

**JOINT MEETING OF THE BELTON CITY COUNCIL AND
BELTON ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS
June 30, 2016 – 4:00 P.M.**

The Belton City Council met in special session with the Belton Economic Development Corporation (BEDC) Board of Directors in the Conference Room at Belton City Hall, with the following members present: Mayor Marion Grayson, Mayor Pro Tem David K. Leigh, Councilmembers Jerri Gauntt, Paul Sanderford and Dan Kirkley. Councilmembers Craig Pearson and Guy OBanion were absent. Staff present included Sam Listi, Amy Casey, Gene Ellis, Brandon Bozon, Angellia Points, Byron Sinclair, Paul Romer, Aaron Harris, Erin Smith, Ed Bandas and Chris Brown.

Members attending from the BEDC were: Board Vice President Joe Shepperd, Board Secretary Griff Lord and Board Members Steve Jones and Barry Harper, along with Executive Director Cynthia Hernandez, Ana Borchardt, Director of Business Expansion & Retention and Legal Counsel Neale Potts. BEDC Board President Chris Moore was absent (telephoned into the meeting from remote location).

1. **Call to order.** Mayor Marion Grayson called the City Council meeting to order at 4:03 p.m., and BEDC Board Vice President, Joe Shepperd, called the BEDC Board meeting to order.
2. **Hold a joint meeting between the Belton City Council and the Belton Economic Development Corporation to discuss Belton's 2016-2020 Strategic Plan, and City and BEDC goals, projects, plans and funding implications.**

Mayor Grayson called the City Council meeting to order and welcomed everyone to the joint meeting. BEDC Vice President Joe Shepperd called the BEDC portion of the meeting to order and announced that Board Chair Chris Moore was participating in the meeting via telephone. He then turned the meeting over to BEDC Executive Director Cynthia Hernandez. Mrs. Hernandez provided an update on BEDC projects, focusing on the Strategic Plan elements that were directly related to Economic Development.

Mrs. Hernandez stated that BEDC has considered building a spec building, but they have decided it is not an investment they want to make at this time. She said that a number of the leads they have received from the Governor's Office have been for land, and several were for sizes of land that are just not available in Belton, so they were unable to pursue them. BEDC has considered a few pieces of property for purchase, and had them evaluated by a local engineering firm, but they are still researching to determine which properties would be best for BEDC.

Next, Mrs. Hernandez discussed the conveyance of the Rockwool property from the City to the BEDC based on changes made to the institutional control ordinance at the City Council meeting on June 28, 2016. She said that BEDC will need to invest \$208,000 in order to extend water service to the properties. She said that as far as wastewater is concerned, they will most likely let the potential developer extend that

to the property. Mr. Shepperd added that there has been a lot of interest in the Rockwool property. Mayor Pro Tem David K. Leigh asked where and how the potential developer would tie into the sewer. Mack Parker of KPA Engineers explained to the group possible ways to achieve extending sewer service to the property.

Mrs. Hernandez said that BEDC has identified a new piece of property for BEDC offices. There is interest from others to purchase the current property owned by BEDC. Councilmember Jerri Gauntt said that she had not seen signs advertising the property for sale, and she asked if the BEDC had to sell property through a bid process similar to the process a City must follow. Mrs. Hernandez said no, and BEDC Legal Advisor Neale Potts added that an Economic Development Corporation is not a governmental entity and does not have the same requirements as the City. Mayor Pro Tem Leigh asked what the timeframe would be for building BEDC offices. Mrs. Hernandez stated that they would build within the next year.

Mrs. Hernandez said that as far as marketing is concerned, BEDC is in the process of redeveloping their website, and they will include a page for retail/commercial development. BEDC is also investing in a video for the community. A company was hired that used a drone to help capture parts of Belton to use in the videos. The video will feature the Belton Business Park and vacant properties, as well as major points of interest to showcase Belton. As a part of Grand Central Texas, BEDC is also participating in a regional video.

City Manager Sam Listi provided updates on Strategic Plan items as shown in Exhibit "A".

Following Mr. Listi's presentation on Dogridge Water Supply Corporation's (DWSC) reluctance to make a decision on the CCN, Mr. Shepperd said that BEDC believes transfer of the CCN to the City of Belton is necessary to get service to the tract of land BEDC wants to purchase. Mr. Listi said that the Dogridge Board of Directors wants the City to present a proposal to them for action. Mr. Listi suggested proposing a total allocation of \$50,000 for this transaction. Mr. Shepperd said that BEDC has considered trying to buy DWSC in its entirety.

Mr. Listi discussed the Sparta Road project at a total projected cost of \$3.2M. He stated that Phase 1 from Main Street to Walmart has been bid, and a contract has been awarded. He reviewed the funding for the project. Mr. Listi reminded BEDC that a City request for one half of the project cost, \$1.6M, needs to be addressed following the previous \$310,000 commitment, leaving \$1.3M. Listi suggested that BEDC consider a policy that provides for a set allocation to the City each year. He said that without a significant contribution from BEDC, virtually all of TIRZ's funds will have to be allocated to the Sparta Road project in FY 2017.

Mr. Shepperd stated that BEDC will allocate an additional \$190K, to make a total of \$500K contribution to the Sparta Road project. He said that an allocation of a certain percentage of budget each year for capital projects is a good discussion to have, but

the consensus is that BEDC prefers to continue to have the autonomy that they have enjoyed in the past. They would prefer to look at projects on a case-by-case basis, but they are willing to discuss it.

