



City of Denton

City Hall
215 E. McKinney St.
Denton, Texas 76201
www.cityofdenton.com

Meeting Agenda

Tax Increment Reinvestment Zone Number One Board

Wednesday, February 28, 2024

12:00 PM

Development Service Center

Special Called Meeting

After determining that a quorum is present, the Tax Increment Financing Reinvestment Zone Number One Board of the City of Denton, Texas, will convene in a Special Called Meeting on Wednesday, February 28, 2024, at 12:00 p.m. in the Development Service Center Training Rooms 1 and 2 at 401 N. Elm Street, Denton, Texas at which the following items will be considered:

1. ITEMS FOR CONSIDERATION

- A. [TIF24-007](#) Receive nominations and make a recommendation to City Council for a chair of the Tax Increment Reinvestment Zone Number One Board.
Attachments: [Exhibit 1 - Agenda Information Sheet](#)
- B. [TIF24-001](#) Receive nominations and elect a vice chair of the Tax Increment Reinvestment Zone Number One Board.
Attachments: [Exhibit 1 - Agenda Information Sheet](#)
- C. [TIF24-002](#) Consider approval of the minutes of the September 13, 2023 Tax Increment Reinvestment Zone Number One Board.
Attachments: [Exhibit 1 - Agenda Information Sheet](#)
[Exhibit 2 - Draft Minutes of September 13, 2023](#)
- D. [TIF24-003](#) Receive a report, hold a discussion, and consider approval of an annual meeting schedule.
Attachments: [Exhibit 1 - Agenda Information Sheet](#)
[Exhibit 2 - Meeting Schedule](#)
- E. [TIF24-004](#) Receive a report, hold a discussion, and make recommendations to the City Council regarding an application for a fire suppression grant in an amount not to exceed \$50,000 from TIRZ funds and a rehabilitation grant in an amount not to exceed \$50,000 from TIRZ funds for 116 W. Oak St. by Green Eggs & Ham, LLC., as part of the Downtown Reinvestment Grant Program.
Attachments: [Exhibit 1 - Agenda Information Sheet](#)
[Exhibit 2 - Grant Applications](#)
[Exhibit 3 - Amended HPO Review](#)
[Exhibit 4 - Presentation](#)
- F. [TIF24-005](#) Receive a report, hold a discussion, and make a recommendation to City Council regarding an economic development incentive request for 113-115 N. Elm Street by the

Fine Arts Theater of Denton, LLC.

- Attachments: [Exhibit 1 - Agenda Information Sheet](#)
[Exhibit 2 - Project Concept](#)
[Exhibit 3 - Incentive Evaluation Matrix](#)
[Exhibit 4 - Underwriting Report](#)
[Exhibit 5 - Project Impact](#)
[Exhibit 6 - Presentation](#)

- G. [TIF24-006](#) Staff Reports:
1. Economic Development Director Hiring Update - Christine Taylor
 2. Main Street Program Update - Kristen Pulido
 3. Downtown Master Plan Update - Cameron Robertson and Sean Jacobson

- Attachments: [Exhibit 1 - Agenda Information Sheet](#)

2. CONCLUDING ITEMS

A. Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the Tax Increment Financing Reinvestment Zone Number One Board or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting AND Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

NOTE: The Tax Increment Financing Reinvestment Zone Number One Board reserves the right to adjourn into a Closed Meeting on any item on its open meeting agenda consistent with Chapter 551 of the Texas Government Code, as amended, or as otherwise allowed by law.

CERTIFICATE

I certify that the above notice of meeting was posted on the official website (<https://tx-denton.civicplus.com/242/Public-Meetings-Agendas>) and bulletin board at City Hall, 215 E. McKinney Street, Denton, Texas, on February 23, 2024, in advance of the 72-hour posting deadline, as applicable, and in accordance with Chapter 551 of the Texas Government Code.

OFFICE OF THE CITY SECRETARY

NOTE: THE CITY OF DENTON'S DESIGNATED PUBLIC MEETING FACILITIES ARE ACCESSIBLE IN ACCORDANCE WITH THE AMERICANS WITH DISABILITIES ACT. THE CITY WILL PROVIDE ACCOMMODATION, SUCH AS SIGN LANGUAGE INTERPRETERS FOR THE HEARING IMPAIRED, IF REQUESTED AT LEAST 48 HOURS IN ADVANCE OF THE SCHEDULED MEETING. PLEASE CALL THE CITY SECRETARY'S OFFICE AT 940-349-8309 OR USE TELECOMMUNICATIONS DEVICES FOR THE DEAF (TDD) BY CALLING 1-800-RELAY-TX SO THAT REASONABLE ACCOMMODATION CAN BE ARRANGED.



City of Denton

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215 E. McKinney St.
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Legislation Text

File #: TIF24-007, **Version:** 1

AGENDA CAPTION

Receive nominations and make a recommendation to City Council for a chair of the Tax Increment Reinvestment Zone Number One Board.



City of Denton

City Hall
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AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor, Assistant City Manager

DATE: February 28, 2024

SUBJECT

Receive nominations and make a recommendation to City Council for a chair of the Tax Increment Reinvestment Zone Number One Board.

BACKGROUND

The City Council appoints the Tax Increment Reinvestment Zone (TIRZ) Number One Board members and Chairperson.

For FY 2022-23, Melissa Lenaburg was the Chair and Daniel Abasolo was the Board's Vice-Chair. The following Board Members are eligible to be the chair of the Board:

- Daniel Abasolo
- Marybeth Reinke Doyle
- Ben Esely
- Vicki Byrd
- Suzanne Johnson
- Chris Watts

EXHIBIT

Exhibit 1 – Agenda Information Sheet

Respectfully submitted:
Christina Davis
Business Development Administrator



City of Denton

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Legislation Text

File #: TIF24-001, **Version:** 1

AGENDA CAPTION

Receive nominations and elect a vice chair of the Tax Increment Reinvestment Zone Number One Board.



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
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AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor, Assistant City Manager

DATE: February 28, 2024

SUBJECT

Receive nominations and elect a vice-chair for the Tax Increment Reinvestment Zone Number One Board.

BACKGROUND

The City Council appoints the Tax Increment Reinvestment Zone (TIRZ) Number One Board members and Chairperson. The TIRZ Board appoints the Vice-Chair.

Article 3, Section 3. Vice Chair. The Vice chair shall be a member of the Board of Directors, shall have such powers and duties as may be assigned to him by the Board of Directors and shall exercise the powers of the chair during that officer's absence or inability to act. Any action taken by the vice chair in the performance of the duties of the chair shall be conclusive evidence of the absence or inability to act of the chair at the time such action was taken.

For FY 2022-23, Melissa Lenaburg was the Chair and Daniel Abasolo was the Board's Vice-Chair. The following Board Members are eligible to be the vice chair of the Board:

- Daniel Abasolo
- Marybeth Reinke Doyle
- Ben Esely
- Vicki Byrd
- Suzanne Johnson
- Chris Watts

EXHIBIT

Exhibit 1 – Agenda Information Sheet

Respectfully submitted:
Christina Davis
Business Development Administrator



City of Denton

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Legislation Text

File #: TIF24-002, **Version:** 1

AGENDA CAPTION

Consider approval of the minutes of the September 13, 2023 Tax Increment Reinvestment Zone Number One Board.



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor

DATE: February 28, 2024

SUBJECT

Consider approval of the minutes of the September 13, 2023 Tax Increment Reinvestment Zone Number One Board.

BACKGROUND

The draft minutes of the September 13, 2023 meeting are attached for the Board's review and consideration.

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Draft minutes of September 13, 2023

Respectfully submitted:
Matilda Weeden
Economic Development Specialist

**MINUTES
CITY OF DENTON
TAX INCREMENT REINVESTMENT ZONE NO. 1 BOARD
September 13, 2023**

After determining that a quorum is present, the Downtown Denton Tax Increment Financing Reinvestment Zone No. 1 Board of the City of Denton, Texas, will convene in a Special Called Meeting on Wednesday, September 13, 2023, at 11:29 a.m. in the Development Service Center, Training Rooms 3, 4 and 5 at 401 N. Elm Street, Denton, Texas at which the following items will be considered:

PRESENT: Melissa Lenaburg (Chair), Vicki Byrd, Marybeth Reinke Doyle, and Suzanne Johnson

ABSENT: Daniel Abasolo, Ben Esely, and Chris Watts

STAFF: Christina Davis, Wayne Emerson, Vanessa Esparza, Sean Jacobson, Ron Mengueta, Emilio Montalvo, Cameron Robertson, Benjamin Samples, Erica Sullivan, and Matilda Weeden

1. ITEMS FOR CONSIDERATION

A. TIF23-016 Consider approval of the minutes of July 26, 2023.

Byrd made a motion to approve the minutes of July 26, 2023. Johnson seconded the motion. Motion carried (4-0).

AYES (4): Vicki Byrd, Marybeth Reinke Doyle, Suzanne Johnson, and Melissa Lenaburg
NAYS (0): N/A

B. TIF23-017 Receive a report, hold a discussion, and make a recommendation to City Council regarding a Downtown Reinvestment Grant Program application for 115-117 W. Hickory St. by Robert Moses. The Downtown Economic Development Committee recommends approval 10- 0.

Doyle made a motion to recommend the City Council approve the application for a Downtown Reinvestment Grant Program grant of up to 50% of the eligible amount of the project's actual costs for 115-117 W. Hickory St. Byrd seconded the motion. Motion carried (4-0).

AYES (4): Vicki Byrd, Marybeth Reinke Doyle, Suzanne Johnson, and Melissa Lenaburg
NAYS (0): N/A

C. B. TIF23-018 Receive a report, hold a discussion, and make a recommendation to City Council regarding an incentive application for the Fine Arts Theater, LLC project.

The item was tabled to a later date.

D. TIF23-019 Staff Reports:

1. Downtown Master Plan Update - Cameron Robertson and Sean Jacobson
2. Downtown Parking Study Update - Christina Davis and Wayne Emerson
3. Downtown Small Business Survey - Christina Davis

Staff presented each item, and a discussion followed. No action was taken.

2. CONCLUDING ITEMS

With no further business, the meeting adjourned at 12:05 p.m.

Daniel Abasolo, Vice - Chair
Downtown TIRZ No. 1

Vanessa Esparza
Administrative Assistant

Minutes Approved On: _____



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Legislation Text

File #: TIF24-003, **Version:** 1

AGENDA CAPTION

Receive a report, hold a discussion, and consider approval of an annual meeting schedule.



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor

DATE: February 28, 2024

SUBJECT

Receive a report, hold a discussion, and consider approval of an annual meeting schedule.

BACKGROUND

During the January 28, 2020 City Council meeting, the City's Code of Ordinances Section 2-29 (City Council Rules of Procedure) Subsection (h) (creation of committees, boards, and commissions) was amended. The amended rules of procedure require boards, commissions, and committees to establish a regular meeting schedule, which is to be adopted annually.

The Tax Increment Reinvestment Zone (TIRZ) Number One Board typically meets on the fourth Wednesday of every other month, unless the TIRZ Number One schedules a special called meeting. A draft 2024 meeting calendar is presented for the Board's consideration with an initial 2025 meeting date.

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Meeting Schedule

Respectfully submitted:
Matilda Weeden
Economic Development Specialist

TAX INCREMENT

REINVESTMENT ZONE NUMBER ONE BOARD

2024 ANNUAL MEETING SCHEDULE WITH 2025 INITIAL MEETING DATE

Unless notified otherwise, all meetings will be held at 12:00 p.m., on the fourth Wednesday of every other month at Development Service Center, 401 N Elm Street

2024 Regular Meeting Dates

March 27, 2024

May 22, 2024

July 24, 2024

September 25, 2024

November 27, 2024

2025 Initial Meeting Date

January 22, 2025



City of Denton

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215 E. McKinney St.
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www.cityofdenton.com

Legislation Text

File #: TIF24-004, **Version:** 1

AGENDA CAPTION

Receive a report, hold a discussion, and make recommendations to the City Council regarding an application for a fire suppression grant in an amount not to exceed \$50,000 from TIRZ funds and a rehabilitation grant in an amount not to exceed \$50,000 from TIRZ funds for 116 W. Oak St. by Green Eggs & Ham, LLC., as part of the Downtown Reinvestment Grant Program.



AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor, Assistant City Manager

DATE: February 28, 2024

SUBJECT

Receive a report, hold a discussion, and make recommendations to the City Council regarding an application for a fire suppression grant in an amount not to exceed \$50,000 from TIRZ funds and a rehabilitation grant in an amount not to exceed \$50,000 from TIRZ funds for 116 W. Oak St. by Green Eggs & Ham, LLC., as part of the Downtown Reinvestment Grant Program.

BACKGROUND

The building at 116 W. Oak was home to McBride's Music & Pawn for 52 years when it closed to merge with another pawn shop, resulting in its relocation outside Denton. The building's exterior and interior remained largely unchanged during those years, resulting in a building façade needing significant repairs.

In the spring of 2023, Mr. Hicks, an existing Downtown investor, purchased the building. He plans to invest significantly in 116 W. Oak to renovate the building as close as possible to its 1938 roots, changing its current use of retail to a restaurant. Additionally, the building owner will take advantage of the vacant building and install fire suppression on all three floors of the historic building.

The Historic Preservation Officer, Cameron Roberts, provided historical photos of the building and connected the applicant with the Texas Historic Commission architect to assist in finding a design solution that met the goals of the property owner and the Secretary of the Interior Standards for properties within the National Registry District. The renovation will result in a building reminiscent of the 1938 photo provided in the application backup. Updates to the exterior of the building include uncovering the original brick, if possible, replacing the awning with a new steel flat awning consistent with the 1938 photo, installing new glass in the currently hidden transom windows, and replacing current windows with energy-efficient ones. Construction will remove the retail display windows and recessed entry on the street level façade and pull the entry to the sidewalk/building edge. While the McBride Music & Pawn sign will no longer be on the front of the building, the new tenant will use it as décor on the inside, and the new building awning will host a tribute to the sign by having the same lightbulb illumination. The new tenant will use all three floors of the building, using the basement for receiving and redirecting delivery trucks from W. Oak St. onto W. Pecan St. The building will have custom bi-fold windows on the second floor, taking full advantage of the weather and ambiance of the Square. Removing the existing sign and awning will allow the transom windows to be used again. The building will be retrofitted with steel beams to support the 10 tons of HVAC on the roof. This new business will add about 45 new jobs to the Downtown area.

The project is located within the Downtown TIRZ #1 and Downtown Square Districts. It has been reviewed by the Historic Preservation Officer for Design Consistency, as outlined in the Denton Development Code Section 4.10.1, and approval was received to proceed with the proposed updates to the building façade. The

new business will complete the Tenant Finish Out (TFO), and those costs will not be included in the grant program.

Projected Improvements include: Fire Suppression System

Project Submitted Expenses: \$159,804

Grant Request: \$50,000

Applicable Policy Limits:

- *Fire Suppression Systems:* Installation of a new fire suppression system or necessary updates to an existing fire suppression system in accordance with the International Fire Code (IFC) and International Building Code Chapter 9, currently followed by the City of Denton. Grant Limits: Fire Suppression System grants are limited to a 50% match with a cap of \$ 50,000 per grant.

Projected Improvements include: Façade/Building Rehab and Awnings/Signs

Project Submitted Expenses: \$138,529

Grant Request: \$50,000

Applicable Policy Limits:

- *Façade/Building Rehab:* Grants are limited to a 50% match of the eligible project's costs, with a cap of \$50,000 per grant for facade, roof and foundation work. Roof and foundation repair may constitute no more than half of the request and shall only be considered for funding if included as a portion of a larger project. Paint-only grants are limited to a 50% match with a cap of \$7,500 per grant.
- *Awnings and Signs:* Replacing, adding or repairing awnings and signs. Signs may include signboards, projecting signs, and pedestrian signage (including window signs, hanging signs, and awning/canopy Sign).

PRIOR ACTION/REVIEW

On February 1, 2024, the Downtown Economic Development Committee (DEDC) reviewed and scored the applications. The fire suppression application automatically receives the maximum points, making it eligible for a recommendation of up to \$50,000. The building renovation application received an average score of 35 points, making it eligible for a recommendation of up to \$50,000. These scores support the recommendations to approve the applications as requested. The grant application request and DEDC recommendation are for \$50,000 for both applications.

OPTIONS

1. Recommend approval of both grants as recommended by the DEDC.
2. Recommend approval of one grant as recommended by the DEDC and the other in a lesser amount.
3. Do not recommend approval of a single or both grant applications.

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Grant Applications

Exhibit 3 – Amended HPO Review

Exhibit 4 – Presentation

Respectfully submitted:

Christina Davis

Business Development Administrator

EXHIBIT A



**CITY OF DENTON
DOWNTOWN REINVESTMENT GRANT PROGRAM APPLICATION**

Department of Economic Development
401 N. Elm St., Denton, TX 76201
940-349-7776
www.cityofdenton.com
ED@cityofdenton.com

Downtown Reinvestment Grant Program Application

Please return completed the application with necessary attachments and signatures to the Economic Development Department office at 401 N. Elm St., Denton, Texas. If you have any application questions, please contact the Economic Development Department at 940-349-7776.

| | |
|--|---------------------|
| Applicant Name | Date |
| MARK HICKS | 10/11/23 |
| Business Name | |
| GREEN EGGS + HAM LLC | |
| Mailing Address | |
| 7420 FM 2449 PONDER, TX 76259 | |
| Contact Phone | Email Address |
| 972-955-5653 | MHICKS@HICKSLLC.COM |
| Building Owner (if different from applicant) | |
| | |
| Historical/Current Building Name | |
| 116 W. OAK (FORMER McBRIDE'S PAWN) | |
| Project Site/Address | |
| 116 W. OAK ST., DENTON, TX 76201 | |

Type of Work: (check all that apply)

- | | |
|--|---|
| <input type="checkbox"/> Paint Only <input type="checkbox"/> Signage <input type="checkbox"/> Utility Upgrades <input checked="" type="checkbox"/> Facade & Building Renovation | <input type="checkbox"/> Awnings <input type="checkbox"/> Impact Fees <input type="checkbox"/> Interior/Code Improvements <input type="checkbox"/> Fire Suppression System |
|--|---|

Details of planned improvements relating to grant request (attach additional information if necessary).

SEE ATTACHED DETAILED DESCRIPTION + CERTIFICATE OF APPROPRIATENESS.

How will this project benefit Downtown?

SIGNIFICANTLY IMPROVE THE VIEW OF THE NORTH SIDE OF THE SQUARE.

Legal Description of the property:

OT DENTON BLK 5 LOT 2

| Project Categories | Estimated Costs | Grant Requested |
|----------------------------|-----------------|-----------------|
| Facade/Building Rehab | 138,529 | 50,000 |
| Awnings | | |
| Signs | | |
| Impact Fees | | |
| Utility Upgrades | | |
| Interior/Code Improvements | | |
| Fire Suppression System | | |
| Totals | | |

TOTAL COST OF PROPOSED PROJECT

\$ 138,529

TOTAL GRANT REQUEST

(May not exceed 50% of TOTAL COST up to \$50,000)

\$ 50,000

Attach all required color samples of paint, awning/canopy, sign design, etc., as well as photographs of building's exterior facade, roof and foundation.

