STATE OF TEXAS §
COUNTIES OF POTTER §
AND RANDALL §
CITY OF AMARILLO §

On the 9th day of February 2023, the Center City Tax Increment Reinvestment Zone No. 1 Board of Directors met in a scheduled meeting at 12:00PM, in Room 306 of City Hall, at 601 South Buchanan Street, Amarillo, Texas with the following members present:

Voting Members	Present	Meetings Held	Meetings Attended
Dean Frigo, Chairman, Amarillo Hospital District	Yes	32	27
Austin Sharp, City of Amarillo	No	27	13
Dr. David Woodburn, Amarillo College	Yes	12	8
Gary Jennings	Yes	6	6
Dick Ford, Amarillo Independent School District	Yes	9	9
Kimberly Warminski, Panhandle Groundwater Conservation Dist.	No	36	31
Jackson Latimer, Potter County	No	8	7
John Coffee, Potter County	Yes	8	8
H.R. Kelly, Potter County	Yes	17	15
Joseph Peterson, Jr., City of Amarillo	Yes	37	34

Staff Present:
Emily Koller, Director of Planning
Cody Balzen, Principal Planner
Andrew Freeman, Assistant City Manager
Jared Miller, City Manager
Bryan McWilliams, City Attorney
Laura Storrs, Assistant City Manager
William "Mick" McKamie, Of Counsel
Kyle Schniederjan, Director of Capital Projects and Development Engineering
Beth Duke, Center City Executive Director
Ella Ward, Planning Technician, Recording Secretary

ITEM 1. Call to Order.

Chairman Dean Frigo opened the meeting at 12:05 PM, established a quorum of six, and conducted the consideration of the following items listed below.

ITEM 2. Public Address

Chairman Dean Frigo inquired if anyone in the audience wished to speak for Public Address.

No public comments were made.

ITEM 3. Minutes.

Chairman Dean Frigo asked if the Board had any questions or changes for the minutes from the December 8th, 2023, TIRZ#1 Board of Directors meeting.

A motion was made by H.R. Kelly and seconded by Joseph Peterson, to approve the minutes as submitted.

The motion passed unanimously.

David Woodburn joined the quorum at this time.

ITEM 4. Appointment of Vice Chair

Chairman Dean Frigo asked if anyone would be willing to serve as Vice Chair for the TIRZ#1 Board of Directors.

David Woodburn identified he was willing to serve as Vice Chair.

A motion was made by H.R. Kelly and seconded by John Coffee, to appoint David Woodburn as Vice Chair.

The motion passed unanimously.

ITEM 5. Discussion and Consideration Regarding Changes to the Current TIRZ#1 Loan Agreements with the City of Amarillo and the Amarillo Local Government Corporation

Chairman Dean Frigo introduced the agenda item and passed it on to Andrew Freeman who then pointed out two documents that were provided for reference. He began to explain that LGC is evaluating options for filling the LGC owned retail spaces along the 600 block of South Buchanan Street, and one liability on the books is paying back the loan from TIRZ#1 which factors into their rates, income, and expenses. The LGC is requesting that the TIRZ#1 Board consider possible options for the loan agreement between the TIRZ and LGC. Out of the $1,850,000 loaned to the TIRZ from the city, $1,687,000 was loaned to LGC for the retail space of the development. The amount owed by LGC to TIRZ is now $2,037,092.50 from the accumulation of interest and lack of payments by LGC. Mr. Freeman then went over the incentive agreements that TIRZ has approved over the years for projects downtown and how much these might equate to over the full life of the agreements. When finished, he asked for any questions, discussion, or feedback.

Chairman Frigo commented that he would like to see some kind of incentive-based forgiveness program that would forgive a certain amount for each lease they make or condo they sell. The goal is to get it leased.

Joseph Peterson stated he liked that idea.

Mr. Freeman identified that this could give them ability to negotiate lease rates knowing that once leased a portion is forgiven.

Mr. Peterson asked if there was any priority established for the repayments of the LGC loans, such as City first then TIRZ.

Mr. Freeman answered that their main priority has been paying off the Hotel Occupancy Tax (HOT) debt piece first.

Laura Storrs stated the HOT piece is coming out of the parking garage portion of the project. The Retail side of the development was funded by two sources, one City loan and one TIRZ loan. Since there has not been enough revenue to consider repayments of either, there hasn't really been a priority established yet for that. The city loan source, that has not been fully spent yet, was intended to help with finish out of the units.

Chairman Frigo mentioned establishing an amount per square foot based on the loan amount and the full area of the retail space, forgiveness of the portion of the retail area that is already leased to Joe Taco, and then forgiveness of portions for the rest as they are leased or sold.

John Coffee asked about the parking garage revenues.

There was a discussion among staff and board members on the parking garage concerning the fee rates, expenses, and revenues. It was identified that the parking garage does not currently provide enough revenue to utilize toward repayment of both the HOT funding and the City/TIRZ loans.