Mayor Pro Tem Leigh said that he liked that the two groups are engaging in a discussion. He said that infrastructure is the responsibility of the City, but added that it is a driver of economic development. He said that the two groups need to be creative and work together. The Tax Increment Reinvestment Zone (TIRZ) has been a good tool for economic development, and he discussed the property tax growth within the TIRZ. Mr. Leigh added that TIRZ funds can be used for more than strictly the creation of primary jobs, but he cautioned that, if the City has to go up on the tax rate, it would have a negative impact on economic development. He said that Council and Staff have to look collectively at all funds the City has and be prudent. He added that most of the City's funds are being spent on growth, and he said that it is in the best interest of our citizens to find a way to prevent an ad valorem tax increase.

Councilmember Dan Kirkley said that he feels strongly if the Council has tasked BEDC with creating primary jobs, and the City consumes their funding making it unavailable when an opportunity arises, then the Council has done the citizens a disservice. He added that increasing the ad valorem tax rate is not something that he is in favor of.

Mr. Leigh said he believes both groups want increased tax revenue through growth in the tax base. Mayor Grayson mentioned that the Council had tasked the City Manager to find alternative funding sources to a property tax increase. She said that the City has made a request for 25% from BEDC's annual funds each year, but she added that BEDC is reluctant to make this commitment. She said that the City and the BEDC have to decide what is in the best interest of the citizens.

BEDC President Chris Moore said that if the City wants to tap 25% of revenue from the BEDC, then why have the BEDC? Mr. Moore said that the request is actually closer to 40% of BEDC's operating budget. He voiced BEDC's concerns about committing to the allocation each year and not having funds available for an economic development opportunity that might come along. Mr. Moore said that if that is what the City wants to them to do, the BEDC Board of Directors was appointed by the City Council, and ultimately works for the Council and the taxpayers. He said the Board will have to address the question posed on the funding commitment, even though he feels the BEDC Board has already answered the question. He added that the BEDC would be significantly hampered to accomplish the projects they have outlined by making such a large commitment.

Boardmember Steve Jones said that when the CGI deal came up, BEDC thought they might have to borrow money to complete the deal. He said that thankfully BEDC has been able to sell property and gain a fund balance. He added that to replace the business park will take approximately \$4M - \$6M. He explained that, although the City has said BEDC receives \$1.6M annually in tax revenue, there are

also operating expenses of approximately \$600,000 each year that are paid with a portion of those funds.

Mayor Pro Tem Leigh said that the intent of the meeting is to have an open, candid dialogue. He questioned how much CGI has brought into the community after BEDC spent a large amount of money to bring the company to Belton. He said that smaller businesses have brought more into the community. He said that he grew Harvest Technology, and it has brought more residents into the community than CGI whose management doesn't live in Belton. CGI's employees are paying taxes in other communities. Belton's tax dollars were used to benefit the region, not necessarily Belton. He said we need to have a good balance.

Board President Moore said he agreed, but he asked what type of community Belton wants to be in 5-10 years. If the Council's desire is not in the large industrial companies anymore, then that's okay, but then the focus of the City has changed which changes BEDC's market. He said that the bigger point is what we as a City want. He asked, "Do we want the 40,000 sf building filled, or do we want the smaller retail type operations?" Mr. Leigh said that if we are looking at the large companies who have a need for large amounts of land, Belton has annexed nearly all that is available. He added that, in his opinion, Belton can't compete with the available land in neighboring communities. Mr. Moore said that he thinks that this is a good discussion because the BEDC struggles with that consideration as well. If Belton wants to concede that type of business to other communities, then that has significantly changed the focus of the BEDC. He said he feels the BEDC may have an identity crisis.

Mrs. Hernandez discussed the economic impact of each type of market sector. She said that the smaller types of businesses have been good in Belton. However, she added that the larger projects involving manufacturing companies, which are usually more capital intensive, tend to provide a living wage and better benefits which also helps the tax base. Type A corporations, like BEDC, focus on manufacturing companies for that reason. Mayor Pro Tem Leigh said that BEDC exists to get those projects, but he does not believe that they are what makes up Belton's growth. He said that the group already indicated Belton cannot compete against the neighboring communities, so he does not feel that BEDC should put in a facility that others can build. He does not believe that Belton's "sweet spot" is big box manufacturers. Mayor Grayson said that because of our location, she thinks distribution centers could possibly be a good fit.

Councilmember Sanderford shared his concern about possibly undermining the mission of BEDC. He understands about not wanting to raise taxes, but added that Belton is a community in need of additional tax base which is something that BEDC is tasked with growing. He does not believe that the City should necessarily take money from the BEDC if it causes them to not be able to meet their tasks. He stated that he doesn't know enough about BEDC's operations to determine if it is truly detrimental to them, so he has to take them at their word.

Mayor Grayson asked if there was a possibility of creating another TIRZ since there will be growth along IH 35 in South Belton due to the South Belton Sewer Project. Mayor Pro Tem Leigh responded that Belton can create a new TIRZ or extend or modify the current TIRZ.

City Manager Listi said that it is important not to lose sight of the possibility of partnering on projects with BEDC. Mayor Grayson said that she was sure that partnering would still be a possibility in the future. Mr. Listi said that he wanted to keep the dialogue ongoing, but he was disappointed in the amount allocated to the Sparta Road project. He believes that there are projects that are mutually beneficial to both groups because they help build the community, as a substitute to Sparta Road.

Mr. Shepperd said that the projects on which BEDC focuses typically have a 10-20% return on investment. He said that BEDC looks at what they are tasked to do, and they are trying to create economic growth for the City of Belton.