Applicant's Signature

10/19/23

Date

Caliber Construction, Inc.
504 Chambers Street
Denton, Texas 76205
(940) 898-8784
(940) 591-0704 Fax

Job: Old McBrides Bld
Address: 116 Oak St
Date: 13-Oct-23

Area: Front Façade

| <u>Construction Costs</u> | <u>Estimate</u> | |
|----------------------------------|-----------------|---------------------------------|
| Demolition | 12,300.00 | Awnings and glass cases outside |
| Sawcutting | | |
| Demolition Debris Disposal | | |
| Soil Test | | |
| Site Prep | | |
| Water & Sewer Taps | | |
| Water Line | | |
| Fence Permit | | |
| Building Permit | 1,200.00 | |
| Foundation Engineering (Testing) | | |
| Foundation Labor | | |
| Arch & Eng&Tas | 4,500.00 | |
| Foundation Concrete | | |
| Retaining Wall | | |
| Area Drains on eastside | | |
| Stairs and railing | | |
| Concrete Pump | | |
| Septic System | | |
| Plumbing Labor and Materials | | |
| Framing Materials | 1,750.00 | |
| Framing Labor | 10,500.00 | |
| Awning | 28,000.00 | |
| Insulation | | |
| Trusses | | |
| Office Finish Out | | |
| Windows | 24,600.00 | |
| Front Doors | 1,250.00 | |
| Transoms/Sidelights | | |
| Skylights | | |
| Man Doors | | |
| Store Front Door | | |
| Overhead Doors 4 | | |
| Deck Pan Material | | |
| Roofing | | |
| Metal Roofing | | |
| Waterproofing | | |
| Valley Metal | | |
| Tin Washers/Cement | | |
| Felt Paper | | |
| Fire Alarm | | |

| | |
|------------------------------|----------|
| Fire Sprinkler | |
| 4" Fire Line | |
| Computer Wires | |
| Electrical Materials | 4,750.00 |
| Electrical Service Revisions | |
| Garage Openers | |
| Garage Doors | |
| Cultured Stone | |
| Stone Fireplace Cap | |
| Stone Work | |
| Stucco | |
| Flue Finer | |
| CMU Block (Fireplace) | |
| Damper | |
| Mortar | |
| Sand | |
| Wall Ties | |
| Lentils Steel | |
| Chimney Caps | |
| Mason Labor | 6,500.00 |
| Sheetrock Materials | |
| Sheetrock Labor | |
| Tape/Bed/Texture | |
| Acoustical Ceilings | |
| Wooden Ceiling Materials | |
| Decorative Wooden Beam Mat. | |
| Decorative Wooden Beam Labor | |
| Trim Materials | |
| Trim Labor | |
| Brick Mailbox/Metal Mailbox | |
| Cabinets | |
| Backsplash | |
| Stairway Material | |
| Insulation | |
| Pre-Cast Stone | |
| Ceramic Floor Tile | |
| Stained Concrete | |
| Wood Flooring | |
| Carpet | |
| Wall Paper Materials | |
| Wall Paper Labor | |
| Cook Top | |
| Oven | |
| Range Cord | |
| Refrigerator | |
| Garbage Disposal | |
| Dishwasher | |
| Microwave | |
| Vent Hood | |
| Compactor | |
| Wine Cooler | |
| Washer | |
| Dryer | |
| Dryer Cord | |

| | |
|---------------------------------|-------------------|
| Smoke Detectors | |
| Light Fixtures | |
| Chime Kit | |
| Ironing board | |
| Toilet Partitions | |
| Mason Labor "Firebox" | |
| Fireplace Mantle | |
| Bath Shower Tile | |
| Shower Doors and Glasswork | |
| Mirrors | |
| Master Shower Tile | |
| Master Tub Allowance | |
| Alarm System | |
| Hardware | |
| Cabinet Hardware | |
| Survey | |
| Agg/Patterned Concrete | |
| Remaining Flatwork | |
| Clean-Up Labor | 650.00 |
| Debris Disposal | 825.00 |
| Final Cleaning | |
| Plantation Shutters | |
| New Retaining Walls | |
| Existing Retaining Wall Replace | |
| Fence Repairs | |
| Site Grading | |
| Sprinkler System | |
| Landscaping | |
| Painter | 14,700.00 |
| Gutters | |
| Septic System | |
| Granite Countertops | |
| Formica Countertops | |
| Existing Kitchen Granite Ctops | |
| Vanity Tops | |
| Fans/Light Kits | |
| Carpentry Materials | 1,250.00 |
| Carpentry | 1,500.00 |
| Construction Costs Total | 114,275.00 |
| <u>Concrete Flatwork</u> | |
| Concrete Labor | |
| Concrete Materials | |
| Concrete Reinforcement | |
| Parking Lot Stripping | |
| Flatwork Total | 0.00 |
| Building Costs Total | 114,275.00 |

Soft Costs

RES Check Compliance Report

AIA, Bonds

General Liability

Builder's Risk

Plans

Form Placement Survey

Utilities

Water

Portable Restrooms

Construction Management 1,145.00

Overhead 1,125.00

Profit 11,427.00

Tax 10,557.69

Soft Costs Total 24,254.69

Grand Total 138,529.69

Project Narrative 116 W Oak Street

To: The Honorable Members of the Denton City Council, The Honorable Members of the Planning and Zoning Commission and The Department of Development Services

From: Greg Johnson, Verus Commercial
On behalf of Mr. Mark Hicks, Principal. Green Eggs & Ham LLC.
Owner of 116 W Oak Street (former McBride's Music & Pawn).

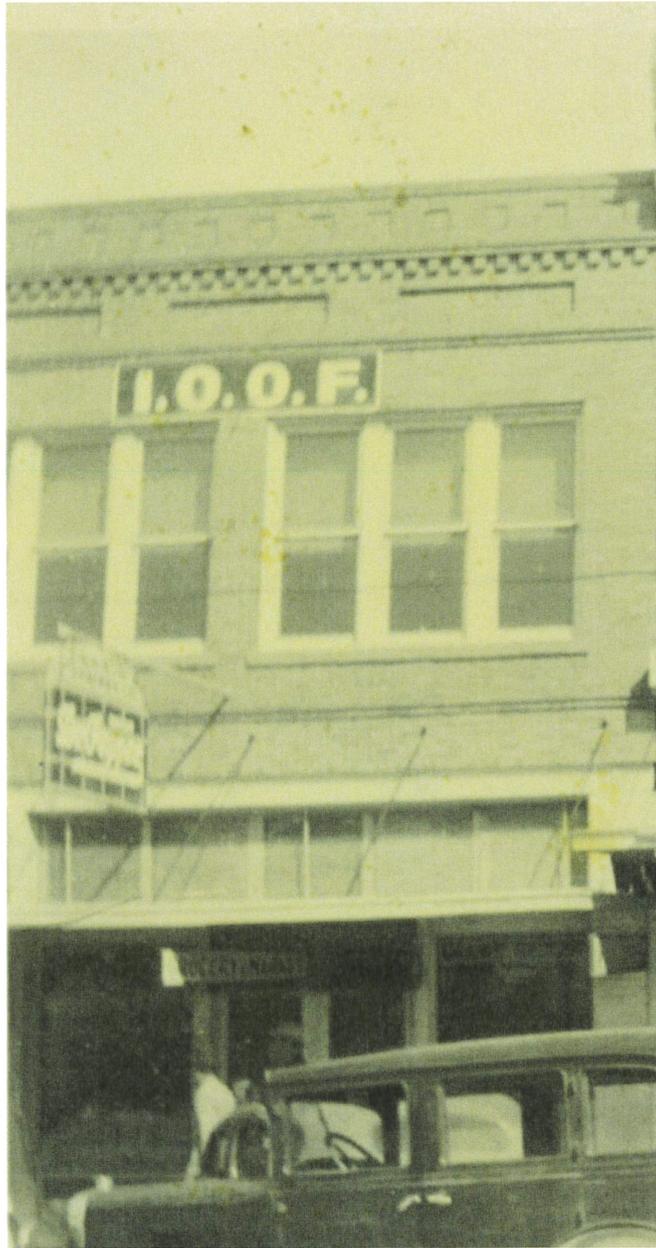
Background

116 W Oak was home to McBride's Music & Pawn for 52 years when it closed and merged with another pawn shop, relocating its operations to Decatur. Both the exterior and interior of the building remained largely unchanged for those 52 years resulting in a tired façade in need of significant repairs in order to re-tenant the building with a high-quality tenant. See photo below of existing condition:



Proposed Exterior Renovation

Cameron Robertson, Historic Preservation Officer, was very helpful in providing a variety of historical photos of the building in order for the applicant to choose a historically appropriate style to mimic for this renovation. We have chosen the exterior photo below circa 1938.



The Renovation

Brick / Paint: The goal is to remove the exterior paint revealing the original brick, however if the brick proves to deteriorate due to paint removal, we will paint the brick with a historically appropriate paint color from the Sherwin Williams Historic Color Palette as directed by Cameron. New brick columns street level will be painted to match the style in the 1938 photo.

Awning: The existing large awning is not structurally sound and is rusted, nor is it consistent with any of the historical photos. Since the requirement is to match a documented (with photo) historical style prior to 50 years prior to current date, keeping the existing awning would not be possible even if it were structurally sound. The plan is to install a new steel flat awning consistent with the 1938 photo which will reveal the transom windows.

Transom Windows: The transom windows were hidden when the large awning & sign were installed by McBride's, but the openings are still there. New windows will be installed in concert with the 1938 photo.

Street Level: Because the desired use is restaurant, we want to allow for a covered patio inset behind the front of the building (property line). The businesses on the square benefit from foot traffic and a vibrant active downtown, as has been proven over the last 10 years as more restaurants have located on the square. As you will see in the architects conceptual drawings, he has designed a front façade consistent with the vertical elements in the 1938 photo that captures the look and feel from 1938 while allowing the storefront entry to be inset about 20 feet. This will allow for patio dining while not obstructing the sidewalk (which can be a challenge in other areas of the square where restaurants place tables on the public property).

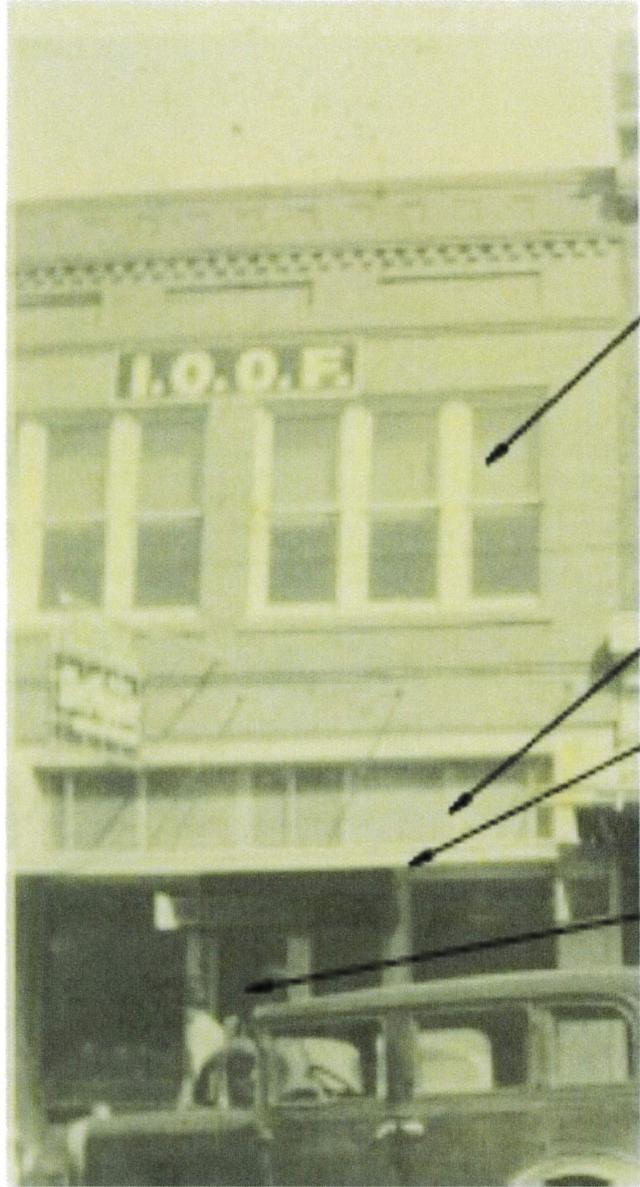
The existing old style inset entry with display windows on each side will be completely removed, allowing for usable patron dining space while achieving the 1938 look.

Existing w/ Notes



5 BUILDING TODAY
1/4" = 1'-0"

1938 w/ Notes



WOOD WINDOWS

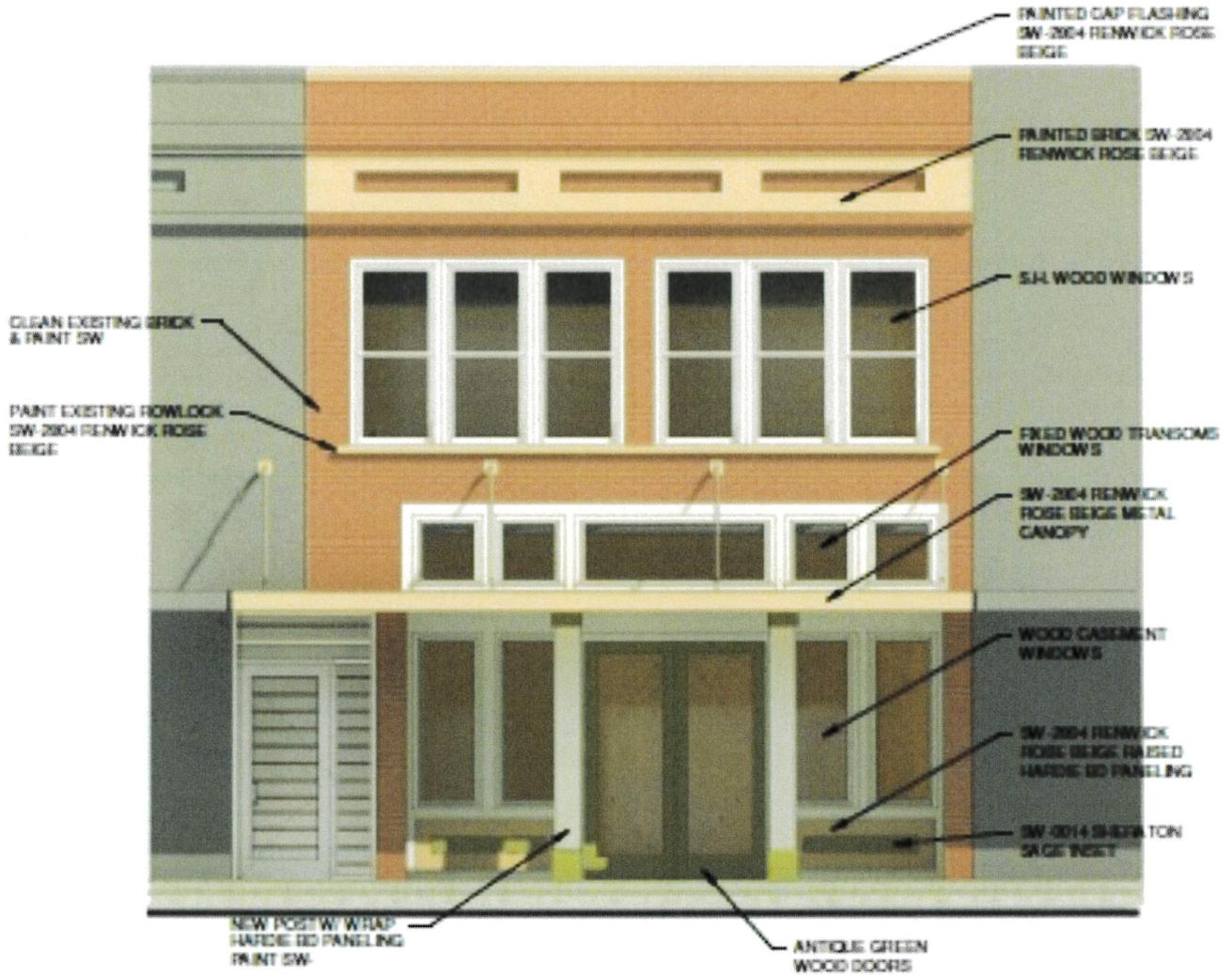
FIXED TRANSOM
WINDOWS

CANOPY

ENTRY DOOR
RECESSED

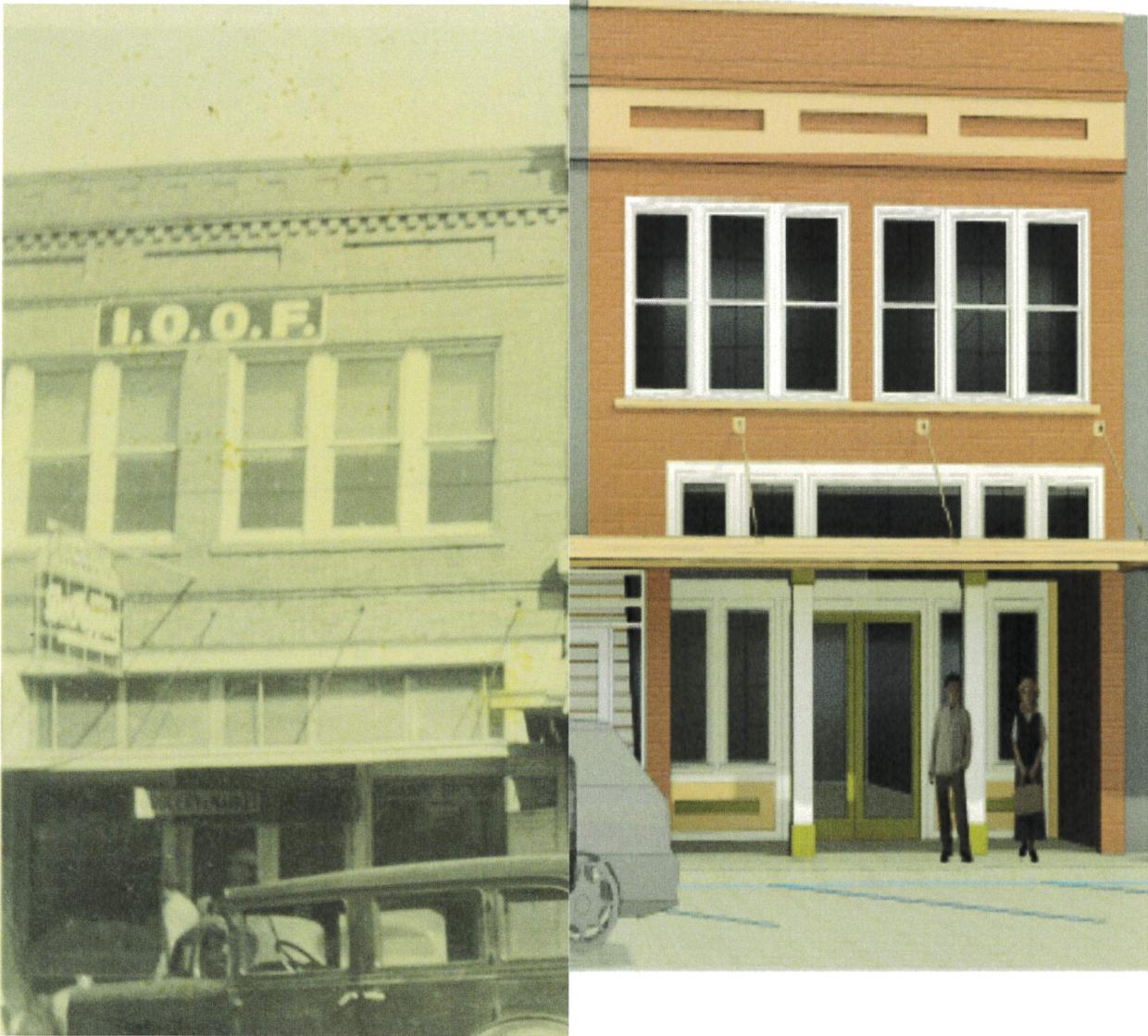
© 1938 HISTORICAL PHOTO
1/4" = 1'-0"

Conceptual Rendering w/ Notes



① FRONT ELEVATION
 1/4" = 1'-0"

Side by Side View



Summary

The square has experienced a variety of vacancies in 2022-2023 due in part to long-time businesses closing and others either not recovering from the Covid-related financial downturn or the business just not making it due to product offering, etc. History proves that the square thrives when there is a variety of entertainment, dining and shopping options. Restaurant uses in particular drive unique visitor traffic to the square, and the traffic they generate is good for other business types. Mr. Hicks is already heavily invested in the downtown area and on the square itself. He is a long-term hold investor who hasn't sold any downtown property he has acquired. The significant investment he will make at 116 W Oak is no different, and we believe it will be home to a destination restaurant user for years to come. The proposed renovation will be as close as possible to the 1938 photo while meeting all current code requirements.

This renovation project meets the Overall Intent of the Denton Square District as listing in DDC Section 4.10.1, in fact it meets all of the listed items other than "encourage the integration of art into public & private development", which is not possible given the property line is the building line.

We respectfully ask for your approval so that the renovation can commence, and we bring this building back to life.

EXHIBIT A



CITY OF DENTON
DOWNTOWN REINVESTMENT GRANT PROGRAM APPLICATION

Department of Economic Development
401 N. Elm St., Denton, TX 76201
940-349-7776
www.cityofdenton.com
ED@cityofdenton.com

Downtown Reinvestment Grant Program Application

Please return completed the application with necessary attachments and signatures to the Economic Development Department office at 401 N. Elm St., Denton, Texas. If you have any application questions, please contact the Economic Development Department at 940-349-7776.

| | |
|--|---|
| Applicant Name MARK HICKS | Date 10/11/23 |
| Business Name GREEN EGGS + HAM LLC | |
| Mailing Address 7420 FM 2449 PONDER, TX 76259 | |
| Contact Phone 972-955-5653 | Email Address MHICKS@HICKSLP.COM |
| Building Owner (if different from applicant) | |
| Historical/Current Building Name 116 W. OAK (FORMER McBRIDE'S PAWN) | |
| Project Site/Address 116 W. OAK ST., DENTON, TX 76201 | |

Type of Work: (check all that apply)

- | | |
|---|--|
| <input type="checkbox"/> Paint Only <input type="checkbox"/> Signage <input type="checkbox"/> Utility Upgrades <input type="checkbox"/> Facade & Building Renovation | <input type="checkbox"/> Awnings <input type="checkbox"/> Impact Fees <input type="checkbox"/> Interior/Code Improvements <input checked="" type="checkbox"/> Fire Suppression System |
|---|--|

Details of planned improvements relating to grant request (attach additional information if necessary).

SEE ATTACHED DETAILED DESCRIPTION + BID

How will this project benefit Downtown?

PROTECT ALL ADJACENT BUILDINGS IN THE EVENT OF A FIRE.

