

**Tax Increment Financing Reinvestment Zone Number One
(Downtown TIF)
2015 Annual Report**



**City of Denton
Economic Development Division
215 E. McKinney Street
Denton, Texas 76201
940-349-7776
www.dentonedp.com
January 1, 2015, to December 31, 2015**

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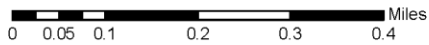
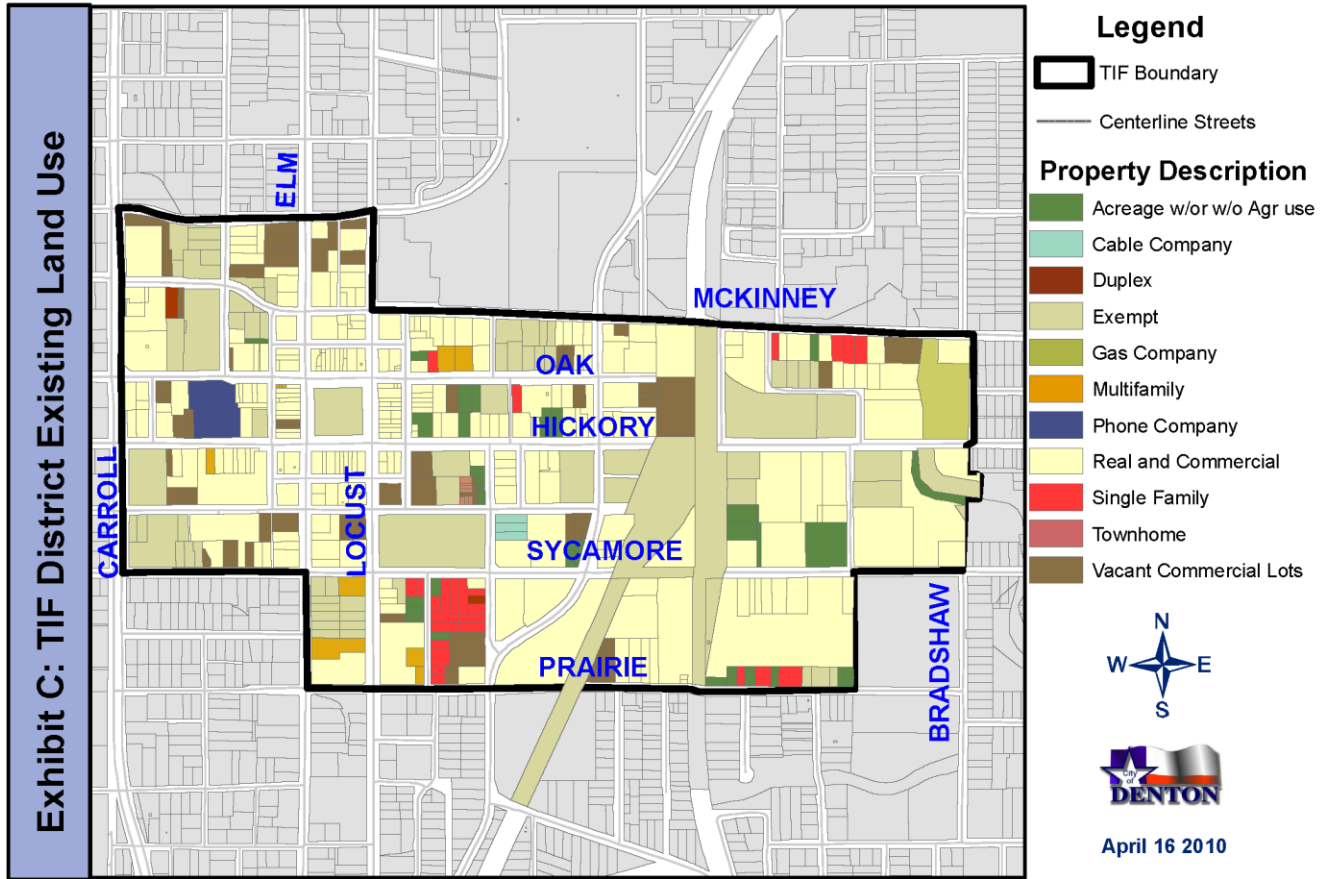
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Reinvestment Zone Number One Downtown Tax Increment Financing District



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.

Mission Statement

The mission of the Tax Increment Financing Reinvestment Zone Number One (Downtown TIF) is to provide a source of funding for public infrastructure improvements to encourage and accelerate necessary development and redevelopment within the Downtown TIF District area.

The Downtown TIF took effect on January 1, 2011, and will terminate on December 31, 2041, or when the budget of \$24.8 million has been collected. The City of Denton is the sole participating jurisdiction. The City's participation is as follows:

Years 1-5	100%
Years 6-10	95%
Years 11-20	90%
Years 21-30	85%

District Accomplishments

During calendar year 2015, \$330,030 was collected after the end of the supplemental period determined by the City of Denton; no funds were distributed.

