

ORDINANCE NO. 2014-142

AN ORDINANCE OF THE CITY OF DENTON, TEXAS, APPROVING A REIMBURSEMENT AGREEMENT BETWEEN THE CITY OF DENTON, THE BOARD OF DIRECTORS OF THE TAX INCREMENT REINVESTMENT ZONE NUMBER TWO, CITY OF DENTON, TEXAS, AND WESTRAY GROUP, LP.; AND PROVIDING AN EFFECTIVE DATE.


THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The City Manager, or his designee, is hereby authorized to execute a Reimbursement Agreement, in substantially the form of the Reimbursement Agreement which is attached hereto and made a part of this ordinance, for all purposes.

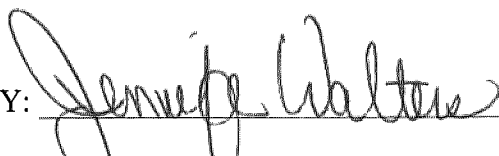
SECTION 2. The City Manager, or his designee, is authorized to exercise the City of Denton's rights and duties as set forth in the Agreement.

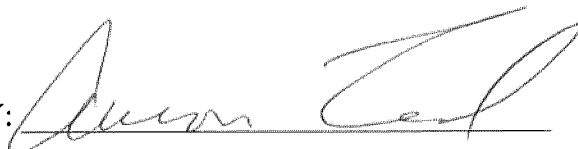
SECTION 3. This ordinance shall become effective immediately upon its passage and approval.

PASSED AND APPROVED this the 13th day of May, 2014.

  
\_\_\_\_\_  
MARK A. BURROUGHS, MAYOR

ATTEST:  
JENNIFER WALTERS, CITY SECRETARY

BY:   
\_\_\_\_\_  
APPROVED AS TO LEGAL FORM:  
ANITA BURGESS, CITY ATTORNEY

BY:   
\_\_\_\_\_

## **Reimbursement Agreement**

THIS *Reimbursement Agreement* (this "Agreement") is entered into by the City of Denton, Texas, a home-rule Texas municipal corporation (the "City"), the Board of Directors of Reinvestment Zone Number Two, City of Denton, Texas (the "Board"), and Westray Group, LP, a Texas limited partnership ("Westray"), to be effective as of May 13, 2014 (the "Effective Date").

### **ARTICLE I. RECITALS**

1.1. WHEREAS, The City, the Board, and Westray are individually referred to as a "Party" and collectively as the "Parties";

1.2. WHEREAS, pursuant to the Tax Increment Financing Act, Chapter 311, Texas Tax Code, as amended (the "Act"), on December 18, 2012, the City Council of the City (the "City Council") approved and adopted Ordinance No. 2012-366, a copy of which is attached as Exhibit A (the "Zone Ordinance"), which, among other things, (1) created, established and designated Reinvestment Zone Number Two, City of Denton, Texas (the "Zone"), (2) established the Board, (3) established a tax increment fund (herein, the "Tax Increment Fund"; also called the "TIF" in the below defined County Participation Agreement) into which the City, for itself and for County, pursuant to the Act, will deposit the City's and County's respective Tax Increments produced from the real property within the Zone, such Tax Increment deposits to be collected and disbursed for the sole and exclusive purpose of reimbursing Westray and the City for costs authorized by the Act, including interest accruing thereto, and (4) defined the Tax Increment deposit obligations for the City and the County;

1.3. WHEREAS, Westray's affiliates Rayzor Investments, Ltd. and Westpark Group, LP (collectively the "Rayzor Owners") own certain real property in Denton County, Texas (the "County") within the Zone consisting of approximately 738.26 acres of land, as more particularly described on Exhibit B (the "Rayzor Property");

1.4. WHEREAS, the Rayzor Property lies within the City's corporate limits and the boundaries of the Zone;

1.5. WHEREAS, the City Council finds that the contemplated development and use of certain Public Improvements in accordance with this Agreement will significantly enhance the value of all taxable real property in the Zone and will result in benefits to the City, its residents, and property owners, in general and to the Rayzor Property, residents and other property owners within the Zone;

1.6. WHEREAS, although neither Westray nor the Rayzor Owners are in the development business and will not themselves be expected to develop any parcels, the Rayzor Owners desire to sell tracts with the Zone so that purchasers can proceed with the development of commercial and industrial projects on land within the Zone and, to facilitate the same,

Westray and the Rayzor Owners desire that the Public Improvements be constructed as soon as possible, even prior to the time that City can issue bonds or incur other obligations to pay the costs of such Public Improvements;

1.7. WHEREAS, pursuant to the Act, the City and the County entered into that certain *Tax Participation Agreement*, a copy of which is attached as Exhibit C (the "County Participation Agreement"), which, among other things, obligates the County to pay to the City, for each calendar year, the County's Tax Increment due for such year, and obligates the City to deposit such County Tax Increment deposits into the Tax Increment Fund;

1.8. WHEREAS, pursuant to the Act, on May 6, 2014, the Board recommended to the City Council approval of *Reinvestment Zone Number Two, City of Denton, Texas, Final Project Plan and Final Financing Plan* for the Zone, a copy of which is attached as Exhibit D (the "Final Plan");

1.9. WHEREAS, pursuant to the Act, on May 13, 2014, the City Council approved and adopted Ordinance No. 2014-142 which, among other things, approved the Final Plan and approved and directed the execution of this Agreement;

1.10. WHEREAS, the Parties intend for the rights, duties, and obligations of the Parties under the Zone Ordinance, County Participation Agreement, and Final Plan to be incorporated as part of this Agreement;

1.11. WHEREAS, Terms used in this Agreement that have their initial letters capitalized shall have the meanings given to them in the applicable Sections of this Agreement or the Final Plan, as applicable; and

1.12. WHEREAS, the RECITALS contained in this Agreement: (1) are true and correct as of the Effective Date; (2) form the basis upon which the Parties negotiated and entered into this Agreement; and (3) reflect the final intent of the Parties with regard to the subject matter of this Agreement. The Parties have relied upon the RECITALS as part of the consideration for entering into this Agreement and, but for the intent of the Parties reflected by the RECITALS, would not have entered into this Agreement.

NOW THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL OBLIGATIONS OF THE PARTIES SET FORTH IN THIS AGREEMENT, THE PARTIES AGREE AS FOLLOWS:

## ARTICLE II. OBLIGATIONS

2.1 Incorporation by Reference. The rights, duties, and obligations of the Parties under the Zone Ordinance, County Participation Agreement, and Final Plan are incorporated as rights, duties, and obligations of the Parties under this Agreement as if fully set forth in this Agreement.

2.2 Administrative and Pre-Development Costs The parties acknowledge that City and Westray have incurred costs for work predating the Effective Date hereof in contemplation of and contribution to the Zone, such costs to be addressed as follows:

2.2.1 Pre-TIRZ Administrative Costs. The City has paid or incurred Pre-TIRZ Administrative Costs as described on Exhibit E attached hereto. The City shall submit to the Board (with a copy to Westray) evidence (in reasonable detail) of such Pre-TIRZ Administrative Costs paid or incurred by the City. If the Board verifies that the City paid or incurred the Pre-TIRZ Administrative Costs, then the City shall be reimbursed for such verified, actual costs from the Tax Increment Fund as provided in Section 2.7.4. No interest shall accrue on Pre-TIRZ Administrative Costs.

2.2.2 Administrative Costs. The City will pay or incur on an annual basis Administrative Costs for the administration of the Zone (including costs related to the Board). The City shall submit to the Board (with a copy to Westray) evidence (in reasonable detail) of the actual Administrative Costs paid or incurred by the City. If the Board verifies that the City paid or incurred the Administrative Costs, then the City shall be reimbursed for such verified, actual costs from the Tax Increment Fund as provided in Section 2.7.4. No interest shall accrue on such Administrative Cost.

2.2.3 Pre-Development Costs. Westray has paid or incurred Pre-Development Costs as described on Exhibit F attached hereto. Westray shall submit to the Board (with a copy to the City) evidence (in reasonable detail) of such Pre-Development Costs paid or incurred by Westray. If the Board verifies that Westray paid or incurred the Pre-Development Costs, then Westray shall be reimbursed for such verified, actual costs from the Tax Increment Fund as provided in Section 2.7.4. No interest shall accrue on Pre-Development Costs.

## 2.3 The Public Improvements.

2.3.1 Agreed Scope of Public Improvements. The Public Improvements hereunder shall be divided into three separate phases ("Phase I", "Phase II" and "Phase III", respectively, and collectively or generically, the "Phase(s)"). The Final Plan contains descriptions of the Public Improvements for each such Phase which have been agreed upon by the Parties. The descriptions of the Phase I Public Improvements are contained in Exhibit G-1 attached hereto. The descriptions of the Phase II Public Improvements are contained in Exhibit G-2 attached hereto. The descriptions of the Phase III Public Improvements are contained in Exhibit G-3 attached hereto. Such descriptions of the Phases are intended to be sufficient to show and identify the overall basic configuration, layout, nature, extent, capacity, complexity, connectivity, functionality and all other critical design and fundamental aspects of the Public Improvements and the various components thereof for each Phase (the "Agreed Preliminary Descriptions").

2.3.2 Project Costs for Public Improvements. "Project Costs" as used herein shall mean, with respect to each Phase, all costs arising in connection with the design,

development and construction of such Public Improvements and shall include, without limitation, all costs of design, engineering, materials, labor, construction, inspection and testing, legal and other consulting fees, all payments arising under any contracts entered into by Westray pursuant to this Agreement, all costs incurred in connection with obtaining governmental approvals, certificates or permits (including any building permit fees) required as a part of any contracts entered into in accordance with this Agreement and all related legal fees incurred in connection therewith. Project Costs shall not include, however, the cost of any land pertaining to the Public Improvements. Based on the Agreed Preliminary Descriptions, the Parties have agreed that the maximum anticipated Project Costs for each Phase of the Public Improvements are as set forth in the schedule of costs and expenses attached hereto as **Exhibit H-1** (for Phase I), **Exhibit H-2** (for Phase II) and **Exhibit H-3** (for Phase III) (which cost schedules are also included in the Final Plan) (collectively, the "**the Cost Schedule**"). The Project Costs shown in the Cost Schedule are preliminary estimates only and Westray is not obligated to incur or spend such amounts.

2.3.3 **Obligation to Construct Public Improvements.** Westray agrees to construct the Public Improvements for Phase I (and such subsequent Phases of the Public Improvements as Westray may elect as discussed below), pursuant to the final approved Construction Plans and Specifications for such Phases, and to provide and furnish, or cause to be provided and furnished, all materials and services as and when required in connection with the construction of the applicable Public Improvements. Westray will obtain all necessary permits and approvals from the City and all other governmental officials and agencies having jurisdiction (including the approvals required under this Agreement), provide supervision of all Phases of construction of the Public Improvements, provide periodic reports as may be reasonably requested and required by Board with copies to the City. Westray's obligation to proceed with the construction of the Phase I Public Improvements is conditioned on the Parties' mutual approval of the Construction Plans and Specifications for the Phase I Public Improvements, and all other terms and conditions contained in this Agreement. Subject to satisfying all conditions herein with respect to proceeding with the Public Improvements for Phase I, the Public Improvements for Phase I may be referred to as the "**Minimum Improvements**".

2.3.4 **Option to Construct Additional Phases.** Westray may, but is not obligated under this Agreement to, construct additional Public Improvements under Phase II and Phase III, subject to the Parties' mutual approval of Construction Plans and Specifications for such Public Improvements. If Westray desires to proceed with such Public Improvements, Westray shall give written notice thereof ("**Proceed Notice**") to the Board and the City of its election to proceed with the applicable Phase, in which case the Parties shall proceed with developing Construction Plans and Specifications for the applicable Public Improvements as provided below. The Proceed Notice for Phase II and/or Phase III may be sent at any time during the term of this Agreement; provided, however, at any time prior to Westray's delivery of the Proceed Notice for either such Phase, City may, but shall have no obligation to, deliver notice (the "**Alternative Builder Notice**") to Westray that City desires to proceed with the Public Improvements for such Phase through a reimbursement agreement similar to this Agreement with another party or

otherwise cause such Public Improvements to be completed through other means (the "Alternative Build-Out"), and unless Westray delivers a Proceed Notice to the City whereby Westray elects to build such Public Improvements itself pursuant to the provisions of this Agreement within thirty (30) days after the Alternative Builder Notice is sent, then the City may proceed with the Alternative Build-Out and Westray will have no further right to send a Proceed Notice for such Public Improvements so long as the City actually proceeds and diligently pursues completion of such Public Improvements pursuant to such Alternative Build-Out. Subject to the express terms hereof for reimbursement of Project Costs to Westray for Phase II and Phase III Public Improvements if Westray sends Proceed Notices with respect thereto, City has no obligation to construct the Public Improvements for Phase II or Phase III or to provide for any Alternative Build-Out or to reimburse any other party for costs relating thereto (other with respect to rights assigned to a permitted assignee of Westray as permitted under Section 2.11 below).

2.3.5 Construction Plans and Specifications. The Agreed Preliminary Descriptions will be utilized as the basis upon which detailed construction plans and specifications (suitable for purposes of obtaining applicable permits and bidding out specific work) for the Public Improvements for each applicable Phase will be developed (the "Construction Plans and Specifications"). The Parties agree to act reasonably and in good faith in developing and approving the Construction Plans and Specifications for each applicable Phase. Westray shall prepare or cause to be prepared proposed Construction Plans and Specifications for the applicable Public Improvements for presentation to the Board and City prior to the commencement of construction or implementation of the Public Improvements for any Phase, which proposed Construction Plans and Specifications must be submitted to and approved by the City and all other regulatory authorities having jurisdiction, and shall be in accordance with the City's development regulations, as set forth in the Denton Development Code, as amended, and all other applicable ordinances, regulations, and procedures of the City, as amended. Once the City and Board have approved Construction Plans and Specifications for any Phase of the Public Improvements, no changes thereto can be made without the express written approval of the City, the Board and Westray. Westray will proceed in developing Construction Plans and Specifications for the Phase I Public Improvements promptly after the full execution of this Agreement. Westray need not proceed in developing Construction Plans and Specifications for the Phase II and/or Phase III Public Improvements unless and until the Proceed Notice for such applicable Phase is given.

2.4 Conveyance of Easements. Except as provided immediately below, the parties acknowledge that all Public Improvements will be located within existing City right-of-way or other property owned by the City, and accordingly, it is expected that only limited easement and/or land dedication rights will be necessary with respect to the Public Improvements. The only areas in which Public Improvements will actually be located on Rayzor Property and not within existing City right-of-way or other property owned by the City, and accordingly in which the City will need perpetual easement or land dedication rights to own and maintain the Public Improvements, are those areas specifically identified in Exhibit I (the "Easement Areas"). Upon completion of the Public Improvements for any Phase and in connection with the dedication

thereof to the City as discussed below, Westray shall cause the Rayzor Owners (as applicable) to grant permanent easement rights and /or dedicate land within any Easement Areas that are applicable to the Public Improvements so completed and located on Rayzor Property (if easement or dedication rights have not already been granted to the City in such areas). The Parties agree to diligently negotiate and pursue applicable agreements for easements, dedications and/or rights-of-way which are necessary within the Easement Areas pursuant to applicable instruments in form and substance reasonably satisfactory to the Rayzor Owners and the City, and consistent with easement or other applicable instruments historically completed between the Rayzor Owners and the City ("Improvement Easement(s)"); provided, however, that any agreement between City and Westray concerning such easements, rights-of-way or similar property interests shall be effective only by the delivery of executed instrument to be made of record; and provided, further, that no Improvement Easements (and no obligation to convey the same) are agreed to or given except as expressly provided above. Without limitation, neither Westray nor the Rayzor Owners shall have any obligation to grant any easement rights in any areas outside of the Easement Areas. With respect to any Public Improvements located on or adjacent to property owned by the City, the City shall grant Westray, at no cost, all required temporary construction and access easements reasonably necessary to install the Public Improvements. Further, with respect to Public Improvements to be located on lands other than the Rayzor Property and City right-of-way or other lands owned by the City, it shall be the City's responsibility to obtain necessary easement rights in such areas for the location of the Public Improvements.

2.5 Construction and Completion. Westray is authorized to proceed with the construction of the Public Improvements for any Phase upon the approval of Construction Plans and Specifications therefor by the Board and the City, and Westray's obtaining all applicable construction and related or similar permits, as applicable (the "Applicable Permits"), from all applicable governmental authorities. Notwithstanding anything herein to the contrary, Westray may elect to terminate this Agreement at any time prior to the issuance of a building permit for the Phase I Public Improvements and commencement of construction thereunder, by giving City written notice of termination. In such case this Agreement will be null and void and of no further force and effect.

2.5.1 Advancement of Costs. Westray will advance sufficient funds to pay all Project Costs incurred for each applicable Phase of the Public Improvements as such costs become due and payable.

2.5.2 Completion. Following the completion of each Phase of the Public Improvements and the acceptance thereof by the City (as evidenced by a "Certificate of Completion" to be issued by the City acknowledging that the Public Improvements have been completed in accordance with the terms of this Agreement), Westray shall convey the Public Improvements to the City and grant applicable easement rights in the applicable Easement Areas by an Improvements Easement reasonably acceptable to both parties and consistent with the provisions of Section 2.4 above. Conveyance of applicable Public Improvements to the City shall include an assignment of all contractors' warranties, if any, and shall be without recourse to Westray. Prior to the acceptance of such conveyances by the City, Westray shall provide the City with releases

from all prime contractors, major subcontractors, and major suppliers who have provided labor and materials for the Public Improvements showing that they have been paid in full for such labor and materials. City shall issue the Certificate of Completion so long as Westray complies with the provisions contained above.

2.5.3 Verification of Project Costs. Upon receipt of a Certificate of Completion for Public Improvements, Westray shall submit to the Board (with a copy to the City) evidence (in reasonable detail) of the actual Project Costs of such Public Improvements paid or incurred by Westray ("Project Costs Submittal"). If the Board verifies that Westray paid or incurred the Project Costs, then Westray shall be reimbursed for such actual Project Costs, plus Interest thereon (as provided below), from the Tax Increment Fund as provided in Section 2.7.4. The Board shall at all times act reasonably and in good faith in verifying Project Costs incurred or paid by Westray and shall, within thirty (30) days after the Project Costs Submittal, issue a written confirmation of its approval of the Project Costs submitted for verification ("Confirmation of Verified Costs" and the Project Costs so verified, the "Verified Project Costs") and/or deliver to Westray written notice of its refusal to verify any such Project Costs so submitted specifying in reasonable detail which Project Costs it is refusing to verify and the grounds for such refusal ("Verification Denial" and the Project Costs so denied, the "Denied Project Costs"). The Board agrees to act reasonable and in good faith with Westray in order that Westray can address the issues that have resulting in a Verification Denial so as to be able to resubmit such Denied Project Costs for re-evaluation by the Board.

2.5.4 Reliance; Indemnification. The Board and the City shall be entitled to rely on the information provided by Westray and Westray's assignees in verifying costs and seeking reimbursement for such costs from the Tax Increment Fund and are under no duty or obligation to independently verify the truth, accuracy, or completeness of such information. Westray and its assignees release, hold harmless, and indemnify the Board and the City (and their respective elected and appointed members, officers, and employees) from any claims by third parties to the costs for which Westray or its assignees seeks reimbursement pursuant to this Agreement.