Mr. Jones said that BEDC will agree to look at any project the City brings forward, but he stated that BEDC feels they have to be protective of their funds in order to meet their goals. Mayor Pro Tem Leigh asked, "So, what did I hear? What I heard is we want to protect ours... I didn't hear 'collaborative.' I heard we want to protect ours." Mr. Jones said, "What I said was that we are protective of what we've got because we don't know exactly what we may need. Our goal is to buy land." Mayor Pro Tem Leigh asked if the goal was to buy land or for economic development. He stated that economic development allows for other things such as the purchase of the Dogridge water system. Mr. Jones said that the business park is an example of how BEDC can use land as an incentive to bring businesses into Belton, and BEDC wants to continue to be able to incentivize companies in that way.

Mr. Leigh said that the biggest economic development that has happened in his lifetime in Belton has been Walmart and HEB. Mr. Jones said that HEB and Walmart "do their own thing." Mr. Leigh said, "Exactly! But, they won't come to areas that don't have the infrastructure in place." He said that economic development is a balancing act of low taxes, good infrastructure, available land, good talent, nice education, and proximity to airports. Mr. Jones said that we need businesses that raise our tax values. Walmart is a good example that brings money into the community, and he named several other companies that add to the tax base. But, he said to attract companies from California, then we are going to have to provide them an incentive to come here. He said that we need to have land available in order to provide the right incentive. Mr. Shepperd said that the incentive may also be running sewer up and down IH 14. Mr. Leigh said that he agreed, but all he has heard from BEDC is land, land, land. He said that we need to work together to solve the issue and not draw a line in the sand on either side.

Mr. Listi said that BEDC is participating in the Sparta Road project in the amount of \$500K, but the project is a \$3M project, substantially for the benefit of TRUmh. Mayor Grayson said that BEDC doesn't believe that the project is primarily for

TRUmh. Mr. Leigh said that the City is going to pay \$6M for the South Belton Sewer project to aid in development of that area which is huge for economic development. If the City is asking BEDC to participate in projects that aid in growth of the City, the groups should be able to work together. Mr. Jones said, "We have done that, but you don't think it's enough. It's not like we haven't offered anything." Mr. Leigh said, "But it's the City's money... it's the whole City... it's not yours or ours..." Board President Moore said, "You are right. It is the City's money... it's the taxpayers' money, but, respectfully, when you put it in that context, it somewhat negates the different purposes of the City of Belton's responsibilities and the Economic Development Corporation's responsibilities. I think that is the identity crisis that I alluded to earlier. I would strongly suggest that we (BEDC) and the Council need to decide what we want an economic development arm focused on because, to your point, there are creative tools that we can set up that look different than a Type A Development Corporation, but we are not going to be able to do both." Mr. Leigh said that the City is going to spend \$6M to open up sewer along IH 35 for potential commercial development, and that looks like a BEDC project... "can you just fund the whole thing?" Mr. Moore said that he doesn't know the details of the project, but from what he has heard, he thinks that BEDC could fund it. Mr. Leigh said, "Or, can we be creative, and ask you to help us with a \$500K project over here instead?"

Mrs. Hernandez explained that the BEDC has participated as Mr. Leigh described. The City asked the BEDC to participate in the Patriot Way/Central Avenue project, but it wasn't an eligible project under the State Development Corporation Act. However, she said that the City was doing a wastewater extension project on Avenue D, and the BEDC participated in that project instead. She stated that BEDC has spent \$2.6M on infrastructure projects throughout the City. The BEDC Board feels they have partnered on projects with the City. She doesn't think the BEDC Board feels the Sparta Road project fits their charge, but BEDC has committed \$500K. Additionally, she added that BEDC will continue partnering with the City on other projects that they feel fit within their mission.

Mr. Leigh said that he, personally, wasn't talking with one road in mind. He said he wants collaboration to continue between the two groups.

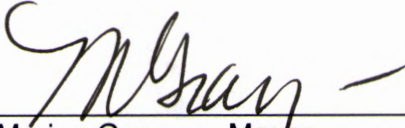
Mayor Grayson said that another issue is policy, and she asked Mr. Listi to address it with the group. Mr. Listi said that the opportunity for a policy discussion emerged as a way to get a handle on an amount of money to be contributed annually by BEDC toward eligible and mutually beneficial projects if that was the direction the groups decided to go. He explained that the City and BEDC have cooperated and partnered in the past, but the policy was a way to address where we go from here, as a means of clarification and certainty, with 25% being a starting point for discussion. He said that tax revenues would be basically flat in the coming year, and the policy was a way to determine how much money could be committed through an alternative funding source. This is in response to Goal 1 in the Strategic Plan, Analyze Principal City Funding Sources and Seek Consensus.

Mr. Listi said that the City may not be able to do everything the Council desires in the FY 2017 budget. Councilmember Sanderford said, "I'm okay with that." Mr. Listi said that Staff is trying to meet budget challenges with limited resources.

Mr. Shepperd said that BEDC wants to do right for the City and the taxpayers, and also wants BEDC to be a success. He said that the BEDC wants to work with the City.

Mayor Grayson asked if there were any other comments. Councilmember Jerri Gauntt said that the Council has tasked BEDC with a job, and she does not feel that it is right for the City to take 25% of their revenues.

Board Vice President Shepperd adjourned the BEDC meeting, and Mayor Grayson adjourned the Council meeting at 6:04 p.m.