Value and Increment Summary

According to Denton Central Appraisal District (DCAD) supplemental figures, the 2015 total appraised valuation of taxable real property in TIRZ Number One was \$127.2 million. This represents a \$10.4 million increase from the 2014 supplemental value of \$116.8 million. The annual TIRZ fund contribution of property taxes and interest income for 2015 is \$331,397. Since its inception, the value of the TIRZ has increased an estimated \$47.8 million, which represents a 60.3% increase in valuation.

Summary of TIF Board meetings

The Downtown TIF Board met on January 16, 2015.

Board Member List and attendance

Bob Moses, Property Owner

Harold Strong, Qualified Voter of the City of Denton

Marty Rivers, Chamber of Commerce Member

Virgil Strange, Property Owner

Chris Watts, City Council Member

Absent: Hank Dickenson, Kevin Roden

The Downtown TIF Board met on May 1, 2015

Board Member List and attendance

Bob Moses, Property Owner

Harold Strong, Qualified Voter of the City of Denton

Marty Rivers, Chamber of Commerce Member

Virgil Strange, Property Owner

Hank Dickenson, Chamber of Commerce member

Kevin Roden, City Council Member

Absent: Chris Watts

During 2015, the TIF Board took the following action on items:

Received briefings on: preliminary annual ad valorem value of TIF Number One, East Hickory capital improvements, an innovation and technology recruitment initiative for CoDenton, the City's Leadership Excellence and Enhancement Program (LEEP) and openings and closings of downtown businesses.

Budget and Spending Status

The Downtown TIF District has established in its Project and Finance Plans a budget for public improvement expenditures necessary to support private investment in the district.

In 2015, \$331,397 of property taxes and interest income was collected. In the January 16, 2016, meeting, the Board voted in favor of using Downtown TIF Number One funds for a 380 incentive for a catalyst project located within the TIF District.

The Railyard downtown project is located in TIF Number One, Downtown Implementation Plan (DTIP) and Transit Oriented Development (TOD) area. The project involves a Commercial Lease Agreement with the Developer (Rail Yard Partners, LTD) and a Chapter 380 Agreement including revenue from the Downtown TIF Number One with the developer. The City has entered into a separate agreement with the Dallas Entrepreneur Center (DEC) to program and manage the project's co-working space.

Rail Yard Partners, LTD. is renovating an existing 28,000 square foot building as a part of a larger transit-oriented catalyst project. They will invest an initial \$12 million in the co-working and mixed-use space. The City will lease 9,216 square feet for a collaborative working space. The DEC, which has similar entrepreneur resource centers in Addison and North Dallas, would offer memberships, technical assistance, mentorship and program events to help foster local business growth in Denton.

The Agreement involves an annual grant in the amount of \$76,000 for five years, for a total incentive of \$380,000. It also includes a 50% sales tax rebate on the retail portion of the project, estimated to equate to \$25,000 to \$35,000 annually.

The Commercial Lease Agreement is a five year lease at \$9.75 per square foot for year one, with an approximate 3.5% increase in the cost annually thereafter, in addition to operating expenses including the City's pro rata share of real estate taxes, insurance, common area maintenance, and operating expenses.

Dickenson moved to approve making a recommendation to City Council regarding using the Downtown TIF Number One funds for a Chapter 380 Incentive Agreement for a catalyst project located within the TIF District by allowing 100 percent abatement of the revenue, maximum of \$76,000 per year, generated by the project in the TIF Number One, up to \$380,000 cumulative, allowing five to ten years to receive that reimbursement amount. The motion was seconded by Harold Strong and carried unanimously (5-0).

No funds were distributed for this project in 2015.

2015 Work Program

One project was approved for a 380 Incentive Agreement; no funds were expended.

The TIF Valuation and interest contribution into the TIRZ fund are illustrated in the table that follows. Please note that the 2015 contribution into the TIRZ fund will change slightly once the November and December interest have been accounted for.

Certified and Supplemental TIRZ No. 1 Contribution Summary

Year	TIRZ Certified Value	Supplement TIRZ Value	Annual Captured Supplement Value	Supplement Contribution to TIRZ Fund	Interest	Total TIRZ Fund
2010	79,356,854	79,356,854	N/A	N/A	N/A	
2011	81,657,808	80,331,050	\$974,196	6,720	17	6,737
2012	89,605,635	93,040,263	\$13,683,409	94,381	297	94,678
2013	96,287,950	100,452,300	\$21,095,446	145,506	1,084	146,590
2014	114,885,073	116,769,435	\$37,412,581	258,053	2,821	260,874
2015*	118,440,576	127,204,599	\$47,847,745	330,030	1,367	331,397
Totals			\$121,013,377	834,690	5,586	840,276

**Interest for 2015 is earned through 1/31/16*