2.5.5 Interest on Project Costs. All Verified Project Costs for which a Confirmation of Verified Costs has been issued shall bear interest, from and after the date the Confirmation of Verified Costs was issued until repayment of such Project Costs, at the rate of five percent (5%) per annum ("Interest"). Interest shall be calculated on the basis of a year of 365 or 366 days, as applicable, and the actual days elapsed (including the first day but excluding the last day). The anticipated Interest to be paid on the Project Costs is shown in the Cost Schedule.

2.6 Reimbursement of Verified Project Costs. Upon issuance of a Confirmation of Verified Costs, and subject to the priority of payments as set forth in Section 2.7.4 below, City shall begin repaying Verified Project Costs, plus Interest thereon, to Westray to the full extent of available funds in the Tax Increment Fund, and shall continue such repayment until all such amounts are repaid in full.



2.7 Tax Increment Fund. The City shall create and fund the Tax Increment Fund in accordance with the Zone Ordinance and the Participation Agreement.

2.7.1 Tax Increment. Pursuant to the Zone Ordinance and the Participation Agreement, and in accordance with Section 311.012 of the Texas Tax Code, Ch. 311, Tax Increment Financing Act: (i) the "Tax Increment Base" for the Zone shall be the appraised value of all real property located within the Zone for calendar year 2012, (ii) the "Captured Appraised Value" shall be the total appraised value of all real property located within the Zone for any calendar year after 2012, less the Tax Increment Base, (iii) the City has agreed to pay into the Tax Increment Fund, for each calendar year after 2012, an amount calculated as a millage rate per \$100 of Captured Appraised Value in the Zone for such year that equals 40% of the City's tax rate for such year and (iv) the County has agreed to pay into the Tax Increment Fund, for each year after 2012, an amount calculated as a millage rate per \$100 of Captured Appraised Value in the Zone for such year that equals 40% of the County's tax rate. The amounts to be paid into the Tax Increment Fund by the City and County, respectively, under items (iii) and (iv) above for any year, are referred to herein as the "Tax Increment" for such year.

2.7.2 Deposit of Tax Increment. For each year beginning with the 2013 calendar year and each calendar year thereafter, the City shall deposit its Tax Increment for such calendar year into the Tax Increment Fund, which payment shall be made not later than ninety (90) days after the delinquency date for property taxes assessed and due for such year. The City shall invoice the County for the County's Tax Increment owed for each such year no later than 30 days after the delinquency date for property taxes assessed and due for such year, and cause the County to pay such Tax Increment to the City not later than ninety (90) days after the delinquency date for property taxes assessed and due for such year, and City shall promptly upon receipt thereof deposit such amounts into the Tax Increment Fund.

2.7.3 Separate Account. The City shall maintain the Tax Increment Fund as a segregated account which shall not be commingled with any other funds of the City. The Tax Increment Fund shall be invested in the same manner as other municipal funds, and all interest earned shall be part of the Tax Increment Fund.

2.7.4 Disbursements. The City shall only make disbursements from the Tax Increment Fund for the purposes and in the priority set forth below. Disbursements shall be made from the Tax Increment Fund no less frequently than biannually each May 15<sup>th</sup> and November 15<sup>th</sup> beginning in calendar 2014, but not prior to the Effective Date hereof, and subject to the terms and conditions of this Agreement. Disbursements from the Tax Increment Fund shall be made only for the following purposes and only in the following order of priority unless otherwise approved by the City and Westray:

2.7.4.1 FIRST, to pay all current debt service due under any outstanding TIRZ Bonds;

2.7.4.2 SECOND to reimburse the City for Pre-TIRZ Administrative Costs;

- 2.7.4.3 THIRD, to reimburse the City for Administrative Costs;
- 2.7.4.4 FOURTH, to reimburse Westray for Pre-Development Costs;
- 2.7.4.5 FIFTH, to reimburse Westray for Verified Project Costs as provided for herein;
- 2.7.4.6 SIXTH, to reimburse Westray for Interest on Verified Project Costs, as provided for herein; and
- 2.7.4.7 SEVENTH, to reimburse Westray for the costs of additional public improvements (beyond Phases 1 - 3), if any, approved by amendments to the Final Plan.

2.7.5 The City shall maintain complete books and records showing all deposits to and disbursements from the Tax Increment Fund, which books and records shall be kept in accordance with generally accepted accounting principles as applied to Texas municipalities. Such books and records shall be available for examination and copying by Westray during normal business hours. The City shall maintain such books and records throughout the term of this Agreement and for two years thereafter, or such longer period as may be required by law.

2.8 Conditions of Reimbursement. The City shall not make disbursements from the Tax Increment Fund to reimburse Westray for any Project Cost or pay interest on any Project Costs for Public Improvements constructed by Westray unless and until Westray has completed all of the Phase I Public Improvements by not later than twenty-four (24) months from the date final Construction Plans and Specifications have been approved hereunder and Applicable Permits issued for the Phase I Public Improvements, subject to reasonable extensions for Force Majeure Events (as hereinafter defined). Westray will not be liable or in breach of or default under this Agreement for any delay or failure of performance resulting from anything beyond the reasonable control of Westray (a "Force Majeure Event"), including, but not limited to, acts of God; acts of civil or military authority; acts of a public enemy; war; terrorism; severe weather, earthquakes, or floods; fires or explosions; governmental action or regulation; strikes, lockouts, or other work interruptions or labor shortages; supplier shortages; transportation and delivery delays; or blocked access rights (but in all cases excluding causes which can be controlled by the expenditure of money in accordance with good business practices). So long as Westray diligently and continuously attempts to cure the non-performance caused by the Force Majeure Event, the time for performance shall be extended commensurate with the duration of the Force Majeure Event.

2.9 Westray understands and agrees that all payments of Project Costs, plus Interest where applicable, shall be made solely from the Tax Increment Fund and from no other funds of the City or the County unless otherwise approved by their respective governing bodies, and the Tax Increment Fund shall only be used to pay Project Costs, plus Interest, where applicable. The City shall only pay for actual costs incurred by Westray for Project Costs, and Interest thereon, up to the maximum Project Costs and Interest identified in Cost Schedule.

2.10 Sale of Bonds. Subject to the satisfaction of conditions set forth in this Section, the City may – but is not required to - issue tax increment bonds or other obligations ("TIRZ Bonds"), in its sole discretion, which are secured by and payable from the Tax Increment Fund, for the purposes of acquiring or constructing Public Improvements and/or the reimbursing Westray for Project Costs, and to pay costs related to the issuance, sale and delivery of such TIRZ Bonds (including, but not limited to, amounts necessary to fund a reserve fund for the TIRZ Bonds and capitalized interest). Westray may request issuance of TIRZ Bonds by filing with the City a list of the Public Improvements to be funded with the Bonds and the estimated costs of such Public Improvements. The issuance of TIRZ Bonds is subject to the following conditions:

2.10.1 The adoption of a Final Plan for the Zone by the City Council and the Board that identifies the Public Improvements that are to be funded through TIRZ Bonds proceeds, and the Project Costs of the Public Improvements to be so funded.

2.10.2 The aggregate principal amount of TIRZ Bonds issued and to be issued shall not exceed amounts sufficient to fund the Public Improvements.

2.10.3 Each series of TIRZ Bonds shall be in an amount estimated to be sufficient to fund the Public Improvements or portions thereof for which such Bonds are being issued.

2.10.4 Approval by the Texas Attorney General of the TIRZ Bonds and registration of the Bonds by the Comptroller of Public Accounts of the State of Texas.

2.10.5 The Rayzor Owners are current on all taxes, fees and obligations owed by them to the City.

2. 0.6 Westray is not in default under this Agreement.

2.10.7 No outstanding TIRZ Bonds are in default and no reserve funds have been drawn upon that have not been replenished.

2.10.8 Review and approval by the City of the plats and final Construction Plans and Specifications for the Public Improvements.

2.10.9 The Board has certified that the costs of the Public Improvements to be paid from the proceeds of the TIRZ Bonds are eligible to be paid with the proceeds of such TIRZ Bonds.

2.10.10 The Public Improvements to be financed by the TIRZ Bonds have been or will be constructed according to the approved Construction Plans and Specifications.

2.10.11 The City's evaluation and determination that there will be no negative impact on the City's creditworthiness, bond rating, access to or cost of capital, or potential for liability.

2.10.12 The City has determined that the amount of proposed TIRZ Bonds and the structure, terms, conditions and timing of the issuance of the TIRZ Bonds are reasonable for the Project Costs to be financed and the degree of development activity within the TIRZ, and that there is sufficient security for the TIRZ Bonds to be creditworthy.

2.10.13 The maximum maturity for TIRZ Bonds shall not exceed 30 years from the date of delivery thereof.

2.10.14 The final maturity for any TIRZ Bonds shall be not later than 60 years from the date of this Agreement.

2.10.15 Unless otherwise agreed to by the City, the TIRZ Bonds shall be sold and may be transferred or assigned only in minimum denominations of \$100,000 or integral multiples of \$1,000 in excess thereof; provided that the limitation on transferability or assignment shall not apply (A) if the TIRZ Bonds are assigned a rating of not less than rated "BBB" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., "Baa" by Moody's Investors Service, Inc., "BBB" by Fitch Ratings, or an equivalent rating by a nationally recognized municipal securities rating service acceptable to the City, and (B) upon compliance with applicable securities laws.

2.10.16 No information regarding the City, including without limitation financial information, shall be included in any offering document relating to TIRZ Bonds without the consent of the City.

2.10.17 City is satisfied that the Public Improvements for which such TIRZ Bonds are issued either have been completed or will be completed by Westray with Westray advancing all Project Costs in connection therewith.

2.10.18 Westray agrees to provide periodic information and notices of material events regarding Westray and Westray's activities within the Zone in accordance with Securities and Exchange Commission Rule 15cc2-12.

2.10.19 The TIRZ Bonds meet all requirements of Texas Tax Code Section 311.015 as amended.

## 2.11 Successors and Assigns.

2.11.1 City and the Board acknowledge that the Rayzor Owners will be selling and conveying lots and/or tracts within the Rayzor Property ("Sale Tracts") to third party developers, users or other persons (any such grantee being referred to as a "Rayzor Purchaser"). Rayzor Owners shall be free to sell Sale Tracts to Rayzor Purchasers without the need of any consent of the City or the Denton Zone. Unless a Rayzor Purchaser is expressly designated in a recorded instrument to be a Designated Successor (as herein after defined), then: (i) in no event shall any such Rayzor Purchaser or the Sale Tract acquired by it be subject to or encumbered by the obligations under this Agreement,

it being agreed that all such obligations are personal and those of Westray only; provided, only, however, if an Improvement Easement has actually been executed and recorded in the Public Records which affects the Sale Tract so sold, such Sale Tract shall be subject to the easement rights granted under such Improvements Easement and (ii) in no event shall any Rayzor Purchaser inure to any right to receive reimbursement of Project Costs or Interest or any other amounts payable to Westray under this Agreement.

2.11.2 Notwithstanding the above, Westray may at its option assign its rights and obligations hereunder, from time to time and in whole or in part, to any person or entity that acquires all or any portion of the Rayzor Property or that has a contract right to acquire same, but only if Westray expressly designates such person or entity to succeed to such rights and obligations (a "Designated Successor") pursuant to a written instrument executed by Westray and recorded of public record. The assignment must be in writing, recorded in the public records must obligate the Designated Successor to be bound by this Agreement. A copy of the assignment shall be given to the City within 30 days after its effective date; however, City consent to the assignment is not required. Upon the effective date of any such assignment and notice to the City, Westray shall be released from performing the duties or obligations that are assigned and that arise after the effective date or the date that the City receives notice of the assignment, whichever later occurs; however, Westray is not released from any liabilities that arose prior to the effective date or date of notice to the City, whichever later occurs, unless the City and the Board agree. Such assignment may include the right to receive future reimbursements in the same manner as Westray; provided, however, Westray may retain the right to be reimbursed for actual costs of Project Costs which are then accrued and vested in the Westray.

2.11.3 In addition to and separate from the right of Westray to assign its rights and obligations under this Agreement as provided above, Westray's right to reimbursement from the Tax Increment Fund pursuant to Section 2.7.2 may be assigned, from time to time and in whole or in part, to any person or entity without the consent of the City but with notice to the City, including a copy of the assignment. The assignment shall include a representation and warranty by Westray that Westray has full power and authority to execute the assignment and that the rights assigned are not subject of any claims by third parties. The assignment shall also provide that Westray and its assignees agree to release, hold harmless, and indemnify the City (and its elected officials, officers, and employees) from any claims by third parties to the rights being assigned. The right of any assignee under this section to reimbursement from the Tax Increment Fund is conditioned on (i) receipt of notice of assignment by the City and (ii) inclusion of the aforementioned hold harmless and indemnity provisions in the assignment document, a copy of which shall be provided to the City.

### **ARTICLE 3. REPRESENTATIONS AND WARRANTIES.**

3.1 Westray. Westray represents and warrants to the other Parties that (1) Westray is an affiliate of the Rayzor Owners; (2) Westray has full lawful right, power and authority to

execute and deliver and perform the terms and obligations of this Agreement; (3) the execution and delivery of this Agreement has been duly authorized by all necessary actions by the Westray; and (4) this Agreement constitutes the legal, valid and binding obligation of Westray, and is enforceable in accordance with its terms and provisions; and (5) Westray has not assigned any portion of its rights and obligations under this Agreement, to third parties prior to the Effective Date hereof.

3.2 City. The City represents and warrants to the other Parties that (1) the City has full constitutional and lawful right, power and authority, under currently applicable law, to execute and deliver and perform the terms and obligations of this Agreement, (2) this Agreement has been duly and validly authorized and approved by all necessary City proceedings, findings, ordinances, resolutions and actions; and (3) this Agreement is a legal obligation of City, enforceable against City in accordance with its terms and provisions.

3.3 Board. The Board represents and warrants to the other Parties that (1) the Board has full constitutional and lawful right, power and authority, under currently applicable law, to execute and deliver and perform the terms and obligations of this Agreement, (2) this Agreement has been duly and validly authorized and approved by all necessary Board proceedings, findings, ordinances, resolutions and actions; and (3) this Agreement is a legal obligation of the Board, enforceable against the Board in accordance with its terms and provisions.

#### **ARTICLE IV. DEFAULT AND REMEDIES**

4.1 A non-performing Party shall be in "Default" under this Agreement if such Party fails to perform any duty or obligation under this Agreement and such failure is not cured within 30 days after written notice from any other Party (or if the failure is not reasonably capable of being cured within 30 days, the non-performing Party does not begin to cure within such 30-day period and thereafter continuously and diligently complete a cure at the earliest possible time).

4.2 If a Party is in Default under this Agreement, the other Parties shall have available all remedies at law or in equity (including, but not limited to, injunctive relief and specific performance) except as follows: no Default shall: (1) entitle any Party to terminate this Agreement; (2) relieve the City from its obligation to process and issue Certificates of Completion for Public Improvements and Additional Public Facilities that are completed in accordance with this Agreement; (3) relieve the Board from its obligation to verify Project Costs for completed Public Improvements that are to be reimbursed from the Tax Increment Fund; or (4) relieve the City from its obligation to reimburse from the Tax Increment Fund all actual Project Costs that are verified by the Board.

## **ARTICLE V. ADDITIONAL PROVISIONS.**

5.1 Term. The term of this Agreement shall commence on the Effective Date, and continue until the earlier to occur of: (1) the date on which the City has fulfilled its reimbursement obligations under Section 2.7.2; or (2) the earlier expiration or termination of the Zone pursuant to the Zone Ordinance.

5.2 Notices. Any notice required or contemplated by this Agreement shall be in writing and shall be deemed given and received: (1) when delivered (with evidence of delivery) by a nationally recognized delivery service (e.g., FedEx or UPS) to the address shown below whether or not signed for by the individual to whose attention the notice is addressed; or (2) three business days after deposited with the US Postal Service, CERTIFIED MAIL, RETURN RECEIPT REQUESTED, for delivery to the address shown below whether or not signed for by the individual to whose attention the notice is addressed.

### **To the City:**

Attn: Director of Economic Development  
City of Denton, Texas  
215 E. McKinney Street  
Denton, Texas 76201  
Phone: (940) 349-8333  
Fax: (940) 382-7923

### **With a Copy to:**

Pamela England, Real Estate Specialist  
City of Denton, Texas  
215 E. McKinney Street  
Denton, Texas 76201  
Phone: (940) 349-8928  
Fax: (940) 349-8951

### **To the Board:**

Board of Directors of Reinvestment Zone Number Two  
c/o City of Denton, Texas  
215 E. McKinney Street  
Denton, Texas 76201  
Phone: (940) 349-8333  
Fax: (940) 382-7923

### **To Westray**

c/o The Rayzor Company

Attn: Philip Baker  
P.O. Box 336  
Denton, Texas 76202

For deliveries to a physical address, use:  
400 W. Oak, Suite 200  
Denton, Texas 76201

Telecopy: (940) 566-1591  
Telephone: (940) 387-8711

With a Copy to:

David M. Mellina  
Mellina & Larson, P.C.  
1128 Fairmount Avenue  
Fort Worth, Texas 76104  
Telecopy: (817) 335-1221  
Telephone: (817) 335-1200

5.3 Amendments.

5.3.1 This Agreement. This Agreement may only be amended in writing signed by all the Parties.

5.3.2 County Participation Agreement. The City shall give Westray at least 60 days' notice of any proposed amendment to the County Participation Agreement, including the full text of the proposed amendment. If the proposed amendment adversely impacts the obligation of the County to pay annually to the City the County Tax Increment for deposit into the Tax Increment Fund for the term of the Zone or if the proposed amendment reduces the amount of the County Tax Increment, the proposed amendment shall require the approval of Westray.

5.3.3 Final Plan. The City shall give Westray at least 60 days' notice of any proposed amendment to the Final Plan, including the full text of the proposed amendment. The Board, the City, or Westray may, from time to time, request amendments to the Final Plan, which may be approved only upon recommendation by the Board and the mutual agreement of the City and Westray.

5.4 Economic Incentive Agreements. For and during the term of this Agreement the City shall not, and shall not permit the County to, enter into any agreements that would in any way reduce the City Tax Increment (including, but not limited to, tax abatement agreements and Texas Local Government Code "380 Economic Development Agreements") or the County Tax Increment without the consent of Westray and the Rayzor Owners.



5.5 Vested Rights. Westray expressly understands and agrees that neither this Agreement, the Final Plan, or any approvals required under this agreement, shall be considered a “permit,” as that term is defined in Tex. Loc. Gov’t Code chapter 245, nor does the Final Plan constitute a plan for development within the meaning of the statute. Westray, for itself, its officers, agents, employees, successors and assigns, hereby releases and holds harmless the City, its officers, agents, consultants and employees, from any claim or cause of action asserting that this Agreement, the Final Plan, or any approvals required under this Agreement establish a vested right against enforcement of subsequently enacted development regulations, whether such cause arises under Tex. Loc. Gov’t Code ch. 245, as amended, or other law of the State of Texas.

5.6 Venue. This Agreement is performable in Denton County, Texas, and venue of any action arising out of this Agreement shall be exclusively in Denton County, Texas. This Agreement shall be governed and construed in accordance with the laws of the State of Texas.

5.7 Unenforceable Provisions. If any provision of this Agreement is held to be invalid, illegal, or unenforceable for any reason, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be considered as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.

5.8 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and constitute one and the same instrument.

5.9 Entire Agreement. This Agreement embodies the complete agreement of the Parties, superseding all prior or contemporaneous oral or written agreements between the Parties and relating to subject matter of this Agreement (other than the Zone Ordinance, the County Participation Agreement, and the Final Plan).