Marion Grayson, Mayor

ATTEST:



Amy M. Casey, City Clerk

**City Update
City Council/BEDC Joint Meeting
June 30, 2016**

**City of Belton, Texas
Strategic Plan Update
FY 2016**

**Year 1: Three Year Action Plan
Priority 1 Goals: FY 2016**

Goal Categories	Goals
1. Governance	<ul style="list-style-type: none"> a) Analyze principal City Funding Sources – sales tax, property tax, and fees. Seek consensus. (Underway) b) Develop Growth Management Strategy- West, South. (Approved 06/28/16 City Council) c) Update Comprehensive Plan and integrate Plan Elements. (Draft Plan in development: Fall 2016) d) Implement Sidewalk Standards. (Complete) e) Review Charter: Review completed for 2015 (Complete)
2. Public Safety	<ul style="list-style-type: none"> a) Implement Capital Equipment Replacement Plan funding for all Public Safety Ops needs. (Recommended for inclusion in FY 2017 Budget for all capital equipment needs)
3. Quality of Life	<ul style="list-style-type: none"> a) Continue CIP (2013/2015) Project Implementation. (Status of key projects: <ul style="list-style-type: none"> • W. MLK, Jr. Avenue Dedication: 07/12/16 • Nolan Creek Trunk Sewer: Completion 08/15/16 • TBWWTP Renovation/Expansion: Phase 1 Construction 2017; Phase II Design authorized • Sparta Road Phases 1 & 2 b) Implement Street Maintenance Funding. (Year 1 & 2 of year Plan proposed: Discuss) c) Plan Enhancement for Street Entry Corridor on 6th Ave. (FY 2017/2018) d) Evaluate MLK/Main Intersection Alignment. (Design concept undergoing TxDOT review; construction in FY 2017)

City Update
City Council/BEDC Joint Meeting
June 30, 2016

City of Belton, Texas
Strategic Plan Update
FY 2016

Year 1: Three Year Action Plan
Priority 1 Goals: FY 2016

Goal Categories	Goals
4. Economic Development	<ol style="list-style-type: none"> 1. Develop Downtown Revitalization Plan. (Design underway, with some FY 2016 TIRZ funding allocated – Sign Master Plan; East Street Rehab; Parking) 2. Plan/Implement South IH-35 Sewer. (Design underway with revised alignment. Secure funding, bid late 2016: Discuss) (EX 1) 3. Enhance Communication, Coordination, & Collaboration between City and Belton Economic Development Corporation (BEDC) to maximize project success and to facilitate: <ul style="list-style-type: none"> • Building Space Needs for Light Industrial Uses; • Future or Expanded Business Park Land Search; and • Redevelopment of the former Rockwool Property. • Acquire portion of DRWSC: Discussion (EX 2) • Sparta Road (EX 3A, 3B) • Allocation Policy Development (EX 4)
5. Connectivity	<ol style="list-style-type: none"> a) Facilitate Cable/Fiber Service Expansion. (Subdivision Ordinance proposed for conduit placement.) b) Expand Hike/Bike Trail. (Grant approved; match secured; beginning process for design & plan development: Discuss) (EX 5) c) Secure ROW for Lake to Lake Road. (Two parcels recently secured – Sendero Estates at US 190 and Cameron at Sparta.)
6. Parks / Natural Beauty	<ol style="list-style-type: none"> a) Update the City's Parks and Recreation Strategic Master Plan and Explore: (Plan Development Underway: Fall 2016) <ul style="list-style-type: none"> • City Recreation Center • Corps of Engineer Parkland; and • RV Park Opportunity

**Current/Pending
Belton City Council/BEDC Project Partnerships
June 30, 2016**

1. City Strategic Plan Update

See attached.

2. Street Maintenance Plan

Council approved Years 1 and 2 of the Five Year Street Maintenance Plan on April 26, 2016, at an estimated cost of \$1.7M. BEDC contributed \$33,622 for scheduled work on Business Park Streets. Bids opened June 28, 2016, with bid of \$1,782,245, to be presented to Council for award July 12, 2016. Work anticipated to occur within 90 days. Years 3-5 are not currently funded.

3. So. IH 35 Sewer

Review revised alignment, funding, schedule (EX 1).

4. Former Rockwool Property

Property conveyance of 50 acres from City to BEDC near, following approval by Council on 06/28/16 of rezoning, amended Institutional Controls, and related matters underway by BEDC.

5. Dog Ridge Water Supply Corporation (DRWSC) Area Acquisition (Barkley) - Following several meetings, consultations with Board Members and engineer, here is latest update (EX 2).

- a. DRWSC Board in reorganization mode, unwillingly to make final decision on CCN release without proposal for acquisition, including compensation for lost boundary/meters (21 meters: 14 on US 190; 7 on Wheat Road.)
- b. DRWSC Board seeking “proposal,” with other recent conveyances serving as possible examples, based on my May 9, 2016 presentation to/discussion with Board.
- c. Chisholm Trail West Subdivision totaled 60 acres and CCN was conveyed for \$50,000 (approximately \$833/acre) to DRWSC, plus cost share in CCN transfer.
- d. Barkley and adjoining US 190 acreage totals 40 acres. At 40 acres, minimum likely compensation would be \$833/acre x 40 acres = \$33,320; \$40,000 may be more realistic inducement. Cost for CCN transfer through PUC will be an additional \$7,500 - \$10,000.

Recommendation:

Recommend BEDC allocate \$50,000 in its FY 2017 budget for acquisition of proposed boundary, subject to final cost determination and CCN transfer cost to PUC.

