

MINUTES
CITY OF DENTON
ECONOMIC DEVELOPMENT PARTNERSHIP BOARD
February 14, 2018

After determining that a quorum was present, the Economic Development Partnership Board convened on Wednesday, February 14, 2017, at 11:07 a.m. The meeting was held in the City Council Work Session Room at City Hall, 215 E. McKinney Street, Denton, Texas, 76201.

PRESENT: Jim Fykes, Carrell Ann Simmons, Keely G. Briggs, Marty Rivers, Jimmy Mejia, John Baines, Steve Edgar, and Jill Jester

ABSENT: Carine Feyten, Neal Smatresk

EX-OFFICIO: Present: Chuck Carpenter
Absent: Todd Hileman and Jamie Wilson

STAFF PRESENT: Bryan Langley, Caroline Booth, Adam Gawarecki, Julie Glover, Kim Phillips, Jessica Rogers, Michelle Cunningham, Erica Sullivan, Christina Davis, and Michelle Coughlin

1. WORK SESSION

A. EDP18-006 Receive a report and hold a discussion regarding revisions to the City's Policy for Tax Abatement and Incentives and Public Improvement District Guidelines.

Booth presented information regarding revisions to the City's Policy for Tax Abatement and Incentives and Public Improvement District guidelines. The board discussed retaining commercial public improvement districts. Council Member Briggs mentioned that City Council will be taking up the residential PID discussion again in the future. Rivers communicated that at the January EDPB meeting the board discussed Residential PIDs, and at the time the board indicated that if the EDPB Board were to consider a residential PID request, there would need to be a demonstrative public benefit for the PID. Briggs recommended that the EDPB define what a demonstrative public benefit would entail, to define what that would mean. Booth mentioned next steps would be another Work Session with City Council.

B. EDP18-016 Receive a report and hold a discussion regarding the current method for fiscal and economic Impact analysis of projects requesting incentives.

Sullivan presented a report regarding Total Impact 2.0, which is the current method for fiscal and economic impact analysis of projects requesting incentives. Sullivan reported that Total Impact 2.0, by Austin-based Impact Data Source is a customized economic development modeling tool that performs economic and fiscal impact analysis and incentive analysis for municipalities. It produces reports that estimate the impact of a potential project in the City of Denton will have on the local economy and the costs and benefits for local taxing districts over a ten-year period.

Baines asked about the reliability of the data that is provided from the company seeking an incentive, for example, what if a company were to over-inflate the information to bolster their opportunity to receive the incentive. Booth responded that when staff is discussing the necessary information required with the customer, staff recommends completing the application with realistic expectations in mind, that it is best to show realistic expectations, because there are certain thresholds that must be met.

C. EDP18-010 Receive a report and hold a discussion regarding an incentive application from United States Cold Storage.

Booth opened the discussion regarding an incentive application from United States Cold Storage and mentioned that USCS provides its clients with refrigerated and frozen food warehousing and transportation. Booth continued and reported that on February 2, 2018, USCS closed on a 40-acre site on Jim Christal Road east of Western Boulevard in the Westpark Tax Increment Reinvestment Zone. The location of the project will necessitate Phase 2 of the Westpark TIRZ improvements, which generally consist of water and wastewater line extension and improvements, drainage improvements, and road reconstruction, all along Jim Christal and West Oak Street. The EDPB had questions related to the anticipated energy usage, type of technology related to energy management software, employee salaries/full time versus part time. Tim Franciscus, representative of US Cold Storage, was on hand to answer questions. The options the EDPB considered:

1. No incentive
2. Abatement per policy guidelines at 25%, 30%, or 35%
3. Construction sales and use tax rebate
4. Combination of 2 & 3
5. Other

D. EDP18-012 Receive a report and hold a discussion regarding an incentive application from Fisher59.

Booth opened the discussion regarding an incentive application from Fisher59, and mentioned that Fisher59 distributes MillerCoors beverage brands to 40 counties in North Texas and Southern Oklahoma. The family-owned and operated company is headquartered in Denton, employs about 140 people locally, and does more than \$120 million in business annually.

Booth continued and explained that Fisher59 is seeking to expand by building a new 205, 000-Square foot warehouse/distribution/office facility, and the company will seek at least LEED Bronze certification in their new building. The company is considering a 50-acre site in Denton at US 380/Masch Branch. It is also considering a site outside the Denton City limits at US 380/George Owens Road.

Booth concluded and reported that Fisher59 is requesting the maximum allowable incentive under the current, 2016 Policy for Tax Abatement and Incentives, because the company is seeking to offset the higher costs of the Denton site. The options the EDPB considered:

1. No incentive
2. Abatement per policy guidelines at 25%, 30%, or 35%
3. Construction sales and use tax rebate
4. Combination of 2 & 3
5. Other

12:53 p.m. Break for Lunch, Edgar left the meeting.

1. REGULAR MEETING - 12:30 p.m.

A. EDP18-015 Consider approval of the minutes of the January 10, 2018 meeting.

Jester made a motion to approve the minutes as presented. Simmons seconded the motion. The motion was approved unanimously with a vote of (7-0).

B. EDP-18-007 Consider a recommendation to the Denton City Council regarding approval of the revised Policy for Tax Abatement and Incentives.

Fykes made a motion to recommend to the Denton City Council approval of the revised Policy for Tax Abatement and Incentives. Baines seconded the motion. The motion was approved unanimously with a vote of (7-0).

C. EDP18-008 Consider a recommendation to the Denton City Council regarding approval of the revised Public Improvement District Guidelines.

The Economic Development Partnership Board chose to table this item.

D. EDP18-011 Consider a recommendation to the Denton City Council regarding an incentive for United States Cold Storage.

Fykes made a motion to recommend to the Denton City Council an incentive for United States Cold Storage for a 5-year, 25% tax abatement, the construction sales and use tax rebate, and the DME Economic Growth Rider for a total incentive of \$561,165. Baines seconded the motion. Briggs voted against the motion. The motion was approved with a vote of (6-1).

E. EDP18-013 Consider a recommendation to the Denton City Council regarding an incentive for Fisher59.

Fykes made a motion to recommend to the Denton City Council an incentive for Fisher59 a construction sales and use tax rebate and a 5-year, 25% abatement on incremental value. Jester seconded the motion. The motion was approved unanimously with a vote of (7-0).

F. Staff Reports to the EDP Board:

1. January 2018 City RFI Summary
2. December 2017 STaND Report

The EDPB chose to forgo the presentations regarding Staff Reports, as the Staff Reports were included in The back-up materials.

The meeting adjourned at 1:34 p.m.