RESOLUTION NO. R2014-013

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DENTON, TEXAS, APPROVING THE 2013 TAX INCREMENT REINVESTMENT ZONE NUMBER TWO (WESTPARK TIRZ) ANNUAL REPORT; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the City of Denton recognizes the importance of its role in local economic development initiatives and programs; and

WHEREAS, the City has established Tax Increment Reinvestment Zone Number Two (Westpark TIRZ) and established a Board of Directors for the District to promote development or redevelopment in the Downtown area pursuant to Ordinance No. 2012-366, authorized by the City Council on December 18, 2012, as provided by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, as amended; and

WHEREAS, on February 5, 2013, the City Council adopted Ordinance 2013-033 accepting an Agreement with Denton County to participate in TIRZ Number Two; and

WHEREAS, the Tax Increment Financing Act specifies that the governing body of a city shall submit an annual report on the financial status of the district to the Chief Executive Officer of each taxing unit that levies taxes on real property in a reinvestment zone, and a copy of the report shall be forwarded to the State Comptroller; and

WHEREAS, on April 1, 2014, the Westpark TIRZ District Board reviewed and recommended approval of the 2013 Annual Report for Tax Increment Financing Reinvestment Zone Number Two to the City Council; NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY RESOLVES:

SECTION 1. That the 2013 Annual Report for Tax Increment Reinvestment Zone Number Two (Westpark TIRZ), City of Denton, Texas, as of December 31, 2013, a copy of which is attached here to (Exhibit A), and is hereby accepted.

SECTION 2. That the City Manager is hereby authorized to submit the 2013 Annual Report for Tax Increment Financing Reinvestment Zone Number One to the Chief Executive Officer of each taxing jurisdiction that levies tax on real property in the District; and to the State Comptroller, as required by state law.

SECTION 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Denton, and it is accordingly so resolved.
PASSED AND APPROVED this the 15th day of April, 2014.

MARK A. BURROUGHS, MAYOR

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: JENNIFER WALTERS

APPROVED AS TO LEGAL FORM:
ANITA BURGESS, CITY ATTORNEY

BY:
EXHIBIT A

Tax Increment Reinvestment Zone Number Two
(Westpark TIRZ)

2013 Annual Report

City of Denton
Economic Development Office
215 E. McKinney Street
Denton, Texas 76201
940-349-7775
www.dentonedp.com
January 1, 2013 to December 31, 2013
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Tax Increment Reinvestment Zone Number Two

This map is a graphic representation prepared by the City of Denton and is intended for use only as a reference. Data depicted is not guaranteed for accuracy and may be subject to revision at any time without notification. A Registered Surveyor for the State of Texas was not consulted. For survey level accuracy, supervision and certification of the produced data by a Registered Professional Land Surveyor for the State of Texas would need to be performed.

Legend
- TIRZ Boundary
- Property Description
  - Government
  - Real Acreage Rangeland
  - Commercial Vacant Lot
  - Real Farmhouse

Scale: 0 412.5, 1,650 2,475 3,300 Feet

DENTON

3
Mission Statement

The mission of the Tax Increment Financing Reinvestment Zone (TIRZ) Number Two is to provide a source of funding for public infrastructure improvements to encourage and accelerate necessary development within the largest industrially zoned area within the City.

Background and Purpose

Tax increment financing originated as a tool for governments to publicly finance needed improvements and enhance infrastructure within a defined area in order to stimulate private development and redevelopment. A TIRZ is a defined area where public infrastructure improvements are deemed necessary to promote development. The costs of the improvements to the area are repaid by the contribution of future tax revenues. Specifically, each taxing entity may choose to dedicate all, a portion or none of the tax revenue that is attributable to the increase in property values. The additional tax revenue that is received from the affected properties is referred to as the tax increment. An ad valorem valuation base is established the first year, and the revenue from the increased valuation from subsequent years is allocated into a TIRZ fund to support development projects.

On December 17, 2012 the City Council adopted an Ordinance 2012-366 designating and describing the boundaries of Tax Increment Reinvestment Zone Number Two for an industrial district of Denton, Texas; establishing the duration of the Zone; establishing a Tax Increment Fund; establishing a Board of Directors for the Tax Increment Reinvestment Zone. The City’s second TIRZ consists of approximately 800 acres and is located north of Airport Road. This industrial area (Westpark) lacks the public infrastructure necessary to encourage development.

The Westpark TIRZ took effect on January 1, 2013 and will terminate on December 31, 2036 or the date when all project costs are paid and any debt is retired, whichever comes first. It is estimated that the TIRZ would generate approximately $14.3 million over a 25 year period for infrastructure improvements. The City and Denton County will contribute $10 million and $4.2 million into the TIRZ fund, respectively. According to the Finance Plan, the City would retain $43.9 million and the County would retain $18.8 million of real and business personal property revenue over the life of the TIRZ.
Participating Jurisdictions

Table 1: TIRZ Two Participating Jurisdictions

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Years</th>
<th>2012 Tax Rate</th>
<th>Percent of Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>S/S100 Value</td>
<td></td>
</tr>
<tr>
<td>City of Denton</td>
<td>1-10</td>
<td>0.68975</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>11-25</td>
<td>0.71975</td>
<td>40</td>
</tr>
<tr>
<td>Denton County</td>
<td>1-10</td>
<td>0.282867</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>11-25</td>
<td>0.312867</td>
<td>40</td>
</tr>
</tbody>
</table>

The TIRZ board is comprised of 11 members. The City Council is responsible for appointing nine members and designating the board Chair. The governing body of Denton County, which levies taxes on real property in TIRZ Number Two, has appointed one board member. Rayzor Investments, LLP, the Developer, has also appointed a single board representative.