**Current/Pending
Belton City Council/BEDC Project Partnerships
June 30, 2016**

6. Sparta Road Project (EX 3A, 3B)

	Construction Phase	Cost
Phase 1	Sparta Reconstruction from Walmart to Main Street	\$ 400,500 (bid)
Phase 2A	Industrial and Main Intersection for TRUmh	\$ 199,500 (est)
Phase 2B	Sparta from Walmart to Loop 121, including Roundabout	<u>\$2,600,000 (est)</u>
		\$3,200,000

Available Funds

2013 Bond Proceeds	\$1,680,073
Transfer from TIRZ Capital Projects	\$731,011
Transfer from BEDC	\$310,000
Interest Income	\$6,711
<u>Drainage Capital Projects</u>	<u>\$300,000</u>
Total	\$3,027,795

Projected Expenditures

Bond Cost	(\$1,700)
Engineering	(\$297,110)
ROW	(\$4,901)
<u>Repavement (Phase I)</u>	<u>(\$400,585)</u>
Total	(\$704,296)

Remaining Balance for phase II construction	\$2,323,499
Phase II Construction costs (estimate)	(\$2,600,000)
<u>Industrial/Main improvements (estimate)</u>	<u>(\$200,000)</u>
Project Deficit	(\$476,501)

Recommendation

Recommend BEDC allocate 50% Sparta Road Project Cost, estimated at \$3.2M, a total of \$1.6M. With \$310,000 already contributed, \$1.3M balance remains, subject to final bid prices on Phases 2A and 2B. Recommend BEDC address this pending request as part of the FY 2017 budget process.

Current/Pending
Belton City Council/BEDC Project Partnerships
June 30, 2016

7A. Allocation Policy Recommendation

Recommend BEDC seriously consider development of a long term policy to allocate an annual percentage of BEDC revenues to eligible and mutually beneficial BEDC/City projects, similar to the TIRZ Allocation Policy, which is attached (EX 4). These would be guidelines for expenditure of an annual BEDC allocation toward infrastructure projects of mutual benefit to the BEDC and the City. Eligible Project Categories, fully consistent with State law, would be identified. Location Priorities may be less important here than Project Categories. Some appropriate Policy Statements would also be important to guide expenditures, providing funding emphasis with some flexibility. Establishing some standards like this would be beneficial for both BEDC and the Council in clarifying available funding for projects which are important to both entities and the community at large.

7B. Allocation Policy Development

Recommend City Manager and BEDC Executive Director be tasked with developing a draft Allocation Policy for consideration by BEDC/City Council.

8. Hike/Bike Trail Expansion (EX 5)

Review final alignment, funding, schedule.

