

**MINUTES OF THE MEETING BENBROOK
REINVESTMENT ZONE NO. 1
TAX INCREMENT FINANCE BOARD OF DIRECTORS
WEDNESDAY, NOVEMBER 18, 2020**

The special called meeting of the Benbrook TIF Board of Directors was held on Wednesday, November 18, 2020 at 4:00 p.m. in the Central Conference Room at 911 Winscott Road with the following Board members present:

Larry Marshall
Jim Hinderaker
Brandon Ellison – via Telephone Conference
Mark Leach – via Telephone Conference
Susan Alanis – via Telephone Conference
J. R. Labbe – via Telephone Conference

Also Present: Beth Fischer, Recording Secretary
Rick Overgaard, Finance Director
Phyllis Wolfe, IT Director

I. CALL TO ORDER

The meeting was called to order at 4:04 PM by Chair Larry Marshall.

II. CITIZEN COMMENTS ON ANY AGENDA ITEM

III. APPROVE MINUTES OF DECEMBER 5, 2019

Motion Michael Leach, seconded by Brandon Ellison to approve the minutes from December 5, 2019 Vote on the Motion by Roll Call:

Ayes: Dr. Marshall, Mr. Ellison, Mr. Hinderaker, Mr. Leach

Noes: None

Abstain: Ms. Alanis, Mr. Labbe

Motion carried 4-0-2.

IV. OATH OF OFFICE

Beth Fischer administered the oath office individually to Susan Alanis (Place 6) and J.R. Labbe (Place 7) via teleconference.

V. BENBROOK FIELD INTEREST REIMBURSEMENT ADJUSTMENT

Jim Hinderaker gave the following report: In November 2010 the TIF Board authorized a contract with Weaver and Tidwell, Inc. (Weaver) to provide accounting assistance in reviewing a reimbursement request of \$5,043,529.99 from BBT Crossing, Ltd. (BBT) submitted on October 25, 2009 for TIF items constructed as part of Creekside Trail Phase 1. The Weaver report dated January 10, 2011 (Exhibit A) was based on an analysis of invoices, other accounting records and conversations with City staff and BBT. The findings of the report included calculations of two distinct payments options. On March 9, 2011, the TIF Board, following the recommendation of the TIF Subcommittee as made on January 10, 2011, chose Option 1 which provided for a maximum reimbursement of \$3,999,471 (\$3,542,391 principle and \$457,080 interest as of October 31, 2009).

While BBT accepted the findings of the Weaver report and subsequent TIF Board decision as it relates to the eligible principle reimbursement amount (\$3,542,391), BBT has consistently disputed the accuracy of the interest calculation (\$457,080) as provided in Option 1 of the Weaver report. According to Weaver, the primary purpose of their report was to determine whether or not the submitted expenses were in fact eligible for TIF reimbursement. Interest costs were not a focus of their report and were thus calculated by utilizing the outstanding debt balance related to the TIF as a percentage of the total as of October 31, 2009 multiplied by interest over the period prior to October 31 2009. Unfortunately, this method proved to be extremely inaccurate.

To complicate the issue, all subsequent annual TIF reimbursement payments made by the TIF to BBT between 2010 through 2017 were directly subtracted from the principle amount owed with all accrued interest costs deferred, which were to be determined later (see Figure 1).

Prior to the TIF's scheduled 2018 BBT reimbursement payment, city staff again engaged Weaver to calculate the outstanding accrued interest balance. This time Weaver modified their accounting method and calculated the accrued interest balance by multiplying the outstanding debt balance related to the TIF by the interest rate on the total debt on a daily basis from inception to October 31, 2009, which resulting in an outstanding accrued interest balance of \$811,821. City staff also reviewed the accrued interest calculations and determined the outstanding interest balance to be \$802,203, as shown in the attached payment schedule (Exhibit B). BBT is in agreement with city staff.

Motion by Brandon Ellison, seconded by Michael Leach to accept the updated interest calculation of \$802,203.

Vote on the Motion by Roll Call:

Ayes: Mr. Ellison, Mr. Hinderaker, Mr. Leach, Ms. Alanis, Ms. Labbe, Dr. Marshall

Noes: None

Motion carried unanimously.

VI. REVIEW AND APPROVE ANNUAL REPORT FOR PERIOD ENDING SEPTEMBER 30, 2020

Jim Hinderaker gave the following report: This is the annual report of the activities of Benbrook TIF Number 1 for the period from October 1, 2019 through September 30, 2020.