Legal Description of the property:

OT DENTON BLK 5 LOT 2

| Project Categories | Estimated Costs | Grant Requested |
|----------------------------|-----------------|-----------------|
| Facade/Building Rehab | | |
| Awnings | | |
| Signs | | |
| Impact Fees | | |
| Utility Upgrades | | |
| Interior/Code Improvements | | |
| Fire Suppression System | \$159,804 | \$50,000 |
| Totals | | |

TOTAL COST OF PROPOSED PROJECT

\$ 159,804

TOTAL GRANT REQUEST

(May not exceed 50% of TOTAL COST up to \$50,000)

\$ 50,000

Attach all required color samples of paint, awning/canopy, sign design, etc., as well as photographs of building's exterior facade, roof and foundation.

Applicant's Signature

10/19/23

Date

DOWNTOWN REINVESTMENT GRANT AGREEMENT FORM

Please complete and return with the Downtown Reinvestment Grant Application to the Economic Development office, 401 N. Elm St., Denton, Texas. If you have any questions, please contact the Economic Development Department at 940- 349-7776.

I have met with a representative from the Economic Development Department, and I have read and fully understand the Downtown Reinvestment Grant procedures established by the Denton City Council. I intend to use this grant program for the aforementioned renovation projects to advance the efforts of revitalization and historic preservation of Denton's historic downtown. *I have not received, nor will I receive insurance monies for this revitalization project.*

I understand that if I am awarded a Downtown Reinvestment Grant by the City of Denton, any deviation from the approved project may result in the partial or total withdrawal of the grant. (If I am awarded a reinvestment grant for facade, awning or sign work and the facade, sign or awning is altered for any reason within **one (1) year** from construction, I may be required to reimburse the City of Denton immediately for the full amount of the grant.)

GREEN EGGS + HAM LLC

Business/Organization Name

 MARK HICKS 10/11/23

Applicant's Signature

Printed Name

Date

Building Owner's Signature (if different from applicant) Printed Name

Date

This section is to be completed by Economic Development staff.

Date considered by DEDC

Recommendation

Staff Signature

Date considered by TIRZ #1 Board

Recommendation

Staff Signature

Date considered by City Council

Approval

Staff Signature

Caliber Construction, Inc.
504 Chambers Street
Denton, Texas 76205
(940) 898-8784
(940) 591-0704 Fax

Job: Old McBrides Bld
Address: 116 Oak St
Date: 20-Oct-23

Area: Fire Sprinkler And Alarm

| <u>Construction Costs</u> | <u>Estimate</u> |
|----------------------------------|-----------------|
| Demolition | |
| Sawcutting | 1,500.00 |
| Demolition Debris Disposal | |
| Soil Test | |
| Site Prep | |
| Water & Sewer Taps | |
| Water Line | |
| Fence Permit | |
| Building Permit | ? |
| Foundation Engineering (Testing) | |
| Foundation Labor | |
| Arch & Eng&Tas | |
| Foundation Concrete | 3,500.00 |
| Retaining Wall | |
| Area Drains on eastside | |
| Stairs and railing | |
| Concrete Pump | |
| Septic System | |
| Plumbing Labor and Materials | |
| Fire Riser Room | 5,600.00 |
| Framing Labor | |
| Awning | |
| Insulation | |
| Trusses | |
| Office Finish Out | |
| Windows | |
| Front Doors | |
| Transoms/Sidelights | |
| Skylights | |
| Man Doors | |
| Store Front Door | |
| Overhead Doors 4 | |
| Deck Pan Material | |
| Roofing | |
| Metal Roofing | |
| Waterproofing | |
| Valley Metal | |
| Tin Washers/Cement | |
| Felt Paper | |
| Fire Alarm | 8,500.00 |

| | |
|------------------------------|------------|
| Fire Sprinkler | 103,000.00 |
| Computer Wires | |
| Electrical Materials | 6,850.00 |
| Electrical Service Revisions | |
| Garage Openers | |
| Garage Doors | |
| Cultured Stone | |
| Stone Fireplace Cap | |
| Stone Work | |
| Stucco | |
| Flue Finer | |
| CMU Block (Fireplace) | |
| Damper | |
| Mortar | |
| Sand | |
| Wall Ties | |
| Lentils Steel | |
| Chimney Caps | |
| Mason Labor | |
| Sheetrock Materials | |
| Sheetrock Labor | |
| Tape/Bed/Texture | |
| Acoustical Ceilings | |
| Wooden Ceiling Materials | |
| Decorative Wooden Beam Mat. | |
| Decorative Wooden Beam Labor | |
| Trim Materials | |
| Trim Labor | |
| Brick Mailbox/Metal Mailbox | |
| Cabinets | |
| Backsplash | |
| Stairway Material | |
| Insulation | |
| Pre-Cast Stone | |
| Ceramic Floor Tile | |
| Stained Concrete | |
| Wood Flooring | |
| Carpet | |
| Wall Paper Materials | |
| Wall Paper Labor | |
| Cook Top | |
| Oven | |
| Range Cord | |
| Refrigerator | |
| Garbage Disposal | |
| Dishwasher | |
| Microwave | |
| Vent Hood | |
| Compactor | |
| Wine Cooler | |
| Washer | |
| Dryer | |
| Dryer Cord | |

| | |
|---------------------------------|-------------------|
| Smoke Detectors | |
| Light Fixtures | |
| Chime Kit | |
| Ironing board | |
| Toilet Partitions | |
| Mason Labor "Firebox" | |
| Fireplace Mantle | |
| Bath Shower Tile | |
| Shower Doors and Glasswork | |
| Mirrors | |
| Master Shower Tile | |
| Master Tub Allowance | |
| Alarm System | |
| Hardware | |
| Cabinet Hardware | |
| Survey | |
| Agg/Patterned Concrete | |
| Remaining Flatwork | |
| Clean-Up Labor | 550.00 |
| Debris Disposal | 350.00 |
| Final Cleaning | |
| Plantation Shutters | |
| New Retaining Walls | |
| Existing Retaining Wall Replace | |
| Fence Repairs | |
| Site Grading | |
| Sprinkler System | |
| Landscaping | |
| Painter | |
| Gutters | |
| Septic System | |
| Granite Countertops | |
| Formica Countertops | |
| Existing Kitchen Granite Ctops | |
| Vanity Tops | |
| Fans/Light Kits | |
| Carpentry Materials | |
| Carpentry | 650.00 |
| Construction Costs Total | 130,500.00 |
| <u>Concrete Flatwork</u> | |
| Concrete Labor | |
| Concrete Materials | |
| Concrete Reinforcement | |
| Parking Lot Stripping | |
| Flatwork Total | 0.00 |
| Building Costs Total | 130,500.00 |

Soft Costs

RES Check Compliance Report

AIA, Bonds

General Liability 1,318.00

Builder's Risk

Plans

Form Placement Survey

Utilities

Water

Portable Restrooms

Construction Management 1,500.00

Overhead 1,350.00

Profit 13,050.00

Tax 12,086.74

Soft Costs Total 29,304.74

Grand Total 159,804.74



February 23, 2024

Greg Johnson, Verus Commercial
3190 Teasley Lane
Denton, TX 76205

RE: 116 W Oak Street – Front (South) Façade Exterior Alterations

Dear Mr. Johnson:

On October 9, 2023, staff approved your Certificate of Design Consistency (DCC) application, on behalf of the City of Denton, for the alteration of the front (south) facade of the commercial building at 116 W Oak Street. The proposed improvements (see Exhibits A and B) were pursuant to Sections 4.10.7C and 4.10.7D of the Denton Development Code:

Façade Standards

- *Existing unpainted brick and stone facades must not be painted.*
- *The ground floor of buildings must include a minimum of three (3) elements of architectural relief at least every twenty-five (25) linear feet. These elements must comply with other applicable Design Standards, and may include, but are not limited to, the following:*
 - *Doors*
 - *Change in depth*
 - *Columns or posts*
 - *Windows*
 - *Awnings*
 - *Changes in materials*
 - *Other elements of architectural relief may be approved by the Director if they are determined to meet the Overall Purpose and Intent of the District.*

Fenestration, Glazing, and Entry Standards

- *Ground floor windows must use clear glass (80% minimum Visible Light Transmittance). All window glass must allow a minimum 60% Visible Light Transmittance and must not exceed 15% Visible Light Reflectance when measured at a perpendicular angle. The use of Low Emissivity (Low-E) glass is permitted.*
- *Primary building entrances must be clearly articulated, preferably with a covered-projected type of entry. Options, which must meet all applicable Design Standards, include:*
 - *Awnings*
 - *Canopies*
 - *Recessed entry*

OUR CORE VALUES

Integrity • Fiscal Responsibility • Transparency • Outstanding Customer Service

- *Other similar treatments may be approved by the Director if they are determined to meet with the Overall Purpose and Intent of the District.*
- *Awnings, canopies, and other covered-projected types of building features are permitted to encroach partially into the public right-of-way, but do require completion and approval of a City of Denton Right-of-Way Use permit/application.*
- *Awning, canopies, and other covered-projected types of building features must comply with the following:*
 - *Must be placed so as to provide weather protection for pedestrians.*
 - *Must be consistent in height with similar covered-projected features on adjacent or joining buildings.*
 - *Must be mounted in locations that do not obscure ornamental features over storefronts, such as rooflines, arches, and banding.*
 - *Must not exceed the width of the sidewalk*
 - *Must not be torn, frayed, ripped, faded, or stained, soiled or dirty. When not specifically addressed by this ordinance, provisions of the City of Denton property maintenance code shall apply.*
 - *Must not have a dome or convex frame.*
 - *Colors of awnings, canopies, and other covered-projected types of building features must enhance and complement the building to which they are attached, rather than overwhelm the building scheme. Colors must not call more attention to the projected-covered building feature than the building.*
 - *The frame structure of such building features must be finished to match the metal storefront system color or the fabric color of the associated projected-covered type of building feature.*
 - *Such building features are not prohibited from encroaching partially into the public right-of-way, provided that a City of Denton Right-of-Way Use permit/application has been completed and approved.*

On February 23, 2024, staff received revised plans from the applicant that showed the following changes (see Exhibit C):

- Removal of the columns; and
- Removal of the recessed entry

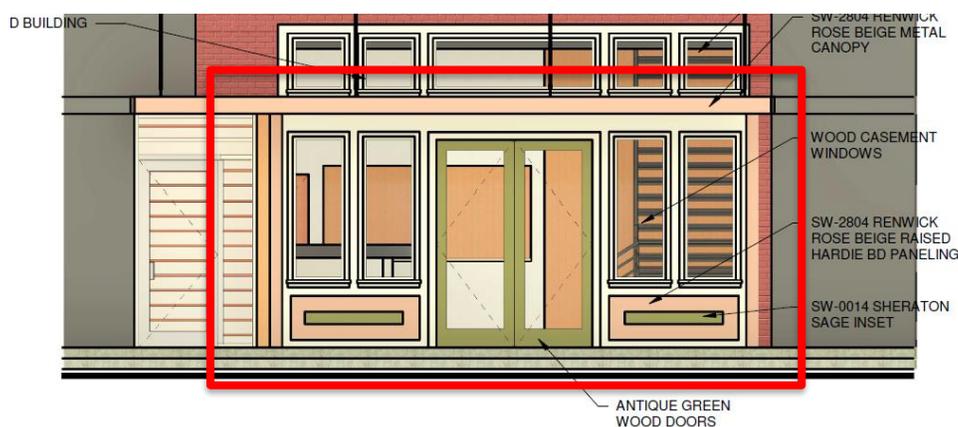


Figure 1: New Proposed Entryway

Per staff's review of the material provided, and per Sections 4.10.7C and 4.10.7D above, the amendment to the plans has been administratively reviewed and approved by the Historic Preservation Officer.

Please note that any work that deviates from the amended work proposed above and within the exhibits will require a new DCC. Additionally, if the applicant has received funding through the Downtown Reinvestment Grant Program, any work deviations should be discussed with staff prior to permitting to keep the applicant in substantial conformance with the program.

Please use this approval letter as a record of staff's review. If you have any questions or require additional information, please contact me at (940) 349-8532 or via email at cameron.robertson@cityofdenton.com.

Sincerely,

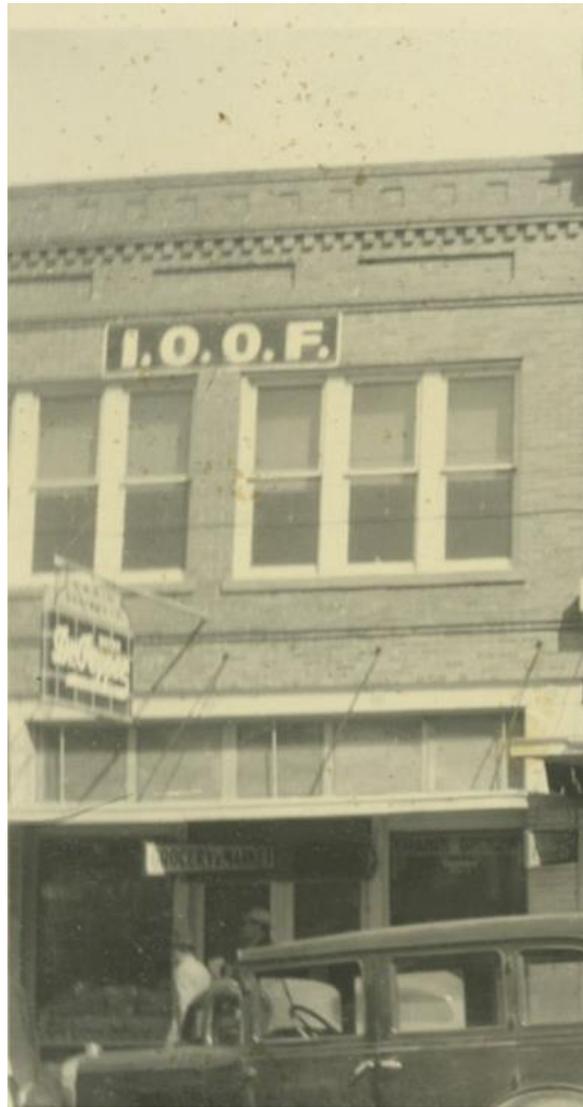
A handwritten signature in black ink that reads "CAMERON ROBERTSON". The signature is written in a cursive, slightly slanted style.

Cameron Robertson, AICP
Historic Preservation Officer

Exhibit A

Proposed Exterior Renovation

Cameron Robertson, Historic Preservation Officer, was very helpful in providing a variety of historical photos of the building in order for the applicant to choose a historically appropriate style to mimic for this renovation. We have chosen the exterior photo below circa 1938.



The Renovation

Brick / Paint: The goal is to remove the exterior paint revealing the original brick, however if the brick proves to deteriorate due to paint removal, we will paint the brick with a historically appropriate paint color from the Sherwin Williams Historic Color Palate as directed by Cameron. New brick columns street level will be painted to match the style in the 1938 photo.

Awning: The existing large awning is not structurally sound and is rusted, nor is it consistent with any of the historical photos. Since the requirement is to match a documented (with photo) historical style prior to 50 years prior to current date, keeping the existing awning would not be possible even if it were structurally sound. The plan is to install a new steel flat awning consistent with the 1938 photo which will reveal the transom windows.

Transom Windows: The transom windows were hidden when the large awning & sign were installed by McBride's, but the openings are still there. New windows will be installed in concert with the 1938 photo.

Street Level: Because the desired use is restaurant, we want to allow for a covered patio inset behind the front of the building (property line). The businesses on the square benefit from foot traffic and a vibrant active downtown, as has been proven over the last 10 years as more restaurants have located on the square. As you will see in the architects conceptual drawings, he has designed a front façade consistent with the vertical elements in the 1938 photo that captures the look and feel from 1938 while allowing the storefront entry to be inset about 20 feet. This will allow for patio dining while not obstructing the sidewalk (which can be a challenge in other areas of the square where restaurants place tables on the public property).

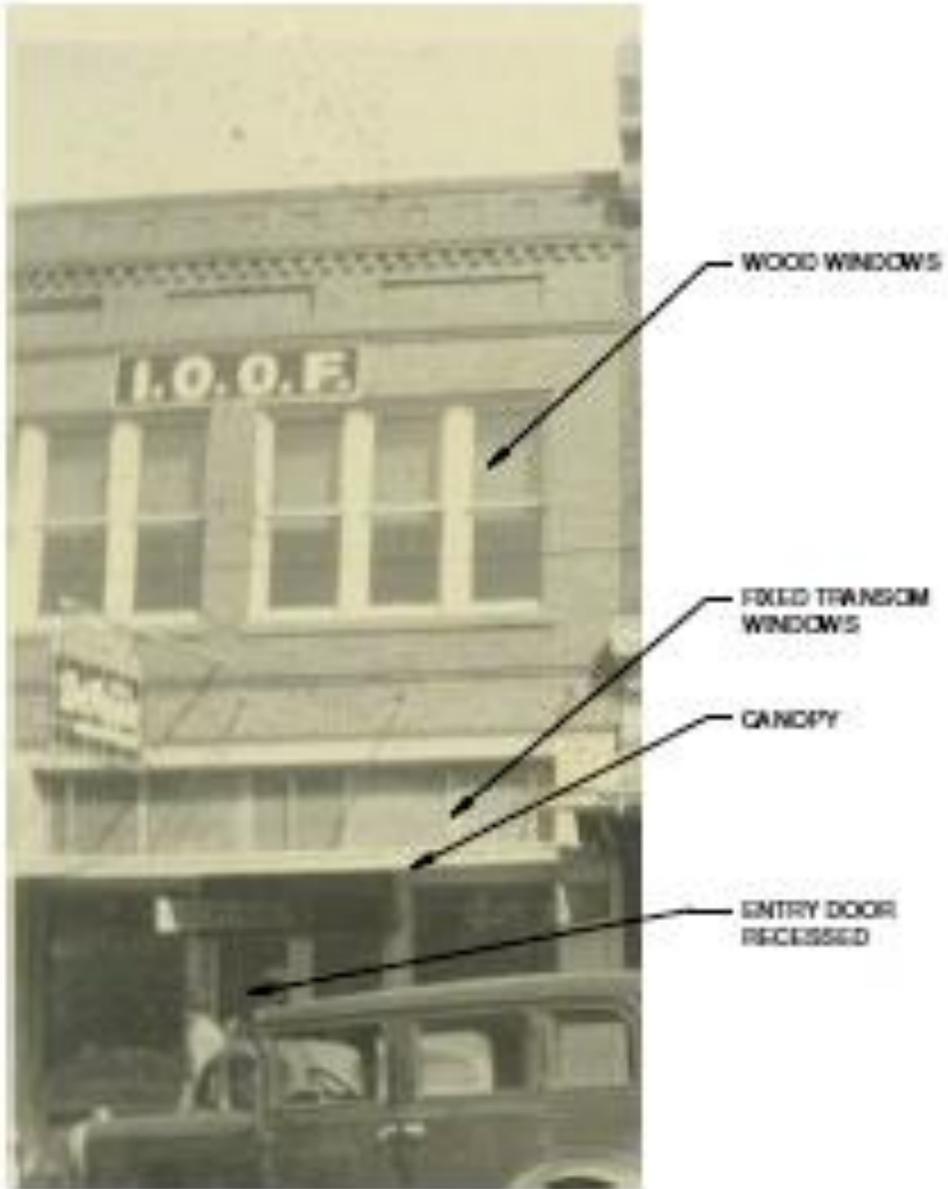
The existing old style inset entry with display windows on each side will be completely removed, allowing for usable patron dining space while achieving the 1938 look.