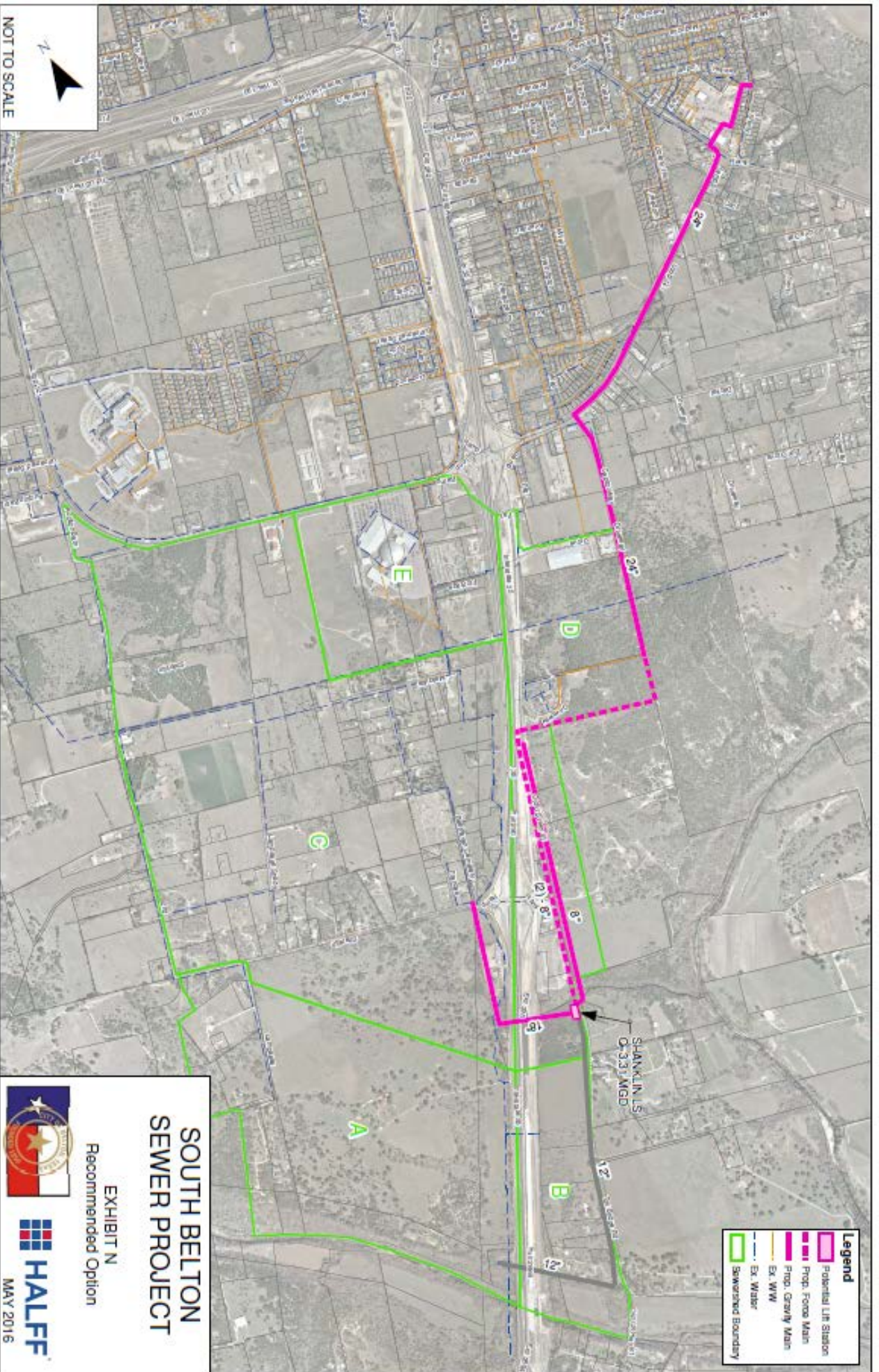


EXHIBIT 2

City of Belton/DRWSC Water CCN

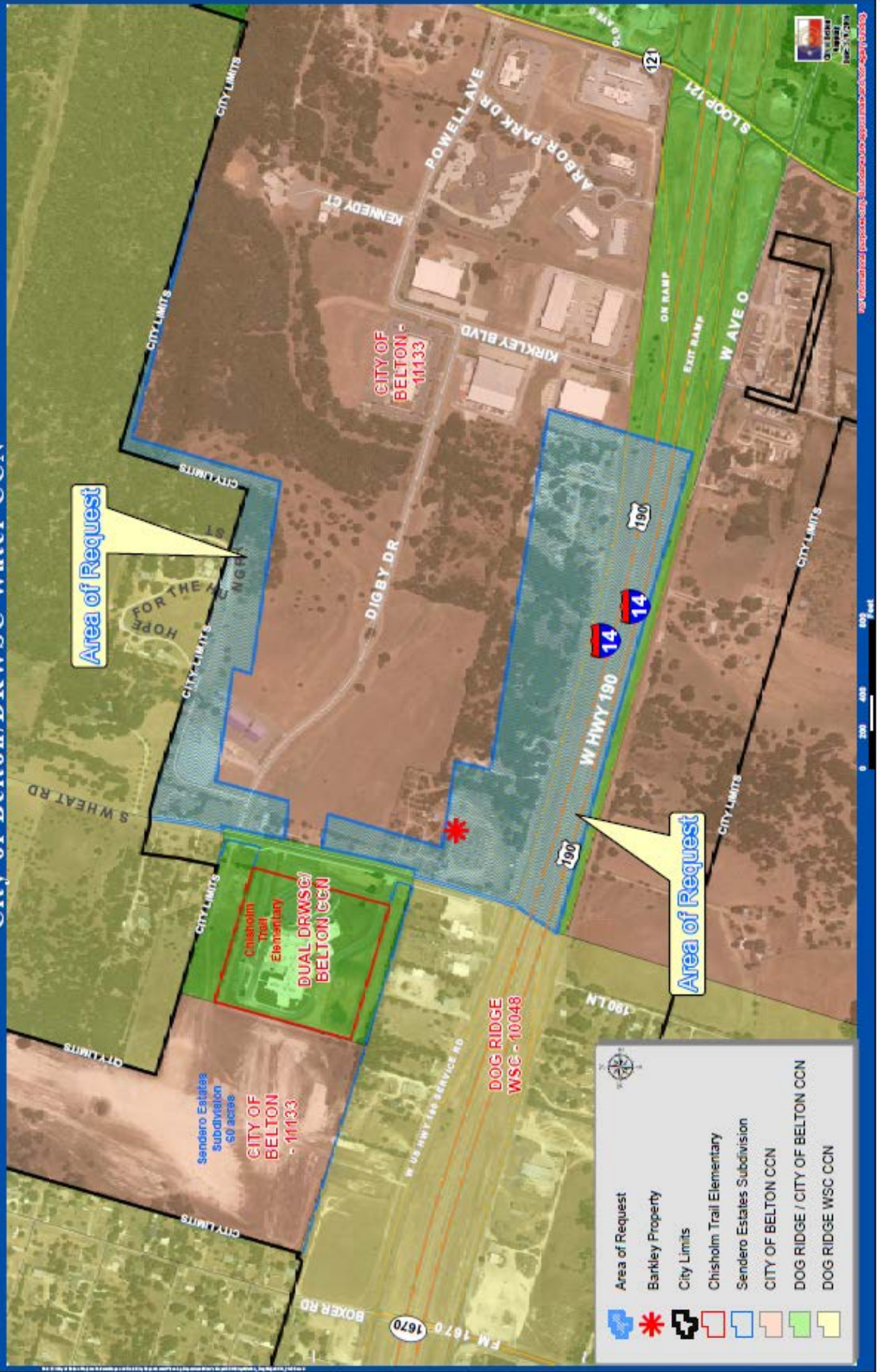


EXHIBIT 3A



EXHIBIT 3B

Project	Cost
Sparta Road	\$ 3,034,417
Tru-MH 121 Entrance	\$ 101,391
Taylor's Valley	\$ 79,400
Total Projects	\$ 3,215,208

Proposed Infrastructure Funding							
	FY 15	FY 16	FY 17	FY 18	FY 19	Total by Project	% of Project
Sparta	\$77,209	\$360,000	\$360,000	\$360,000	\$360,000	\$1,517,209	50%
Tru-MH 121 Entrance	\$12,791	\$22,150	\$22,150	\$22,150	\$22,150	\$101,391	100%
Taylor's Valley		\$19,850	\$19,850	\$19,850	\$19,850	\$79,400	100%
Total	\$90,000	\$402,000	\$402,000	\$402,000	\$402,000	\$1,698,000	

FY 15 funding will be done within the existing budget. There is \$100,000 allocated to capital projects in the FY15 BEDC operating budget, but only \$10,000 of it has been spent to date. We are requesting the remaining \$90,000 be put towards the Sparta Project. All cash flow models reflect the full \$100,000 being utilized in FY15.

For FY 16 - FY 19, we are requesting that \$402,000 be contributed to the three identified capital projects above, summing to a total commitment equal to 100% of the Taylor's Valley Road and Tru-MH Loop 121 entrance projects, and 50% of the Sparta Road project.