District Accomplishments

This is the first year of the Westpark TIRZ. During calendar year 2013, there were no funds collected based on the certified and supplemental Denton Central Appraisal District (DCAD) values of the district. No funds were distributed.

Denton City Council adopted an Ordinance accepting an Agreement with Denton County to participate in Tax Increment Reinvestment Zone, Number Two; authorizing the City Manager to execute the Agreement on February 5, 2013. On February 12, 2013 the board for TIRZ Two was appointed by City Council. Economic Development staff has coordinated with multiple City departments, the developer and legal counsel to develop a Reimbursement/Developer Agreement with the developer. The Agreement should be completed in 2014.

Summary of TIRZ Two Board Meetings

The Westpark TIRZ Board met on October 15, 2013 to administer oaths of office, elect officers and receive a report on the Westpark TIRZ. The board is also scheduled to meet April 1, 2014 to review the 2013 Annual Report.
Table 2: Board Member List and Attendance

<table>
<thead>
<tr>
<th>Member</th>
<th>Affiliation</th>
<th>Present 10/15/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virgil Strange</td>
<td>Axiom Commercial Company</td>
<td>X</td>
</tr>
<tr>
<td>Greg Johnson</td>
<td>Versus Real Estate Advisors</td>
<td></td>
</tr>
<tr>
<td>Jim Fykes</td>
<td>Peterbilt Motors</td>
<td></td>
</tr>
<tr>
<td>Cleve Breedlove</td>
<td>Access Bank of Texas</td>
<td></td>
</tr>
<tr>
<td>Mark Burroughs</td>
<td>City of Denton Mayor</td>
<td>X</td>
</tr>
<tr>
<td>Dalton Gregory</td>
<td>City of Denton Councilman</td>
<td>X</td>
</tr>
<tr>
<td>Caleb O'Rear</td>
<td>Denton Regional Medical Center</td>
<td></td>
</tr>
<tr>
<td>Dr. V. Lane Rawlins</td>
<td>President, University of North Texas</td>
<td>X</td>
</tr>
<tr>
<td>Carrell Ann Simmons</td>
<td>Meridian Bank of Texas</td>
<td>X</td>
</tr>
<tr>
<td>Everette Newland</td>
<td>Denton County</td>
<td>X</td>
</tr>
<tr>
<td>Selwyn Rayzor</td>
<td>Rayzor Investments, LLC</td>
<td></td>
</tr>
</tbody>
</table>

During 2013, the TIRZ Board received reports and took action on the following items:
1. Received briefings on: the status of the Reimbursement/Developer Agreement
2. Appointed the following Officers: a temporary Chairman, Vice Chairman and Secretary

Budget and Project Status

The Westpark TIRZ district has established in its Project and Finance Plans a budget for public improvement expenditures necessary to support public infrastructure and private investment in the district. Table 3, which follows, provides the TIRZ projects and estimated costs.

Table 3: TIRZ Projects Costs

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>ESTIMATED COST, $M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Improvements</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>Utilities and Drainage</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Industrial Projects</td>
<td>$1,275,430</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$14,275,430</td>
</tr>
</tbody>
</table>

Project Definitions

Street Improvements: includes the construction and reconstruction of paving improvements capable of handling heavy truck traffic and that provide common turning radius for semi trailers and may consist of, but are not limited to, primary and secondary major arterial thoroughfares and collector streets that will provide improved access within the industrial park, to State highways, and Interstate 35.

Utilities and Drainage: includes the extension of water and wastewater lines along the right-of-ways of the streets within the District. Water and wastewater lines will be built to adequately accommodate the District at build-out and its anticipated industrial users.
A number of properties in the district are situated in the floodplain. Adequate stormwater drainage will be built to accommodate the maximum use of the land and comply with the drainage standards in the Denton Development Code.

**Industrial Projects:** may include grants, loans and services for public and private development. Eligible TIRZ project costs are not limited to public uses and may also include projects that stimulate economic development. Chapter 380 of the Local Government Code grants municipalities in Texas the authority to offer grants and loans of public funds to stimulate economic development.

**Revenues**

According to Denton Central Appraisal District (DCAD) certified and supplemental figures, the 2013 total appraised valuation of taxable real property in TIRZ Number Two was $116,277. This is a $3,181 decrease from the 2012 base value of 119,458 and represents a 2.7% decrease in valuation. The valuation and contribution into the TIRZ fund are illustrated in the table below.

**Table 4: Certified and Supplemental TIRZ Two Valuation and Contribution History**

<table>
<thead>
<tr>
<th>Year</th>
<th>TIRZ Certified Value</th>
<th>Supplemental TIRZ Value</th>
<th>Annual Captured Ad Valorem Revenue</th>
<th>Annual Contribution to TIRZ Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>119,458</td>
<td>119,458</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2013</td>
<td>116,277</td>
<td>116,277</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

The 800 acre Westpark TIRZ is comprised of undeveloped land adjacent to the Denton Airport Business Park. Currently, all of the land within the TIRZ boundary has an agricultural exemption. While the net taxable, after the agricultural exemption, is $116,277 the market value of the district is $8,020,794. Once the property is sold and developed the exemption will be removed and the valuation will reflect the market value of the land.

**Expenditures**

No funds were expended in 2013.

**2013 Work Program**

No projects were initiated in 2013.
Appendix A:
TIRZ Two (Westpark)
Balance Sheet

There are not any revenues or expenditures to report at this time.