5.10 Exhibits; Titles of Sections, Subsections. The following exhibits are incorporated as part of this Agreement for all purposes:

- Exhibit A - Zone Ordinance
- Exhibit B - Description of the Rayzor Property
- Exhibit C - County Participation Agreement
- Exhibit D - Final Plan
- Exhibit E - Pre-TIRZ Administrative Costs
- Exhibit F - Pre-Development Costs
- Exhibit G-1 - Description of Phase I Public Improvements
- Exhibit G-2 - Description of Phase II Public Improvements
- Exhibit G-3 - Description of Phase III Public Improvements
- Exhibit H-1 - Cost Schedule for Phase I
- Exhibit H-2 - Cost Schedule for Phase II
- Exhibit H-3 - Cost Schedule for Phase III
- Exhibit I - Easement Areas
- Exhibit I-1 - Drainage Easement Area

Exhibit I-2       -       Dedication Land

In the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail. All titles or headings are only for the convenience of the parties and shall not be construed to have any effect or meaning as to the agreement between the parties hereto. Any reference herein to a Section or Subsection shall be considered a reference to such Section or Subsection of this Agreement unless otherwise stated. Any reference herein to any exhibit shall be considered a reference to the applicable exhibit attached hereto unless otherwise stated.

SIGNATURE PAGES TO FOLLOW

CITY OF DENTON, TEXAS

By:

Name: George C. Campbell

Title: City Manager

Date: May 13, 2014

ATTEST:

Name:

Jennifer K. Walters  
City Secretary

APPROVED AS TO FORM:  
CITY ATTORNEY  
CITY OF DENTON, TEXAS

BY:

[Signature]

STATE OF TEXAS

§

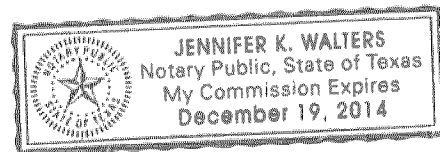
COUNTY OF Denton

§


§

This instrument was acknowledged before me on the 13<sup>th</sup> day of May, 2014 by George C. Campbell of the City of Denton, Texas, on behalf of said city.

Jennifer K. Walters  
Notary Public, State of Texas



By: [Signature]  
Name: Cleve Breedlove  
Title: Chair  
Date: May 13, 2014

 **JANE E. RICHARDSON**  
Notary Public, State of Texas  
My Commission Expires  
**June 27, 2017**

WESTRAY GROUP, LP, a Texas  
limited partnership

Rayzor Denton Management, LLC, a  
Texas limited liability company

By: The Rayzor Company

By: Philip A. Baker

Name: Philip A. Baker

Its: Vice-President

Date: May 2, 2014

STATE OF TEXAS

§

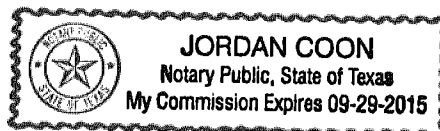
§

COUNTY OF Denton

§

This instrument was acknowledged before me on the 2<sup>ND</sup> day of May, 2014 by Philip A. Baker, Vice President of The Rayzor Company, a Texas corporation, as the sole member of Rayzor Denton Management, LLC, a Texas limited liability company, as the sole general partner of Westray Group, LP, a Texas limited partnership, on behalf of said limited partnership.

Jordan Coon  
Notary Public, State of Texas



ORDINANCE NO. 2012-366

AN ORDINANCE DESIGNATING AND DESCRIBING THE BOUNDARIES OF A TAX INCREMENT REINVESTMENT ZONE 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; MAKING CERTAIN FINDINGS AND OTHER MATTERS RELATED THERETO; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Denton, Texas, (the "City"), desires to promote the development of an industrial area within the City of Denton by the creation of a Tax Increment Financing Reinvestment Zone, as authorized by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, Vernon's Texas Codes Annotated (the "Act"); and

WHEREAS, the City has called a public hearing to hear the public comments on the creation of the proposed Tax Increment Reinvestment Zone and its benefits to the City and the property in the proposed Tax Increment Reinvestment Zone; and

WHEREAS, notice of such public hearing was published in the Denton Record-Chronicle, a daily paper of general circulation in the City, such publication date being not later than seven (7) days prior to the date of the public hearing; and

WHEREAS, such hearing was convened at the time and place mentioned in the published notice, on the 18<sup>th</sup> day of December 2012, at 6:30 p.m., in Council Chambers of the City of Denton, Texas; and

WHEREAS, the City, at such hearing, invited any interested person, or his/her representative, to appear and speak for or against the creation of the Tax Increment Reinvestment Zone, the duration of the Tax Increment Reinvestment Zone, the boundaries of the proposed Tax Increment Reinvestment Zone, whether all or part of the territory which is described in Exhibit "A" attached hereto and depicted on the map attached hereto as Exhibit "B" should be included in such proposed Tax Increment Reinvestment Zone, the concept of tax increment financing and the appointment of a board of directors of the proposed Tax Increment Reinvestment Zone; and

WHEREAS, all owners of property located within the proposed Tax Increment Reinvestment Zone and all other taxing units and other interested persons were given a reasonable opportunity at such public hearing to protest the creation of the proposed Tax Increment Reinvestment Zone and/or the inclusion of their property in such; Tax Increment Reinvestment Zone; and

WHEREAS, the proponents of the Tax Increment Reinvestment Zone offered evidence, in favor of all of the foregoing matters relating to the creation of the Tax Increment Reinvestment Zone, and opponents of the Tax Increment Reinvestment Zone were given the opportunity to appear to contest creation of the zone, after which the hearing was closed; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The facts and recitations contained in the preamble of this ordinance are hereby found and declared to be true and correct.

**SECTION 2.** The City Council, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- a) The public hearing on adoption of the Tax Increment Financing Reinvestment Zone has been properly called, held and conducted and that notice of such hearing has been published as required by law
- b) Creation of the proposed Tax Increment Reinvestment Zone with boundaries as described in Exhibits "A" and "B" will result in benefits to the City, its residents, and property owners, in general, and to the property, residents and property owners in the Tax Increment Reinvestment Zone.
- c) The Tax Increment Reinvestment Zone, as defined in Exhibits "A" and "B", meets the criteria for the creation of a Tax Increment Financing Reinvestment Zone set forth in the Act in that:
  - (i) It is a contiguous geographic area located wholly within the corporate limits of the City.
  - (ii) It substantially impairs or arrests the sound growth of the municipality creating the zone or constitutes an economic or social liability in its present condition and use because of the presence of:
    - a. The area has a predominance of defective or inadequate sidewalks or street layout; and/or
    - b. Predominately open or undeveloped and, because of obsolete platting, deterioration of structures or site improvements, or other factors.
  - (iii) The proposed project plan includes the use of land in the zone with access to an industrial rail spur that serves the park.
- a) That 30 percent or less of the property in the proposed Tax Increment Financing Reinvestment Zone, excluding property that is publicly owned, is used for residential purposes, which is defined in the Act as any property occupied by a house which has less than five living units.
- b) The total appraised value of all taxable real property in the proposed Tax Increment Financing Reinvestment Zone according to the most recent appraisal rolls of the City, together with the total appraised value of taxable real property in all other existing Tax Increment Reinvestment Zones within the City, according to the most recent appraisal rolls of the City, does not exceed 25 percent of the current total appraised value of taxable real property in the City and in the industrial districts created by the City, if any.
- c) The improvements in the Tax Increment Reinvestment Zone will significantly enhance the value of all taxable real property in the Tax Increment Financing Reinvestment Zone.

- d) The development or redevelopment of the property in the proposed Tax Increment Financing Reinvestment Zone will not occur solely through private investment in the reasonable foreseeable future.

**SECTION 3.** The City hereby creates a Tax Increment Reinvestment Zone over the area described in Exhibit "A," attached hereto and depicted in the map attached hereto as Exhibit "B," and such Tax Increment Reinvestment Zone shall hereafter be identified as Tax Increment Reinvestment Zone Number Two, City of Denton, Texas (the "Zone" or "Reinvestment Zone").

**SECTION 4.** There is hereby established a board of directors for the Zone that shall consist of eleven members. The board of directors of Tax Increment Reinvestment Zone Number Two shall be appointed as follows:

- a) Nine of the eleven member board shall be appointed by the City Council as provided here within sixty (60) days of the passage of this ordinance or within a reasonable time thereafter. All members appointed to the board shall meet the eligibility requirements set forth in the Act. The governing body of Denton County, which levies taxes on real property in Tax Increment Reinvestment Zone Number Two, has the right to appoint a single board member. Rayzor Investments, LLP the "Developer" has the right to appoint a single board member.

- b) The terms of the board members shall be two-year terms. A board member may serve no more than three consecutive terms. At the first meeting of the Board of Directors, the board members will draw lots to establish the staggering of terms with 5 of the board members serving an initial term of one year. The City Council shall designate a member of the board to serve as chairman of the board of directors, and the board shall elect from its members a vice chairman and other officers as it sees fit.

- c) The board of directors shall make recommendations to the City Council concerning the administration of the Zone. It shall prepare and adopt a project plan and Tax Increment Reinvestment Zone financing plan for the Zone and must submit such plans to the City Council for its approval. The board of directors shall possess all powers necessary to prepare, implement and monitor such project plan and financing plan for the Tax Increment Reinvestment Zone as the City Council considers advisable, including the submission of an annual report on the status of the Zone. Any powers not herein delegated to the board of directors are specifically reserved to the City Council.

**SECTION 5.** The Zone shall take effect immediately upon passage of this ordinance, and the termination of the Zone shall occur on December 31, 2036, or at an earlier time designated by subsequent ordinance of the City Council in the event the City determines that the Zone should be terminated due to insufficient private investment, accelerated private investment or other good cause, or at such time as all project costs and tax increment bonds, if any, and the interest thereon, have been paid in full. The base value within the Zone is established as of January 2012.



Exhibit A - Zone Ordinance

**SECTION 6.** The Tax Increment Base for the Zone, which is the total appraised value of all taxable real property located in the Zone, is to be determined as of December 31, 2012, the year in which the Zone was designated a Tax Increment Reinvestment Zone.

**SECTION 7.** Pursuant to Section 311.013(1) of the Tax Code, the City hereby determines that the following portions of the tax increment produced by the City of Denton shall be paid into the tax increment fund for the reinvestment zone:

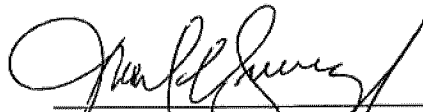
Jurisdiction	Years	2012 Tax Rate \$/\$100 Value	% of Tax Rate
City of Denton	1-10	0.6897500	40
	11-25	0.7197500	40
Denton County	1-10	0.2828670	40
	11-25	0.3128670	40

**SECTION 8.** There is hereby created and established a Tax Increment Fund for the Zone which may be divided into such subaccounts as may be authorized by subsequent resolution or ordinance, into which all Tax Increments, less any of the amounts not required to be paid into the Tax Increment Fund pursuant to the Act, are to be deposited. The Tax Increment Fund and any subaccounts are to be maintained in an account at the City Treasurer's affiliated depository bank of the City and shall be secured in the manner prescribed by law for funds of Texas cities. In addition, all revenues from the sale of any tax increment bonds and notes hereafter issued by the City, revenues from the sale of any property acquired as part of the tax increment financing plan and other revenues to be dedicated to and used in the Zone shall be deposited into such fund or subaccount from which money will be disbursed to pay project costs for the Zone or to satisfy the claims of holders of tax increment bonds or notes issued for the Zone.

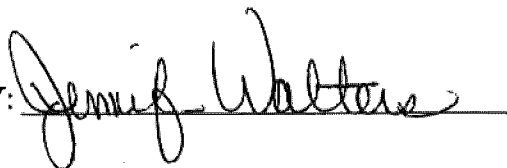
**SECTION 9.** If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

**SECTION 10.** This Ordinance shall become effective immediately upon its passage and approval.

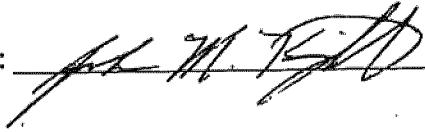
PASSED AND APPROVED this 18<sup>th</sup> day of December 2012.

  
MARK A. BURROUGHS, MAYOR

ATTEST:  
JENNIFER WALTERS, CITY SECRETARY

BY: 

APPROVED AS TO LEGAL FORM:  
ANITA BURGESS, CITY ATTORNEY

BY: \_\_\_\_\_

**EXHIBIT A  
CITY OF DENTON  
TAX INCREMENT REINVESTMENT ZONE No. 2  
BOUNDARY DESCRIPTION**

**TRACT No.1**

BEGINNING at the southwest corner of the 9.27 acre T. Toby, Tract 4 and the north right-of-way line of Airport Road, the POINT OF BEGINNING;

THENCE, north along the west boundary of the 9.27 acre T. Toby, Tract 4 to its northwest corner and the southwest boundary of the 41.629 acre T. Toby, Tract 3 (Denton Municipal Airport);

THENCE, northwest along the southwest boundary of the 41.629 acre T. Toby, Tract 3 (Denton Municipal Airport) to its southwest corner and the east right-of-way of Sabre Road;

THENCE, northwesterly along the east right-of-way of Sabre Road and the westerly boundary of the 41.629 acre T. Toby, Tract 3 (Denton Municipal Airport) and the 66.946 acre T. Toby, Tract 2 to the northwest corner of the 66.946 acre T. Toby, Tract 2;

THENCE, east along the north boundary of the 66.946 acre T. Toby, Tract 2 to the southwest corner of the 148.5803 acre J. Scott, Tract 1;

THENCE, north along the west boundary of the 148.5803 acre J. Scott, Tract 1 to its northwest corner and the south right-of-way of Jim Christal Road;

THENCE, east along the north boundary of the 148.5803 acre J. Scott, Tract 1 to its northeast corner and the west right-of-way of Western Blvd.;

THENCE, due east across Western Blvd. to its east right-of-way and the northwest corner of the 20.7207 acre J. Bacon, Tract 1;

THENCE, east along the south right-of-way of Jim Christal Road and the north boundaries of the 20.7207 acre J. Bacon, Tract 1 and the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a to the southwest corner of the 24.9953 acre B.b.b., Tract 15-17;

THENCE, north along the west boundaries of the 24.9953 acre B.b.b., Tract 15-17, the 39.999 acre B.b.b., Tract 18 and the 10 acre B.b.b., Tract 21a to the northwest corner of the 10 acre B.b.b., Tract 21a;

THENCE, east and south along the north and east boundary of the 10 acre B.b.b., Tract 21a to its southeast corner and the north boundary of the 39.999 acre B.b.b., Tract 18;

THENCE, east along the north boundary of the 39.999 acre B.b.b., Tract 18 to its northeast corner and the west boundary of the 43.3069 acre B.b.b., Tract 12-14;

THENCE, north along the west boundaries of the 43.3069 acre B.b.b, Tract 12-14 and the 19.5738 acre B.b.b, Tract 11 to the northwest corner of the 19.5738 acre B.b.b, Tract 11 and the south right-of-way of US Highway 380;

THENCE, east along the north boundary of the 19.5738 acre B.b.b., Tract 11 and the south right-of-way of US Highway 380 to the northeast corner of the 19.5738 acre B.b.b, Tract 11;

THENCE, southeasterly along the east boundaries of the 19.5738 acre B.b.b, Tract 11 and the 43.3069 acre B.b.b, Tract 12-14, continuing westerly along the south boundary of the 43.3069 acre B.b.b, Tract 12-14 to its southwest corner and the southeast corner of the 39.999 acre B.b.b, Tract 18;

THENCE; west along the south boundary of the 39.999 acre B.b.b, Tract 18 to the northeast corner of the 24.9953 acre B.b.b., Tract 15-17;

THENCE, south along the east boundary of the 24.9953 acre B.b.b., Tract 15-17 to its southeast corner and the north right-of-way of Jim Christal Road;

THENCE, easterly along the north right-of-way of Jim Christal Road to the northwest corner of the 16.3051 acre J. Perry, Tract 1a;

THENCE, northeasterly, south, east, north and east along the north boundary of the 16.3051 acre J. Perry, Tract 1a to its northeast corner;

Thence, south along the east boundary of the 16.3051 acre J. Perry, Tract 1a to the northwest corner of the 18.3427 acre E. Puchalski, Tract 295;

THENCE, east along the north boundary of the 18.3427 acre E. Puchalski, Tract 295 to its northeast corner;

THENCE, southeasterly along the east boundaries of the 18.3427 acre E. Puchalski, Tract 295 and the 10.347 acre E. Puchalski, Tract 295a to its southeast corner and the northeast corner of the 31.0 acre E. Puchalski, Tract 296;

THENCE, southeasterly, west and south along the east boundary of the 31.0 acre E. Puchalski, Tract 296 to its southeast corner and the north boundary of the north part of the 31.305 acre E. Puchalski, Tracts 527, 528, and 529;

THENCE, east along the north boundary of the north part of the 31.305 acre E. Puchalski, Tracts 527, 528, and 529 to its northeast corner;

Thence, southwesterly along the east boundary and west along the south boundary of the north part of the 31.305 acre E. Puchalski, Tracts 527, 528, and 529 to the east right-of-way of Precision Road;

THENCE, west across Precision Road to its west right-of-way and the southeast corner of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a;

THENCE, west along the south boundary of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a to the northeast corner of the 5.922 acre West Park Addition, Phase 2, Block A, Lot 3;

THENCE, south and west along the east and south boundary of the 5.922 acre West Park Addition, Phase 2, Block A, Lot 3, continuing west along the south boundary of the 6.889 acre R. D. Wells Interchange, Block 1, Lot 1 (City of Denton) to the east boundary of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a;

THENCE, south along the east boundary of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a to its southeast corner and the north right-of-way of Airport Road;

THENCE, west along the north right-of-way of Airport Road and the south boundary of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a to its southwest corner and the east right-of-way of Western Blvd.;

THENCE, west across Western Blvd. to its west right-of-way and the southeast corner of the 66.946 acre T. Toby, Tract 2;

THENCE, west along the north right-of-way of Airport Road and the south boundaries of the 66.946 acre T. Toby, Tract 2, the 41.629 acre T. Toby, Tract 3 (Denton Municipal Airport) and the 9.27 acre T. Toby, Tract 4 and the POINT OF BEGINNING.

**TRACT No. 2**

The entire south part of the 31.305 acre E. Puchalski; Tract 527, 528, and 529.

**TRACT No.1 and TRACT No. 2** contain a total of approximately 848.8 acres of which approximately 48.5 acres are municipally owned.