\$402,000 represents just under 25% of projected annual BEDC sales tax revenues for the next four years.

A continued commitment of approximately 25% of sales tax revenues towards Infrastructure projects would mean the BEDC's debt capacity would be approximately \$7.5 to \$8.5 million, depending on future operating/capital budgets, rate and term.

Projected BEDC Operating Fund Balance at 9/30/15 is approximately \$3.3 million. Cash flow models account for all incentives currently under contract, with a cushion of \$235K in the Incentive Fund, increasing over time.

EXHIBIT 4

Belton's Tax Increment Reinvestment Zone Fund Allocation Policies December 2012

The Tax Increment Reinvestment Zone Board, comprised of City of Belton and Bell County representatives, has determined it appropriate to establish allocation policies. These policies will serve as guidelines for expenditures of TIRZ funds, and are subject to change by the Board/City Council as needed. The objective of the policies is to establish a general framework for funding decisions, while also retaining flexibility for a full range of eligible project expenses.

Section I. TIRZ Priority Project Areas

The following Priority Project Areas are hereby established, and are generally identified as follows:

1. North Belton: North Main Street (SH 317) extending from the City limit line at the Leon River south to 7th Avenue, and including the North Belton retail area on the west and east sides of Main Street.
2. Central Belton: Main Street extending from 7th Avenue south to Avenue J, and including properties west and east of Main Street, Downtown, Nolan Creek frontage, some IH 35 frontage, as well as the Rockwool property.
3. South Belton: Main Street extending from Avenue J south, merging into IH 35, and encompassing both sides of IH 35 south to Dillard Road, and also extending west along Loop 121 to Huey Road, and east along Loop 121 to FM 436 (Holland Road).

Section II. TIRZ Eligible Project Categories

The following list generally outlines Eligible Project Cost Categories for the allocation of TIRZ funds, based on Tax Code Section 311.002, with some examples of funded and possible future (F) projects provided:

1. Infrastructure Enhancement
 - a. Streets – Commerce Drive
 - b. Water/Sewer Utilities – FM 93 Water
 - c. Storm Drainage
 - d. Other Non-City Utilities – Underground Electricity (F)
 - e. Traffic Signals – Sparta/Commerce (F)
2. Public Improvement Enhancement
 - a. Façade Grants – Monteith, Chamber, Schoepfs
 - b. Beautification – Patriot Plaza; landscaping; parking lots
 - c. Sidewalks/Bike Paths/Trails – Main Street Sidewalks
 - d. Nolan Creek Recreation/Flood Mitigation – Tx Parks & Wildlife Grant Match (F)
3. Public Facility/Service Enhancement
 - a. Public Facility Expansion – example: Bell County Museum, Police Dept. (F)
 - b. Rockwool Redevelopment (F)
 - c. Land Acquisition for public project (F)
 - d. Survey, legal, related professional expenses (F)

4. Other TIRZ Enhancements
 - a. TIRZ – Related Strategic/Master/Financial Planning (F)
 - b. TIRZ – Administration (F)
 - c. TIRZ – Financing Costs

Section III. TIRZ Allocation Policies – TIRZ funding allocations should be evaluated based upon these and other relevant factors:

1. Allocations generally should be consistent with the City’s Strategic Plan and its Financial Policies.
2. Allocations generally should not exceed 25% of the budgeted expenses in any single year for any single project.
3. Allocations generally should benefit the entities that generated the funds – property taxes from homeowners, business owners, and other property owners, resulting in the enhancement of property values, which in turn benefits Bell County and the City of Belton.
4. Allocations should provide the opportunity to induce and/or attract commercial and/or retail business growth.
5. Allocations should facilitate funding of capital projects with tangible effects, rather than funding operational elements that require ongoing maintenance expenses.
6. Allocations should recognize the limited term of the TIRZ Fund (2022), so as not to anticipate any long term dependency on budgets beyond that time.
7. Allocations should recognize the availability of the Water & Sewer Fund and the Drainage Fund as project sources before using the property tax-based TIRZ Fund.
8. The TIRZ Project Plan and Finance Plan should be amended as needed to reflect changing conditions.
9. Excess bond proceeds, and other unspent TIRZ funds, are available for projects and may be allocated and reallocated for projects at the discretion of the TIRZ Board/Council.
10. Proposed annual funding allocation targets, which are subject to re-assessment as needed, include the following Items/Project Areas. Debt Service must be allocated first and should generally not exceed 20% of available funding. Remaining funds should be allocated as proposed.

Item/Project Priority Area	Proposed Allocation		NOTES:
	Proposed % After DS	Amount	
a) Debt Service	Actual	\$156,919	Set limit on debt service not to exceed 20%
b) North Belton	25%	\$157,500	
c) Central Belton	37.5%	\$236,250	\$50,000 Façade; \$100,000 Patriot Plaza
d) South Belton	25%	\$157,500	
e) Capital Contingency	12.5%	\$78,750	\$480,000 Other Public Improvements (TBD)
TOTALS	100%	\$786,919	FY 2013 Budgeted Expenditures

Sec. 311.002. DEFINITIONS. In this chapter:

(1) "Project costs" means the expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred by the municipality or county designating a reinvestment zone that are listed in the project plan as costs of public works, public improvements, programs, or other projects benefiting the zone, plus other costs incidental to those expenditures and obligations.

