department.

Planning and Legal will also be involved and the calculated reimbursement is based on the percentage of the funds collected on the venue side. That is what we would be expected to reimburse for. However, the calculation may be different or a different percentage for the TIRZ based on how much staff time and involvement there is.

Mr. Higgins stated that since this is segregated money for purpose of development having a MOU (memorandum of understanding) is recommended. In addition to the statement “*shall pay a reasonable compensation for such service for the City of Abilene*”, will add “*in accordance with a memorandum of understanding.*” will be added into Article III.

Mr. Young stated modifications need to be done to the Board Bylaws to address this.

Mr. Higgins moved to TABLE the Bylaws until further cleanup is done. Mr. Evatt seconded the motion and the motion carried by a vote of four (4) in favor (Higgins, Black, Young, Evatt) and zero in opposition.

Item Seven: Adjourn

The TIRZ meeting was adjourned at approximately 10:10 A.M.

Approved: _____, Chairman