## Exhibit B: Westpark TIRZ

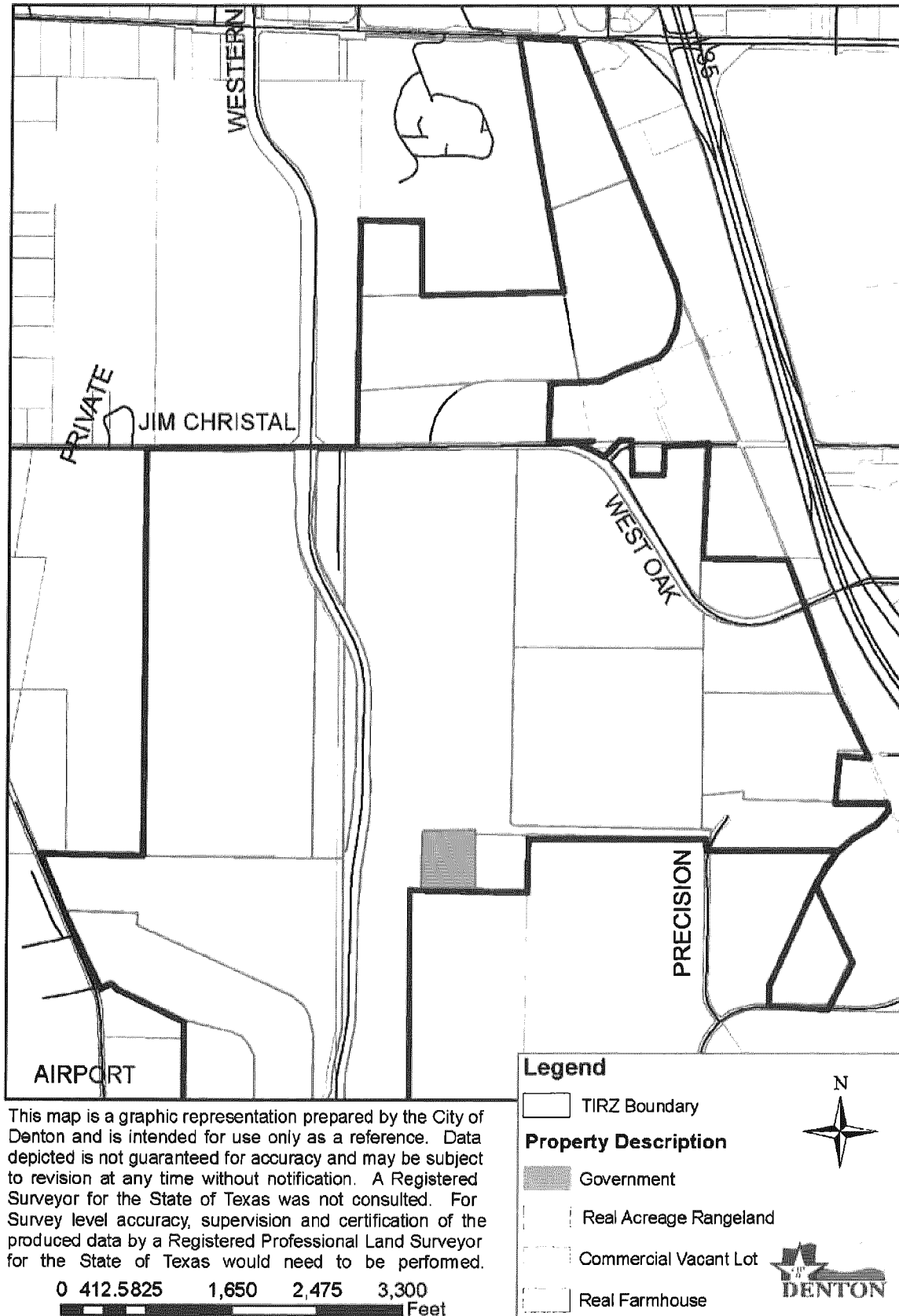


Exhibit B  
Description of the Rayzor Property

The Rayzor Property is the property described or depicted in the Final Plan; provided, however, the Rayzor Property does not include land previously conveyed to PACCAR INC under instrument recorded as Document No. 2014-10033 of the Official Records of Denton County, Texas.

ORDINANCE NO. 2013-033

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 AND TAKE OTHER ACTIONS NECESSARY TO ADMINISTER THE TAX INCREMENT REINVESTMENT ZONE; MAKING CERTAIN FINDINGS AND OTHER MATTERS RELATED THERETO; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, in accordance with the provisions of the Tax Increment Financing Act, Texas, Tax Code, Chapter 311 ("the Act"), the Denton City Council approved Ordinance No. 2012-366 on December 18, 2012, creating, establishing and designating "Tax Increment Reinvestment Zone Number Two, City of Denton, Texas" (hereinafter called the "TIRZ") under the Act; and

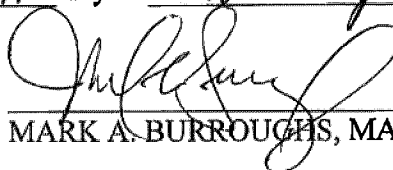
WHEREAS, the Denton County Commissioners Court recognize that participation in the TIRZ will have the desired effect of developing and redeveloping portions of the County to the benefit of all taxing units which levy taxes in the TIRZ; NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The City Manager, or his designee, is hereby authorized to execute an Agreement to Participation in the Tax Increment Reinvestment Zone Number Two with Denton County and to make expenditures in accordance with the terms set forth in the attached Participation Agreement.

SECTION 2. This ordinance shall become effective immediately upon its passage and approval.

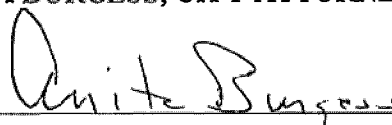
PASSED AND APPROVED this the 5th day of February, 2013.

  
MARK A. BURROUGHS, MAYOR

ATTEST:  
JENNIFER WALTERS, CITY SECRETARY

BY: 

APPROVED AS TO LEGAL FORM:  
ANITA BURGESS, CITY ATTORNEY

BY: 



**City of Denton  
And  
Denton County**

**Agreement to Participate  
In  
Tax Increment Reinvestment Zone, Number Two, City of Denton**

**THIS AGREEMENT**, ("Agreement") is made and entered into by and between the City of Denton ("the City"), a municipal corporation, and Denton County, ("the County"), Texas.

**WITNESSETH:**

**WHEREAS**, in accordance with the provisions of the Tax Increment Financing Act, Texas, Tax Code, Chapter 311 ("the Act"), the Denton City Council adopted an Ordinance ("the Ordinance") on the 18<sup>th</sup> day of December, 2012, in the form attached hereto as Exhibit "A" and incorporated herein by reference, creating, establishing and designating "Reinvestment Zone Number Two, City of Denton, Texas" (hereinafter called the "Reinvestment Zone") under the Act; and

**WHEREAS**, the City also adopted a preliminary Project Plan and Financing Plan (collectively "the Plan") for the Reinvestment Zone in substantially the form of the Plan attached hereto as Exhibit "B" and incorporated herein by reference; and

**WHEREAS**, the Act provides that each taxing unit levying taxes on real property in a Tax Increment Reinvestment Zone (hereinafter called a "TIRZ") is not required to pay into the Tax Increment Fund (hereinafter called a "TIF") any of its tax increment produced from property located in the TIRZ unless such taxing unit enters into an agreement to do so with the governing body of the municipality that created the TIRZ; and

**WHEREAS**, an agreement to participate in a TIRZ created under the Act may be entered into any time before or after the TIRZ is created, and such agreement may include any conditions for payment of the tax increment into the TIF and must specify the portion of the tax increment to be paid into the TIF and the years for which that tax increment is to be paid into the TIF

**NOW, THEREFORE**, the City and the County, in consideration of the terms, conditions, and covenants contained herein, hereby agree as follows:

**Section 1.** The City and the County hereby agree to pay into the TIF established by the City for the Reinvestment Zone a percentage of the ad valorem tax collections on the captured assessed value of real property in the Reinvestment Zone as follows and subject to the following terms and conditions.

- a. **City of Denton.** The City hereby agrees to pay into the TIF, forty percent (40%) of the ad valorem tax collections on the captured assessed value of real property in the Reinvestment Zone from the date the Reinvestment Zone is established until the

earlier of: (i) December 31, 2037, or (ii) the date on which the Plan has been fully implemented and all project costs, tax increment bonds, interest on such tax increment bonds and all other obligations, contractual or otherwise, payable from the TIF have been paid in full.

- b. **Denton County.** The County hereby agrees to pay into the TIF, forty percent (40%) of the ad valorem tax collections on the captured assessed value of real property in the Reinvestment Zone from the date the Reinvestment Zone is established until the earlier of: (i) December 31, 2037, or (ii) the date on which the Plan has been fully implemented and all project costs, tax increment bonds, interest on such tax increment bonds and all other obligations, contractual or otherwise, payable from the TIF have been paid in full. In no event will the County be liable for payment of ad valorem tax collections on the captured assessed value of real property in the Reinvestment Zone after December 31, 2037.
- c. **Boundary.** The boundaries of the Reinvestment Zone are and shall be those boundaries described in the Ordinance, or an amendment thereto revising the boundaries duly approved by the Reinvestment Zone Board of Directors and the City Council of the City.
- d. **Purpose and Program.** Street, utility, drainage improvements and industrial projects are to be constructed as nearly as possible in conformity with the Plan. Any additions, changes, revisions or modifications to the Plan made after the date of this Agreement may only be made by the Board of Directors of the Reinvestment Zone and the City Council of the City.
- e. **Total Taxable Value.** The real property within the boundaries of the Reinvestment Zone is to be the total taxable value as of January 1, 2012, for ad valorem tax purposes and for establishing the tax increment base referenced in Section 311.012 of the Act.
- f. **Bond Limit.** The Denton City Council and the Denton County Commissioners Court shall have the authority to authorize the total principal amounts of bonds or notes.
- g. **Use of TIF Funds.** All amounts paid into the TIF shall be used solely to pay or reimburse cash expenditures for project costs or the principal of and interest on any tax increment bonds or notes issued to finance project costs under the Act, and to pay direct costs properly chargeable under the Act and under generally accepted accounting principles to the administration of the Reinvestment Zone, all in accordance with the Plan.
- h. **Deposit of TIF Funds.** The City and the County shall provide for the collection of its taxes in the Reinvestment Zone as for any other property taxed by the City or the County. Each participating taxing authority shall pay into the TIF an amount equal to the tax increment produced by the authority. The City shall invoice the County

not later than thirty (30) days after the delinquency date of property taxes in the Reinvestment Zone. Pursuant to the Act, (Section 311.013(c)) the City and the County shall make payment to the TIF, pursuant to this Agreement, not later than ninety (90) days after the delinquency date of property taxes in the Reinvestment Zone.

- i. **Limits of Obligation of the County.** Except for payment to the TIF of the County ad valorem tax collections on the total taxable value of real property in the Reinvestment Zone the County shall have no obligation for any costs or expenses associated with the operation of the Reinvestment Zone, including, without limitation, any obligation to pay or repay any debt issued by the City, the Reinvestment Zone, or the Board of Directors of the Reinvestment Zone relating to the Reinvestment Zone or any costs associated with the operation of the Reinvestment Zone or any projects relating thereto. The County is not required to pay into the TIF the applicable portion of the tax increment that is attributable to delinquent taxes.
- j. **Board of Directors.** The Reinvestment Zone's Board of Directors (hereinafter referred to as "the Board") was established as provided in Section 4 of Ordinance 2012-366. Nine (9) of the eleven (11) member Board shall be appointed by the Denton City Council within sixty (60) days of the passage of the Ordinance or within a reasonable time thereafter. All members appointed to the Board shall meet the eligibility requirements set forth in the Act.

The terms of Board members shall be two-year terms. A Board member may serve no more than three (3) consecutive terms. At the first meeting of the Board, the Board members will draw lots to establish the staggering of terms with five (5) of the Board members serving an initial term of one (1) year. The Denton City Council shall designate a member of the Board to serve as chairman of the Board, and the Board shall elect from its members a vice chairman and other officers as it sees fit.

The Board shall make recommendations to the Denton City Council concerning the administration of the Reinvestment Zone. It shall prepare and adopt a project plan and Reinvestment Zone financing plan for the Reinvestment Zone and must submit such plans to the Denton City Council for its approval. The Board shall possess all powers necessary to prepare, implement and monitor such project plan and financing plan for the Reinvestment Zone as the Denton City Council considers advisable, including the submission of an annual report on the status of the Reinvestment Zone. Any powers not herein delegated to the Board are specifically reserved to the Denton City Council.

- k. **Denton Independent School District ("DISD") Representation.** The DISD has chosen not to participate in the Reinvestment Zone and shall not have the right to appoint a voting member on the Board of the Reinvestment Zone.

- l. County Representation.** The County shall have the right to appoint and maintain one (1) voting member on the Board of the Reinvestment Zone at all times.
- m. City Representation.** The City shall have the right to appoint and maintain nine (9) voting members on the Board of the Reinvestment Zone at all times.
- n. Other.** Rayzor Investments, LLC, shall have the right to appoint and maintain one (1) voting member on the Board of the Reinvestment Zone at all times.

**Section 2.** The City agrees that City bonds or tax increment bonds of the Reinvestment Zone will not be issued to finance projects contemplated in the Plan until (a) a final Plan has been prepared and adopted by the Board of the Reinvestment Zone and approved by the Denton City Council, and (b) the City has furnished documentation, evidence and assurances satisfactory to the Board of the Reinvestment Zone to the effect that funds necessary to support cash expenditures and the retirement of tax increment bonds will be available either from revenues of the TIF or from other funds provided by the City.

**Section 3.** This Agreement shall become effective as of the date of the final signature hereto and shall remain in effect until the earlier of: (i) December 31, 2037, or (ii) the date on which the Plan has been fully implemented and all project costs, tax increment bonds, interest on such tax increment bonds and all other obligations, contractual or otherwise, payable from the TIF have been paid in full.

**Section 4.** To the extent of their respective liabilities, the City and the County shall be responsible for the sole negligent acts of their officers, agents, employees or separate contractors. In the event of joint and concurrent negligence of both the City and the County, responsibility, if any, shall be apportioned comparatively in accordance with the laws of the State of Texas, without however, waiving any governmental immunity available to the City and the County under Texas law and without waiving any defenses of the parties under Texas law.

**Section 5.** This Agreement shall be administered by the City Manager or his designee.

**Section 6.** Whenever this Agreement requires or permits any consent, approval, notice, request, proposal, or demand from one party to another, the consent, approval, notice, request, proposal, or demand must be in writing to be effective and shall be delivered to the party intended to receive it at the addresses shown below or to such other addresses as the parties may request, in writing from time to time:

If intended for the City of Denton, to:  
City Manager  
City of Denton, Texas  
215 E. McKinney  
Denton, Texas 76201

If intended for Denton County, to:  
County Judge  
Denton County, Texas  
110 West Hickory Street, 2<sup>nd</sup> Floor  
Denton, Texas 76201-4168

**Section 7.** This Agreement is made subject to the provisions of the Charter and Ordinances of the City, as amended; the policies of the County; the Texas Constitution, codes, and statutes; and all other applicable state and federal laws, regulations and requirements, as amended. Venue shall be exclusively in Denton County, Texas.

**Section 8.** This Agreement embodies the complete understanding of the City and the County with respect to the subject matter hereof superceding all oral or written agreements between the parties relating to all matters herein. The Agreement may be amended, modified, or supplemented only by an instrument in writing executed by the City and the County.

**Section 9.** The provisions of this Agreement are severable and the invalidity or unenforceability of any provision herein shall not affect the validity or enforceability of any other provision. It is the intention of the parties that each provision herein shall be construed in a manner designed to effectuate the purposes of such provision to the maximum extent enforceable under applicable law.

**Section 10.** Failure of either party hereto to insist on the strict performance of any of the covenants or agreements herein contained or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on, and to enforce by any appropriate remedy, strict compliance with any other obligation hereunder or to exercise any right or remedy occurring as a result of any future default or failure of performance.

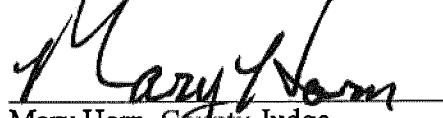
**Section 11.** No party hereto waives or relinquishes any immunity or defense on behalf of itself, its trustees, officers, employees or agents as a result of its execution of this Agreement and performance of the covenants contained herein.

Executed in triplicate this the 5th day of February, 2013, by the City, signing by and through its City Manager, approved on ~~December 5~~ <sup>February 5</sup>, 2012,<sup>3</sup> and on the 21st day of December, 2012, by the County through its duly authorized officials by approval at a duly called and noticed County Commissioners meeting on December 21, 2012.

**CITY OF DENTON, TEXAS**

  
George Campbell, City Manager

**DENTON COUNTY, TEXAS**

  
Mary Horn, County Judge


**ATTEST:**

  
Jennifer Walters, City Secretary

**ATTEST:**

\_\_\_\_\_  
Denton County Clerk

**APPROVED AS TO FORM:**

  
Anita Burgess, City Attorney, Denton, Texas

**APPROVED AS TO FORM:**

  
Assistant District Attorney, Denton  
County, Texas

**EXHIBIT A**

- Ordinance (see “Ordinance” tab)

## **EXHIBIT B**

- Project Plan (see “Project Plan” tab)
- Finance Plan (see “Finance Plan” tab)



**PROJECT PLAN – DENTON TIRZ NO. 2**

# **PROJECT PLAN**

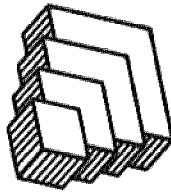
Prepared October 2012

Finalized May 2014

---

**Tax Increment Reinvestment Zone No. 2**

**City of Denton, Texas**



**SCHRADER & CLINE, LLC**

**George R. Schrader**

**Larry D. Cline**

**4800 Broadway, Ste A    Addison, TX 75001**  
**972-661-1973            [schcli@swbell.net](mailto:schcli@swbell.net)**

## **PROJECT PLAN – DENTON TIRZ NO. 2**

The City of Denton, Texas proposes to establish a Tax Increment Reinvestment Zone (“TIRZ”) for the purpose of dedicating the increase in tax revenue generated within the TIRZ to provide funds for public infrastructure to encourage accelerated development in the largest industrially zoned area within the City. The TIRZ consists of approximately 800 acres and is more fully described in *Project Plan Exhibit A*.

The City is creating this TIRZ to encourage accelerated development in this area of the City in an effort to stimulate new higher value, industrial development which would benefit and be incentivized from the proposed public infrastructure improvements. It is expected that the TIRZ will exist for twenty (25) years or the date when all project costs are paid, whichever comes first.

As set forth in Section 311.011 of the Tax Increment Financing Act of the Texas Tax Code Ann., the Project Plan for Tax Increment Reinvestment Zone No. 2, Denton, Texas must and does include the following elements:

**1. A map showing existing uses and conditions of real property in the TIRZ and a map showing proposed improvements to and proposed use of the property.**

- The boundaries of the TIRZ are shown on the map labeled *Project Plan Exhibit: B*;
- *Project Plan Exhibit: C* shows existing land use within the TIRZ. Currently, the area is an industrial park that is generally undeveloped. Residential and multi-family development are not included in the list of eligible projects and TIRZ funds will not be used to reimburse the costs associated with any residential or multi-family development.
- *Project Plan Exhibit: D1* lists and defines the public improvements being proposed for the TIRZ;
- *Project Plan Exhibit: D2* illustrates the major public improvements being proposed in the TIRZ.
- *Project Plan Exhibit: E* shows anticipated Future Land Use within the TIRZ.

**PROJECT PLAN – DENTON TIRZ NO. 2**

**2. Proposed changes of zoning ordinances, the master plan of the municipality, building codes, and other municipal ordinances.**

- Any changes to codes, ordinances, or master plan as a result of the creation of the TIRZ will be made through the standard process and procedures of the City.

**3. A list of estimated non-project costs.**

- Non-project costs within the TIRZ are those infrastructure costs not paid for by the TIRZ. These costs will include, but are not limited to streets, utilities and drainage associated with residential and multi-family development.

**4. A statement of a method of relocating persons to be displaced as a result of implementing the plan.**

- Although not anticipated, in the process of developing the TIRZ, any relocation will be made through the standard process and procedures of the City.

