

**AUGUST 26, 2015
MINUTES OF THE
TAX INCREMENT FINANCING COMMISSION MEETING
CITY HALL ANNEX, 520 MAIN STREET
BELTON, MISSOURI**

Chairman Fred Hastie called the meeting to order at 7:01 p.m.

Election of Officers

Chairman Fred Hastie asked for nominations for officers. Commissioner Branan nominated Fred Hastie to remain Chairman, seconded by Commissioner Peterson. Commissioner Peterson nominated Ron Branan to remain Vice-Chairman, seconded by Commissioner Maurer. Commissioner Peterson nominated Ed Maurer to remain Treasurer, seconded by Councilman Trutzel. Mr. Brad Foster, Assistant City Manager, said Dot Watkins is now working for the City of Greenwood so the position of Secretary is vacant. Chairman Hastie nominated Andrea Cunningham, Executive Secretary, seconded by Commissioner Branan. Councilman Trutzel motioned that the selection be closed and to accept the nominations. Chairman Hastie mentioned Brad Foster's position of Assistant Secretary had not been nominated. **Councilman Trutzel revised his motion to say the selection is closed and to accept the nominations as amended to include Brad Foster as Assistant Secretary**, Commissioner Branan seconded. All present voted in favor. Commissioner Elkins absent. **The nominations were approved.**

Roll Call

Belton TIF Commission Members present were: Chairman Fred Hastie; Commissioners: Pete Peterson, Ed Maurer, and Ron Branan; Councilman Chet Trutzel. Absent: Commissioner Rob Elkins. A quorum was present.

Also present were: Jerry Miller, Belton School Board Member; Brad Foster, Assistant City Manager; Aaron March, TIF Attorney representing the City of Belton; and Andrea Cunningham as secretary.

Chairman Hastie acknowledged key guests in the audience: Mayor Jeff Davis; Ron Trivitt, City Manager; Megan McGuire, City Attorney; Jay Leipzig, Economic and Community Development Director; Carolyn Yatsook, Community Development Specialist. Chairman Hastie recognized other attendees: Councilmen Jeff Fletcher, Dean Van Winkle, and Robert Newell; Karen Fletcher, Belton School Board Member.

Commissioner Branan motioned to approve the minutes of the December 4, 2013, Commission meeting, Councilman Trutzel seconded. All present voted in favor. Commissioner Elkins absent. **The minutes were approved.**

Review of Existing TIFs

Brad Foster reviewed the 6 current, active Belton TIFs. The city has been involved in the TIF process since 1990.

Belton Towne Center (Home Depot/Kohl's/Target)

This project was created in 2001; final phase completed in 2004. There is one lot left behind Applebee's. Revenues \$2,220,258; required debt service \$1,858,738. Anticipated bond retirement is 2021. This TIF has allowed improvements to be made to Markey Parkway, Town Centre Dr, and the Y/I-49 Interchange.

Belton Marketplace (Petsmart)

This project was created in 2006; construction completed in 2009. Revenues \$422,192; required debt service \$250,766. Anticipated bond retirement 2021-2022.

Y Highway Marketplace (Price Chopper)

This project was created in 2010; there is still development left to be done. Price Chopper now controls this whole site. Arvest Bank should start construction around October. Revenues \$682,300; required debt service \$328,919.

Y Belton Plaza (Academy Sports/Hobby Lobby)

This project was created in 2007; amended in 2013; not completed yet. Heartland Dental and Hobby Lobby are under construction. This is a pay as you go TIF. The amount being brought in is going back the developer as they fronted the money.

Southtowne Plaza (Menards)

This project was created in 2009; amended in 2012 for Menards; not completed yet. Menards has submitted building plans.

Boardwalk at Belton (old South View Golf Course off I-49)

This project was created in 2009; it never got off the ground. It had a multi-use design to it. The original developer lost it to the bank. This TIF is dormant. We probably need to declare it in default and get it off the books. A real estate company is currently marketing it.

Jerry Miller asked what the advantage is to the City to get this off the books. Aaron March said when a property is in a TIF district, the City has certain obligations to report to the state. If the City doesn't have anything to report, it's just easier to get it off the books. It cleans it up. Whoever purchases that property will likely amend the TIF anyway.

Brad Foster explained how these TIFs have helped build Belton. Y Hwy was only two lanes; now it's four. We used TIF money to build the interchange at Y Hwy and 71 Hwy. We were able to bring in Ruby Tuesday, Longhorn, Applebee's, Jose Peppers, and Buffalo Wild Wings.

Jerry Miller asked if any of these TIFs have been paid off. Brad Foster said yes, Mullen Square and the Central Arterial TIFs.

Chairman Hastie said it looked like they are paying off very well. Brad Foster said the only one that may be troublesome is the Y Hwy Marketplace, but that's because the development isn't finished. There's a lot of potential there.