"Project costs" include:

(A) capital costs, including the actual costs of the acquisition and construction of public works, public improvements, new buildings, structures, and fixtures; the actual costs of the acquisition, demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and fixtures; the actual costs of the remediation of conditions that contaminate public or private land or buildings; the actual costs of the preservation of the facade of a public or private building; the actual costs of the demolition of public or private buildings; and the actual costs of the acquisition of land and equipment and the clearing and grading of land;

(B) financing costs, including all interest paid to holders of evidences of indebtedness or other obligations issued to pay for project costs and any premium paid over the principal amount of the obligations because of the redemption of the obligations before maturity;

(C) real property assembly costs;

(D) professional service costs, including those incurred for architectural, planning, engineering, and legal advice and services;

(E) imputed administrative costs, including reasonable charges for the time spent by employees of the municipality or county in connection with the implementation of a project plan;

(F) relocation costs;

(G) organizational costs, including the costs of conducting environmental impact studies or other studies, the cost of publicizing the creation of the zone, and the cost of implementing the project plan for the zone;

(H) interest before and during construction and for one year after completion of construction, whether or not capitalized;

(I) the cost of operating the reinvestment zone and project facilities;

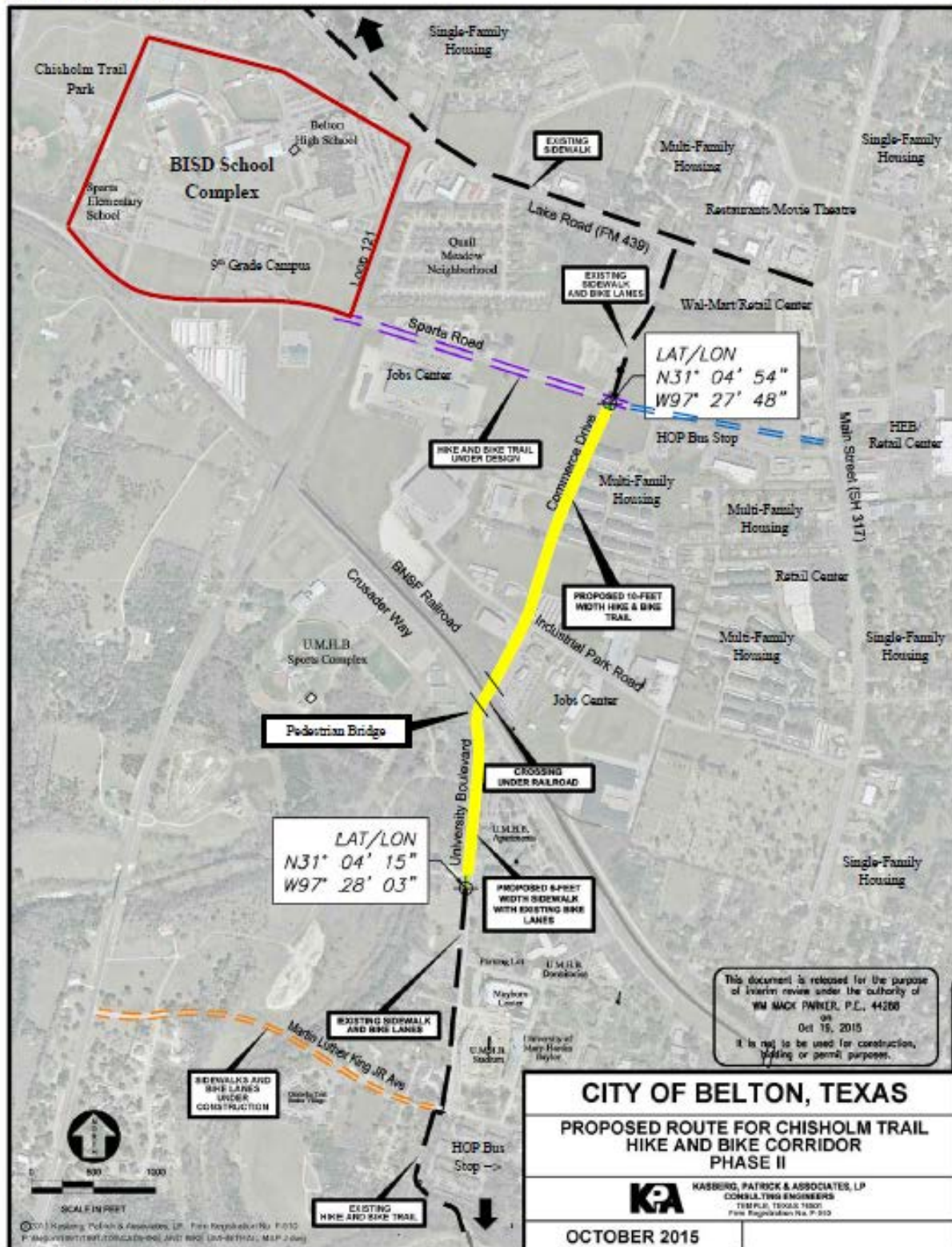
(J) the amount of any contributions made by the municipality or county from general revenue for the implementation of the project plan;

(K) the costs of school buildings, other educational buildings, other educational facilities, or other buildings owned by or on behalf of a school district, community college district, or other political subdivision of this state; and

(L) payments made at the discretion of the governing body of the municipality or county that the governing body finds necessary or convenient to the creation of the zone or to the implementation of the project plans for the zone.

EXHIBIT 5

1. Map and Project Site Plan:



↓ Connections southbound to:

- 1) Three dynamic City parks along Nolan Creek
- 2) Downtown shopping
- 3) Additional public transportation bus stop
- 4) Government centers (Belton is the Bell County Seat)
- 5) Residential neighborhoods
- 6) Interstate 35

↑ Connections northbound to:

- 1) Belton Lake & Lakeview Park
- 2) Residential neighborhoods
- 3) Miller Springs Park & Nature Center