**PROJECT PLAN – DENTON TIRZ NO. 2**

**EXHIBIT A**

**Boundary Description**

---

**TRACT No.1**

BEGINNING at the southwest corner of the 9.27 acre T. Toby, Tract 4 and the north right-of-way line of Airport Road, the POINT OF BEGINNING;

THENCE, north along the west boundary of the 9.27 acre T. Toby, Tract 4 to its northwest corner and the southwest boundary of the 41.629 acre T. Toby, Tract 3 (Denton Municipal Airport);

THENCE, northwest along the southwest boundary of the 41.629 acre T. Toby, Tract 3 (Denton Municipal Airport) to its southwest corner and the east right-of-way of Sabre Road;

THENCE, northwesterly along the east right-of-way of Sabre Road and the westerly boundary of the 41.629 acre T. Toby, Tract 3 (Denton Municipal Airport) and the 66.946 acre T. Toby, Tract 2 to the northwest corner of the 66.946 acre T. Toby, Tract 2;

THENCE, east along the north boundary of the 66.946 acre T. Toby, Tract 2 to the southwest corner of the 148.5803 acre J. Scott, Tract 1;

THENCE, north along the west boundary of the 148.5803 acre J. Scott, Tract 1 to its northwest corner and the south right-of-way of Jim Christal Road;

THENCE, east along the north boundary of the 148.5803 acre J. Scott, Tract 1 to its northeast corner and the west right-of-way of Western Blvd.;

THENCE, due east across Western Blvd. to its east right-of-way and the northwest corner of the 20.7207 acre J. Bacon, Tract 1;

THENCE, east along the south right-of-way of Jim Christal Road and the north boundaries of the 20.7207 acre J. Bacon, Tract 1 and the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a to the southwest corner of the 24.9953 acre B.b.b, Tract 15-17;

THENCE, north along the west boundaries of the 24.9953 acre B.b.b., Tract 15-17, the 39.999 acre B.b.b., Tract 18 and the 10 acre B.b.b, Tract 21a to the northwest corner of the 10 acre B.b.b, Tract 21a;

THENCE, east and south along the north and east boundary of the 10 acre B.b.b, Tract 21a to its southeast corner and the north boundary of the 39.999 acre B.b.b, Tract 18;

THENCE, east along the north boundary of the 39.999 acre B.b.b., Tract 18 to its northeast corner and the west boundary of the 43.3069 acre B.b.b, Tract 12-14;

THENCE, north along the west boundaries of the 43.3069 acre B.b.b, Tract 12-14 and the 19.5738 acre B.b.b, Tract 11 to the northwest corner of the 19.5738 acre B.b.b, Tract 11 and the south right-of-way of US Highway 380;

**PROJECT PLAN – DENTON TIRZ NO. 2**

THENCE, east along the north boundary of the 19.5738 acre B.b.b., Tract 11 and the south right-of-way of US Highway 380 to the northeast corner of the 19.5738 acre B.b.b, Tract 11;

THENCE, southeasterly along the east boundaries of the 19.5738 acre B.b.b, Tract 11 and the 43.3069 acre B.b.b, Tract 12-14, continuing westerly along the south boundary of the 43.3069 acre B.b.b, Tract 12-14 to its southwest corner and the southeast corner of the 39.999 acre B.b.b, Tract 18;

THENCE; west along the south boundary of the 39.999 acre B.b.b, Tract 18 to the northeast corner of the 24.9953 acre B.b.b., Tract 15-17;

THENCE, south along the east boundary of the 24.9953 acre B.b.b., Tract 15-17 to its southeast corner and the north right-of-way of Jim Christal Road;

THENCE, easterly along the north right-of-way of Jim Christal Road to the northwest corner of the 16.3051 acre J. Perry, Tract 1a;

THENCE, northeasterly, south, east, north and east along the north boundary of the 16.3051 acre J. Perry, Tract 1a to its northeast corner;

Thence, south along the east boundary of the 16.3051 acre J. Perry, Tract 1a to the northwest corner of the 18.3427 acre E. Puchalski, Tract 295;

THENCE, east along the north boundary of the 18.3427 acre E. Puchalski, Tract 295 to its northeast corner;

THENCE, southeasterly along the east boundaries of the 18.3427 acre E. Puchalski, Tract 295 and the 10.347 acre E. Puchalski, Tract 295a to its southeast corner and the northeast corner of the 31.0 acre E. Puchalski, Tract 296;

THENCE, southeasterly, west and south along the east boundary of the 31.0 acre E. Puchalski, Tract 296 to its southeast corner and the north boundary of the north part of the 31.305 acre E. Puchalski, Tracts 527, 528, and 529;

THENCE, east along the north boundary of the north part of the 31.305 acre E. Puchalski, Tracts 527, 528, and 529 to its northeast corner;

Thence, southwesterly along the east boundary and west along the south boundary of the north part of the 31.305 acre E. Puchalski, Tracts 527, 528, and 529 to the east right-of-way of Precision Road;

THENCE, west across Precision Road to its west right-of-way and the southeast corner of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a;

THENCE, west along the south boundary of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a to the northeast corner of the 5.922 acre West Park Addition, Phase 2, Block A, Lot 3;

**PROJECT PLAN – DENTON TIRZ NO. 2**

THENCE, south and west along the east and south boundary of the 5.922 acre West Park Addition, Phase 2, Block A, Lot 3, continuing west along the south boundary of the 6.889 acre R. D. Wells Interchange, Block 1, Lot 1 (City of Denton) to the east boundary of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a;

THENCE, south along the east boundary of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a to its southeast corner and the north right-of-way of Airport Road;

THENCE, west along the north right-of-way of Airport Road and the south boundary of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a to its southwest corner and the east right-of-way of Western Blvd.;

THENCE, west across Western Blvd. to its west right-of-way and the southeast corner of the 66.946 acre T. Toby, Tract 2;

THENCE, west along the north right-of-way of Airport Road and the south boundaries of the 66.946 acre T. Toby, Tract 2, the 41.629 acre T. Toby, Tract 3 (Denton Municipal Airport) and the 9.27 acre T. Toby, Tract 4 and the POINT OF BEGINNING.

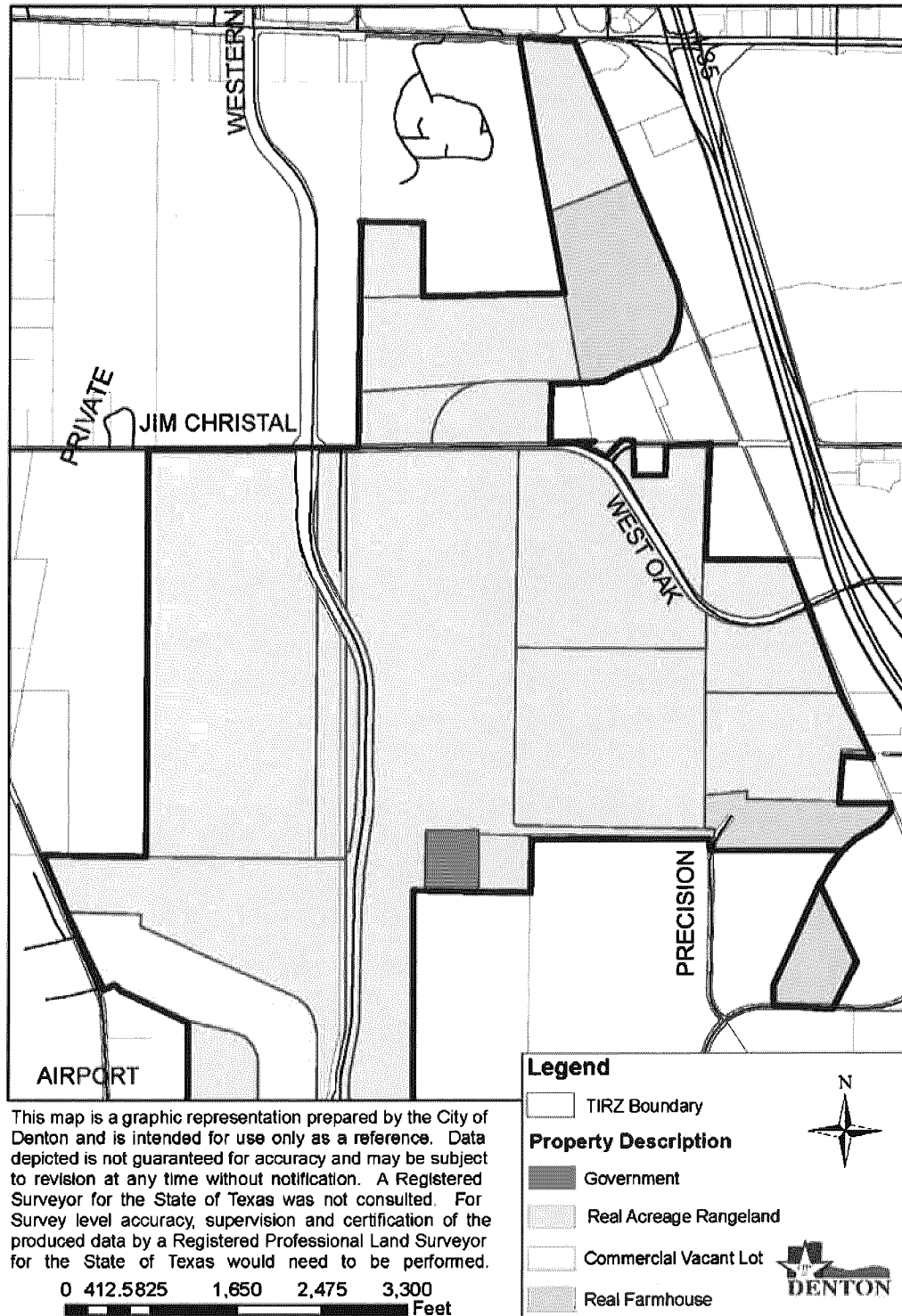
**TRACT No. 2**

The entire south part of the 31.305 acre E. Puchalski; Tract 527, 528, and 529.

**TRACT No.1 and TRACT No. 2** contain a total of approximately 848.8 acres of which approximately 48.5 acres are municipally owned.

## PROJECT PLAN – DENTON TIRZ NO. 2

## EXHIBIT B

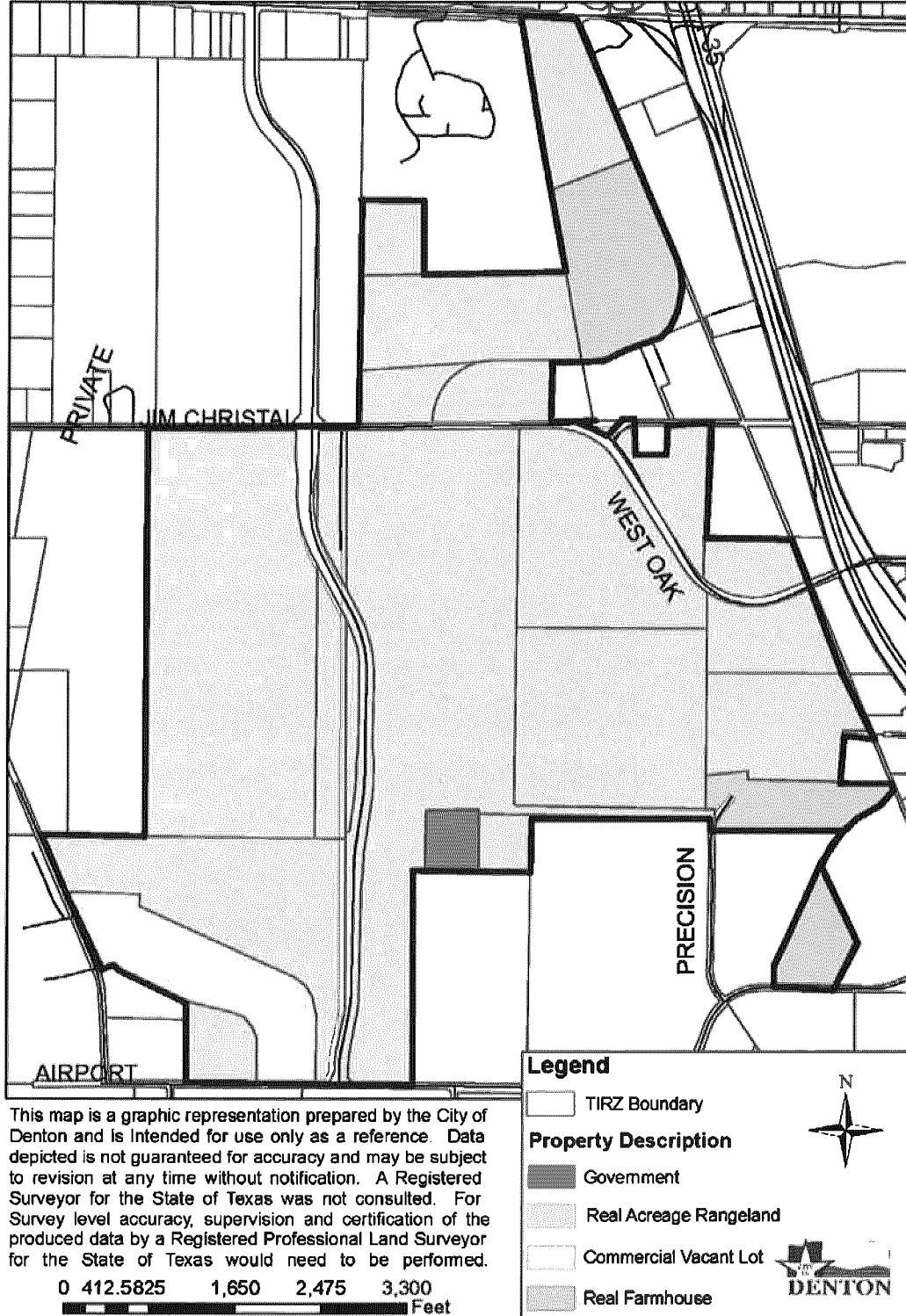
**TIRZ Boundary****Exhibit B: Westpark TIRZ**

## PROJECT PLAN – DENTON TIRZ NO. 2

## EXHIBIT C

## Existing Land Use

## Exhibit C: Westpark TIRZ Existing Land Use





**PROJECT PLAN – DENTON TIRZ NO. 2****EXHIBIT D1****Project Plan**

<b><u>PROJECT</u></b>	<b><u>ESTIMATED COST</u></b>
Street Improvements and Traffic Signals	\$6,000,000
Utility / Drainage Improvements	\$5,000,000
Landscaping, Irrigation, and Entry Monuments	\$500,000
Engineering/Architecture and other soft costs	\$1,500,000
Support for Industrial Projects	\$1,275,430
<b>TOTAL</b>	<b>\$14,275,430</b>

**Project Definitions**

Street Improvements and Traffic Signals: 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. Also includes all traffic signals required by the City of Denton or Texas Department of Transportation.

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.

Landscaping, Irrigation, and Entry Monuments: includes all landscaping and irrigation required to meet City Code and includes entry monuments for Western Blvd and Jim Christal Rd.

Engineering/Architecture, and other soft costs: professional services necessary to cause and support all described infrastructure improvements.

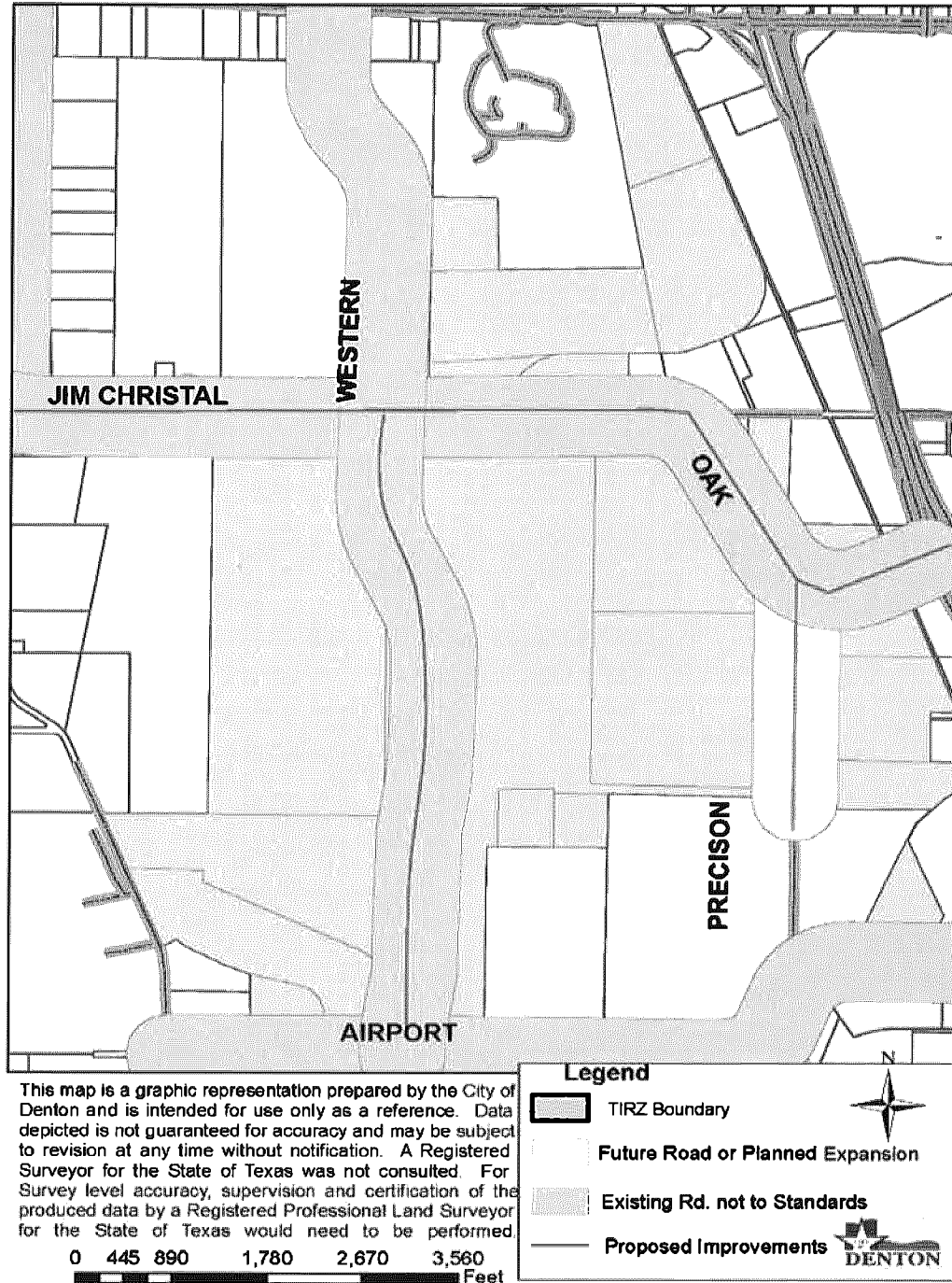
Industrial Projects: may include grants, loans and services for public and private development. Eligible TIRZ project costs are not limited to public uses and may also include projects that stimulate economic development. Chapter 380 of the Local Government Code grants municipalities in Texas the authority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

