

DRAFT/Not Approved

Tax Increment Financing Reinvestment Zone Number One

(Downtown TIF)

2016 Annual Report



City of Denton

Economic Development Department

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Denton, Texas 76201

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January 1, 2016, to December 31, 2016

Table of Contents

Map...3

Mission Statement...4

District Accomplishments...4

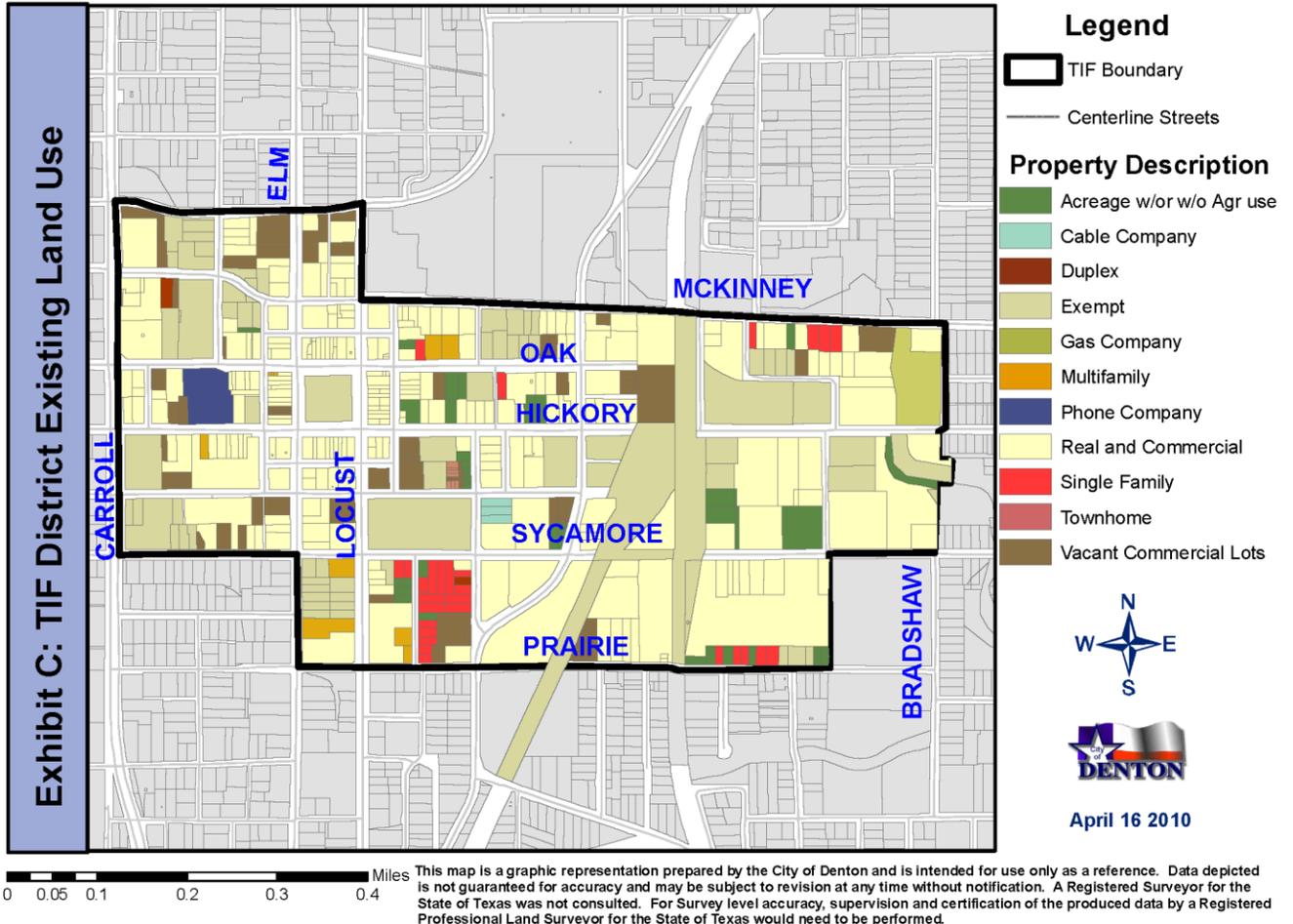
Value and Increment Summary...4

Summary of TIF Board meetings...5

Budget and Spending Status...6

2015 Work Program...7

**Reinvestment Zone Number One
Downtown Tax Increment Financing District**



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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 2016, \$458,739 was collected after the end of the supplemental period determined by the City of Denton. An additional \$1,676 in interest brings the total contribution in 2016 to \$460,415. The annual grant payment of \$76,000 was distributed to Rail Yard Partners, LTD, through a Chapter 380 Agreement for a catalyst project located within TIF #1.

Value and Increment Summary

According to Denton Central Appraisal District (DCAD) supplemental figures, the 2016 total appraised valuation of taxable real property in TIRZ Number One was \$150.0 million. This represents a \$22.8 million increase from the 2015 supplemental value of \$127.2 million. The annual TIRZ fund contribution of property taxes and interest income for 2016 is \$460,415. Since its inception, the value of the TIRZ has increased an estimated \$70.7 million, which represents an 89.0% increase in valuation.

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Summary of TIF Board meetings

The Downtown TIF Board met on January 15, 2016

Board Member List and attendance

Bob Moses, Property Owner

Hank Dickenson, Chamber of Commerce Member

Marty Rivers, Chamber of Commerce Member

Virgil Strange, Property Owner

Chris Watts, City Council Member

Kevin Roden, City Council Member

Absent: Harold Strong

The Downtown TIF Board met on April 1, 2016

Board Member List and attendance

Bob Moses, Property Owner

Hank Dickenson, Chamber of Commerce Member

Marty Rivers, Chamber of Commerce Member

Virgil Strange, Property Owner

Melissa Lenaburg, Qualified Voter of the City of Denton

Absent: Chris Watts, Kevin Roden

