



Memorandum

To: Honorable TIRZ Board Members

Thru: George Purefoy, City Manager

From: Nell Lange, Assistant City Manager

Date: October 15, 2009

Subject: Consider and Act Upon a Resolution Approving a Proposed Amendment to the Project and Financing Plan and Enlarging the Boundaries for Reinvestment Zone Number One

Action Requested: Tax Increment Reinvestment Zone (TIRZ) Board approval of a resolution approving an amendment to the project and financing plan and enlarging the boundaries for Reinvestment Zone Number One.

Background Information: The City proposes to expand the boundaries of the Tax Increment Reinvestment Zone number one to include property acquired in the Frisco Junction area.

Additionally, we are proposing to amend the project and finance plan for project costs which include \$1,500,000 to \$2,000,000 for the site improvements for the Museum of the American Railroad, \$100,000 annual maintenance and operational cost of the Superdrome facility, a \$500,000 increase in the estimated cost of the expansion of the Dr. Pepper Arena and the reimbursement for land cost that is being added to the TIRZ.

The site improvements for the Museum of the American Railroad (MAR) will allow the organization to proceed in moving their collection from their current Dallas location to Frisco. This project will be funded from several sources of revenue as identified below. This initial infrastructure will provide a location for the MAR organization to relocate their collection of trains and to ultimately build a museum on the site. The total projected value of the MAR collection by 2020 is estimated to be \$20,000,000. This addition to our Frisco Junction area will further enhance this location and is projected to spur economic activity in the area.

The Superdrome facility was one of the original TIRZ projects. The facility is over ten years old and is currently leased to the Superdrome Management Group, Inc. To maintain the

attractiveness of the facility and to ensure a safe environment it has become necessary to supplement the costs to operate the facility and pay for recurring capital expense. The City Council feels this unique facility will continue to attract visitors and add to the economic engine of the city if we continue to invest the needed capital to maintain and operate the facility. Funding is proposed to come from the current and ongoing revenues of the TIRZ.

The additional funding for the Dr. Pepper Arena is to enhance the facility to allow an even broader possibility of events to be scheduled in the facility. The Phase V amendment to the TIRZ project plan added the expansion of the Arena as a project but the financing had stated the improvements would be funded through debt issuance. The \$500,000 needed for the additional improvements is projected to come from cash reserves in the TIRZ fund and to be repaid through increased lease payments over the next twenty (20) years. The attorney has recommended we modify the plan to provide for this amendment and the funding of this change with cash reserves currently in the fund.

The land purchased last year that is being added into the FTIRZ is 2.24 additional acres in the Frisco Junction Complex. There are still a few parcels in this area that we do not currently own. We will continue to look for opportunities to acquire the balance of the land in this location. The cost of the O'Neal properties was \$428,648 and we are recommending the reimbursement to General Fund for this purchase from the FTIRZ.

Board/ Citizen Input: None.

Alternatives: The Board could choose not to move forward at this time.

Financial Considerations: The recommendation is to fund these projects from the TIRZ #1 revenues. Funding for the infrastructure for the MAR project is proposed from three sources: \$500,000 from the TIRZ#1, \$250,000 from the Frisco Community Development Corporation and \$250,000 from the Frisco Convention and Visitors Bureau. The additional funding will be supplemented from the Museum of the American Railroad with another \$500,000 to \$1,000,000 to complete the site improvements. Additionally, any project overruns will be the responsibility of the museum.

The funding for the Superdome is proposed to be provided from the TIRZ #1 revenue. The on-going operational contribution is proposed at \$80,000 a year and an additional \$20,000 annually for a contribution to the capital reserve; the capital reserve to be established for the replacement of the boards every three to five years. The total annual contribution to the Superdome would be \$100,000.

As stated previously, the \$500,000 for the Arena would be funded from TIRZ #1 revenues and repaid from lease revenue. The land acquisition will also be funded from the TIRZ#1 revenues.

Legal Review: City Bond Counsel is preparing the resolution.

Supporting Documents: Resolution, Financing Plan, Project Plan.