## PROJECT PLAN – DENTON TIRZ NO. 2

## EXHIBIT D2

## Project Plan Projects

### Exhibit D2: Westpark TIRZ Projects

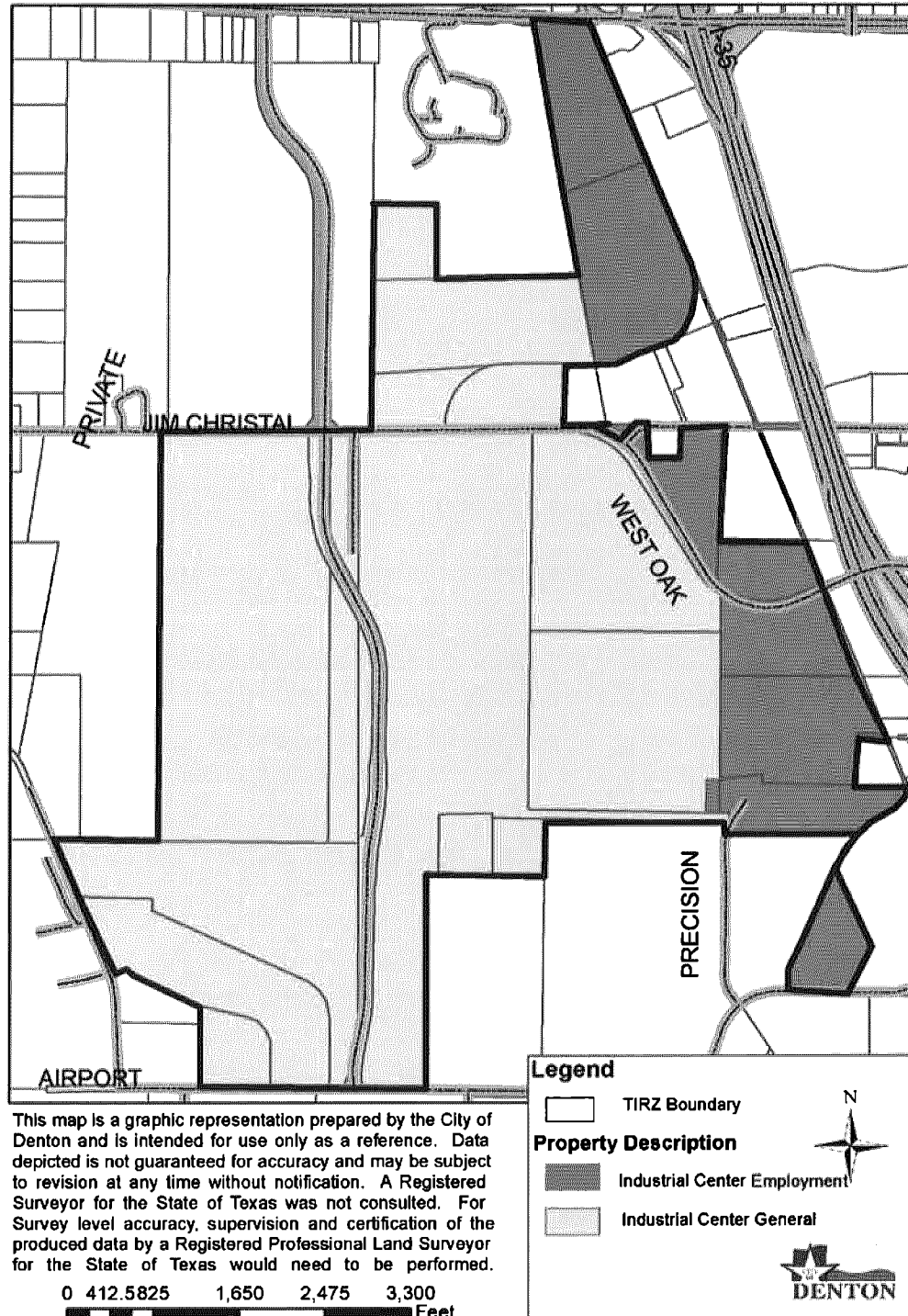


## PROJECT PLAN – DENTON TIRZ NO. 2

## EXHIBIT E

## Future Land Use

## Exhibit E: Westpark TIRZ Future Land Use



# **FINANCE PLAN**

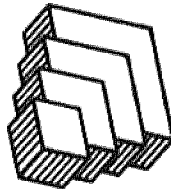
Prepared October 2012

Finalized May 2014

---

**Tax Increment Reinvestment Zone No. 2**

**City of Denton, Texas**



**SCHRADER & CLINE, LLC**

**George R. Schrader**

**Larry D. Cline**

4800 Broadway, Ste A    Addison, TX 75001  
972-661-1973    [schcli@swbell.net](mailto:schcli@swbell.net)

October 2012

---

The Financing Plan provides information on the projected monetary impact that the formation of the Tax Increment Reinvestment Zone (TIRZ) could have on the property described in *Finance Plan Exhibit: A* and shown in *Finance Plan Exhibit: B*. It will also describe how that impact can be utilized to enhance the area and region through leveraging the resources of each entity that participates in the project.

**Below is a summary of the Financing Plan items required by law.**

**1. The proposed public improvements in the TIRZ may include:**

- Capital costs, including the actual costs of the construction of public works, public improvements, new buildings, structures, and fixtures; and the actual costs of the acquisition of land and the clearing and grading of land;
- Financing costs, including all interest paid to holders of evidences of indebtedness or other obligations issued to pay for project costs and any premium paid over the principal amount of the obligations because of the redemption of the obligations before maturity;
- Any real property assembly costs;
- Professional service costs, including those incurred for architectural, planning, engineering, and legal advice and services;
- Any relocation costs;
- Organizational costs, including costs of conducting environmental impact studies or other studies, the cost of publicizing the creation of the TIRZ, and the cost of implementing the project plan for the TIRZ;
- Interest before and during construction and for one year after completion of construction, whether or not capitalized;
- The amount of any contributions made by the municipality from general revenue for the implementation of the project plan;
- Imputed administrative costs, including reasonable charges for the time spent by employees of the municipality in connection with the implementation of a project plan;
- The cost of operating the TIRZ and project facilities; and
- Payments made at the discretion of the governing body of the municipality that the municipality finds necessary or convenient to the creation of the TIRZ or to the implementation of the project plans for the TIRZ.

## **FINANCE PLAN – DENTON TIRZ NO. 2**

The specific capital improvement projects anticipated to be undertaken in the Denton TIRZ No. 2, are included in *Finance Plan Exhibit: C*.

2. **Estimated Project Cost of TIRZ, including administrative expenses.**
  - Project costs are estimated at approximately \$14.28 million dollars. Specific cost estimates are included in *Finance Plan Exhibit: C*.
3. **Economic Feasibility Study.**
  - An economic feasibility analysis has been completed and is included as *Finance Plan Exhibit: D*.
4. **The estimated amount of bonded indebtedness to be incurred.**
  - Initial project costs are to be advanced by a Developer. The City of Denton may consider issuing bonds when tax increment funds exceed the amount necessary to support debt service to reimburse the Developer.
5. **The time when related costs or monetary obligations are to be incurred.**
  - Please refer to *Finance Plan Exhibit: C* for details regarding the type of improvement costs anticipated. The Developer intends to begin construction of the projects in 2014, with a completion date of 2015. Annual TIRZ reimbursement payments will be provided to the Developer once the minimum improvements are completed.
6. **A description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs including the percentage of tax increment to be derived from the property taxes of each taxing unit on real property in the TIRZ.**
  - Project costs will be financed through loans advanced by developers or by the use of tax increment funds received on a pay-as-you-go basis. No new debt is envisioned at the beginning of the TIRZ term, but bonds may be issued at a later date when adequate tax increment has been created to the support debt service. The revenue sources will be the real property taxes captured by the TIRZ, which will account for 100% of revenues used to fund project costs or bond debt service. For the Financial Plan, the City and Denton County will participate at a rate of 40% for twenty-five (25) years.
7. **The current total assessed value of taxable real property in the TIRZ.**
  - The current assessed base value of the taxable real property in the TIRZ using the 2012 certified values provided by the Denton Central Appraisal District is \$ 119,458. (\*NOTE: this value represents an Ag Exemption)
8. **The estimated assessed value of the improvements in the TIRZ during each year of its existence.**
  - The estimated assessed value of the improvements in the TIRZ per year is listed in the following FINANCE PLAN TABLE 1.

**FINANCE PLAN – DENTON TIRZ NO. 2****TABLE 1**

**Assessed Real Property Value  
Including Anticipated New Development  
Years 2012-2036**

YEAR	DEVELOP- MENT	LAND	TOTAL ANNUAL VALUATION \$M	TOTAL CUMULATIVE VALUATION\$ \$M	ROLLBAC K \$M	TOTAL CUMULATIVE AND ROLLBACK \$M
2012						
2013		\$0.72	\$0.72	\$0.72	\$1.44	\$2.16
2014	\$11.59	\$0.72	\$12.31	\$13.03	\$2.16	\$14.47
2015	\$11.59	\$0.72	\$12.31	\$25.34	\$2.88	\$27.50
2016	\$11.59	\$0.72	\$12.31	\$37.65	\$3.60	\$40.53
2017	\$11.59	\$0.72	\$12.31	\$49.96	\$3.60	\$53.56
2018	\$11.59	\$0.72	\$12.31	\$62.27	\$3.60	\$65.87
2019	\$11.59	\$0.72	\$12.31	\$74.58	\$3.60	\$78.18
2020	\$11.59	\$0.72	\$12.31	\$86.89	\$3.60	\$90.49
2021	\$11.59	\$0.72	\$12.31	\$99.20	\$3.60	\$102.80
2022	\$11.59	\$0.72	\$12.31	\$111.51	\$3.60	\$115.11
2023	\$11.59	\$0.72	\$12.31	\$123.82	\$3.60	\$127.42
2024	\$11.59	\$0.72	\$12.31	\$136.13	\$3.60	\$139.73
2025	\$11.59	\$0.72	\$12.31	\$148.44	\$3.60	\$152.04
2026	\$11.59	\$0.72	\$12.31	\$160.75	\$3.60	\$164.35
2027	\$11.59	\$0.72	\$12.31	\$173.06	\$3.60	\$176.66
2028	\$11.59	\$0.72	\$12.31	\$185.37	\$3.60	\$188.97
2029	\$11.59	\$0.72	\$12.31	\$197.68	\$3.60	\$201.28
2030	\$11.59	\$0.72	\$12.31	\$209.99	\$3.60	\$213.59
2031	\$11.59	\$0.72	\$12.31	\$222.30	\$3.60	\$225.90
2032	\$11.59	\$0.72	\$12.31	\$234.61	\$3.60	\$238.21
2033	\$11.59	\$0.72	\$12.31	\$246.92	\$3.60	\$250.52
2034	\$11.59	\$0.72	\$12.31	\$259.23	\$3.60	\$262.83
2035	\$11.59	\$0.72	\$12.31	\$271.54	\$3.60	\$275.14
2036	\$11.59	\$0.72	\$12.31	\$283.85	\$3.60	\$287.45
TOTAL	\$266,570,000	\$17,280,000	\$283,850,000		\$82,080,000	

**FINANCE PLAN – DENTON TIRZ NO. 2**

The estimated annual incremental funds available from future development in the TIRZ are listed in the following table.

**TABLE 2**

**Annual Incremental Funds Provided for TIRZ No. 2  
Years 2012-2037**

YEAR	CITY CONTRIBUTION \$K	COUNTY CONTRIBUTION \$K	TOTAL TIRZ CONTRIBUTIONS \$K	CUMULATIVE TIRZ CONTRIBUTIONS \$K
2012				
2013				
2014	\$5.97	\$0.82	\$6.79	\$6.79
2015	\$41.92	\$14.75	\$56.67	\$63.46
2016	\$77.87	\$28.68	\$106.55	\$170.01
2017	\$113.81	\$42.60	\$156.41	\$326.42
2018	\$147.78	\$56.53	\$204.31	\$530.73
2019	\$181.74	\$70.46	\$252.20	\$782.93
2020	\$215.70	\$84.39	\$300.09	\$1,083.02
2021	\$260.52	\$108.74	\$369.26	\$1,452.28
2022	\$295.96	\$124.15	\$420.11	\$1,872.39
2023	\$331.40	\$139.55	\$470.95	\$2,343.34
2024	\$366.84	\$154.96	\$521.80	\$2,865.14
2025	\$402.28	\$170.36	\$572.64	\$3,437.78
2026	\$437.72	\$185.77	\$623.49	\$4,061.27
2027	\$473.16	\$201.17	\$674.33	\$4,735.60
2028	\$508.60	\$216.58	\$725.18	\$5,460.78
2029	\$544.04	\$231.98	\$776.02	\$6,236.80
2030	\$579.48	\$247.39	\$826.87	\$7,063.67
2031	\$614.92	\$262.79	\$877.71	\$7,941.38
2032	\$650.36	\$278.20	\$928.56	\$8,869.94
2033	\$685.80	\$293.61	\$979.41	\$9,849.35
2034	\$721.24	\$309.01	\$1,030.25	\$10,879.60
2035	\$756.68	\$324.42	\$1,081.10	\$11,960.70
2036	\$792.12	\$339.82	\$1,131.94	\$13,092.64
2037	\$827.56	\$355.23	\$1,182.79	\$14,275.43
TOTAL	\$10,033,470	\$4,241,960	\$14,275,430	

	2012	TIRZ CONTRIBUTION TAX RATE / \$100 VALUATION	
	Tax Rate / \$100 Valuation	Years 1 – 10	Years 11-25
City of Denton	\$0.6897500	\$0.2759000	\$0.2879000
Denton County	\$0.2828670	\$0.1131468	\$0.1251468



**FINANCE PLAN – DENTON TIRZ NO. 2**

**9. The duration of the TIRZ:**

- The TIRZ was created in 2012. The TIRZ will exist for twenty-five (25) years with termination of the TIRZ set as 2036 or the date when all project costs are paid and any debt is retired, whichever comes first.

**FINANCE PLAN – DENTON TIRZ NO. 2****EXHIBIT A****Boundary Description**

---

**TRACT No.1**

BEGINNING at the southwest corner of the 9.27 acre T. Toby, Tract 4 and the north right-of-way line of Airport Road, the POINT OF BEGINNING;

THENCE, north along the west boundary of the 9.27 acre T. Toby, Tract 4 to its northwest corner and the southwest boundary of the 41.629 acre T. Toby, Tract 3 (Denton Municipal Airport);

THENCE, northwest along the southwest boundary of the 41.629 acre T. Toby, Tract 3 (Denton Municipal Airport) to its southwest corner and the east right-of-way of Sabre Road;

THENCE, northwesterly along the east right-of-way of Sabre Road and the westerly boundary of the 41.629 acre T. Toby, Tract 3 (Denton Municipal Airport) and the 66.946 acre T. Toby, Tract 2 to the northwest corner of the 66.946 acre T. Toby, Tract 2;

THENCE, east along the north boundary of the 66.946 acre T. Toby, Tract 2 to the southwest corner of the 148.5803 acre J. Scott, Tract 1;

THENCE, north along the west boundary of the 148.5803 acre J. Scott, Tract 1 to its northwest corner and the south right-of-way of Jim Christal Road;

THENCE, east along the north boundary of the 148.5803 acre J. Scott, Tract 1 to its northeast corner and the west right-of-way of Western Blvd.;

THENCE, due east across Western Blvd. to its east right-of-way and the northwest corner of the 20.7207 acre J. Bacon, Tract 1;

THENCE, east along the south right-of-way of Jim Christal Road and the north boundaries of the 20.7207 acre J. Bacon, Tract 1 and the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a to the southwest corner of the 24.9953 acre B.b.b, Tract 15-17;

THENCE, north along the west boundaries of the 24.9953 acre B.b.b., Tract 15-17, the 39.999 acre B.b.b., Tract 18 and the 10 acre B.b.b, Tract 21a to the northwest corner of the 10 acre B.b.b, Tract 21a;

THENCE, east and south along the north and east boundary of the 10 acre B.b.b, Tract 21a to its southeast corner and the north boundary of the 39.999 acre B.b.b, Tract 18;

THENCE, east along the north boundary of the 39.999 acre B.b.b., Tract 18 to its northeast corner and the west boundary of the 43.3069 acre B.b.b, Tract 12-14;

THENCE, north along the west boundaries of the 43.3069 acre B.b.b, Tract 12-14 and the 19.5738 acre B.b.b, Tract 11 to the northwest corner of the 19.5738 acre B.b.b, Tract 11 and the south right-of-way of US Highway 380;

THENCE, east along the north boundary of the 19.5738 acre B.b.b., Tract 11 and the south right-of-way of US Highway 380 to the northeast corner of the 19.5738 acre B.b.b, Tract 11;

**FINANCE PLAN – DENTON TIRZ NO. 2**

THENCE, southeasterly along the east boundaries of the 19.5738 acre B.b.b, Tract 11 and the 43.3069 acre B.b.b, Tract 12-14, continuing westerly along the south boundary of the 43.3069 acre B.b.b, Tract 12-14 to its southwest corner and the southeast corner of the 39.999 acre B.b.b, Tract 18;

THENCE; west along the south boundary of the 39.999 acre B.b.b, Tract 18 to the northeast corner of the 24.9953 acre B.b.b., Tract 15-17;

THENCE, south along the east boundary of the 24.9953 acre B.b.b., Tract 15-17 to its southeast corner and the north right-of-way of Jim Christal Road;

THENCE, easterly along the north right-of-way of Jim Christal Road to the northwest corner of the 16.3051 acre J. Perry, Tract 1a;

THENCE, northeasterly, south, east, north and east along the north boundary of the 16.3051 acre J. Perry, Tract 1a to its northeast corner;

Thence, south along the east boundary of the 16.3051 acre J. Perry, Tract 1a to the northwest corner of the 18.3427 acre E. Puchalski, Tract 295;

THENCE, east along the north boundary of the 18.3427 acre E. Puchalski, Tract 295 to its northeast corner;

THENCE, southeasterly along the east boundaries of the 18.3427 acre E. Puchalski, Tract 295 and the 10.347 acre E. Puchalski, Tract 295a to its southeast corner and the northeast corner of the 31.0 acre E. Puchalski, Tract 296;

THENCE, southeasterly, west and south along the east boundary of the 31.0 acre E. Puchalski, Tract 296 to its southeast corner and the north boundary of the north part of the 31.305 acre E. Puchalski, Tracts 527, 528, and 529;

THENCE, east along the north boundary of the north part of the 31.305 acre E. Puchalski, Tracts 527, 528, and 529 to its northeast corner;

Thence, southwesterly along the east boundary and west along the south boundary of the north part of the 31.305 acre E. Puchalski, Tracts 527, 528, and 529 to the east right-of-way of Precision Road;

THENCE, west across Precision Road to its west right-of-way and the southeast corner of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a;

THENCE, west along the south boundary of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a to the northeast corner of the 5.922 acre West Park Addition, Phase 2, Block A, Lot 3;

THENCE, south and west along the east and south boundary of the 5.922 acre West Park Addition, Phase 2, Block A, Lot 3, continuing west along the south boundary of the 6.889 acre R. D. Wells Interchange, Block 1, Lot 1 (City of Denton) to the east boundary of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a;

**FINANCE PLAN – DENTON TIRZ NO. 2**

THENCE, south along the east boundary of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a to its southeast corner and the north right-of-way of Airport Road;

THENCE, west along the north right-of-way of Airport Road and the south boundary of the 173.055 acre West Park Addition, Phase 2, Block A, Lot 2a to its southwest corner and the east right-of-way of Western Blvd.;

THENCE, west across Western Blvd. to its west right-of-way and the southeast corner of the 66.946 acre T. Toby, Tract 2;

THENCE, west along the north right-of-way of Airport Road and the south boundaries of the 66.946 acre T. Toby, Tract 2, the 41.629 acre T. Toby, Tract 3 (Denton Municipal Airport) and the 9.27 acre T. Toby, Tract 4 and the POINT OF BEGINNING.