During 2016, the TIF Board took the following action on items:

Received briefings on: preliminary annual ad valorem value of TIF Number One, gave direction regarding appointment of board members, received a request for funding from 608 E. Hickory for removing overhead utility lines (not approved), reviewed a request to pay for the downtown building outline light maintenance (not approved), suggested a policy or procedure for setting aside a percentage or a certain dollar amount in regard to small projects (no action at this time), approved the 2016 Annual Report for TIF #1.

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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 2016, \$460,415 of property taxes and interest income was collected. In the January 16, 2015, meeting, the Board voted in favor of using Downtown TIF Number One funds for a Chapter 380 incentive for a catalyst project located within the TIF District.

At the January 16, 2015, meeting, the Board voted in favor of using Downtown TIF Number One funds for a Chapter 380 incentive for a catalyst project located within the TIF District.

The Rail Yard downtown project is located in TIF Number One, the Downtown Implementation Plan (DTIP) area and Transit Oriented Development (TOD) area.

Rail Yard Partners, LTD, has renovated an existing 28,000 square foot building as a part of a larger transit-oriented catalyst project that includes office, retail and restaurant space along with multi-family housing.

The Agreement involves an annual grant in the amount of \$76,000 for five years, for a total incentive of \$380,000.

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).

The first year payment in the amount of \$76,000 was distributed for this project in 2016.

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2016 Work Program

One project was approved for a Chapter 380 Incentive Agreement; \$76,000 were expended.

The TIF Valuation and interest contribution into the TIRZ fund are illustrated in the table that follows.

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	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	5,855	335,885
2016**	136,021,478	150,021,979	\$70,665,125	458,739	1,676	460,415
Totals			\$121,013,377	1,293,429	11,750	1,305,179

**95% contribution from decreasing ratio begins
Interest is earned through 12/31/16*