Existing w/ Notes



5 BUILDING TODAY
1/4" = 1'-0"

1938 w/ Notes



⑤ 1938 HISTORICAL PHOTO
1/4" = 1'-0"

Conceptual Rendering w/ Notes – PREVIOUSLY APPROVED PLANS



Side by Side View

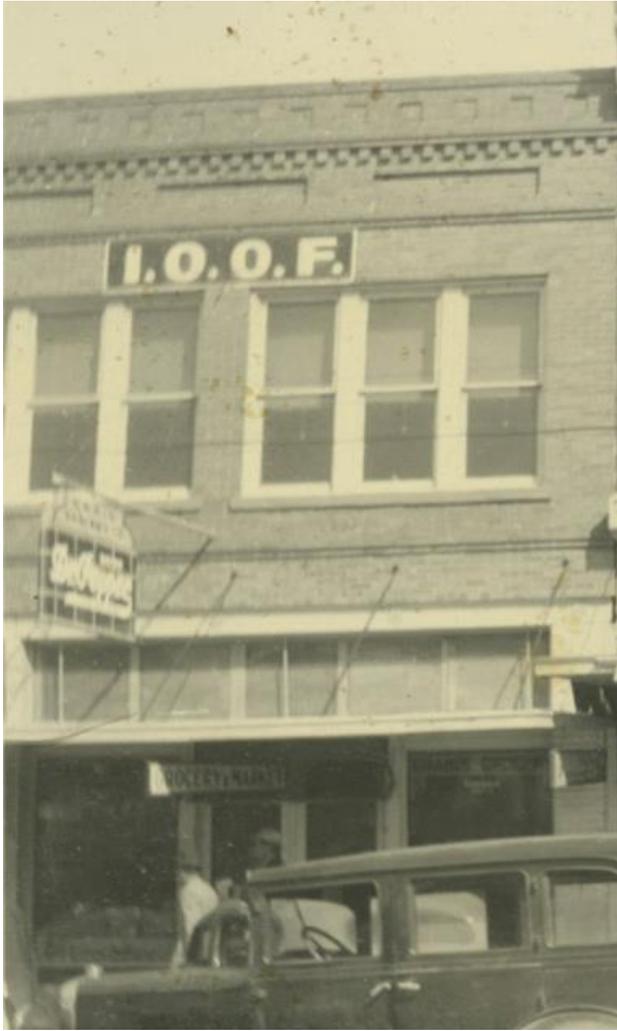
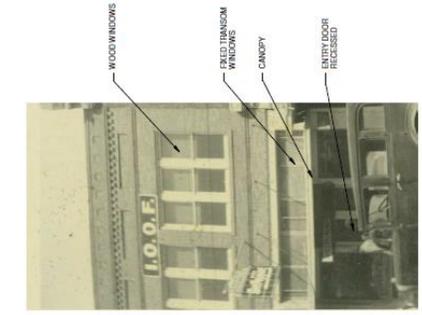


Exhibit B – PREVIOUSLY APPROVED PLANS



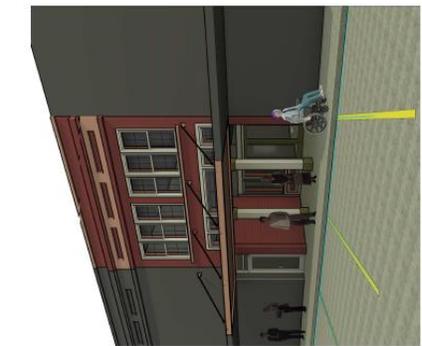
④ 1938 HISTORICAL PHOTO
1/4" = 1'-0"



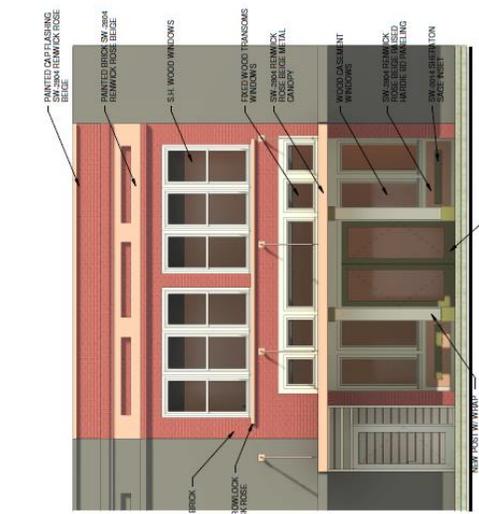
⑤ BUILDING TODAY
1/4" = 1'-0"



⑦ 09/18/23 RENDERING
1/2" = 1'-0"



③ 3D View 3



① FRONT ELEVATION
1/4" = 1'-0"

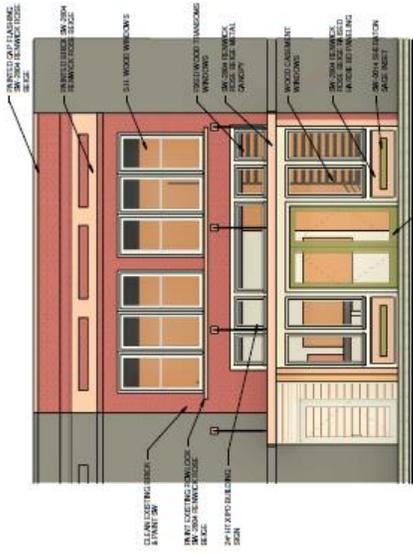


② 3D View 4

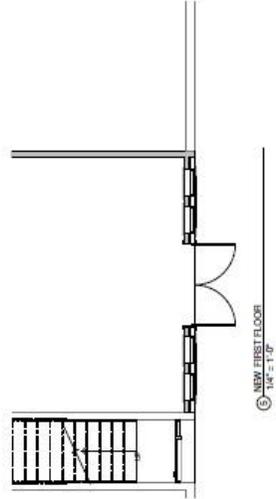


④ 3D View 1

Exhibit C – AMENDED PLANS



① FRONT ELEVATION
1/4" = 1'-0"



⑤ NEW FIRST FLOOR
1/4" = 1'-0"



② 02224 EXTERIOR VIEW
1/2" = 1'-0"



③ 02224 EXTERIOR VIEW 1
1/2" = 1'-0"



④ 02224 EXTERIOR VIEW 2
1/2" = 1'-0"

116 W OAK FORMER MCBRIDE'S GRANT APPLICATION

FEBRUARY 28, 2024

FIRE SUPPRESSION

- Applaud the city for putting this program into place
- Impossible to do when a building is occupied, so when they turn over (doesn't happen often) is the time to do it.
- In order to make it impactful, we need to keep this program in place and be patient.
- \$50k doesn't even cover half of the cost but it makes a difference!
- Any questions about the application?

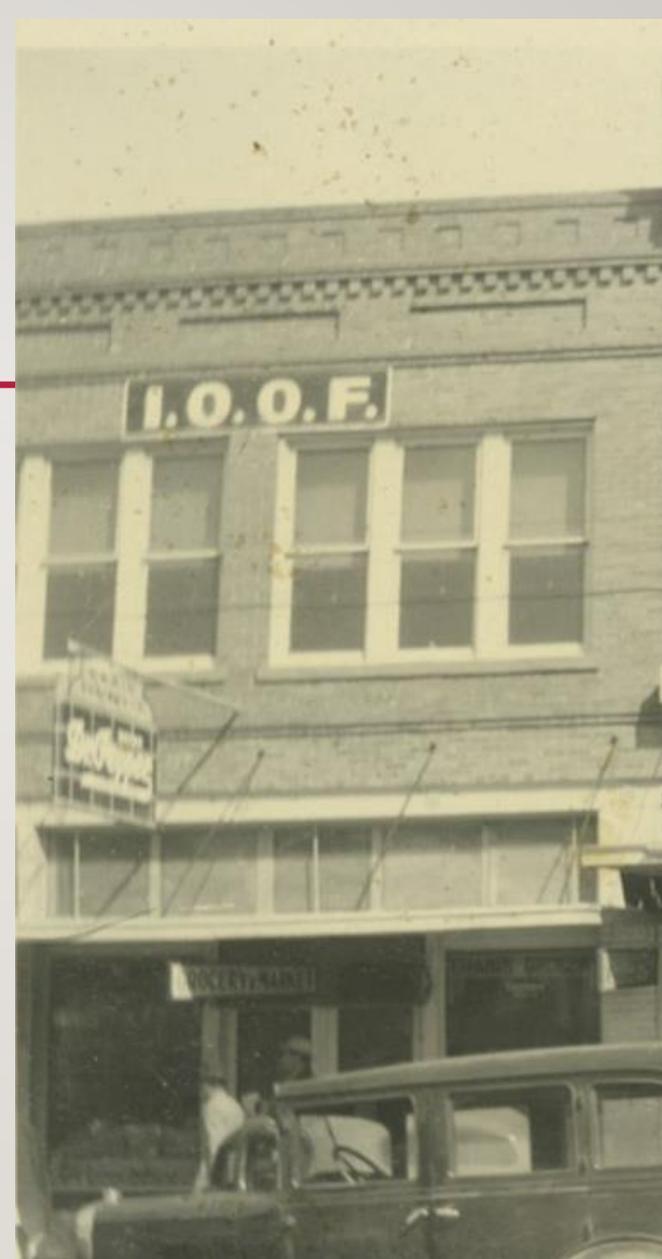
FACADE GRANT

- History
 - McBride's Music & Pawn for 52 years
 - Exterior & Interior largely unchanged during that time
 - Little unique visitor traffic generated
 - Little sales tax generated
 - Exterior not attractive
 - Not “a draw” to the square



FACADE GRANT

- Inspiration
 - Cameron Robertson provided some historical photos for inspiration
 - We've chosen this photo from 1938
 - Brick detail in concert with several others on the square



FACADE GRANT

- The Renovation
 - Brick/Paint
 - goal is to expose original brick removing paint
 - If can't then paint with approved paint color
 - Awning
 - New steel awning matching style of 1938 photo
 - Transom Windows above Awning
 - New windows installed where they were in 1938
 - Street Level
 - Application states desire to recess 20 feet. Staff preferred not to so front façade would match closer to 1938. Tenant has redesigned interior so recessed front not necessary. Will not have front flush from bottom to top. Yeah!



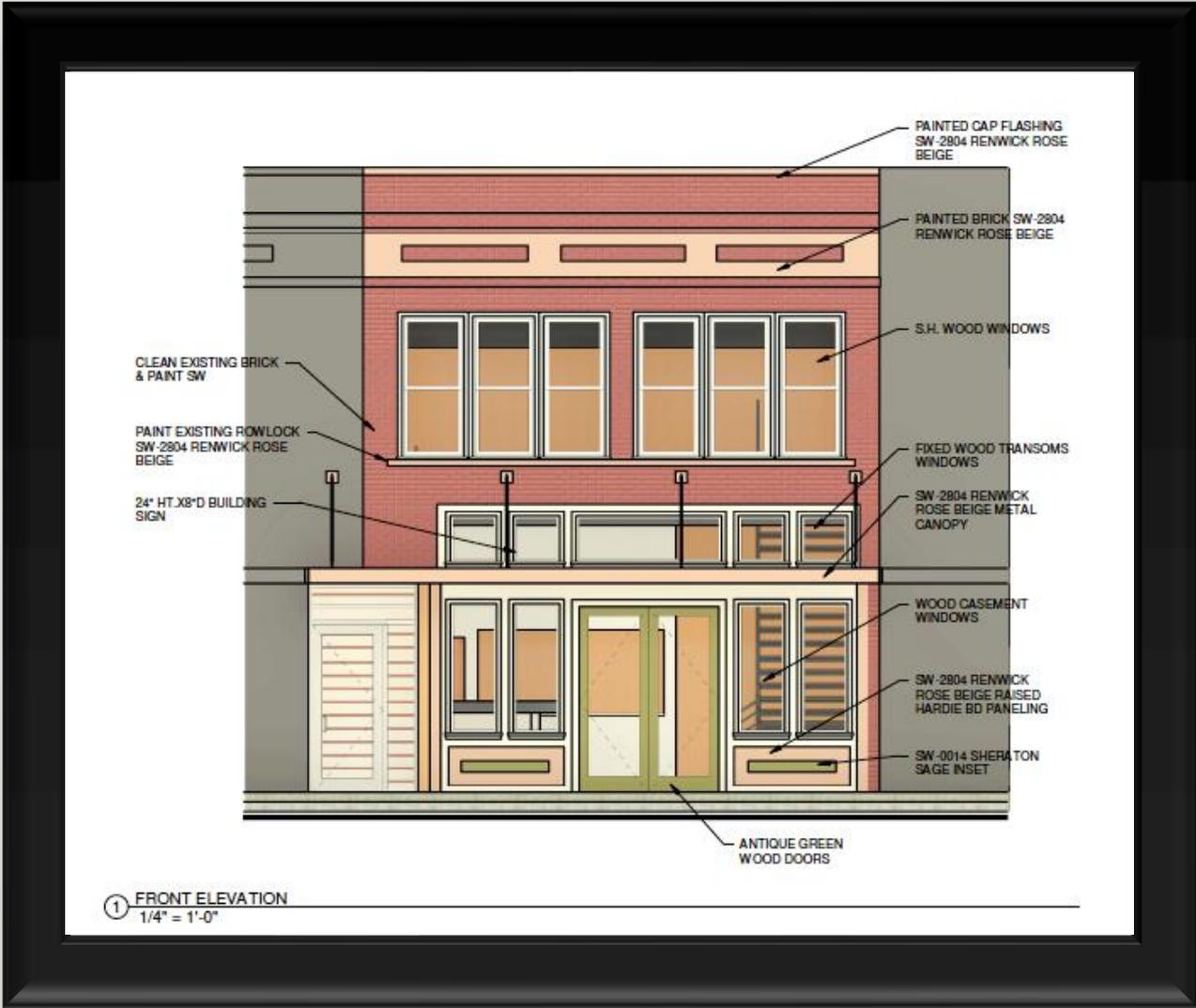
FACADE GRANT

- Side by Side



FACADE GRANT

- Materials Detail



FACADE GRANT

- The Tenant !



FACADE GRANT

- About Voodoo Brewing
 - 18 locations nationally
 - Local Ownership
 - Great Food Selection
 - Extensive Craft Beer Selection

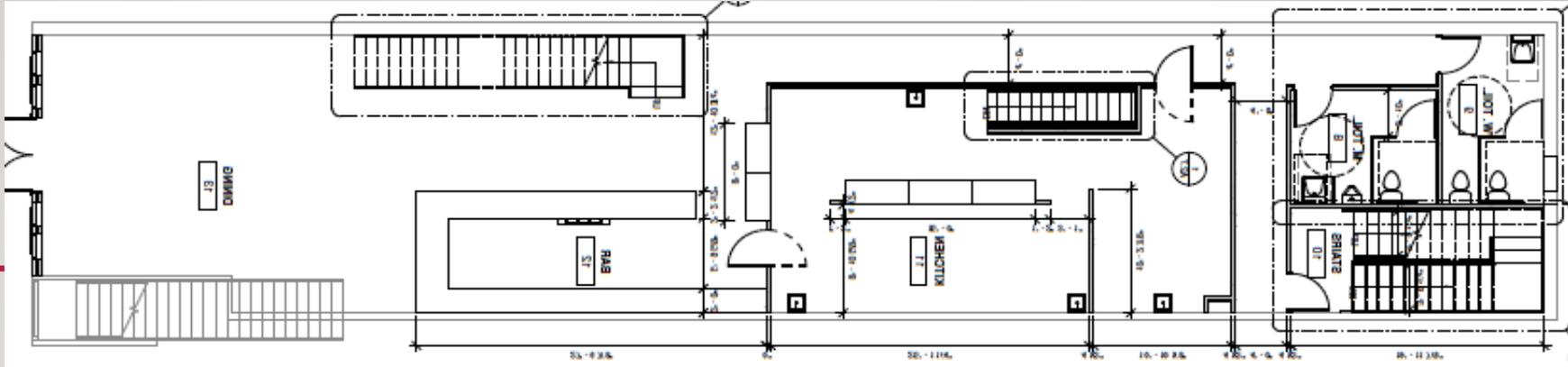


FACADE GRANT

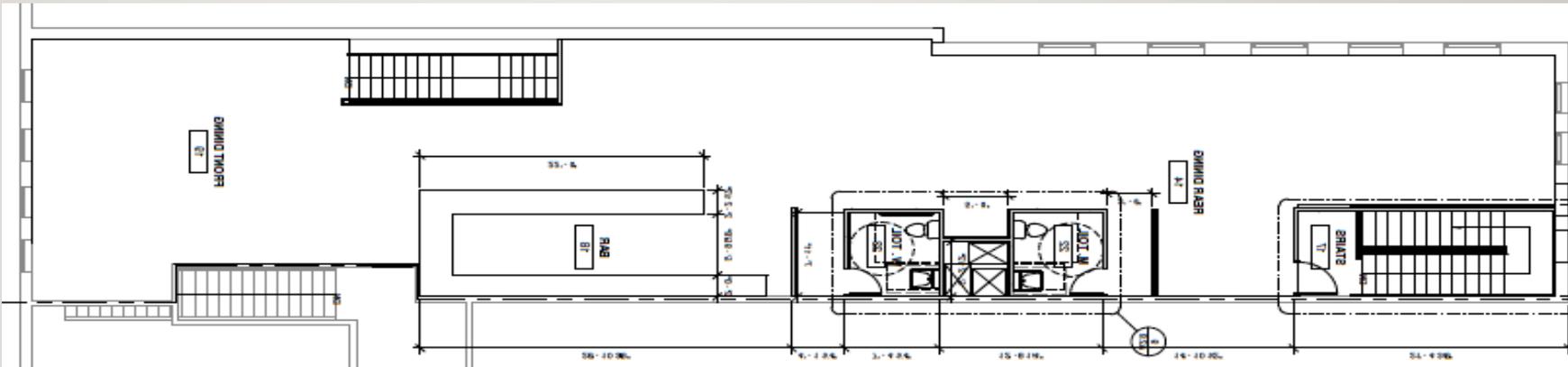
- Voodoo Investment
 - 2 floor restaurant & bar (6000 sf)
 - Complete interior renovation
 - Demo underway now
 - New structural for rooftop units
 - All new glass / operable windows
 - All new MEP's
 - \$1mm + budget

VOODOO PLANS

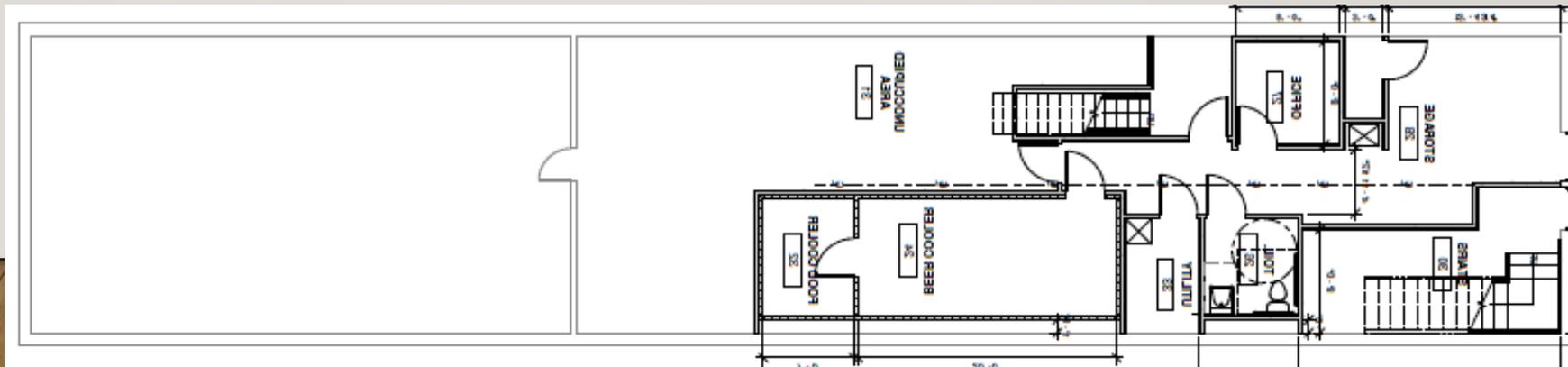
- 1st Floor



- 2nd Floor



- Basement



FACADE GRANT

- Questions?
- We appreciate your consideration and ask for your recommendation for approval.





City of Denton

City Hall
215 E. McKinney St.
Denton, Texas 76201
www.cityofdenton.com

Legislation Text

File #: TIF24-005, **Version:** 1

AGENDA CAPTION

Receive a report, hold a discussion, and make a recommendation to City Council regarding an economic development incentive request for 113-115 N. Elm Street by the Fine Arts Theater of Denton, LLC.



AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor, Assistant City Manager

DATE: February 28, 2024

SUBJECT

Receive a report, hold a discussion, and make a recommendation to City Council regarding an economic development incentive request for 113-115 N. Elm Street by the Fine Arts Theater of Denton, LLC.

BACKGROUND

The Fine Arts Theater was built in 1934 and has been the centerpiece of Denton Square for over 80 years. However, its entertainment roots date back further to the Graham Opera House, established in 1877. By 1935, after the opera house's era ended, the building was transformed into the Texas Theatre, joining the vibrant "Theatre Row" of Denton alongside names like the Majestic and the Dreamland. The theater landscape evolved, and by 1957, the Texas Theatre was renamed The Fine Arts Theater. Although it faced challenges, including a closure in 1981 and a fire in 1982, its legacy has persisted as an icon and landmark of the Denton Downtown Square.

The Theater was purchased by Fine Arts Theater of Denton, LLC in 2018. Since acquiring the property, the owners have made strides in the predevelopment and planning phases:

- Engaged Architexas, a Dallas-based historic preservation architectural firm, to assist in the development of renovation plans;
- Remediated asbestos and mold, ensuring the structure meets health and safety standards;
- Completed demolition of the interior in readiness for a renovation and expansion;
- Completed construction of a new roof;
- Partnership with local contractor Tim Beaty Builders to value-engineer and formulate a comprehensive renovation budget;
- Completed renovation plans and specifications and received a City permit;
- Securing approval for Federal Historic Tax Credit Program, while their application to the State of Texas Historic Tax Credit Program is still pending.

The City of Denton Economic Development Department was contacted by the owners/developer NorthBridge, in May 2022 regarding the Fine Arts Theater. The developer provided information regarding the status of the rehabilitation and renovation project and discussed a potential funding gap related to the project. At the time, the developer requested the City consider participation in the project as part of a Public/Private Partnership (P3). Staff used initial information provided by the owner to review potential participation strategies and researched other historic theater projects and city-involved theater projects throughout Texas. Staff found that several cities participated through P3s projects, typically through a Tax Increment Reinvestment Zone (TIRZ), bond funds, or an incentive (Lewisville, San Antonio and Temple). There were also a couple of instances of cities owning/operating theaters outright (Lewisville and Llano).