Jerry Miller asked if there's a maximum number of TIFs we can have? Brad Foster said we'd like to get to a point where we don't need to use TIFs to incentivize development. Aaron March said the state statute does not impose a maximum number of TIFs. The Commission and the City Council have developed guidelines. If the project meets those goals, then we could consider approving the project. Every project is evaluated on a case-by-case basis.

Overview of the TIF Process

Aaron March made a presentation regarding the life of a TIF project from start to finish.

The City has a single point of contact for development. It usually starts with an informal conversation with Jay Leipzig and Carolyn Yatsook in the Economic & Community Development Department. They find out what the developer is looking for and what they need. Once the developer has selected a site, all the departments look at the project holistically. They look at tenants, land use, etc. Jay Leipzig helps the developer with the overall process – the plat, the plan – and answers any concerns the developer may have. Then we develop the TIF plan.

Brad Foster said when the City considers a TIF, they look at the public infrastructure that's being constructed with this project. Price Chopper was a little more difficult because it wasn't a new store. The City decided to move forward with it because the developer would be creating infrastructure/public improvements. We also consider if the business being proposed fills a need? Academy Sports is a good example. Belton was a new market. We also consider the total cost to build the development; 15% can be funded by TIF. Compared to neighboring cities, we're pretty stringent. Want to make sure it can have a 12-year payout. These are all policies; they are not set in stone.

There are two types of TIFs – TIF bonds and pay-as-you-go. Bonds have lower interest, but you have to make sure enough revenue is coming in to cover them. But, if the revenue doesn't come in, the City is not liable. There is no guarantee on the part of the city for any of this debt. Pay-as-you-go is higher interest, but the burden is on the developer and it gives more incentive to build quickly. The City is repeatedly asked to back bonds. This means that if the development doesn't bring in enough money, the City will pay the difference. We don't do this. Some also ask for a super TIF – to capture more money than the TIF requires. We don't do that either.

Jerry Miller asked what the advantage is to pay-as-you-go. Brad Foster said the developer fronts the money and it's written into the contract that he gets the money back over time.

Aaron March went on to explain a TIF is an economic development tool to finance redevelopment of blighted areas (economic underutilization), conservation areas, or economic development areas. We typically use the first two criteria. Once an area is designated one of these things, it allows future increases of real property taxes (PILOTS) and economic activities taxes (EATS) to be captured and used to fund the redevelopment. But there is no tax loss from the existing amount it's already capturing.

Distribution of TIF Revenues

PILOTS During TIF	EATS During TIF	After TIF
Increase in Property Tax (PILOTS)	50% of New City & County EATS	All Property & Sales Taxes Go To Taxing Districts
Frozen Base - Existing Property Taxes	50% of City & County New EATS	
	Frozen Base - Existing Economic Activity Taxes (EATS)	

At a TIF Commission public hearing, each taxing jurisdictions gets a vote. The developer has to have a site plan, general description of the program to be undertaken, estimated costs/budget, anticipated source of funds to pay the costs, and evidence of the commitments to finance the project costs. They will state how much of their budget will need to be funded by TIF money.

The policy considerations are

1. Evaluate the area – that is qualifies as a blighted area, conservation area, or economic development area.
2. The “but for” test – the statute says, “but for TIF, the area will not likely be developed.” This is a question we have to answer.
3. Does the plan conform to the comprehensive plan of the city?

The statute says we can pay for any or all reasonable or necessary costs it takes to implement the plan. We have to decide how much we want to pay for. We can also do physical improvements outside of redevelopment area. How much to pay for is a major item for discussion and relates back to the “but for” test.

Jerry Miller asked if an existing building goes from being worth \$100,000 to \$200,000 because of the improvements/developments, do the taxing jurisdictions still only get taxes on the \$100,000? Aaron March explained the taxing jurisdictions will get 25% of the additional \$100,000; 75% will go to pay off the TIF (the school district is one of the taxing jurisdictions). After 12 years when the TIF is paid off, all the taxes coming in will go to the taxing jurisdictions. Chairman Hastie added that this is a reason to get them paid off as soon as possible so we can get all the tax money earlier. The City policy is 12 years

to pay off; state statute is no more than 23 years. Jerry Miller asked if the 25% is a policy or law. Aaron March said it's a City policy. The state law does not address this. The City simply thought the taxing jurisdictions shouldn't have to wait 12 years to see any of the additional tax money. Chairman Hastie said the City and school district have had a good relationship.

Ed Maurer asked if the Mitchel Theatre improvements were privately funded. Brad said yes. Aaron March also added that all TIF contracts have included that developers have to maintain the property in 1st class condition. Mayor Davis said the old Price Chopper area is a good example of blight. It went back to the bank.

Chairman Hastie said he sees this all as a plus. We need to look closely at the criteria, but this seems like a win to allow TIFs. In the past, we've only disapproved one application. We had good reason, though.

Commissioner Branan moved to adjourn the meeting at 8:35 pm, Councilman Trutzel seconded. All present voted in favor. Commissioner Elkins absent. Meeting adjourned.

Andrea Cunningham, TIF Commission Secretary