Status and Forecast of Taxable Increment

A. Previous Years (November 2002-September 2019)

The Benbrook TIF Number 1 was created in November 2002, which established the taxable value of \$27,190,150 in January 1, 2002 as the base value for the TIF. The net taxable increment in January 2003 (Year 1) was \$4,816,416, resulting in TIF revenues of \$66,393.10. The largest increase was the completion of the Railroad Controls, Inc. facility in Benbrook Industrial Park (\$3,078,605). The January 2004 (Year 2) net taxable increment decreased to \$1,475,984, with projected TIF revenues of \$20,346. This decrease was primarily the result of the purchase of the Railroad Controls facility by the Benbrook EDC, removing it from the tax rolls, for the purpose of entering a lease-buyback arrangement with Railroad Controls. The tax appraisal for January 2005 (Year 3) indicated a net taxable increment of \$9,566,796. The Benbrook EDC purchased approximately 80 acres in the TIF District for a total price of approximately \$3.863 million, removing this land value from the tax rolls; however, increases in the taxable values of other properties offset the removal of BEDC property from the tax rolls.

The net taxable increment as of January 2006 (Year 4) was \$20,108,225, of which \$9,372,477 was the result of new construction, much of which was associated with the residential development north of Walnut Creek (La Bandera Phase 3.) The net taxable value increment of the TIF as of January 2007 (Year 5) was \$28,873,037, with \$8,324,605 in new construction (again most in La Bandera Phase 3.) The net taxable value increment of the TIF as of January 2008 (Year 6) was \$46,716,035, with \$9,614,170 in new construction, including new buildings for Weatherford International (\$3.8 million), Best Western (\$1.3 million) and additional residential construction in La Bandera and Brookside Additions. The net taxable value increment of the TIF as of January 2009 (Year 7) was \$53,775,584, with \$4,027,969 in new construction, including a new building for Weatherford International (\$2.1 million) and residential construction in La Bandera and Brookside Additions. The net taxable value increment of the TIF as of January 2010 (Year 8) was \$55,271,055, with \$2,796,930 in new construction including the 7-Eleven on the corner of Benbrook Boulevard and I-20 and additional residential construction in Brookside Addition. The net taxable value increment of the TIF as of January 2011 (Year 9) was \$69,975,722, with

\$15,071,926 in new construction including the new Walmart on Benbrook Boulevard and continued residential construction in the Brookside Addition.

The net taxable value increment of the TIF as of January 2012 (Year 10) was \$85,969,048, with \$11,021,310 in new construction including the new Gardner-Denver and Doctor's Home health buildings in the Industrial Park; Panda Express, Chick-fil-A and Chase Bank on Benbrook Boulevard and continued residential construction in the Brookside Addition. The net taxable increment as of January 2013 (Year 11) was \$94,333,614, with \$6,134,484 in new construction consisting of Taco Villa, Chisholm Trail Dental, Golden Chick, and new home construction in Brookside Addition. The net taxable increment as of January 2014 (Year 12) was \$97,439,818, with new construction of NuEnergy, a professional building adjacent to Walmart and new home construction in Brookside Addition. The net taxable increment as of January 2015 (Year 13) was \$104,225,495, with \$1,740,101 in new construction consisting of office development along Mercedes Street and new home construction in Brookside Addition. The net taxable increment as of January 2016 (Year 14) was \$105,070,553, with \$1,759,381 in new construction consisting of improvements at Walmart, office development along Mercedes, and new home construction in Brookside Addition. The net taxable increment as of January 2017 (Year 15) was \$134,415,196, with \$97,568 in new construction. The net taxable increment as of January 2018 (Year 16) was \$144,252,563, with \$10,462,678 in new construction. The net taxable increment as of January 2019 (Year 17) was \$169,361,241, with \$12,012,023 in new development primarily deriving from new home construction in the Brookside Addition and the Gateway commercial development located at 8501 Benbrook Boulevard.

B. Current Year (October 1, 2019 - September 30, 2020)

The net taxable increment as of January 2020 (Year 18) was \$181,644,212, with \$5,986,738 in new development.

TIF District Revenues and Expenses

The TIF District has had the following revenues and expenses for the year beginning October 1, 2019 and ending September 30, 2020:

Balance forward from October 1, 2019	\$2,401,177.39*
*Includes a Year-End Audit Adjustment of (\$7,121.90)	
Revenues	
Payments from TIF Partners	\$1,904,108.40
Interest	\$21,883.12
EDC Reimbursement	<u>\$42,210.00</u>
Total Revenues	\$1,968,201.52
 Total Available	 \$4,369,378.91

Expenses:	
Debt service/issuance	\$503,136.00
Reimbursement to BBT (Pending)	\$580,482.10
Walnut Creek Flood Study	\$8,000.00
Benbrook Field Traffic Signal	\$129,264.97
Vista Way 2-Way Conversion	\$183,794.00
Benbrook Field/Vista Way Engineering	\$714.50
Vista Way Construction	\$40,200.00
Ryan Tract Purchase	<u>\$496,636.39</u>
Total Expenses	\$1,361,745.96
 Balance as of September 30, 2020	 \$2,427,150.85