Project

The Fine Arts Texas Theatre renovation is a significant undertaking, representing a capital investment of \$9,119,623. Once completed, the theater will offer a variety of spaces tailored to diverse audience sizes and needs:

- A 200-seat main theater
- A 30-seat VIP Mezzanine
- A 50-seat private theater

In addition to the viewing areas, the theater will house a concession and bar area. The theater's functionality extends beyond just film screenings. It is envisioned as a multi-use venue, capable of hosting film festivals, concerts, live performances, and private event rentals.

Underwriter Report

An underwriter assessment was conducted to evaluate various facets of the Fine Arts Texas Theatre renovation project (Exhibit 4) The following are the key highlights and options:

Developer's Credentials and Support Team

The local developer boasts a rich expertise in real estate development, management, and business operations. They are complemented by a seasoned team, including Jason Reimer, a pivotal figure at Texas Theater. Jason Reimer, serving as a Class B Member of Fine Arts Theater of Denton LLC, plays an instrumental role in assessing building design and overall project viability.

Financial Capacity

The developer possesses the financial robustness to cover potential rehabilitation cost overruns. They have invested \$2,209,467 in the Project, demonstrating their commitment and readiness to pledge further assets beyond the initial requested incentive of \$2,000,000.

City Incentives

The project is eligible for City economic development incentives. Without the infusion of these incentives, the project would face challenges due to a discernible financial gap in the funding structure.

Developer's Investment

Beyond the initial investment of \$2,209,467, the developer has displayed a willingness to pledge additional resources. Notably, their total contribution surpasses the incentive request, and they have committed to forgo a \$250,000 fee for a decade.

Developer Return on Investment

With the proposed City incentive options, the developer is projected to receive a cash-on-cash return on \$1,837,041 equity starting in year 8 under Option 1 and year 5 under Option 2. This is followed by a modest return, less than 3%, spanning to the tenth year.

Underwriter Report Options

Grow America, formerly the National Development Council (NDC), the underwriter, was asked to prepare an underwriting report and incentive options to assist the City in the consideration of possible incentive mechanisms and options best suited for this project. The report presented two funding options for the project detailed below.

- Option 1:
 - \$1,076,366 in a City of Denton Chapter 380 incentive grant at Certificate of Occupancy (CO) for 5 to 7 years to pay down construction loan principal to the required \$3,195,000.
 - No tax rebates.
 - Downtown Reinvestment Grant in the amount of \$50,000.

- An additional \$544,503 City of Denton Chapter 380 incentive funded at opening or annually from 5 to 7 years, as needed to cover the projected shortfall between Net Profit and Debt Service.
- The second grant could be paid over 7 years with payments in the amount of \$152,402, \$124,396, \$69,512, \$54,077, \$38,243, \$21,723, \$5,348 to meet cash flow requirements, and \$78,802 for debt service reserve to be withdrawn if needed.
- **Option 2:**
 - \$1,076,366 in a City of Denton Chapter 380 incentive grant at CO to pay down construction loan principal to the required \$3,195,000.
 - Downtown Reinvestment Grant in the amount of \$50,000.
 - Performance-based annual rebates for property, sales, and mixed beverage taxes for a term of 10 years.
 - An additional \$301,947 City of Denton Chapter 380 incentive funded at opening or annually, as needed, to cover the projected shortfall between Net Profit and Debt Service.
 - Second Grant could be paid over 4 years, with payments in the amount of \$111,870, \$81,200, \$23,312, \$6,763 to meet cash flow requirements, and \$78,802 for debt service reserve to be withdrawn only if needed.

Funding and Source

| Funding Mechanisms | Funding Source |
|---------------------------|--|
| Chapter 380 Grant or Loan | Property Taxes Generated (rebate) |
| | Sales Taxes Generated (rebate) |
| | Mixed Beverage Taxes Generated (rebate) |
| | Cash Grant/Loan (Catalyst Fund) |
| | TIRZ Cash Grant or Loan (Tax Increment Fund) |
| | TIRZ rebate of real property taxes |
| Property Tax Abatement | Abatement of property taxes from Improvements and Business Personal Property (BPP) (TIRZ participates, but BPP does not go in to the TIRZ) |

STRATEGIC ALIGNMENT

- Foster Economic Opportunity and Affordability
 - Grow Denton’s Economic Vitality
- 2040 Comp Plan – Redevelop Fine Arts Theater
- Economic Development Strategic Plan - Downtown Development: continue to utilize various tools to stimulate new private investment downtown.

Policy Considerations

Strategic Growth Areas have been identified in the strategic plan for cultivation and recruitment and will be given priority consideration. This project is a targeted SGA and falls under the Creative category, with North American Classification System (NAICS) 711310 Promoters of and Similar Events with Facilities. An Incentive Evaluation Matrix incorporating these strategic initiatives, priority considerations, and public benefits has also been conducted (Exhibit 3). The project addressed four of the priority considerations and five of the Public Benefit Factors. Highlights of the considerations and public benefits include:

- Spur Infill Development or Redevelopment includes developing/redeveloping a property or facility in a manner that reduces urban sprawl and or increases density in a desirable area; the redevelopment of the property has been vacant for more than two years.
- Other Considerations: Adds to the culture of Denton and will help with foot traffic, and quality of life, and enhance the Downtown Square.

- **Public-Private Partnership:** includes the development of public infrastructure or amenities deemed beneficial, or the developer assumes responsibility for the development of infrastructure or public facilities beyond what is required. The project will involve a significant relationship with DISD and institutions of higher education.
- **Community Investment:** The company or developer demonstrates a commitment to community support or involvement through monetary or in-kind support of local nonprofits, public institutions, or community organizations.

Project Benefits

Staff and the underwriter conducted a significant analysis of the information provided by the developer to ensure that stated policy criteria were met and determine both qualitative and quantitative public benefits. Staff also used an economic impact analysis model to quantify the economic impact and rate of return.

Quantitative Benefits and Economic Impact on the Community

Option 1

- 10-year net benefits estimated at 897,700
- Rate of Return: 5.4%
- Payback period: 16.9 years

Option 2

- 10-year net benefits estimated at 897,700
- Rate of Return: 4.7%
- Payback period: 18.9 years

- In typical stand-alone theaters, approximately 20.4% of patrons complement their movie experience with dining or shopping in the vicinity.
- This percentage sees a significant surge in the context of a Main Street theater in Texas, where 50.6% of theatergoers choose to dine or shop around their cinema visit.

Given these trends, the economic projections for the Fine Arts Texas Theatre are promising. Surrounding businesses will see an increase in revenues. The theater's presence and its draw of patrons are projected to boost local business revenues by \$20,803,966.

Qualitative Benefits and Community Impact

The revitalization of the Historic Fine Arts Texas Theatre promises more than just cinematic experiences. It is set to become a cornerstone for community development, education, and cultural enrichment. The theater is positioned to influence the community:

Arts Job Training

A strategic partnership with UNT Media Arts and Hospitality Management Department ensures that the theater becomes a ground for practical learning. This collaboration will pave the way for training, job opportunities, and internships, especially beneficial for film and theater majors.

Community and Special Events

The theater will open its doors to non-profits, civic and community groups, or local businesses, fostering community engagement and collaboration. It is poised to become a hub for regional festivals, celebrating film, music, and arts culture. Beyond public events, the venue will also cater to private rentals, making it an attractive choice for personal events like weddings or parties.

Education

The theater's potential as an educational tool is significant. Plans include DISD field trips for students to view educational and historical films. High school theater arts and film education programs are on the cards. These will include film labs designed in alignment with Texas Essential Knowledge and Skills.

Partnerships

The theater is not working in isolation. Collaborations are in place to host classic and historical movie series. Partnerships with esteemed institutions like the Greater Denton Arts Council, Thin Line and Black Film Festivals, and KUZU radio amplify the theater's role in promoting arts and culture in the community.

INCENTIVE OPTIONS AND DIRECTION

Staff is recommending Option 1. to provide financial support or incentives to the Fine Arts Theater project.

- \$1,076,366 in a City Chapter 380 Grant at CO to pay down the construction loan principal to the required \$3,195,000. Downtown Reinvestment Grant in the amount of \$50,000. An additional \$544,503 Chapter 380 Grant funded at opening or annually as needed to cover the projected shortfall between Net Profit and Debt Service. No tax rebates. Total incentive: \$1,670,869.

Next Steps

- Final City Council individual consideration
- Execution of agreement

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Project Concept

Exhibit 3 – Incentive Evaluation Matrix

Exhibit 4 – Underwriter Report

Exhibit 5- Impact Report

Exhibit 6 – Presentation

Respectfully submitted:
Christine Taylor
Assistant City Manager

Prepared By:
Erica Sullivan
Economic Development Program Administrator

TEXAS THEATRE FINE ARTS

EST. 1935

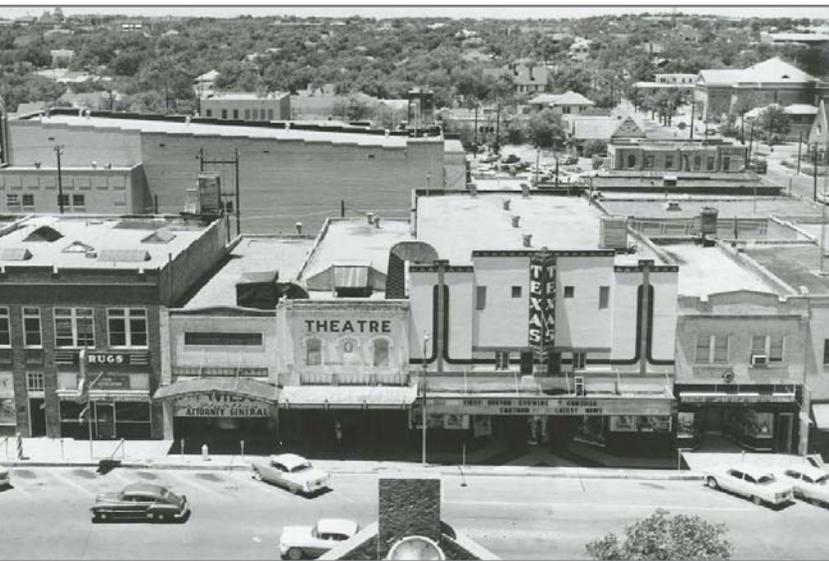


NORTHBRIDGE

212 S. Elm Street | Denton, TX 76201 | nbrealtyholdings.com

HISTORY

For 79 years, generations of Dentonites driving down North Elm Street on the town Square have been greeted by the giant red, white and blue Fine Arts Theater marquee, a staple of downtown. Since 1935, the space has been a theater (before then, it was home to two different furniture and undertaker businesses). Originally named the Texas Theater (its name would change to the Fine Arts Theater in 1957), it was part of the Denton Square's theater row, which featured five theaters around the courthouse. But by 1981, the theater was forced to close. It reopened as a dollar theater in April 1982, but the balcony caught fire only five months later.



CONDITION AT TIME OF PURCHASE

Fine Arts Theater of Denton, LLC, was formed in May 2018 by local forward-thinking, civic-minded, Denton enthusiasts with the plan of purchasing and rehabilitating Fine Arts Theater.

Since 1982, the building had been periodically used as a church and performance space, but it remained vacant since 2014.

During this time, the condition of the theater suffered due to previous fire damage and subsequent weather effects.

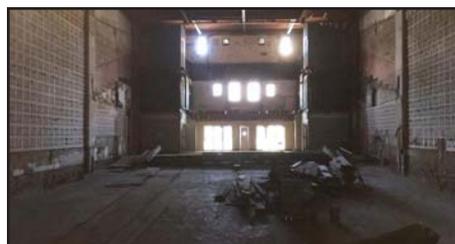
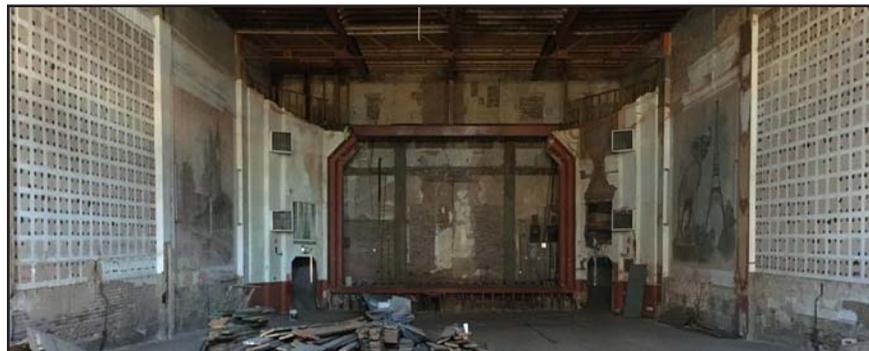


PRESENT CONDITION

Since the purchase of the historic Fine Arts Building in 2018, a substantial amount of planning and predevelopment work has been completed to date including:

- Engaged Architexas, a Dallas-based historic preservation architectural firm;
- Remediated asbestos and mold throughout the structure;
- Completed demolition of the interior in preparation for the full renovation;
- Completed construction of a new roof;
- Worked with local contractor Tim Beaty Builders to value engineer and devise a full renovation budget;
- Completed renovation plans and specifications and obtained City of Denton permit approval; and
- Obtained approval for the Federal Historic Tax Credit Application (State of Texas Historic Tax Credit approval pending).

To date, a total of \$1.776 million has been expended, including \$764,000 for purchase of the building and \$1.012 million for predevelopment costs.



TEXAS THEATRE
FINE ARTS

FINE ARTS FUTURE

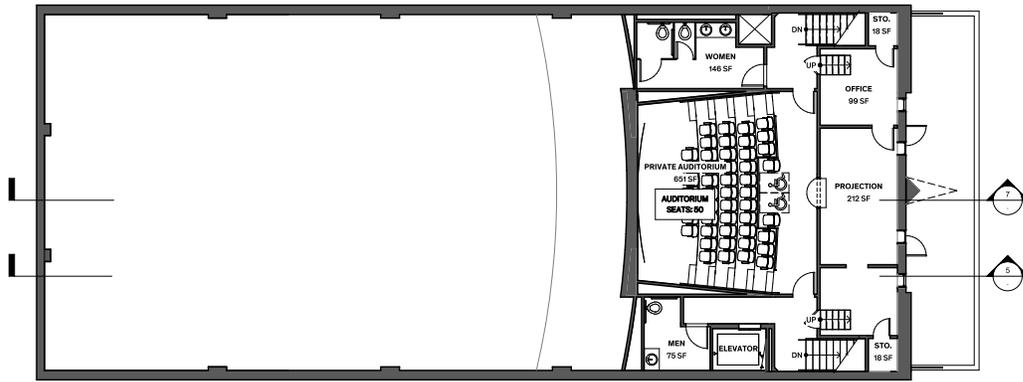
Alex Payne, Brad Andrus, Jason Reimer, Barak Epstein, and Martin Isles are all experienced investors and promoters representing the ownership group, which is intent on returning the Fine Arts Theater back to the community in its most viable function as a multi-use entertainment venue.

Examples of its activity will involve various presentation options including movies (first-run and independent), film festivals, concerts, live performance and rentals such as receptions, seminars and worship services, as well as various community-based rentals.

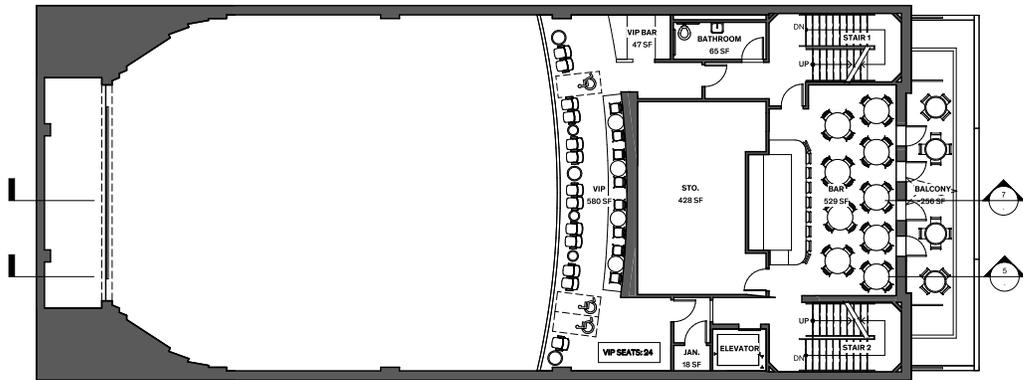
The rehabilitation plan includes a restored main theater with approximately 200 seats and V.I.P. mezzanine (25-30 seats), a smaller movie theater on the second level with approximately 50 seats, a new concession area at the entrance and a bar that overlooks the downtown courthouse open to theater patrons and casual visitors alike, making it an instant tourist attraction.



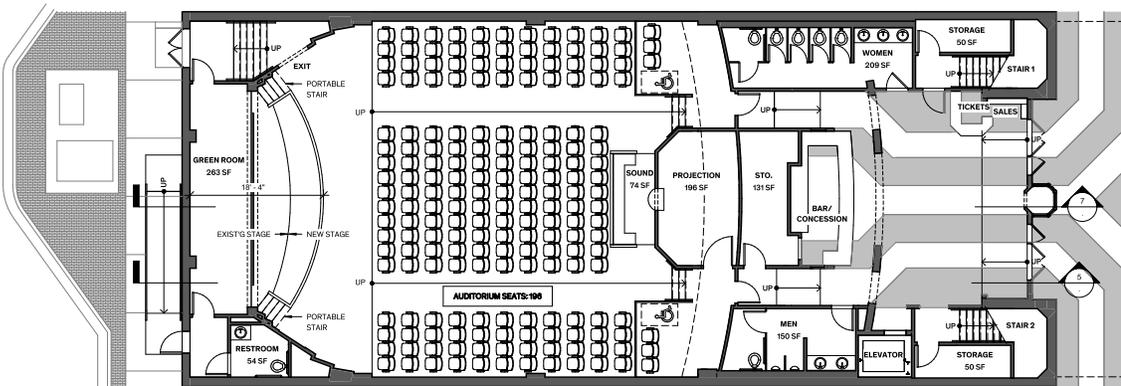
REHABILITATION PLANS



6 Level 3 Floor Plan
1/8" = 1'-0"



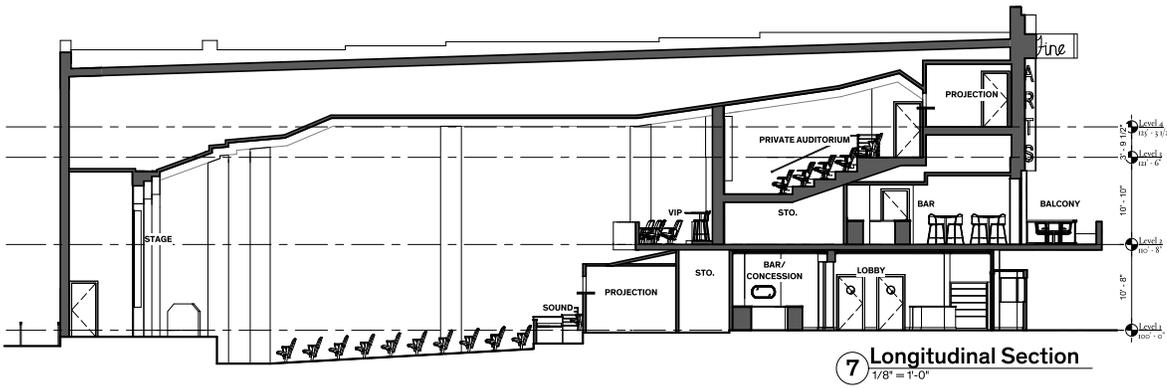
4 Level 2 Floor Plan
1/8" = 1'-0"



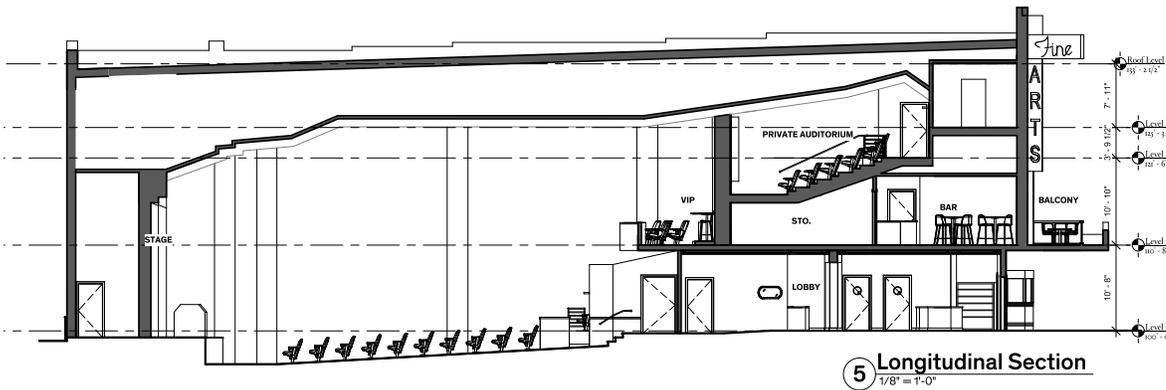
1 Level 1 Floor Plan
1/8" = 1'-0"



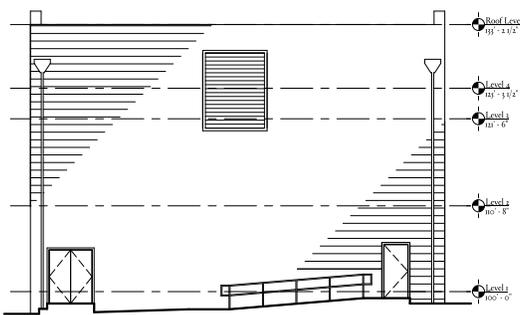
REHABILITATION PLANS



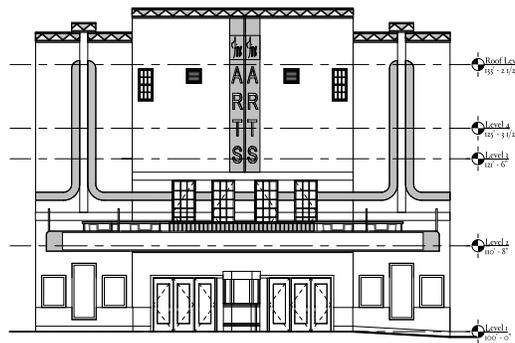
7 Longitudinal Section
1/8" = 1'-0"



5 Longitudinal Section
1/8" = 1'-0"



3 West Elevation
1/8" = 1'-0"



2 East Elevation
1/8" = 1'-0"



REHABILITATION TEAM

NorthBridge Realty Holdings provides full service consulting for land use, real estate, and economic development projects. Services are available for all aspects of a development project, from early project feasibility and site selection, through full entitlement work, to issuance of Certificate of Occupancy.