EXHIBIT "A"
Project and Financial Summary for
Amendment #6 for Project Plan and Financing Plan of
Reinvestment Zone Number One
(City of Frisco, Texas)

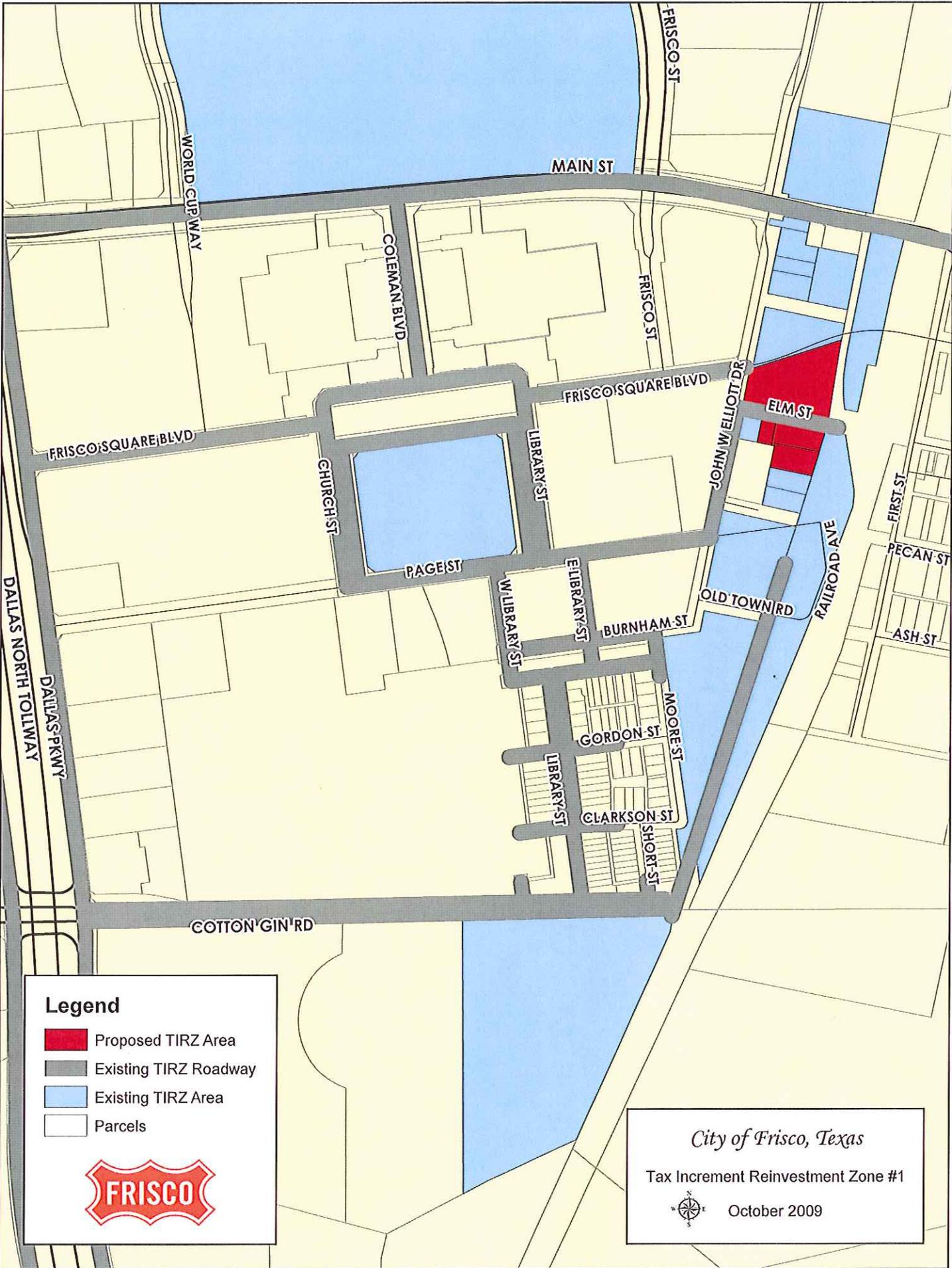
Additional Projects for Project Plan Amendment #6

Public Facilities (Recreational/Educational), Land & Infrastructure	Estimated Cost*
Additional Costs for Stars Arena Expansion	\$ 500,000
Infrastructure Improvements for the Museum of the American Railroads	2,000,000
Annual Maintenance & Operations for the Superdrome	2,900,000
Land Acquisition for Frisco Junction Complex	<u>430,000</u>
Facilities and Infrastructure Total	<u>\$5,830,000</u>

*The Estimated and Total Costs represent the total costs estimated for the Projects at this time. Because the Projects will be funded by a variety of Zone and non-Zone funding sources, the Zone will contribute a portion of these total costs as represented below:

Additional Contributions for (Amended) Financing Plan

Public Facilities and Public Infrastructure	Contribution to Cover Cash Expenditures of:
Arena Expansion	\$ 500,000
Museum of the American Railroads	500,000
Maintenance & Operations for Superdrome*	2,900,000
Land Acquisition for Frisco Junction Complex	<u>430,000</u>
Estimated Contribution from Zone	<u>\$4,330,000</u>



Legend

- Proposed TIRZ Area
- Existing TIRZ Roadway
- Existing TIRZ Area
- Parcels



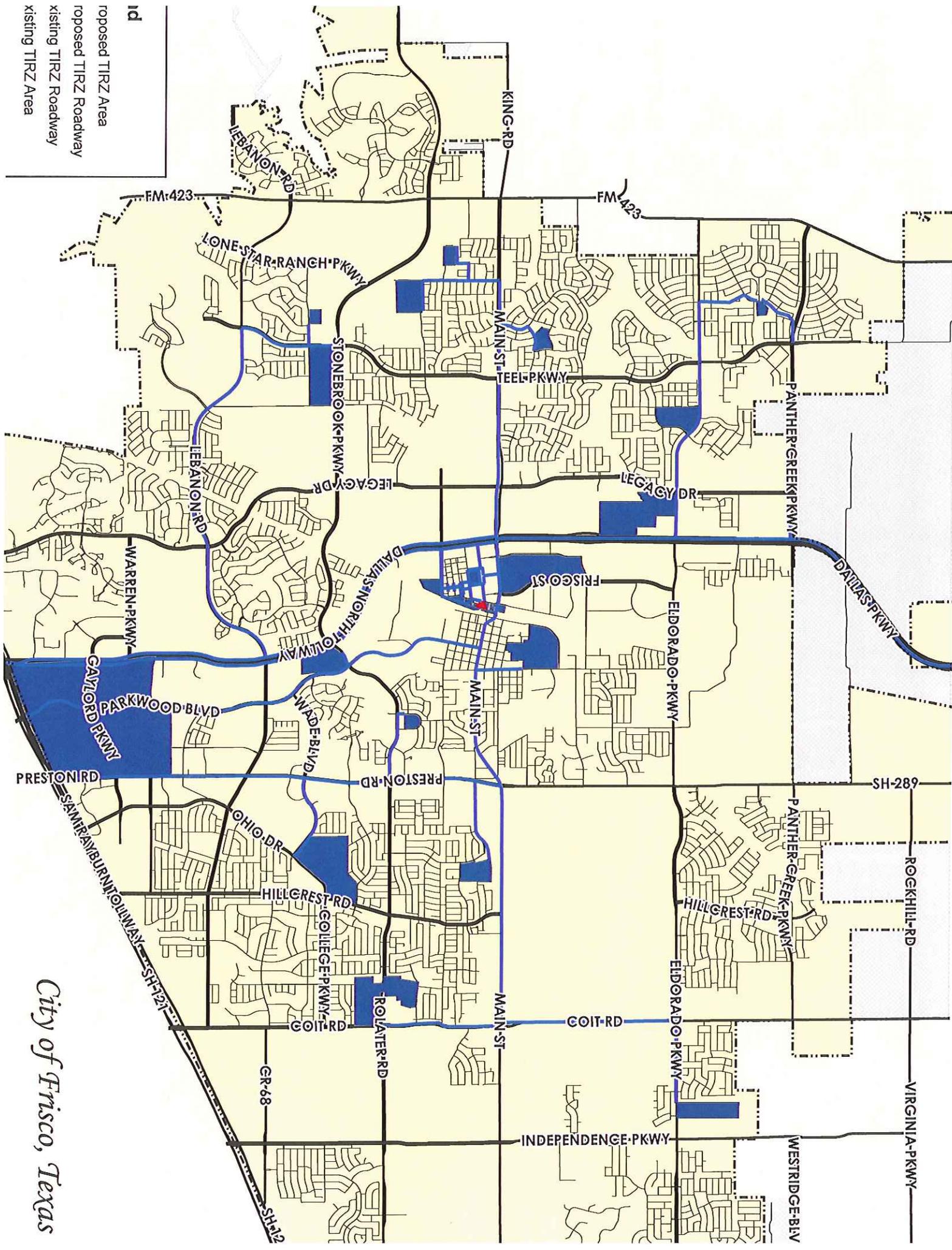
City of Frisco, Texas

Tax Increment Reinvestment Zone #1



October 2009

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City of Frisco, Texas