**TRACT No. 2**

The entire south part of the 31.305 acre E. Puchalski; Tract 527, 528, and 529.

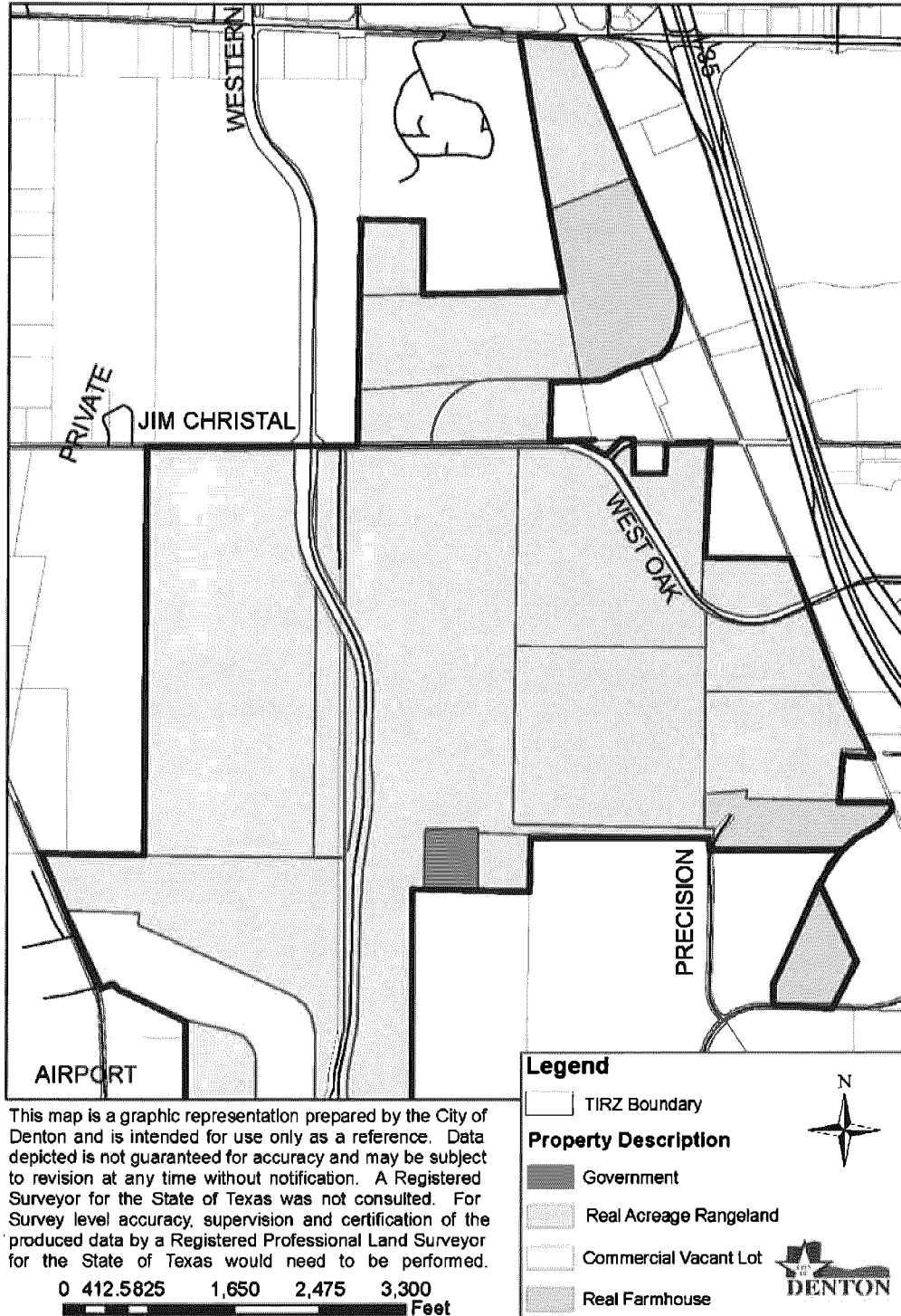
**TRACT No.1 and TRACT No. 2** contain a total of approximately 848.8 acres of which approximately 48.5 acres are municipally owned.

## FINANCE PLAN – DENTON TIRZ NO. 2

## EXHIBIT B

## Property Boundary Map

## Exhibit B: Westpark TIRZ



**FINANCE PLAN – DENTON TIRZ NO. 2****EXHIBIT C****Project Plan**

<u>PROJECT</u>	<u>ESTIMATED COST</u>
Street Improvements and Traffic Signals	\$6,000,000
Utility / Drainage Improvements	\$5,000,000
Landscaping, Irrigation, and Entry Monuments	\$500,000
Engineering/Architecture and other soft costs	\$1,500,000
Support for Industrial Projects	\$1,275,430
<b>TOTAL</b>	<b>\$14,275,430</b>

**Project Definitions**

Street Improvements and Traffic Signals: 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. Also includes all traffic signals required by the City of Denton or Texas Department of Transportation.

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.

Landscaping, Irrigation, and Entry Monuments: includes all landscaping and irrigation required to meet City Code and includes entry monuments for Western Blvd and Jim Christal Rd.

Engineering/Architecture, and other soft costs: professional services necessary to cause and support all described infrastructure improvements.

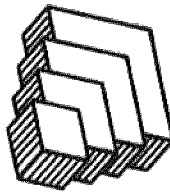
Industrial Projects: may include grants, loans and services for public and private development. Eligible TIRZ project costs are not limited to public uses and may also include projects that stimulate economic development. Chapter 380 of the Local Government Code grants municipalities in Texas the authority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

**FEASIBILITY ANALYSIS**  
**(EXHIBIT D OF THE FINANCE PLAN)**

Prepared October 2012  
Finalized May 2014

---

**Tax Increment Reinvestment Zone No. 2**  
**City of Denton, Texas**



**SCHRADER & CLINE, LLC**

**George R. Schrader**

**Larry D. Cline**

**4800 Broadway, Ste A    Addison, TX 75001**  
**972-661-1973            [schcli@swbell.net](mailto:schcli@swbell.net)**

## INDEX

---

	<b>Page</b>
<b>Index</b>	<b>1</b>
<b>Forward</b>	<b>2</b>
<b>Section I: HISTORY</b>	<b>3</b>
<b>Section II: CURRENT CONDITION / SITUATION</b>	<b>4</b>
<b>Section III: TAX INCREMENT ANALYSIS</b>	<b>6</b>
<b>Section IV: TABLES</b>	<b>11</b>
TABLE 1 – Development Valuation Increase	<b>12</b>
TABLE 2 – Land Valuation Increase	<b>13</b>
TABLE 3 – Business Personal Property Valuation Increase	<b>14</b>
TABLE 4 – Rollback Valuation Increase	<b>15</b>
TABLE 5 – Total Increase TIRZ Valuation	<b>16</b>
TABLE 6 – City of Denton Revenues/Contributions	<b>17</b>
TABLE 7 – Denton County Revenues/Contributions	<b>18</b>
TABLE 8 – TIRZ Funding from City and County	<b>19</b>



## ***FORWARD***

---

The City of Denton and Schrader & Cline, LLC have prepared a Feasibility Analysis using tax increment financing to encourage accelerated development and redevelopment for **Tax Increment Reinvestment Zone (TIRZ) No. 2 in the City of Denton, Texas**. The areas of the City within the boundary of the TIRZ need public infrastructure projects that will provide a stimulus for new development.

**Section I** summarizes the history of Denton.

**Section II** is a brief discussion of the current condition/situation.

**Section III** details the tax increment analysis.

**Section IV** contains Tables.

The following projections of development and tax revenues are subject to change. As underlying conditions in the national and regional economy change, the pace and value of new development projected for the TIRZ area may shift. Future property tax rates are particularly difficult to predict given their dependence on changes in the tax base, the mix of taxes levied and the various jurisdictions' overall fiscal and budgetary policies. Thus, the projected tax increments are subject to change. The analysis of future tax increment funds is dependent on a series of projections, assumptions, and other inputs. As a result, the report should be reviewed in totality.

Neither this report nor its conclusions may be referred to or included in any prospectus or part of any offering made in connection with private syndication of equity, sale of bonds, sale of securities or sale of participation interests to the public without express written approval.

## ***SECTION I: HISTORY***

---

Denton, the county seat of Denton County, is located on IH 35, less than forty miles north of Dallas and Fort Worth. Because of its proximity, Denton has become closely associated with the Dallas - Fort Worth metropolitan area. The City was founded in 1857 in order to become the county seat, because it was located near the center of the County. Although established in 1857, and with a courthouse built on the north side of the square, it was not until 1866 that Denton was incorporated.

In its early years, Denton grew slowly, but that changed with completion of the Texas and Pacific Railway and the Missouri, Kansas and Texas Railway through Denton in 1881. With only north and south rail connections, however, the town did not develop as a manufacturing and wholesale center. The next spur to Denton's growth came in 1890 with the opening of North Texas Normal College (now the University of North Texas) and in 1903 with the opening of the Girls Industrial College (now Texas Woman's University). With these developments as catalysts, the City grew from a population of 1,194 in 1880 to 2,558 in 1890 and subsequently, over time, to a population of 26,844 in 1960 and to 48,063 in 1980. Proximity to Dallas and Fort Worth, with good interstate highway connections, played a major role in this growth. Steady and at times rapid growth of enrollment at the two universities was important also. Additionally, after 1974 the City added many new residents as a result of the opening of Dallas - Fort Worth International Airport, which is closer to Denton than to many parts of Dallas and Fort Worth. Many airline employees and executives who traveled for major companies took up residence in Denton. The City of Denton has also benefitted from the continued rapid growth of the metropolitan area and as this growth has moved northward, the City has grown in population from 80,537 in 2000 to 113,383 in 2010 to a 2011 estimated 117,187, according to the U.S. Census Bureau. Denton ranked seventh among the fastest growing cities in the nation for populations over 100,000 persons in 2011.

## ***SECTION II: CURRENT CONDITION / SITUATION***

---

While Denton's industrially zoned area has grown along with its population, the area has reached a point where future industrial growth is limited. One of the primary reasons for the limitation is the lack of infrastructure. Although there are several hundred acres available for development, the lack of adequate roads, water, sewer and drainage improvements creates a situation where development costs are too high for most projects.

The City of Denton has the potential, the need and the desire to undergo a successful development of its industrial area. To begin the effort, the City constructed a section of a road connecting two major highways and bisecting the industrially zoned property in 2010. However, funds were not sufficient to build the road at full capacity or to provide water, sewer and drainage improvements.

The major property owner of over 800 acres in the City's industrially zoned property approached the City suggesting a public/private partnership to spur development. The property owner indicated a willingness to construct the necessary infrastructure improvements which would provide assistance and stimulus for new development in this area. In return, the property owner requested the City of Denton and Denton County consider the creation of a Tax Increment Reinvestment Zone (TIRZ) to provide an opportunity for the property owner to recoup some or all of the investment.

The proposal was submitted to the Economic Development Partnership Board (EDPB), who reviewed it in detail. On August 7, 2012, the EDPB made a formal recommendation to the City Council that the City and Denton County consider participation in a TIRZ to enhance the City's ability to grow its corporate and industrial base. The EDPB recommended a twenty-five year term for the TIRZ with participation by the City and County at 40%.

Based on the EDPB recommendation, the City of Denton is proposing creation of a TIRZ for the industrially zoned area. The "defined area" of approximately 800 acres is all under the ownership of one entity. New private development and redevelopment expected to occur as a result of public improvements funded by the TIRZ will increase property values and tax income as well as bolster Business Personal

Property (BPP) value and its related tax income for all taxing jurisdictions. TIRZ has been used in many other cities and is a proven method to stimulate private development and redevelopment growth sooner, rather than later, and in many cases will stimulate growth in value which might never occur without public improvements funded by the TIRZ.

### ***SECTION III: TAX INCREMENT ANALYSIS***

---

This section documents the detailed analysis and inputs used to generate the tax increment revenue estimates. Tax Increment Financing involves:

- Designating an eligible redevelopment area as a Tax Increment Reinvestment Zone;
- Soliciting participation of other taxing jurisdictions;
- Setting the assessment base at the level of the most recent assessment; and
- Placing tax revenues generated by the increase in assessed value in a tax increment fund for funding public improvements.

Thus, future tax increment revenues depend on four elements:

- The timing and added value of new development;
- Appreciation of existing land and improvements;
- The loss of value from any existing improvements demolished to make way for new development; and
- Future tax rates and the percentage of participation of each taxing jurisdiction.

Assessment policies typically set building assessments at 100 percent of fair market value, which are generally comparable to construction costs for new construction. Assessed values are established as of January 1 of the tax year. Thus, development in 2012 goes on the tax rolls for the Tax Year 2013. In this analysis, to be conservative, no increase in value on redevelopment or new development after completion has been included. In addition, only a portion of the taxes from increases in real property values for the City of Denton and Denton County are directed to the TIRZ Fund. Taxes from the remaining portion on real and all business personal property values will flow to the City and County. All taxes from increases in real property values will flow to the other taxing jurisdiction (Denton Independent School District). Sales tax income generated from the area will flow to the City of Denton.

The land valuation within the TIRZ boundary has continued to decrease in valuation over the past five years. The total assessed land valuation in 2007 was \$69,790 and in 2012 is \$65,370, a decrease of \$4,420.

The property contains one single family dwelling currently valued at \$54,366, which brings the total 2012 taxable value of the property within the TIRZ boundary to \$119,458.

For the purposes of this tax increment analysis, the initial tax base for the Tax Increment Fund is assumed to be \$119,458. Taxes on the amount of base tax value will continue to flow to all taxing jurisdictions during the 25-year life of the TIRZ.

The increase in value as a result of development within the TIRZ boundary is expected to be created in four different categories:

1. Development/real improvements expected to occur within the TIRZ boundary;
2. Business personal property associated with new development;
3. Land value increases expected as properties are sold and removed from the current Ag Exemption;
4. Rollback taxes - one-time revenue paid as property is removed from the current Ag Exemption.

Each of these will be discussed in more detail in the following sections.

#### Development/Real Improvements

With the stimulus provided by the planned infrastructure improvements and recent development created surrounding this TIRZ, this analysis assumed that a level of development within the TIRZ at build-out would equal \$289,629,330 and would take approximately 25 years to complete.

SITE USE	ACRES	ESTIMATED BLDG SQ FT	VALUE PER SQUARE FEET	VALUATION
Industrial	236.18	4,116,200	\$30.00	\$123,456,000
Rail Served	180.72	3,148,865	\$30.00	\$94,465,950
Mixed Use*	219.49	2,390,246	\$100.00	\$71,707,380*
TOTALS	636.39	9,654,312		\$289,629,330

\*Mixed Use Sites valuation reflects 30% of total valuation created, assuming 70% of mixed use development is dedicated to multi-family construction, which is not an eligible use for proposed TIRZ participation.

To arrive at an annual increase in valuation due to new development, this feasibility plan assumes that 1/25<sup>th</sup> of this valuation, or \$11,585,173, will be added each year. The value created over the life of the TIRZ by new development is shown in attached Table 1.

#### Land Valuation Increase

Currently, all of the land within the TIRZ boundary has an Ag Exemption. At the time it is sold for development, the exemption will be removed and the valuation will reflect the market value of the land. In order to determine the estimated land valuation to be created in the TIRZ, City staff compiled an average acre value from the surrounding businesses to arrive at a value of \$37,519 per acre. With an estimated 19.31 acres being developed each year, Table 2 shows the impact of adding \$724,492 in new value each year.

#### Business Personal Property

In order to determine the estimated business personal property value to be captured within this industrial TIRZ, City staff compiled an average of five existing companies (two manufacturers and three warehouse/distribution centers) and determined that business personal property for these companies is 191% more than the real property values (land and improvements). A more conservative percentage of 150% has been applied to the value created by the industrial and rail served sites, and only 50% to the commercial value created within the mixed use area. Revenues from business personal property valuation will not be included in the TIRZ funding. However, it is included in this feasibility plan as this revenue will flow to the taxing entities at 100 percent. The value created over the life of the TIRZ by business personal property is shown in attached Table 3.

#### Rollback Tax Revenue

As stated in the previous section, the entire TIRZ area receives an Ag Exemption on the undeveloped land. The owner's cattle are grazing the pasture land. As property is developed, the pasture land will assume its market valuation under industrial zoning, and the new owner will be required to pay the difference between the property tax paid under the Ag Exemption and the higher market valuation for the previous five years. The TIRZ will receive property tax revenue for the rollback taxes for the years that the property has been included in the TIRZ. Rollback tax revenue for years prior to the creation of the TIRZ will belong to the taxing entities at 100%. Rollback tax revenue is based on the annual land valuation (Table 2) less an

average value per acre under the Ag Exemption of \$4,778 for a total estimated annual rollback of \$719,714. Rollback taxes are a one-time payment, therefore cumulative valuation is not calculated. The value created over the life of the TIRZ by rollback tax revenue is shown in attached Table 4.

### Forecast

The forecast of increased value created within the TIRZ boundary during the next 25 years from these four categories is shown in Table 5. Revenue to the City of Denton and the City's contribution to the TIRZ over the life of the TIRZ are detailed in attached Table 6. Revenue to Denton County and the County's contribution to the TIRZ over the life of the TIRZ are detailed in attached Table 7. Revenues to the TIRZ Fund over the life of the TIRZ and based on the values shown in attached Table 5 are provided in Table 8. Below is a summary of all revenues:

Revenue to TIRZ Fund	Real and BPP Revenue to City of Denton after TIRZ Contribution	Real and BPP Revenue to Denton County after TIRZ Contribution	Total Revenue Generated
\$14,275,430	\$43,926,530	\$18,862,910	\$77,648,870

The increase in the property tax rate for the City of Denton over the past five years totals \$0.023 per \$100 valuation. The tax rate for Denton County has increased by \$0.047 over the past five years. This study conservatively increases the 2012 tax rates for both the City and County by \$0.03 in the eleventh year of the TIRZ.

Jurisdiction	Years	2012 Tax Rate \$/\$100 Value	% of Tax Rate
City of Denton	1-10	0.6897500	40
	11-25	0.7197500	40
Denton County	1-10	0.2828670	40
	11-25	0.3128670	40

The public infrastructure projects planned to stimulate the higher values created by the TIRZ are shown in Project Plan Exhibit D.



***SECTION IV: TABLES***

---

TABLE 1

**CITY OF DENTON  
TAX INCREMENT REINVESTMENT ZONE NO. 2  
DEVELOPMENT VALUATION INCREASE, \$M**

<b>YEAR</b>	<b>INCREASE FROM DEVELOPMENT \$M</b>	<b>CUMULATIVE INCREASE \$M</b>
2012		
2013		
2014	\$11.59	\$11.59
2015	\$11.59	\$23.18
2016	\$11.59	\$34.77
2017	\$11.59	\$46.36
2018	\$11.59	\$57.95
2019	\$11.59	\$69.54
2020	\$11.59	\$81.13
2021	\$11.59	\$92.72
2022	\$11.59	\$104.31
2023	\$11.59	\$115.90
2024	\$11.59	\$127.49
2025	\$11.59	\$139.08
2026	\$11.59	\$150.67
2027	\$11.59	\$162.26
2028	\$11.59	\$173.85
2029	\$11.59	\$185.44
2030	\$11.59	\$197.03
2031	\$11.59	\$208.62
2032	\$11.59	\$220.21
2033	\$11.59	\$231.80
2034	\$11.59	\$243.39
2035	\$11.59	\$254.98
2036	\$11.59	\$266.57
<b>TOTAL</b>	<b>\$266,570,000</b>	

**Assumptions**

**Development**

Based on build-out of 100% of Industrial and Rail-Served sites plus 30% of Mixed-use site build-out projections equaling \$289,629,330. Assumes 25 year build-out with 1/25<sup>th</sup> (\$11.59M) allocated each of the 25 years of the TIRZ.