Their associates are leaders in their respective fields of experience. The company offers a wide range of expertise in land use planning, real estate development, economic development, public/private partnerships, strategic planning, and project management.



Talented Friends is a creative direction company collaborating across multiple mediums. The common thread found throughout their varied output is thoughtful curation and attention to detail from concept to execution.

For four decades, Rudick Construction has served as a full-service commercial General Contractor delivering projects that are incorporated into the regions' landscape. What sets them apart is their ability to step in at any stage of a project's life cycle and complete the build, with expectation-exceeding results, at the best market price available.



Architexas

Architexas provides a broad range of services encompassing architecture, planning and historic preservation. With every project, they follow a process that begins with researching and understanding the context – the physical, historical, and programmatic conditions – within which they will be working. Each project is seen as an opportunity to create a carefully crafted response to a unique set of circumstances and client aspirations.



PROOF OF CONCEPT

THE TEXAS THEATRE | thetexastheatre.com

After over a decade of disrepair, in February 2010 Jason Reimer began screening films at the Texas Theatre and launched a marketing campaign as part of the Oak Cliff Foundation, a community non-profit that previously owned the defunct theater. By August of that same year, Barak Epstein formed Aviation Cinemas and Reimer joined the team. Construction began that fall with a new bar and concession as well as renewed projection capabilities.

After re-opening in December there was immediate interest to use the building again in many different ways including workshops, award shows, live performance and most of all, movie screenings.

The Texas Theatre today is a strong community anchor for art and commerce and a highly decorated, unique entertainment experience open for movies and events of all kinds.



COMMUNITY & ECONOMIC IMPACT

As a recognized arts leader invested in the continued development of the City of Denton as a strong, vibrant and healthy community, the Historic Fine Arts Theater is committed to expanding opportunities to improve the lives of the most vulnerable people residing in Denton's underserved neighborhoods and to ensure that theater arts experiences are accessible to all members of the community.

The Historic Fine Arts Theater of Denton is committed to the growth of diverse programming, community partnerships and collaborations, theater training and more importantly, to provide an arts community center for downtown Denton.

The restoration of this iconic feature that sits in the heart of the Downtown Denton Square will be a catalyst for economic growth and revitalization for the entire historic square. Theater events directly and in partnership with others will draw almost 10,000 patrons to downtown Denton each year where they can shop, dine, and visit the original historic Denton County Courthouse. This increase in visitors will boost the downtown economy and the local hotel and visitor industry.

JOB TRAINING IN THE THEATER ARTS

The Historic Fine Arts Theater plans to partner with the University of North Texas's Media Arts and Hospitality Management Departments to provide training, jobs and internships for aspiring film and theater arts majors.

COMMUNITY AND SPECIAL EVENTS

The Historic Fine Arts Theater intends to open its doors for local non-profits, businesses and major corporations, community groups, civic organizations, and public authorities to hold fundraisers, celebrations, and awareness events throughout the year. Non-profit organizations, including regional festivals, will be extended heavily discounted rates for building usage. The Theater will also be available as a private wedding or other party venue at rental rates which are expected to be as much as 50% less than other venues of similar size.

ELEMENTARY SCHOOL EDUCATIONAL FIELD TRIPS

The Historic Fine Arts Theater intends to coordinate with Denton Independent School District and neighboring school districts to offer field trips for K-6 children to view educational or historical films during the school year. It is expected that at least 2,500 children per school year will participate in these educational field trips.

HIGH SCHOOL THEATER ARTS AND FILM EDUCATION

Thousands of local high school students will be able to benefit each school year from exposure to theater arts educational activities that foster their social and emotional



development, self-expression, and creativity. The Historic Fine Arts Theater intends to regularly present and host educational program throughout the school year. One such program is High School Film Labs. High School Film Labs is a series of six informative and engaging film workshops to pique the interest of student filmmakers and teachers. The High School Film Labs content is aligned to Texas Essential Knowledge and Skills making the curriculum more meaningful to classroom lessons while helping teachers and administrators balance the impact of student film in their public or private high school schools.

THEATER ARTS EDUCATION

Thousands of local high school students will be able to benefit each school year from exposure to theater arts educational activities that foster their social and emotional development, self-expression, and creativity. The Historic Fine Arts Theater intends to regularly present and host educational productions throughout the school year.

CLASSIC AND HISTORICAL MOVIE SERIES

The Historic Fine Arts Theater intends to annually host various low cost and often free events related to cinema history and film culture, including classic films on 35MM prints, special screenings with guest speakers or cast members and more. Examples of these screenings would be holidays such as Veterans Day and Memorial Day or similar national days of remembrance and sponsored by community leaders who want to offer increased access and educational background to film culture at venues like the Historic Fine Arts Theater.

PARTNERSHIP WITH THE GREATER DENTON ARTS COUNCIL, THIN LINE FILM FESTIVAL AND RADIO KUZU

The Historic Fine Arts Theater plans to partner with the Greater Denton Arts Council ("GDAC"), the Thin Line Film Festival and Radio KUZU.

GDAC has served the Denton community for almost 50 years by providing support for Denton's artists and community arts organizations. GDAC sponsors family programs on the third Saturday of each month, Summer Arts Camps and Arts Afterschool programs which provide access to the arts for the underserved Denton community. The Fine Arts Theater will provide a venue for GDAC sponsored programs and events.

The Thin Line Film is a documentary film festival conducted each spring at various sites throughout the City of Denton. The Historic Fine Arts Theater will serve as one of the film and event venues for Thin Line Film Festival.

KUZU Terrestrial radio station is based in Denton, just off the downtown square. KUZU regularly holds events open to the public and encourages people from all walks of life to become involved by creating their own shows. KUZU will host monthly and annual



events to be held at the Historic Fine Arts Theater as well as skills training workshops that pertain to radio communications. These events are projected to interact with as many as 2,500 people a year.

ECONOMIC IMPACT

From major metropolitan areas to small rural towns, research shows that the arts and culture industry is an economically sound investment. It attracts audiences, spurs business development, supports jobs and generates government revenue. Locally as well as nationally, the arts mean business.

Dr. Michael Carroll from UNT's Economic Research Group has been engaged to prepare an analysis of the economic impact of the revitalization of the historic Fine Arts Theater. His findings will be presented at the council work session.



FINE ARTS PRESS



Oak Cliff comes to Denton as Texas Theater's reel heroes rescue historic Fine Arts movie house
[READ MORE](#)



New Owners Have Big Plans For Denton's Fine Arts Theater
[READ MORE](#)



Texas Theatre Owners Buy Denton's Fine Arts Theater
[READ MORE](#)



Denton's Fine Arts Theater To Be Restored
[READ MORE](#)



Historic Denton Square theater under new ownership
[READ MORE](#)



Denton Record-Chronicle
Fine Arts Theater sold, will be restored as entertainment venue
[READ MORE](#)



The Team Behind Texas Theatre Just Bought An Abandoned Movie House on Denton's Town Square
[READ MORE](#)



Bringing Back Denton's Fine Arts Theatre
[READ MORE](#)



Denton's Fine Arts Theatre Slated For Remodel
[READ MORE](#)



TEXAS THEATRE
FINE ARTS

EST. 1935

BRAD ANDRUS

940 358 3588

brad@nbrealtyholdings.com

ALEX PAYNE

972 979 7727

alex@nbrealtyholdings.com

JASON REIMER

940 391 5899

jasonmreimer@gmail.com

The logo for NorthBridge features a blue curved line above the word "NORTHBRIDGE" in a bold, blue, sans-serif font.

212 S. Elm Street | Denton, TX 76201 | nbrealtyholdings.com

Evaluation Matrix

(145 points) + (30 "Other" bonus points) = 175 total points

| SGA TARGETS | Targets (20 Points) | Points |
|-------------------------|---|-----------|
| | Connective | |
| | Creative | 10 |
| | Sustainable | |
| | Competitive | |
| | Other Target Areas (Max 10 points): square revitalization and attraction that can lead to more development and revenue to other businesses in the downtown core and the city. | <u>3</u> |
| | SGA Targets Subtotal | <u>13</u> |
| PRIORITY CONSIDERATIONS | Considerations (100 Points) | Points |
| | Generates New Utility Customers (Max Points 10) Project is a customer of City utilities, including water, wastewater, and electric. Higher points awarded for larger customers | 4 |
| | Encourages New Business Markets/Suppliers And Entrepreneurship (Max Points 10) Project is from an industry not significantly represented in local economy or company is a new business startup or entrepreneurial endeavor | 7 |
| | Engages in Sustainable Practices (Max Points 10) Project has adopted sustainable or green business practices (e.g. LEED certification, renewable energy commitment or use, energy efficient construction) | 2 |
| | Increases High Wage Jobs (Max Points 10) Project includes new jobs with an average or has a significant percentage of jobs that earn an annual base salary of \$65,000 or more | 0 |
| | Encourage Knowledge Base Jobs (Max Points 10) Project includes new jobs or has a significant percentage of jobs that require specialized and theoretical knowledge, usually acquired through experience or a college education, or other training which provides comparable knowledge; requires some research, analysis, or requires special licensing, certification | 3 |
| | Pays a living wage for all new employees (Max 10 points) From the most current MIT Living Wage Calculator for Denton County | 2 |
| | Spur Infill Development Or Redevelopment (Max Points 10) Project is to develop/redevelop a property or facility in a manner that reduces urban sprawl and or increases density in a desirable area; project includes use of existing facility that has been vacant for at least 2 years | 10 |
| | Headquarters (Max Points 10) The project is an international or national headquarters facility | 0 |
| | Child Care Assistance (Max Points 10) Provides on-site child care; vouchers or other financial assistance; backup services; flexible or remote work accommodations; and flexible spending accounts | 0 |
| | Other Considerations (Max 10 points): Adds to the culture of Denton and will help with foot traffic, quality of life and enhancing the Downtown Square. | <u>7</u> |
| | Priority Considerations Subtotal | <u>35</u> |

| Public Benefit Factors (55 Points) | | Points |
|---|---|---------------|
| PUBLIC BENEFIT FACTORS | Expand The Tax Base (Max Points 10) Project provides new property, sales, HOT, or other taxes to the City, County, DISD, and DCTA through the development of property or facility or by making improvements to an existing property or facility, a new business or expansion, a new multi-tenant complex, or increase in jobs | 8 |
| | Fiscal and Economic Impacts (Max Points 15) Project cost-benefit analysis to include net new, indirect and induced jobs; wages; contributions through property, sales, HOT and other taxes; and rate of return | 9 |
| | Community Investment (Max Points 5) Project, company, or developer demonstrates a commitment to community support or involvement through monetary or in-kind support of local nonprofits, public institutions, or community organizations | 8 |
| | Public-Private Partnership (Max Points 10) Project includes development of public infrastructure or amenities deemed beneficial, or developer assumes responsibility for development of infrastructure or public facilities beyond what is required. Project will involve a significant relationship with DISD or institution of higher education | 7 |
| | Use of Local Contractors/Construction Vendors (Max Points 5) Project agrees to use vendors that have their principal place of business within the Denton City Limits | 5 |
| | Other Factors (Max 10 points): | |
| | Public Benefit Subtotal | <u>37</u> |
| TOTAL BY CATEGORY | Total by Category | Score |
| | Total | 85 |
| | Poor (0-44 points) | |
| | Acceptable (45-84 points) | |
| | Excellent (85-175 points) | X |



Date: December 6, 2023, 2023

To: Christine Taylor, Assistant City Manager, City of Denton
Ralph Bishop, Fine Arts Theater of Denton, LLC.

Re: **Final** Revised Underwriting Report 3 incentive options – Fine Arts Theater of Denton, LLC.

From: Grow America, formerly National Development Council
Underwriter: Sheldon Bartel, CEcD, EDFP, HDFP

STATUS: The City of Denton (“City”) and Fine Arts Theater of Denton, LLC (“Developer”) retained Grow America to underwrite Fine Arts Theater of Denton, LLC request for a \$2,000,000 City economic development incentive. A final underwriting report was delivered (8/16/23) as a guide to assist the City in determining the type(s), timing, and amount(s) of incentives to commit, if any.

The requested incentives will support the development of 113-115 N. Elm Street, Denton TX (“Project”). The expected outcome is a rehabilitated historic theater with approximately 200 seats and V.I.P. mezzanine (25-30 seats), a smaller movie theater on the second level with approximately 50 seats, and a new concession area at the entrance with a bar that overlooks the downtown courthouse open to theater patrons and casual visitors alike. The developer believes the Project will contribute to the City as follows:

- Generate new revenue (sales and mixed beverage as well as property taxes) and drive tourism and visits to Denton Square and the City.
- Increase Denton Square’s value as a unique business and promote investment in other non-competing businesses due to increased visits.
- Enhance the creative arts culture of Denton.
- Provide new jobs and training in the theater arts with plans to partner with UNT’s media arts and hospitality management departments.
- Continue to revitalize Denton Square by bringing another newly rehabilitated building up to code.

The City provided a term sheet to the Developer post underwriting report. Following a meeting between the City and Developer where the Developer provided revised project financial information including:

- A revised operating model including proposed sales tax and property rebates,
- Updated Project development costs, sources and uses, based on the 8/31 balance sheet,
- corrections to the lender’s cash reserve requirement for debt service coverage after clarifying our projections of operating losses during the first few years, as well as the interest calculation.

Developer finds that because of the above changes and the assumption that the Project is approved for property and sales tax rebate incentives for 10 years:

- the initial cash needed at the opening, (year 1) is reduced to \$193,107.
- additional cash of \$121,371 to cover losses in years 2-4.
- The total cash requirement for working capital and debt service coverage is \$314,478.



With this information the Developer presented to the City three (3) incentive options as follows:

1. Option 1 - \$1,076,366 City of Denton incentive at CO, this can be a grant for 5 to 7 years . No tax rebates. An additional \$544,782 City of Denton incentive funded at opening or annually as needed, as a grant for 5 to 7 years s.
2. Option 2 - \$1,076,366 City of Denton incentive at CO, this can be a grant or forgivable loan over 10 years. Annual rebates for property, sales, and beverage taxes for 10 years. An additional \$314,478 City of Denton incentive funded at opening or annually as needed, as a grant or forgivable loan over 10 years.
3. Option 3 – Developer is not eligible for Option 3. Only non-profits are eligible for HOT funds. Developer pointed out that options 1 and 2 will require an additional capital contribution from its ownership group of approximately \$555,000, bringing their total investment to approximately \$1,837,000.

On 10/16/23 the City asked Grow America to review the new information and 3 incentive options for the Project provided by the Developer.

REVIEW OF PROJECT COSTS: Developer is proposing the rehabilitation of a Historic Theater into a multi-use entertainment facility. Existing 9,900 sqft structure is situated on 6,000 sqft footprint located at 113-115 N. Elm in the Denton Square. This is in a 2023 Qualified Census tract. Developer has site control via fee simple ownership of the property since 2018.

The building was originally constructed as a furniture store in the 1890's and converted to a movie theater in 1935. The building ceased operation as a movie theater in 1982. From 1982 to 2014 the space was utilized as a church and performance space. It has been vacant since 2014 and sustained considerable interior damage due to a small fire and weather-related issues due to a faulty roof. The Developer acquired the Project site in 2018 has restored the building to shell condition which included replacing the roof, asbestos removal and abatement, and demolition of the damaged areas along with architectural services at a cost of approximately \$2,146,714.

The ownership intends to completely renovate the building and convert it into a multi-use entertainment facility. Examples of its activity will involve assorted options including movies, film festivals, concerts, live performance, and rentals such as receptions, seminars, and worship services, as well as various community-based rentals. The renovated facility will have three interior levels and includes a restored main theater with approximately 200 seats and V.I.P. mezzanine (25-30 seats), a smaller movie theater on the second level with approximately 50 seats, a new concession area at the entrance and a bar that overlooks the downtown courthouse open to theater patrons and the public.

The table below shows the total rehabilitation budget, sources and uses of funds, and permanent financing for Fine Arts Theater at 3/21/23 (application) and 8/31/23. The table includes post construction proposed investments by Developer and City (Option 1).



| Uses: | | 3/21/2023 | | 8/31/2023 | Difference |
|---|-------------|----------------|-------------|----------------|-------------|
| Building Purchase (at actual) | | \$769,442 | | \$769,442 | (0) |
| Pre-development Costs (at actual) | | \$1,377,272 | | \$1,440,025 | 62,753 |
| Total Pre-Development Costs | | \$2,146,714 | | \$2,209,467 | 62,753 |
| Rehabilitation Costs (projected) | | | | | |
| Rehabilitation costs & Contingency | | \$5,185,490 | | \$5,186,074 | 584 |
| Furniture & fixtures | | \$629,985 | | \$629,985 | 0 |
| Soft costs | | \$410,000 | | \$410,000 | 0 |
| Interest & related costs | | \$672,409 | | \$684,096 | 11,687 |
| Cash Reserve to meet OWC/DSCR Requirement | | \$924,634 | | \$0 | (924,634) |
| Total Projected Rehabilitation costs | | \$7,822,518 | | \$6,910,155 | (912,363) |
| Total Projected Project Costs | | \$9,969,232 | | \$9,119,623 | (849,609) |
| Funding Sources: | | | | | |
| Cash equity already invested | | \$1,152,260 | | \$1,282,041 | 129,781 |
| Deferred developer fee | | \$250,000 | | \$250,000 | 0 |
| Construction Loan Proceeds: | | | | | |
| Appraised Value - As Complete 75%LTV | \$3,195,000 | | \$3,195,000 | | 0 |
| Loan on Historic Tax Credits 75% LTV | \$2,000,000 | | \$2,033,217 | | 33,217 |
| Pledged collateral 75% LTV | \$744,918 | | \$2,359,365 | | 1,614,447 |
| Funding GAP | \$2,627,054 | | \$0 | | (2,627,054) |
| Construction Loan Amount | \$8,566,972 | \$8,566,972 | \$7,587,582 | \$7,587,582 | (979,390) |
| Total Funding Sources | | \$9,969,232 | | \$9,119,623 | (849,609) |
| Post Construction Loan Paydown | | | | | |
| Construction Loan | | \$ 5,939,918 | | \$ 7,587,582 | 1,647,664 |
| Historic Tax credits (Estimated) | | \$ (2,694,918) | | \$ (2,710,956) | (16,038) |
| Denton Downtown Econ Façade Grant (Estimated) | | \$ (50,000) | | \$ (50,000) | 0 |
| COD Rehab Cash Incentive | | \$ - | | \$ (1,076,366) | (1,076,366) |
| Funding Gap funded by partners | | \$ - | | \$ (555,260) | (555,260) |
| Loan Balance | | \$ 3,195,000 | | \$ 3,195,000 | (0) |

Notes:

Rehabilitation/Construction.

- The 8/31/23 projected total rehabilitation/construction cost is reasonable. Total cost per square foot is \$921.
- Total pre-development costs increased \$62,753. These have been funded by a combination of \$1.2 million Developer cash and \$1.0 million loan.
- Total Rehabilitation costs (uses of funds) are \$9,119,623 – a decrease of \$849,609. This is primarily due to removal of cash reserve to meet Lender OWC/DSR requirement. This is a post rehabilitation cash need.
- Total Funding sources are \$9,119,623 – a decrease of \$849,609. Expected proceeds from sale of Project Historic Tax Credits increased \$33,217, proceeds from Developer pledged collateral



increased \$1,614,447, and the rehabilitation funding gap decreased \$2,627,054. The Developer is filling the gap.