In late 2003, the TIF Board and City Council authorized the sale of up to \$350,000 in certificates of obligation to cover the costs through September 2004; however, staff determined that it was best to borrow these funds from unappropriated city reserves to be paid back by the TIF rather than to issue debt. This interest-free loan was repaid in full during 2009. In June 2005, the City Council authorized a loan of up to \$3 million to the TIF from City reserves, but determined that they preferred to issue Certificates of Obligation rather than to continue to decrease their reserves, so \$2.5 million in COs was sold on August 4, 2005. In April 2012, the TIF issued \$1,280,000 in 10-year certificates of obligation at a 1.79% interest rate. Deducting the \$30,000 in issuance costs left \$1,250,000 for reimbursement to BBT Crossing. In June 2014, the TIF issued additional certificates of obligation for a period of eight years at 1.72% interest. Deducting \$27,963.75 in issuance expenses left \$1,147,036.25 for reimbursement to BBT Crossing.

Outstanding liabilities (as of 10/1/2020):

2005 Certificates of Obligation	
Principal & Interest remaining	\$203,490.00
Annual (2021) debt service \$203,490 (includes \$200,000 principal)	
2012 Certificates of Obligation	
Principal & Interest remaining	\$279,967.00
Annual (2021) debt service \$138,714 (includes \$135,000 principal)	
2014 Certificates of Obligation	
Principal & Interest remaining	\$315,332.00
Annual (2021) debt service \$158,999 (includes \$155,000 principal)	
 Loan from City reserves	 <u>\$0.00</u>
Total liabilities	\$798,789.00

Status of Ongoing Projects

A. Benbrook Field

The Developer Participation Agreement with Benbrook Towne Crossing (now known as Benbrook Field) was executed in September 2005, under which the TIF reimburses certain development costs up to a maximum of \$8.5 million from the increased taxes generated by their project. Work began on the first phase of the project in May 2006 and was completed in March 2007.

BBT Crossing, Ltd. exercised their option to purchase 80 acres in Benbrook Field from the Benbrook Economic Development Corporation (EDC) in August 2009 at cost. This action had two effects on the TIF District: 1) it removed the tax-exempt status on the property, which aided the generation of a taxable increment and 2) it removed the Benbrook EDC as a partner in the Benbrook Towne Crossing TIF Developer Agreement.

An initial request for reimbursement was received from BBT Crossing, Ltd. on October 27, 2009, in the amount of \$5,043,529.99 (including \$876,181.33 in interest.) After a detailed review by the auditor, the TIF Board determined in March 2011 that the maximum reimbursement to BBT for Phase 1 would be \$3,999,471, plus any eligible interest accrued since October 2009.

Based on the final 2012 tax rolls, the Benbrook Field project was reimbursed \$234,749.27 in May 2013. In May and June 2014, BBT Crossing was reimbursed a total of \$1,478,728.03, which included their regular TIF revenue plus the net proceeds of an additional certificate of obligation issuance. BBT was reimbursed \$189,952.27 in May 2015. BBT was reimbursed \$213,237.00 in May 2016, which resulted from their total increment of \$576,478.75 less \$66,208.75 for the Walnut Creek sewer line share, \$140,349.00 for the 2012 CO payment, and \$156,684.00 for the 2014 CO payment. BBT, while eligible for a maximum reimbursement of \$228,259.42 was reimbursed \$208,530.41 in July 2017, which resulted from their total increment of \$591,813.17 less \$66,208.75 for the Walnut Creek sewer line share, less the \$138,112.00 for the 2012 CO payment, less the \$159,233.00 for the 2014 CO payment, and less \$19,729.01 of unapplied accrued interest.

The following is a summary of reimbursements to date:

Maximum eligible reimbursement (plus interest accrued since October 2009)	\$3,999,471.00
Reimbursements to date	
June 7, 2010	\$53,665.77
June 6, 2011	86,392.38
May 31, 2012	1,534,215.87
May 21, 2013	234,749.27
May 20, 2014	331,691.78
June 24, 2014	1,147,036.25

May 20, 2015	189,952.27
May 19, 2016	213,237.00
<u>July 28, 2017</u>	<u>208,530.41</u>
Total	\$3,999,471.00

Remaining eligible for reimbursement (plus accrued interest) \$0.00

The above noted reimbursements were deducted directly from the maximum eligible reimbursement amount without inclusion of accrued interest calculations. To establish the “plus accrued interest” amount, the city engaged the services of Weaver and Tidwell, L.L.P., an independent auditing firm, who prepared an audit report dated August 13, 2018 (see attached Exhibit A - Weaver Report) wherein said reimbursement payments were subtracted from the principal and accrued interest balance in accordance with standard accounting practices established by the American Institute of Certified Public Accountants. As provided in said report, accrued interest calculations were determined by multiplying the outstanding debt balance related to the TIF by the interest rate on the total debt on a daily basis from inception to October 31, 2009. The report also reviewed the mathematical accuracy of the city’s reimbursement payments and the break out of principal versus interest since October 31, 2009.

