

Village of Fairview Agreement Summary – “380” agreement

March 31, 2006 – Original Development Agreement Signed – [document link](#)

- Developer to develop 750,000 SF of retail and pay for road improvements
- Town commits to give developer a \$40M grant plus interest (at 7.5% compounded annually) on opening day
- The Town waived all rollback taxes, impact fees, capital recovery fees, road or utility fees, permit and inspection fees for the developer. If any of those were not permitted to be waived, then the Town agreed to increase the grant.
- The Town granted a 50% sales taxes reduction on construction materials to the developer.
- There is a clause that allowed the Town to lease 1,000 SF for a police substation for just \$1/year, but I don't think we took advantage of that clause.
- The repayment plan to the developer states:
 - o The grant will be paid through sales tax receipts collected by the EDC/CDC/Town – in that order.
 - o Grant paid quarterly
 - o The Town gets to keep \$1M/year from the development property taxes and sales tax receipts (if the property tax doesn't add to \$1M). The rest of the sales tax goes back to the developer.
 - If the property taxes and sales receipts reaches >\$5M, then the town gets 20% of that total (this has not happened).
 - o The agreement is in place for 22 years following the opening

On May 1, 2007 the developer came back for more money in the form of the First Amendment to the agreement – [document link](#)

- Grant increased from \$40M to \$43.9M to build a hotel/conference center
- Term was altered to a 25 year term
- We never did get a hotel and conference center as shown on this agreement, though later the Town gave a separate \$100K incentive for a hotel to build here in 2017.

On July 8, 2008 the developer returned to the trough for the Second Amendment ([document link](#)):

- Grant increased from \$43.9M to \$48.7M to bring in a “specialty food store” (the location shown is where Whole Foods is now located).
- 100% of the EDC/CDC tax receipts PLUS 60% of the Town sales tax from the food store site will go to repay the developer.
- The developer agrees to “donate” 5 acres for a new Town Hall site.
- The Town again waived all development, water, wastewater, sewer, impact fees for the new food site.

Almost like clockwork there is the Third Amendment about a year later (July 9, 2009) ([document link](#)):

- The conference center went away
- The town hall site moved
- The center delayed their opening
- The Town agreed to pay \$400K for “open space improvements,” and reduce the grant by that much.
- No mention was made of reducing the grant after the conference center was dropped.

The town would need to pay the developer well over \$4M per year in principal (grant) and interest for about 25 years. If we are paying them \$48.7M plus interest at 7.5% per year, that development will cost us over \$100M in principal and interest over 25 years. If sales tax receipts don't reach that level it appears that the developer is at risk. That might be why the original developer sold the project to a new one in 2017.

Budget Look

The 2016-2017 annual expenditure for the entire town shows a plan of about \$32M. I can see in the budget where the EDC/CDC combined budget show \$1.03M/yr for "sales tax refunds for the 380 agreement."

The approximate annual sales tax collection for the three entities is:

Town (1%) = \$1.5M

EDC (0.5%) = \$0.75M

CDC (0.5%) = \$0.75M

The current tax value of the center is about somewhere between \$45M and \$75M, depending on what is counted. This only generates \$160K - \$270K/yr in property taxes to the town. That means the town kept some of the sales tax to make the \$1M/year guarantee. I can see where the EDC/CDC give the developer about \$1M, which means they kept about \$500K. It appears most of the town sales tax must also be given to the developer. If true, that would mean the developer got about \$2.2M for the year.

Current Tax Values for the Town Center (from CollinCAD)

2719234 - \$32.2M, 57.6 acres, 516ksf

2726758 - \$ 2.9M, 1.4 acres, 4ksf

2646165 - \$ 7.3M, 3.2 acres, 140ksf

2646176 - \$ 4.2M, 8.7 acres, 0ksf

2646163 - \$ 8.6M, 10.6 acres, 122ksf (owned by Macys)

2646164 - \$12.0M, 11.2 acres, 200ksf (owned by Dillards)

2646161 - \$ 8.2M, 8.8 acres, 117ksf (owned by JCP)

2685589 - \$ 2.5M, 1.8 acres, 10ksf (Noahs)

2721340 - \$ 3.3M, 1.5 acres, 70ksf (Fairview Hospitality – Home 2 Suites)