Post Construction

The City will only be involved post construction. Lender requires the Developer pay down the construction loan to 75% of “as completed” appraised value of \$4,260,000 = \$3,195,000. Sources of funding to pay down the Lender are sale of Project Historic Tax Credits, proposed City Rehabilitation Cash Incentive (\$1,076,366), Denton Downtown Reinvestment Grant (\$50,000), and \$555,260 additional Developer cash. Discussion of City post construction incentives follows.

Option 1

Post Construction Permanent Financing (Spreadsheet Option 1 Project Cost Worksheet and Sources of Funds tabs)

- The City will only be involved post construction.
- Project Development Budget is a breakdown of the rehabilitation/construction costs.
- Source of Funds is the breakdown of post construction permanent financing including the Lender loan (\$3,195,000), the City’s proposed Rehab Cash Incentive (\$1,076,366), Downtown Reinvestment grant (\$50,000), Historic Tax Credit equity (calculated by Project consultants Architexas @ \$2,710,685), and Developer equity investment (\$1,837,041) into the Project as well as Developer Deferred Loan (\$250,000).
 - Sources of funds exceed uses of funds by \$529 (insignificant).

Operating and Debt Service Reserve Needs (Spreadsheet Option 1 Proforma tab)

The Proforma shows the projected revenues and expenses for 10 years for the Project. Revenues and expenses were provided by Project Consultant ACI North LLC who has operated the Texas Theater in Dallas since 2010. Add backs to Net Profit include:

- Proposed/requested City Operating and Debt Reserve Grants totaling \$544,503 that includes:
 - \$465,701 over 7 years to cover projected shortfall between project Net Profit and Debt Service that results in required debt service coverage ratio of 1:1. These funds are included in the Add Backs to Cash Flow section of the Option 1 Proforma.
 - The Lender requires an additional \$0.25 of cash flow for debt service be maintained in a reserve account at the lending bank. This amounts to \$78,802 and is identified as Bank Required DSC Reserve (0.25%) on the Proforma. The source of the \$78,802 is the proposed City operating reserve incentive. The funds will only be drawn down should they be needed, that is, actual operations demonstrate cash flow for debt service is lower than projected. These funds are included in the Bank Required DSC Reserve line on the Option 1 Proforma.
- In summary, the projected total value of City operating and debt reserve incentives under Option 1 is \$544,503. When the City Rehab Cash (\$1,076,366) and City Downtown Reinvestment grant (\$50,000) incentives are added to the operating and debt reserves (\$544,503) incentives the total City incentive package totals \$1,670,869.

Option 2

Post Construction Permanent Financing (Spreadsheet Option 2 Project Cost Worksheet and Sources of Funds tabs).

The City will only be involved post construction.

- Project Development Budget is a breakdown of the rehabilitation/construction costs.



- Source of Funds is the breakdown of post construction permanent financing including the Lender loan (\$3,195,000), the City’s proposed Rehab Cash Incentive (\$1,076,366), Downtown Reinvestment grant (\$50,000), Historic Tax Credit equity (calculated by Project consultants Architexas @ \$2,710,685), and Developer equity investment (\$1,837,041) into the Project as well as Developer Deferred Loan (\$250,000).
 - Sources of funds exceed uses of funds by \$529 (insignificant).

Operating and Debt Service Reserve Needs (Spreadsheet Option 2 Proforma tab)

Add backs to Net Profit include:

- Proposed/requested City Operating and Debt Reserve Grants totaling \$301,947.
 - \$223,145 over 4 years to cover projected shortfall between project Net Profit and Debt Service that results in required debt service coverage ratio of 1:1. These funds are included in the Add Backs to Cash Flow section of the Option 2 Proforma.
 - The Lender requires an additional \$0.25 of cash flow for debt service be maintained in a reserve account at the lending bank. This amounts to \$78,802 and is identified as Bank Required DSC Reserve (0.25%) on the Proforma. The source of the \$78,802 is the proposed City operating reserve incentive. The funds will only be drawn down should they be needed, that is, actual operations demonstrate cash flow for debt service is lower than projected. These funds are included in the Bank Required DSC Reserve line on the Option 2 Proforma.
- Proposed City real estate tax rebate equal to 100% of the estimated property taxes of the Project
 - This is calculated on an estimated assessed value of \$3,195,000 (75% of the “As completed” appraised value of \$4,260,000) increasing 3% per year over 10 years. Total property tax rebate over 10 years = \$205,362 These funds are included in the Add Backs to Cash Flow section of Option 2 Proforma along with the following:
- Proposed City Sales Tax rebate 1.5% of total revenues over 10 years. Total sales tax rebate over 10 years = \$225,837.
- Proposed City Mixed Beverage Gross Receipts Tax over 10 years calculated using 50% of projected concession revenue. Total MBGRT tax rebate over 10 years = \$24,626
- Proposed City Mixed Beverage Sales Tax over 10 years calculated using 50% of projected concession revenue. Total MBST rebate over 10 years = \$30,322

In summary, the projected total value of City operating and debt reserve incentives under Option 2 is \$788,094. When the City Rehab Cash (\$1,076,366) and City Downtown Reinvestment grant (\$50,000) incentives are added to the operating and debt reserves (\$788,094) incentives the total City incentive package totals \$1,914,460.

Option 3

Developer is not eligible for HOT Funds.

ANALYSIS OF DEVELOPER PROPOSED INCENTIVES

The Table highlights the 2 Options of incentives proposed for the Project.

| COD \$ | Option 1 | Option 2 |
|------------------------------------|-----------------|-----------------|
| Rehab Cash | \$1,076,366 | \$1,076,366 |
| Downtown Reinvestment Grant | \$50,000 | \$50,000 |
| Operating Reserve | \$465,701 | \$223,145 |



| | | |
|-----------------------------|-------------|-------------|
| Debt Service Reserve | \$78,802 | \$78,802 |
| Cash Rebates* | N/A | \$486,147 |
| Hot Funds | N/A | N/A |
| Total | \$1,670,869 | \$1,914,460 |
| Developer Equity | \$1,837,041 | \$1,837,041 |

- Property, Sales, MBGRT, & MBST Rebates

Option 1: \$1,076,366 City of Denton Rehab Cash incentive at CO, this can be a grant for 5-7 years. No tax rebates. An additional \$544,782 City of Denton incentive funded at opening or annually as needed, as a grant over 10 years. This includes \$465,701 City operating incentive over 7 years and \$78,802 debt service reserve. This is sufficient to produce cash flow sufficient to repay Lender loan at 1:1 ratio as well as fund the Lender required 0.25:1 debt service coverage reserve.

When the City Rehab Cash (\$1,076,366) and City Downtown Reinvestment (\$50,000) incentives are added to the operating and debt reserves (\$544,782) incentives the total City incentive package totals \$1,670,869. This option is the least expensive option.

Under Option 1, the Developer begins to receive a cash-on-cash return on \$1,837,041 equity (Cash Flow Available for Distribution divided by equity investment) starting in year 8. There is no return on the Deferred Developer loan until year 11.

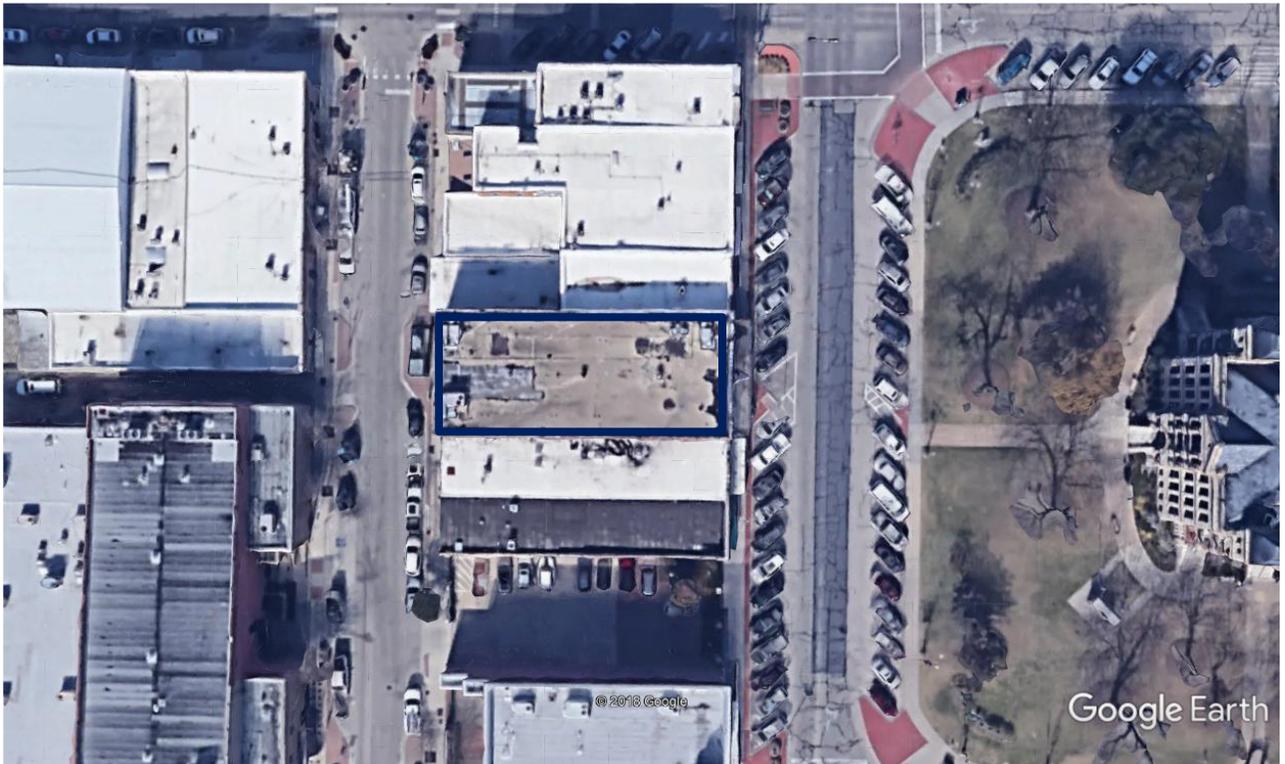
Option 2: \$1,076,366 City of Denton incentive at CO, this can be a grant over 10 years. An additional \$709,292 City of Denton incentive funded at opening or spread annually as needed, as a grant over 10 years. This includes \$223,145 City operating incentive over 4 years and \$78,802 debt service reserve. This is sufficient to produce cash flow sufficient to repay Lender loan at 1:1 ratio as well as fund the Lender required 0.25:1 debt service coverage reserve. In addition, the City provides \$486,147 real estate, sales, and beverage taxes rebates over 10 years.

When the City Rehab Cash (\$1,076,366) and City Downtown Reinvestment (\$50,000) incentives are added to the operating (\$223,145) and debt reserves (\$78,802) as well as property, sales, MBGRT, and MBST rebates (\$486,147) incentives the total City incentive package totals \$1,914,460.

Under this Option, the Developer only receives a cash-on-cash return on \$1,837,041 equity (Cash Flow Available for Distribution divided by equity investment) starting in year 5. There is no return on the Deferred Developer loan until year 11.



Exterior View: Front



Location



Interior View





IMPACT REPORT

FINE ARTS IMPACT

Option 1 After Agreement 2-21-24

JOBS



18.7 Total
15.0 Direct
3.7 Spin-off

SALARIES

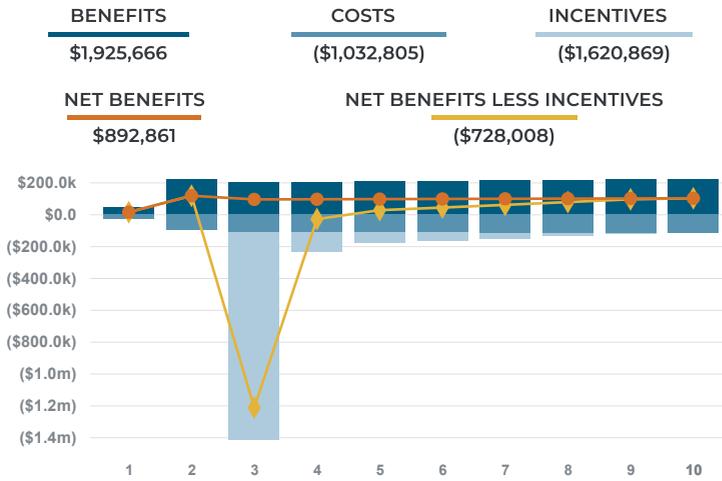


\$0 Avg
\$0 Direct
\$0 Spin-off

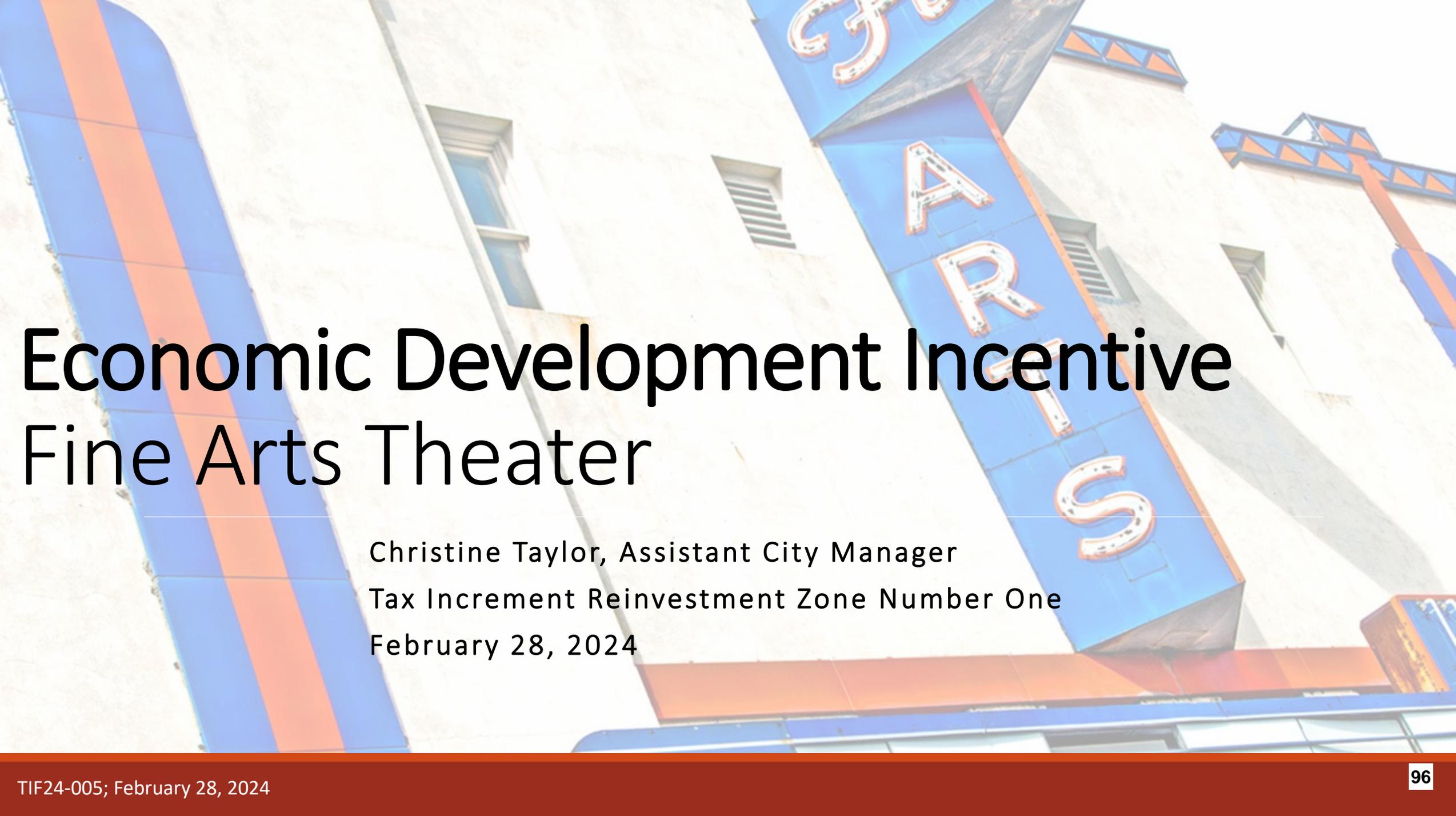
CAPITAL INVEST.



\$6.9M
Buildings



| | City of Denton | Denton County | Denton ISD | Denton CTA | Total |
|-------------------------------------|----------------------|------------------|--------------------|----------------|----------------------|
| NET BENEFITS LESS INCENTIVES | (\$1,210,700) | \$148,470 | \$327,717 | \$6,504 | (\$728,008) |
| Present Value | (\$1,060,495) | \$111,641 | \$246,424 | \$5,912 | (\$696,518) |
| NET BENEFITS | \$410,169 | \$148,470 | \$327,717 | \$6,504 | \$892,861 |
| Present Value | \$311,520 | \$111,641 | \$246,424 | \$5,912 | \$675,497 |
| BENEFITS | | | | | |
| Sales Taxes | \$19,512 | \$0 | \$0 | \$6,504 | \$26,016 |
| Real Property Taxes | \$361,372 | \$140,211 | \$866,626 | \$0 | \$1,368,210 |
| FF&E Property Taxes | \$19,074 | \$7,401 | \$45,742 | \$0 | \$72,217 |
| Other Benefits | \$441,260 | \$9,049 | \$8,915 | \$0 | \$459,224 |
| Benefits Subtotal | \$841,218 | \$156,661 | \$921,283 | \$6,504 | \$1,925,666 |
| COSTS | | | | | |
| Cost of Government Services | (\$46,669) | (\$8,191) | (\$5,126) | \$0 | (\$59,986) |
| Other Costs | (\$384,379) | \$0 | (\$588,440) | \$0 | (\$972,820) |
| Costs Subtotal | (\$431,049) | (\$8,191) | (\$593,566) | \$0 | (\$1,032,805) |
| INCENTIVES | | | | | |
| Non-Tax Incentive | (\$1,620,869) | \$0 | \$0 | \$0 | (\$1,620,869) |
| Incentives Subtotal | (\$1,620,869) | \$0 | \$0 | \$0 | (\$1,620,869) |
| <i>Payback Period</i> | <i>29.6 Years</i> | | | | <i>16.5 Years</i> |



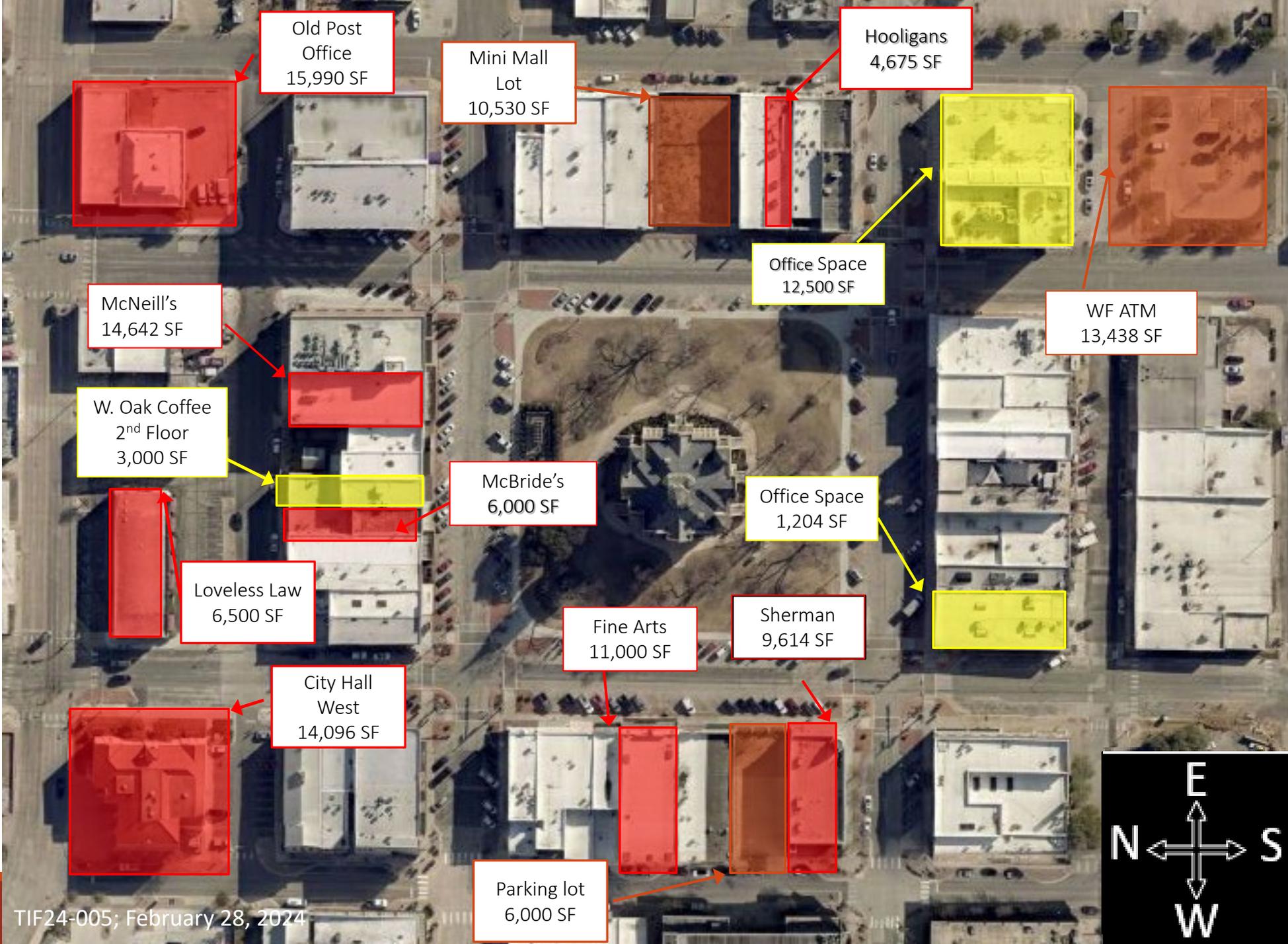
Economic Development Incentive Fine Arts Theater