Chairman Frigo stated that he has had concerns with the collectability of the loan repayment and showing this as an asset on the TIRZ budget for so long.

Mr. Coffee stated his concerns that this loan was made without an expectation to be repaid and with making investments with funds in public projects that are unable to be profitable.

Mr. Freeman stated that it was the intention that it would be paid back, but with the continued lack of repayments, it is discussed during each budget cycle that this is moving in the direction that would indicate an inability to be paid back by 2036.

Dick Ford initiated discussion on the reasoning behind LGC owning and managing the project and stated his request that whatever is approved concerning these loans, funds, and potential forgiveness be transparent to the public.

Bryan McWilliams and William McKamie identified that it was done through LGC because of the structure such a project needs to be established and the abilities given to LGCs through state law.

Jared Miller, City Manager, agreed with the transparency of the agreement changes and reiterated how any forgiveness could help with lowering lease rates and getting the retail space leased or even sold.

Gary Jennings stated his thoughts that things have changes since the initial envisioning for this project and that the board should be open to forgiveness of the loan in some manner.

Mr. Peterson stated he was in support of some type of partial forgiveness. He also stated that the less the TIRZ would be able to get out of the loan, the less they could put back into the downtown community through funding assistance or grants for other projects.

Mr. Coffee stated he would be agreeable with a type of performance-based forgiveness program as stated by Chairman Frigo.

Mr. Miller clarified that it seems like there is a consensus to do some type of performance based forgiveness, but there is not a consensus on the amount of the forgiveness.

Mr. Ford stated that an anchor tenant could work well in bringing other tenants at higher rent rates.

Mr. Peterson stated his want to base the forgiveness amount on what effects it could have on the rent rates.

Ms. Storrs went over the proforma for the LGC that identifies needed lease rates to meet maintenance and loan payments as they currently sit. With the TIRZ loan repayment, the needed lease rate would be $13. With full forgiveness of the TIRZ loan, the needed lease rate would drop to approximately $3.55. This does not include any tenant finish-out.

Mr. Ford stated that he would rather consider the forgiveness of the portion they would not be able to meet once the spaces are rented. Have LGC rent it for what they can, then consider forgiveness on what is needed to make their proforma work.

Mr. McKamie stated that when marketing a triple net lease to potential businesses, they would need to still identify the $13 per square foot need to meet building maintenance even if offering a lesser base rate. He also identified that the limitation on uses allowed has been widened a little since the Covid pandemic effects.

Mr. Peterson suggested identifying an amount for the forgiveness portion based on performance that would get their needed lease rates down to around $8 per square foot.

Mr. Ford asked what their real estate broker's recommendation was on lease rates.

Mr. Freeman identified that their recommendation was to not reduce the rate. They have been open to any conversations for potential businesses to propose what they want to pay, and they still have not seen any interest.

Ms. Storrs stated that LGC suspects that the reason they are not getting offers on rent rates is that the advertised rate may be viewed as too high or not negotiable enough.

Mr. Miller, before leaving for another appointment, summarized the situation and discussion that has occurred with the TIRZ board in an effort to clarify any current misunderstandings or confusion.

Chairman Frigo stated that it would help the LGC more if there was some certainty in the forgiveness of the loan and restated that the performance-based forgiveness could provide this, and if the forgiveness was for half of the outstanding balance this could allow them to lease for around $8 per square foot.

Mr. Peterson identified the need to stop the interest from continuing to accrue if a partial forgiveness is considered.

There was a general discussion on what amount they are to consider, whether it is the $2,037,092.50 outstanding balance that has increased from the original $1,687,000 loaned to the LGC from the TIRZ due to accrued interest, or the $1,182,244.58 that is currently owed by the TIRZ on the original loan from the city to the TIRZ for $1,850,000. It was clarified that the proforma utilized the $2,037,092.50, and if half of that number was forgiven, it would get the lease rates down to around $8 per square foot.

A motion was made by Gary Jennings and seconded by Joseph Peterson to approve changes to the loan agreement with LGC as follows: All interest will stop accruing on the loan. Of the $2,037,092.50 balance, $500,000 is due by 2036. Of the $1,537,092.50 remaining, there are two performance related opportunities to have the amount forgiven. $1,037,092.50 will be forgiven on a percentage of area basis out of the total retail square footage including the already leased Joe Taco unit, whose percentage of area shall be forgiven with this agreement. The remaining $500,000 will be forgiven if 100% of the retail space is leased within five years, if not, this amount will be added to the $500,000 owed by 2036.

The motion passed unanimously.

ITEM 6. Update on Projects Taking place in Downtown

There was a loss of quorum at 1:14PM before this item commenced.

ITEM 7. Discuss Items for Future Agendas

ITEM 8. Adjourn

Emily Koller
Director of Planning