Based on the final 2017 tax rolls, BBT was reimbursed \$398,093.43 in July of 2018, which resulted from their total increment of \$742,142.17 less \$66,208.75 for the Walnut Creek sewer line share, less \$140,830.00 for the 2012 CO payment, less \$156,739.00 for the 2014 CO payment, and PLUS \$19,729.01 for underpayment of the 2016 tax increment of unapplied accrued interest.

Based on the final 2018 tax rolls, BBT was reimbursed \$540,431.01 in July of 2019, which resulted from their total increment of \$904,344.76 less \$66,208.75 for the Walnut Creek sewer line share, less \$138,503.00 for the 2012 CO payment, less \$159,202.00 for the 2014 CO payment.

Based on the final 2019 tax rolls, BBT is eligible to be reimbursed \$580,482.10, resulting from their total increment of \$985,514.10 less \$66,208.75 for the Walnut Creek sewer line share, less \$41,070.25 for the Walnut Creek Flood Study Reimbursement, less \$141,131 for the 2012 CO payment, and less \$156,622 for the 2014 CO payment.

B. Other Development Activity

Two-Way Conversion/Extension of Vista Way – On March 26, 2019, the TIF Board amended the Tax Increment Reinvestment Zone Project Plan to include a project plan to extend Vista Way from the I-20 Service Road to Benbrook Boulevard. The project plan includes a two-way conversion of a portion of the I-20 Service Road, extension of necessary utilities, and realignment of Aledo Road/Old Benbrook Road intersection and signalization. On June 20, 2019, City Council approved an engineering contract with Parkhill, Smith & Cooper. A land

ownership and roadway alignment survey has been completed. The project is currently under review by TXDOT.

Clear Fork Emergency Access Bridge – On October 17, 2019, City Council awarded the construction contact to Ragle, Inc. Construction began in December 2019. The project is anticipated to be completed by December 2020.

Audi Dealership, 7300 I-20 - Audi proposes to construct and operate a new automobile dealership and inventory lot at 7300 I-20 (northeast corner of the I-20 frontage road and Hawkins Center Drive). Construction plans are approved. Permits will be issued following a pre-construction meeting.

Footworks, 9191 Vista Way – The operator of Foot Works Performing Art Center Dance Studios seeks to relocate their business now operating in a leased tenant space located at 9460 Benbrook Boulevard to an undeveloped one-acre tract located at 9191 Vista Way. The proposal includes construction of a new approximately 10,000sqft dance studio, parking lot and landscaping. Permits were issued on July 10, 2019. A Certificate of Occupancy was issued March 2020.

Aura Benbrook Apartments, 301 Mercedes Street - Trinsic Acquisition Company, LLC submitted civil and architectural plans in July 2018 for the proposed 301-unit multi-family development located on 17.9-acres at the northeast corner of Mercedes Drive and Vista Way. The project is now 100% complete. A Certificate of Occupancy was issued October 2020.

Brookside Four Addition – The Planning and Zoning Commission approved this 49-lot residential preliminary plat on February 8, 2018. The property is located on the east side of Walnut Creek between Woodglen Lane and Sterling Drive. Grading work began in June 2019. Once all improvements have been completed and accepted by the City, the final plat will be recorded and the residential home construction can commence. As approved, 10 of the proposed 49 residential lots are located within the TIF No.1 boundary.

Motion by Michael Leach, seconded by Susan Alanis to approve the annual report for period ending September 30, 2020.

Vote on the Motion by Roll Call:

Ayes: Mr. Hinderaker, Mr. Leach, Ms. Alanis, Ms. Labbe, Dr. Marshall, Brandon Ellison

Noes: None

Motion carried unanimously.

VII. REVIEW OF ON-GOING TIF PROJECTS AND OTHER DEVELOPMENT ACTIVITY

Jim Hinderaker provided an overview of the various on-going TIF projects and other development activity within the TIF boundary and balance of the City.

Brookside Four Addition - 10 lots in TIF still in development.

Aura Benbrook Apartments, 301 Mercedes Street - received their final Certificate of Occupancy in October for their final building. - They are fully complete and almost to full occupancy.

Audi Dealership, 7300 I-20 - will began construction in the first quarter of 2021 with a new showroom and full-service shop

Two-Way Conversion/Extension of Vista Way - still underway

Clear Fork Emergency Access Bridge Anticipate - completion in December.

Walnut Creek Bridge, potential eligible TIF - reimbursement project as an apartment development group wants to build west of Walnut Creek and will need an access bridge built to cross

VIII. ADJOURN

Meeting adjourned at approximately 4:56 P.M.

Approved

Dr. Larry Marshall, Chair