Christine Taylor, Assistant City Manager
Tax Increment Reinvestment Zone Number One
February 28, 2024

Downtown Current Conditions



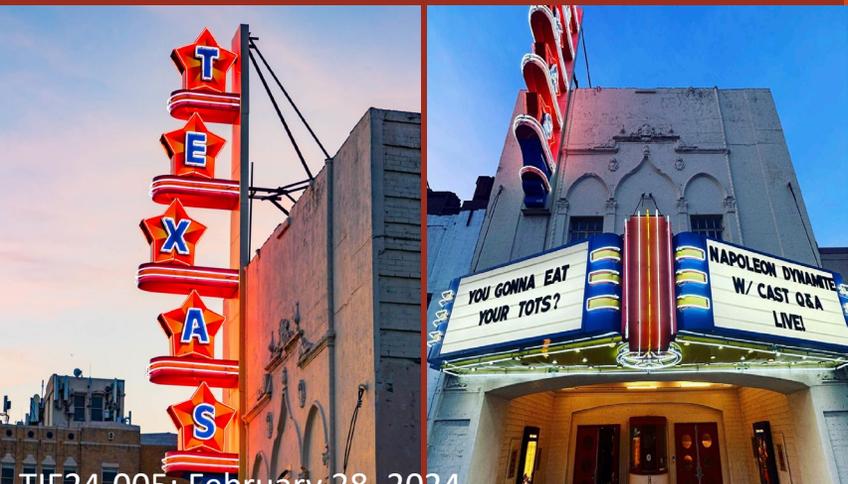
| | SF | % |
|------------------------|---------|-----|
| Vacant/ Undeveloped | 125,577 | 26% |



Developer: NorthBridge
Alex Payne and Brad Andrus



Operator: Texas Theater Group
Jason Reimer & Barak Epstein



Proposed Project

Redevelopment of the Fine Arts Theater

9,900 sq. ft. structure situated in a 6,000 sq. ft. footprint

Multi-Use Theater: live performances, movies, special events, film festivals, concerts, and private rentals

- **First Floor**

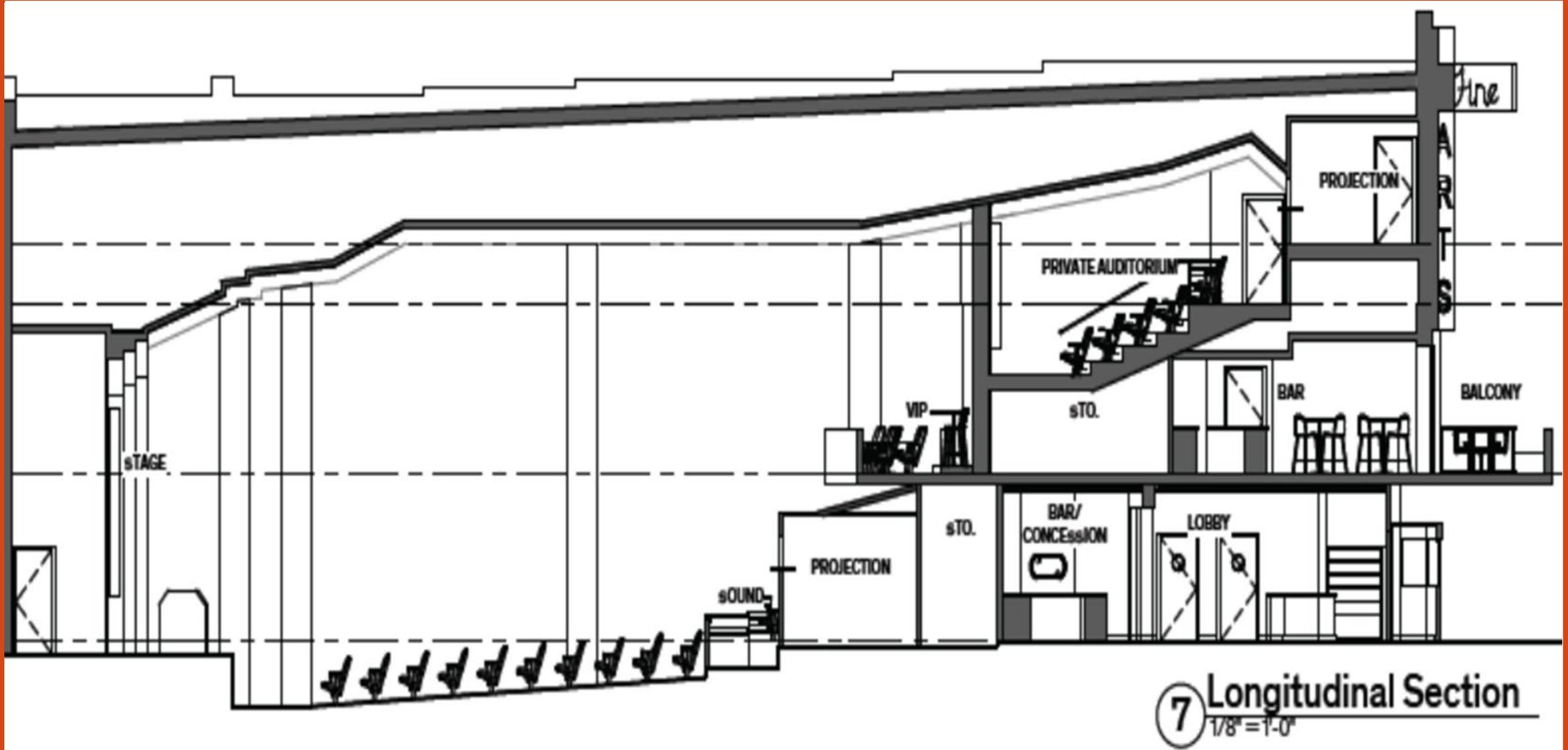
- Lobby
 - Bar/Concessions
 - Main Theater
 - 200 seats

- **Second Floor**

- Secondary Theater
 - 30 seats – mezzanine
 - Bar (approx. 30 seats) with a balcony overlooking the square

- **Third Floor**

- Private Theater
 - 50 seats



7 Longitudinal Section
 1/8" = 1'-0"

Predevelopment Activities

The property was purchased in 2018 for \$769,442 and \$2.2 Million has been invested in predevelopment activities

Purchase of the property

Engagement of the Architect & Engineer

Interior demolition & remediation

Renovation plans and permits issued

Obtained approval for Historic Tax Credits



Underwriter Review

- 3rd Party Underwriter hired by the City for evaluation of Fine Arts Project proposal in February 2023
- Goals of Underwriter Report:
 - Evaluate developer experience and capacity
 - Financial review of sources and uses, operating proformas, and financial statements
 - Review of appraisals, cost assumptions, capital budgets, operating statements, marketing data, and other funding commitments
 - Identifying potential sources and need for public funding

Underwriter Review – Capital

Development Costs

| | |
|--|---------------------|
| Pre-Development | |
| Building Purchase | \$ 769,442 |
| Architect, Engineer, Consultant & Legal Fees | \$ 736,386 |
| Asbestos Abatement, Demolition, Roof Replacement | \$ 574,621 |
| Property Taxes & Other | \$ 129,018 |
| Total Pre-Development Costs* | \$ 2,209,467 |
| Rehabilitation | |
| Rehabilitation Costs & Contingency | \$ 5,186,074 |
| Furnitures & Fixtures | \$ 629,985 |
| Soft Costs | \$ 410,000 |
| Interest & Related Costs | \$ 684,096 |
| Total Projected Rehabilitation Costs | \$ 6,910,155 |
| | |
| Total Projected Project Costs | \$ 9,119,622 |

Loan, Estimated Funding Sources, and Need

| | |
|---|---------------------|
| Remaining Pre-Development Loan | \$677,427 |
| Construction Loan | 6,910,155 |
| Loan Sub Total | \$7,587,582 |
| Estimated Historic Tax Credits | (2,710,956) |
| Estimated additional cash paydown from developers | (555,260) |
| Loan Paydown Sub Total | \$4,321,366 |
| | |
| Maximum Loan -Appraised Value as Complete- 75% LTV | \$ 3,195,000 |
| | |
| Variance (Estimated Incentive Need) | \$1,126,366 |

Estimated Capital Incentive Need
\$1,126,366

*Predevelopment costs are funded by a combination of 1.5M Cash and 0.7M Remaining Loan Balance

Underwriter Review – Operating

| | Year 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Revenue | 1,230,880 | 1,333,830 | 1,455,306 | 1,484,412 | 1,514,100 | 1,544,662 | 1,575,269 | 1,606,775 | 1,638,910 | 1,671,688 |
| Total Expenses (Operating and Goods Sold) | 1,068,072 | 1,143,016 | 1,209,608 | 1,223,279 | 1,237,133 | 1,251,175 | 1,265,407 | 1,279,832 | 1,294,456 | 1,309,281 |
| Net Profit/Loss | 162,808 | 190,814 | 245,698 | 261,133 | 276,967 | 293,487 | 309,862 | 326,943 | 344,454 | 362,407 |
| | | | | | | | | | | |
| Debt Service (p+i) bank | 315,210 | 315,210 | 315,210 | 315,210 | 315,210 | 315,210 | 315,210 | 315,210 | 315,210 | 315,210 |
| | | | | | | | | | | |
| Bank required DSC Reserve (0.25%) | 78,802 | | | | | | | | | |
| Sub Total | 394,012 | 315,210 | 315,210 | 315,210 | 315,210 | 315,210 | 315,210 | 315,210 | 315,210 | 315,210 |
| | | | | | | | | | | |
| Variance | -231,204 | -124,396 | -69,512 | -54,077 | -38,243 | -21,723 | -5,348 | | | |

**Estimated Operating Incentive
Need \$544,503**

Incentive

| Term | 7 Years |
|---------------------|-------------|
| Capital Incentive | \$1,076,366 |
| Façade Grant | \$50,000 |
| Operating Incentive | \$544,503 |
| Tax Rebates | \$0 |
| Total Impact | \$1,670,869 |

- Original Request was \$2.0 Million
- Proposed Incentive \$1.6 Million from the Downtown TIRZ Fund
- \$1,076,366 in a City of Denton Chapter 380 incentive grant at **Certificate of Occupancy** to pay down construction loan principal to the required \$3,195,000.
- \$50,000 reimbursed in a City of Denton Façade Grant
- Up to \$544,503 in a City of Denton Chapter 380 incentive funded **over 7 years**, to cover the projected shortfall between Net Profit and Debt Service, if revenues and expenditures are met.

Comparison & Advantages/Disadvantages

| Advantages | Disadvantages |
|---|--|
| <ul style="list-style-type: none">• Redevelop a vacant property and increase density in the downtown core• Adds to the culture of Denton, increases foot traffic, and quality of life Downtown• Conforms with the TIRZ Project Plan and other strategic plans• Acts as a catalyst to spur new private investment in downtown• Initial cash grant is paid only after construction is complete and the certificate of occupancy is in place• Developer is investing and leveraging other funding sources (historic tax credits)• DISD and UNT educational Art and Film Partnerships. Facilitates community events• City retains generated taxes (property, sales, mixed beverage)• Performance-based annual rebates that are paid over time, incentivizes Theatre to perform well | <ul style="list-style-type: none">• Jobs are not significant• Does not significantly expand the tax base or increase TIRZ No. 1 revenue• Initial grant would represent an investment of approximately 25% of the TIRZ fund |

TIRZ Fund

| Tax Year | Certified Tax Value | Tax Rate | Incremental Value | Incremental Value Contribution | Annual TIRZ Revenue | Interest Income | Cumulative TIRZ Revenue | | Total Expenditures | Fund Balance | |
|-------------|---------------------|-----------------|---------------------------------|---|--------------------------------------|-----------------|-----------------------------------|-------------------------|--------------------|------------------|--|
| | | | Certified value less base value | Incremental value times contribution rate | Incremental value times tax rate/100 | | Cumulative total of year revenues | | | | |
| 2010 | 79,356,854 | | | | | | | | | | |
| 2011 | 80,331,050 | 0.68975 | 80,331,050 | 974,196 | 6,720 | 17 | 6,737 | | | | |
| 2012 | 93,040,263 | 0.68975 | 93,040,263 | 13,683,409 | 94,381 | 297 | 101,415 | | | | |
| 2013 | 100,452,300 | 0.68975 | 100,452,300 | 21,095,446 | 145,506 | 1,084 | 248,005 | | | | |
| 2014 | 116,769,435 | 0.68975 | 116,769,435 | 37,412,581 | 258,053 | 2,821 | 508,879 | | | | |
| 2015 | 127,204,599 | 0.68975 | 127,204,599 | 47,847,745 | 330,030 | 5,855 | 844,764 | | 76,000 | | |
| 2016 | 150,021,979 | 0.68334 | 150,021,979 | 67,131,869 | 458,739 | 11,439 | 1,314,942 | | 76,000 | | |
| 2017 | 161,351,215 | 0.637856 | 161,351,215 | 77,894,643 | 496,856 | 6,712 | 1,818,509 | | 1,542,845 | | |
| 2018 | 170,678,753 | 0.620477 | 170,678,753 | 86,755,804 | 538,300 | 11,589 | 2,368,398 | | 156,000 | | |
| 2019 | 209,626,251 | 0.590454 | 209,626,251 | 123,755,927 | 730,722 | 16,930 | 3,116,050 | | 139,587 | | |
| 2020 | 234,054,363 | 0.590454 | 234,054,363 | 146,962,634 | 867,747 | 10,870 | 3,994,667 | | 24,988 | | |
| 2021 | 232,894,462 | 0.565823 | 232,894,462 | 138,183,847 | 781,876 | 19,667 | 4,796,210 | | 51,507 | | |
| 2022 | 248,740,222 | 0.560682 | 248,740,222 | 152,445,031 | 854,732 | 82,138 | 5,733,080 | Actual | 115,267 | 3,550,886 | |
| 2023 | 261,579,433 | 0.560682 | 261,579,433 | 164,000,321 | 919,520 | | 6,483,181 | 10-Year Forecast | | | |
| 2024 | 274,658,405 | 0.560682 | 274,658,405 | 175,771,396 | 985,519 | | 7,468,699 | | | | |
| 2025 | 288,391,325 | 0.560682 | 288,391,325 | 188,131,024 | 1,054,817 | | 8,523,516 | | | | |
| 2026 | 302,810,891 | 0.560682 | 302,810,891 | 201,108,633 | 1,127,580 | | 9,651,096 | | | | |
| 2027 | 317,951,436 | 0.560682 | 317,951,436 | 214,735,124 | 1,203,981 | | 10,855,077 | | | | |
| 2028 | 333,849,007 | 0.565682 | 333,849,007 | 229,042,938 | 1,295,655 | | 12,150,732 | | | | |
| 2029 | 350,541,458 | 0.565682 | 350,541,458 | 244,066,143 | 1,380,638 | | 13,531,370 | | | | |
| 2030 | 368,068,531 | 0.565682 | 368,068,531 | 259,840,509 | 1,469,871 | | 15,001,241 | | | | |
| 2031 | 386,471,957 | 0.565682 | 386,471,957 | 261,047,838 | 1,476,701 | | 16,477,942 | | | | |
| 2032 | 405,795,555 | 0.565682 | 405,795,555 | 277,472,896 | 1,569,614 | | 18,047,556 | | | | |

- Last supplement of the year used for the recording of value for the TIRZ
- Valuation actuals through 2022
- FY22/23 Fund balance is \$3,500,886

- Growth rate of 5% used for projections
- Cap of \$24.8 M is estimated in 2036, term completed in 2039
- Expenditures total to date 2,182,194

Strategic Plan Alignment

City of Denton Key Focus Areas

- Key Focus Area 3: Foster Economic Opportunity and Affordability
 - Increase in tourism

2040 Comprehensive Plan

- Key Action #69: Identify opportunities to incorporate venues for arts and music events in future development, including Downtown. Pursue the next steps for the reuse of City Hall West and the potential development of a new fine arts theatre.

Economic Development Strategic Plan

- 2D.2 Downtown Development: Successful downtown development and an authentic town square are among Denton's top economic development achievements. The City should continue to prioritize the downtown area.

Policy Alignment

Denton Tax Abatement and Chapter 380 Policies

- Strategic Growth Area (SGA): Creative
- NAICS Code: 711310 Promoters of and Similar Events with Facilities

Incentive Evaluation Matrix Summary

SGA Target: 13 points

Priority Considerations: 35 points

Public Benefit Factors: 37 points

Total Points: 85 Excellent (85-175 points)

Downtown TIRZ No. 1 Project Plan

- Eligible Project Category: Downtown Projects- may include grants, loans and services for public and private development.
- Eligible TIRZ project may also include:
 - Historic preservation
 - Demolition
 - Environmental remediation
 - Economic development grants

Community Impact

Job Training

- Partner with the University of North Texas to provide training, and internships for aspiring film, hospitality, and theater arts majors.

Community and Special Events

- Offer discounted rates to local non-profits to hold fundraisers, celebrations, and event awareness events
- Offering events (low or no cost) related to cultural history screenings including guest speakers
- Partner with local festivals to provide a venue

Educational

- Coordinate with Denton ISD and neighboring districts to offer field trips to view educational and or historical films
- Present and host educational productions

Staff Recommendation

- Provide an incentive - total impact (\$1.6 Million) \$1,076,366 in a City Chapter 380 Grant **at Certificate of Occupancy (CO)** to pay down construction loan principal to the required \$3,195,000. Up to an additional maximum amount of \$544,503 via Chapter 380 Grant as needed to cover the projected shortfall between Net Profit and Debt Service if projected revenues and expenses are met. No tax rebates and the City retains the property, sales, and mixed beverage tax.

Next Steps

- Consideration by City Council – March 2024



Questions



City of Denton

City Hall
215 E. McKinney St.
Denton, Texas 76201
www.cityofdenton.com

Legislation Text

File #: TIF24-006, Version: 1

AGENDA CAPTION

Staff Reports:

1. Economic Development Director Hiring Update - Christine Taylor
2. Main Street Program Update - Kristen Pulido
3. Downtown Master Plan Update - Cameron Robertson and Sean Jacobson



AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor, Assistant City Manager

DATE: February 28, 2024

SUBJECT

Staff Reports:

1. Economic Development Director Hiring Update – Christine Taylor
2. Main Street Program Update – Kristen Pulido
3. Downtown Master Plan Update – Cameron Robertson and Sean Jacobson

BACKGROUND

Economic Development Director Hiring Update:

A comprehensive update on the hiring process for the Economic Development Director (formerly Wayne Emerson). This will include an overview of the progress made, and the proposed timeline moving forward.

Main Street Program Update:

Update on Main Street program from new Main Street Program Manager, Kristen Pulido. Recent activity includes, renewed contracts, accreditation, and Main Street board training.

Downtown Master Plan Update

The current Denton Downtown Master Plan was adopted in 2002. Downtown has changed and grown quite a bit since then and will continue to grow in the future. The main purpose of the update is to:

- Confirm if the vision and goals for Downtown are still relevant today and for the near future;
- Evaluate if the Downtown boundary should be expanded in size to maximize future opportunities;
- Set clear policy direction and supporting implementation strategies that will continue the economic growth of Downtown, enhance pedestrian experience, and preserve the character of the Downtown, and;
- Identify additional open space, increase housing choices, enhance mobility connectivity and balance development while protecting existing neighborhoods and historic resources.

The updated Downtown Master Plan will help guide decisions in Downtown Denton over the next 20 years. The updated plan will address key downtown opportunities and challenges, which include but not limited to parking, mobility, housing, open space, historic preservation, drainage, infrastructure, and other public service needs.

This project will take approximately 10-12 months with an anticipation completion date of May/June 2024.

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Respectfully submitted:
Matilda Weeden
Economic Development Specialist