TABLE 1

**CITY OF DENTON  
TAX INCREMENT REINVESTMENT ZONE NO. 2  
DEVELOPMENT VALUATION INCREASE, \$M**

<b>YEAR</b>	<b>INCREASE FROM DEVELOPMENT \$M</b>	<b>CUMULATIVE INCREASE \$M</b>
2012		
2013		
2014	\$11.59	\$11.59
2015	\$11.59	\$23.18
2016	\$11.59	\$34.77
2017	\$11.59	\$46.36
2018	\$11.59	\$57.95
2019	\$11.59	\$69.54
2020	\$11.59	\$81.13
2021	\$11.59	\$92.72
2022	\$11.59	\$104.31
2023	\$11.59	\$115.90
2024	\$11.59	\$127.49
2025	\$11.59	\$139.08
2026	\$11.59	\$150.67
2027	\$11.59	\$162.26
2028	\$11.59	\$173.85
2029	\$11.59	\$185.44
2030	\$11.59	\$197.03
2031	\$11.59	\$208.62
2032	\$11.59	\$220.21
2033	\$11.59	\$231.80
2034	\$11.59	\$243.39
2035	\$11.59	\$254.98
2036	\$11.59	\$266.57
<b>TOTAL</b>	<b>\$266,570,000</b>	

**Assumptions**

**Development**

Based on build-out of 100% of Industrial and Rail-Served sites plus 30% of Mixed-use site build-out projections equaling \$289,629,330. Assumes 25 year build-out with 1/25<sup>th</sup> (\$11.59M) allocated each of the 25 years of the TIRZ.

TABLE 2

**CITY OF DENTON  
TAX INCREMENT REINVESTMENT ZONE NO. 2**

**LAND VALUATION INCREASE, \$M**

<b>YEAR</b>	<b>INCREASE FROM DEVELOPMENT \$M</b>	<b>CUMULATIVE INCREASE \$M</b>
2012		
2013	\$0.72	\$0.72
2014	\$0.72	\$1.44
2015	\$0.72	\$2.16
2016	\$0.72	\$2.88
2017	\$0.72	\$3.60
2018	\$0.72	\$4.32
2019	\$0.72	\$5.04
2020	\$0.72	\$5.76
2021	\$0.72	\$6.48
2022	\$0.72	\$7.20
2023	\$0.72	\$7.92
2024	\$0.72	\$8.64
2025	\$0.72	\$9.36
2026	\$0.72	\$10.08
2027	\$0.72	\$10.80
2028	\$0.72	\$11.52
2029	\$0.72	\$12.24
2030	\$0.72	\$12.96
2031	\$0.72	\$13.68
2032	\$0.72	\$14.40
2033	\$0.72	\$15.12
2034	\$0.72	\$15.84
2035	\$0.72	\$16.56
2036	\$0.72	\$17.28
<b>TOTAL</b>	<b>\$17,280,000</b>	

**Assumptions**

Land Valuation    Increase in Land value is based on the average land value of \$37,519 per acre of five existing industries immediately adjacent to TIRZ. Table 2 assumes land to be developed 19.31 acres per year. Only includes 482.75 of the 636 developable acres. Land value not applied to land not developable due to flood plain or other issues.

TABLE 3

**CITY OF DENTON  
TAX INCREMENT REINVESTMENT ZONE NO. 2**

**BUSINESS PERSONAL PROPERTY VALUATION INCREASE, \$M**

<b>YEAR</b>	<b>INCREASE FROM DEVELOPMENT \$M</b>	<b>CUMULATIVE INCREASE \$M</b>
2012		
2013		
2014	\$14.56	\$14.56
2015	\$14.56	\$29.12
2016	\$14.56	\$43.68
2017	\$14.56	\$58.24
2018	\$14.56	\$72.80
2019	\$14.56	\$87.36
2020	\$14.56	\$101.92
2021	\$14.56	\$116.48
2022	\$14.56	\$131.04
2023	\$14.56	\$145.60
2024	\$14.56	\$160.16
2025	\$14.56	\$174.72
2026	\$14.56	\$189.28
2027	\$14.56	\$203.84
2028	\$14.56	\$218.40
2029	\$14.56	\$232.96
2030	\$14.56	\$247.52
2031	\$14.56	\$262.08
2032	\$14.56	\$276.64
2033	\$14.56	\$291.20
2034	\$14.56	\$305.76
2035	\$14.56	\$320.32
2036	\$14.56	\$334.88
<b>TOTAL</b>	<b>\$334,880,000</b>	

**Assumptions**

**BPP Valuation** Business Personal Property (BPP) projections based on average of taxable BPP (BPP less Freeport Exemptions) of five existing industries in immediate area of TIRZ. Actual existing BPP equals 191% of real value. Conservative BPP projections of 150% on Industrial and Rail-served sites and 50% on Mixed-use commercial sites used in Feasibility Plan.

TABLE 4

**CITY OF DENTON  
TAX INCREMENT REINVESTMENT ZONE NO. 2  
TIRZ ROLL BACK VALUATION, \$M**

YEAR	ROLLBACK VALUE
2012	
2013	\$1.44
2014	\$2.16
2015	\$2.88
2016	\$3.60
2017	\$3.60
2018	\$3.60
2019	\$3.60
2020	\$3.60
2021	\$3.60
2022	\$3.60
2023	\$3.60
2024	\$3.60
2025	\$3.60
2026	\$3.60
2027	\$3.60
2028	\$3.60
2029	\$3.60
2030	\$3.60
2031	\$3.60
2032	\$3.60
2033	\$3.60
2034	\$3.60
2035	\$3.60
2036	\$3.60
TOTAL	\$82,080,000

**Assumptions**

**Rollback Value**      Rollback value is based on one-time assessment of land removed from Ag Exemption of \$719,714. Rollback assessment equals Land Value in Table 2 of \$724,492 (\$37,519/acre x 19.31 acres) less Ag Value currently assessed \$4,778.

**Example - Land sold in 2013:**      Rollback paid on 2009, 2010, 2011, 2012 and 2013. Revenues from 2012 and 2013 allocated to TIRZ; 2009, 2010, & 2011 revenues only to taxing entities. TIRZ fund benefits from Rollback for those years the TIRZ has been established.

TABLE 5

**CITY OF DENTON  
TAX INCREMENT REINVESTMENT ZONE NO. 2**

**TOTAL INCREASE VALUATION, \$M**

YEAR	DEVELOP- MENT	LAND	TOTAL ANNUAL VALUATION	TOTAL CUMULATIVE VALUATION	ROLLBACK	TOTAL CUMULATIVE AND ROLLBACK
2012						
2013		\$0.72	\$0.72	\$0.72	\$1.44	\$2.16
2014	\$11.59	\$0.72	\$12.31	\$13.03	\$2.16	\$14.47
2015	\$11.59	\$0.72	\$12.31	\$25.34	\$2.88	\$27.50
2016	\$11.59	\$0.72	\$12.31	\$37.65	\$3.60	\$40.53
2017	\$11.59	\$0.72	\$12.31	\$49.96	\$3.60	\$53.56
2018	\$11.59	\$0.72	\$12.31	\$62.27	\$3.60	\$65.87
2019	\$11.59	\$0.72	\$12.31	\$74.58	\$3.60	\$78.18
2020	\$11.59	\$0.72	\$12.31	\$86.89	\$3.60	\$90.49
2021	\$11.59	\$0.72	\$12.31	\$99.20	\$3.60	\$102.80
2022	\$11.59	\$0.72	\$12.31	\$111.51	\$3.60	\$115.11
2023	\$11.59	\$0.72	\$12.31	\$123.82	\$3.60	\$127.42
2024	\$11.59	\$0.72	\$12.31	\$136.13	\$3.60	\$139.73
2025	\$11.59	\$0.72	\$12.31	\$148.44	\$3.60	\$152.04
2026	\$11.59	\$0.72	\$12.31	\$160.75	\$3.60	\$164.35
2027	\$11.59	\$0.72	\$12.31	\$173.06	\$3.60	\$176.66
2028	\$11.59	\$0.72	\$12.31	\$185.37	\$3.60	\$188.97
2029	\$11.59	\$0.72	\$12.31	\$197.68	\$3.60	\$201.28
2030	\$11.59	\$0.72	\$12.31	\$209.99	\$3.60	\$213.59
2031	\$11.59	\$0.72	\$12.31	\$222.30	\$3.60	\$225.90
2032	\$11.59	\$0.72	\$12.31	\$234.61	\$3.60	\$238.21
2033	\$11.59	\$0.72	\$12.31	\$246.92	\$3.60	\$250.52
2034	\$11.59	\$0.72	\$12.31	\$259.23	\$3.60	\$262.83
2035	\$11.59	\$0.72	\$12.31	\$271.54	\$3.60	\$275.14
2036	\$11.59	\$0.72	\$12.31	\$283.85	\$3.60	\$287.45
<b>TOTAL</b>	<b>266,570,000</b>	<b>\$17,280,000</b>	<b>\$283,850,000</b>		<b>\$82,080,000</b>	

TABLE 6

**CITY OF DENTON  
TAX INCREMENT REINVESTMENT ZONE NO. 2**

**CITY OF DENTON REVENUES/CONTRIBUTIONS \$K**

YEAR	CITY REVENUE		CITY TIRZ CONTRIBUTION	
	REVENUE \$K	CUMULATIVE REVENUE \$K	CONTRIBUTION \$K	CUMULATIVE CONTRIBUTION \$K
2012				
2013				
2014	\$23.85	\$23.85	\$5.97	\$5.97
2015	\$173.29	\$197.14	\$41.92	\$47.89
2016	\$322.72	\$519.86	\$77.87	\$125.76
2017	\$472.16	\$992.02	\$113.81	\$239.57
2018	\$623.58	\$1,615.60	\$147.78	\$387.35
2019	\$775.00	\$2,390.60	\$181.74	\$569.09
2020	\$926.43	\$3,317.03	\$215.70	\$784.79
2021	\$1,124.73	\$4,441.76	\$260.52	\$1,045.31
2022	\$1,282.74	\$5,724.50	\$295.96	\$1,341.27
2023	\$1,440.74	\$7,165.24	\$331.40	\$1,672.67
2024	\$1,598.75	\$8,763.99	\$366.84	\$2,039.51
2025	\$1,756.76	\$10,520.75	\$402.28	\$2,441.79
2026	\$1,914.77	\$12,435.52	\$437.72	\$2,879.51
2027	\$2,072.78	\$14,508.30	\$473.16	\$3,352.67
2028	\$2,230.79	\$16,739.09	\$508.60	\$3,861.27
2029	\$2,388.79	\$19,127.88	\$544.04	\$4,405.31
2030	\$2,546.80	\$21,674.68	\$579.48	\$4,984.79
2031	\$2,704.81	\$24,379.49	\$614.92	\$5,599.71
2032	\$2,862.82	\$27,242.31	\$650.36	\$6,250.07
2033	\$3,020.83	\$30,263.14	\$685.80	\$6,935.87
2034	\$3,178.84	\$33,441.98	\$721.24	\$7,657.11
2035	\$3,336.84	\$36,778.82	\$756.68	\$8,413.79
2036	\$3,494.85	\$40,273.67	\$792.12	\$9,205.91
2037	\$3,652.86	\$43,926.53	\$827.56	\$10,033.47
TOTAL	\$43,926,530		\$10,033,470	



TABLE 7

**CITY OF DENTON  
TAX INCREMENT REINVESTMENT ZONE NO. 2**

**DENTON COUNTY REVENUES/CONTRIBUTIONS, \$K**

YEAR	COUNTY REVENUE		COUNTY TIRZ CONTRIBUTION	
	REVENUE \$K	CUMULATIVE REVENUE \$K	CONTRIBUTION \$K	CUMULATIVE CONTRIBUTION \$K
2012				
2013				
2014	\$7.34	\$7.34	\$0.82	\$0.82
2015	\$67.40	\$74.74	\$14.75	\$15.57
2016	\$127.46	\$202.20	\$28.68	\$44.25
2017	\$187.53	\$389.73	\$42.60	\$86.85
2018	\$249.62	\$639.35	\$56.53	\$143.38
2019	\$311.72	\$951.07	\$70.46	\$213.84
2020	\$373.82	\$1,324.89	\$84.39	\$298.23
2021	\$482.51	\$1,807.40	\$108.74	\$406.97
2022	\$550.84	\$2,358.24	\$124.15	\$531.12
2023	\$619.52	\$2,977.76	\$139.55	\$670.67
2024	\$688.20	\$3,665.96	\$154.96	\$825.63
2025	\$756.89	\$4,422.85	\$170.36	\$995.99
2026	\$825.57	\$5,248.42	\$185.77	\$1181.76
2027	\$894.26	\$6,142.68	\$201.17	\$1382.93
2028	\$962.94	\$7,105.62	\$216.58	\$1599.51
2029	\$1031.63	\$8,137.25	\$231.98	\$1831.49
2030	\$1100.31	\$9,237.56	\$247.39	\$2078.88
2031	\$1169.00	\$10,406.56	\$262.79	\$2341.67
2032	\$1237.68	\$11,644.24	\$278.20	\$2619.87
2033	\$1306.37	\$12,950.61	\$293.61	\$2913.48
2034	\$1375.05	\$14,325.66	\$309.01	\$3222.49
2035	\$1443.73	\$15,769.39	\$324.42	\$3546.91
2036	\$1512.42	\$17,281.81	\$339.82	\$3886.73
2037	\$1581.10	\$18,862.91	\$355.23	\$4241.96
TOTAL	\$18,862,910		\$4,241,960	

TABLE 8

**CITY OF DENTON  
TAX INCREMENT REINVESTMENT ZONE NO. 2**

**TIRZ FUNDING FROM CITY AND COUNTY**

YEAR	CITY CONTRIBUTION \$K	COUNTY CONTRIBUTION \$K	TOTAL TIRZ CONTRIBUTIONS \$K	CUMULATIVE TIRZ CONTRIBUTIONS \$K
2012				
2013				
2014	\$5.97	\$0.82	\$6.79	\$6.79
2015	\$41.92	\$14.75	\$56.67	\$63.46
2016	\$77.87	\$28.68	\$106.55	\$170.01
2017	\$113.81	\$42.60	\$156.41	\$326.42
2018	\$147.78	\$56.53	\$204.31	\$530.73
2019	\$181.74	\$70.46	\$252.20	\$782.93
2020	\$215.70	\$84.39	\$300.09	\$1,083.02
2021	\$260.52	\$108.74	\$369.26	\$1,452.28
2022	\$295.96	\$124.15	\$420.11	\$1,872.39
2023	\$331.40	\$139.55	\$470.95	\$2,343.34
2024	\$366.84	\$154.96	\$521.80	\$2,865.14
2025	\$402.28	\$170.36	\$572.64	\$3,437.78
2026	\$437.72	\$185.77	\$623.49	\$4,061.27
2027	\$473.16	\$201.17	\$674.33	\$4,735.60
2028	\$508.60	\$216.58	\$725.18	\$5,460.78
2029	\$544.04	\$231.98	\$776.02	\$6,236.80
2030	\$579.48	\$247.39	\$826.87	\$7,063.67
2031	\$614.92	\$262.79	\$877.71	\$7,941.38
2032	\$650.36	\$278.20	\$928.56	\$8,869.94
2033	\$685.80	\$293.61	\$979.41	\$9,849.35
2034	\$721.24	\$309.01	\$1,030.25	\$10,879.60
2035	\$756.68	\$324.42	\$1,081.10	\$11,960.70
2036	\$792.12	\$339.82	\$1,131.94	\$13,092.64
2037	\$827.56	\$355.23	\$1,182.79	\$14,275.43
TOTAL	\$10,033,470	\$4,241,960	\$14,275,430	

Exhibit E  
Pre-TIRZ Administrative Costs

Legal	Invoice Date	Amount
Schrader & Cline	11/2/2012	\$ 1,944.02
Schrader & Cline	12/4/2012	\$ 675.00
Terry D. Morgan & Assoc.	10/31/2013	\$ 1,230.00
Terry D. Morgan & Assoc.	3/31/2014	\$ 870.00
		<b>\$ 4,719.02</b>

Exhibit F  
Pre-Development Costs

**Legal**

Mellina & Larson	7706-7710	325.00
Mellina & Larson	7716-7721	675.00
Mellina & Larson	7776-7783	5,550.00
D. Wardard Glenn PC	7812	11,135.00
Mellina & Larson	7815-7819	125.00
D. Wardard Glenn PC	7908	1,612.50
Mellina & Larson	7911-7916	577.50
Mellina & Larson	7918-7922	3,630.00
Mellina & Larson	8007-8011	1,760.00
Mellina & Larson	8032-8037	7,452.50
Mellina & Larson	8129-8133	1,443.75
Mellina & Larson	8138-8140	2,937.50
Mellina & Larson	8186-8190	110.00
D. Woodard Glenn	8269-8271	6,750.00
D. Woodard Glenn	8282	825.00
Mellina & Larson	8315	991.00
Mellina & Larson	8339	2,283.50
Mellina & Larson	8432	8,877.00
		<u>57,060.25</u>

**Engineering:**

Teague Nall & Perkins	7882	6,182.14
Unitech	8195	11,791.60
Unitech	8311	7,133.05
Unitech	8312	6,577.77
Teague Nall & Perkins	8308	9,542.28
Teague Nall & Perkins	8309	5,366.62
Teague Nall & Perkins	8310	3,748.91
Teague Nall & Perkins	8401	2,806.72
Unitech	8437	9,005.00
Unitech	8438	3,935.00
		<u>66,089.09</u>

**Construction Management:**

Texas land & Building	8120	<u>10,000.00</u>
-----------------------	------	------------------

**Traffic Impact Analysis:**

Alliance Transportation	8323	10,350.00
Alliance Transportation	8324	8,050.00
Alliance Transportation	8428	3,450.00
		<u>21,850.00</u>

<b>Total Predevelopment costs as of 4/30/2014</b>	<b><u><u>154,999.34</u></u></b>
---	---------------------------------

Exhibit G-1  
Description of Phase I Public Improvements

- Two additional lanes added to the western side of the existing pavement for Western Boulevard from Airport Road to Jim Christal Road, all located entirely within the existing public right-of-way for Western Boulevard, consisting of approximately 6,400 linear feet of two additional traffic lanes (16-foot and 12-foot lanes) with curbs. (Note: Although the original long range plans for Western Boulevard included a total of six lanes, the recent Traffic Study indicates that only four lanes total are necessary; and accordingly, the parties acknowledge that the two additional lanes described immediately above are the only additional lanes which Westray is responsible for constructing, whether or not Westray proceeds with Phases II and III.)
- Associated drainage improvements which will be located entirely within the existing public right-of-way for Western Boulevard and shall include reinforced concrete pipe (RCP) ranging in size from 18” to 27”. There will be approximately 13 drainage inlets (ten 20’ inlets and three 10’ inlets).
- Sanitary sewer line extension which will consist of an approximate 1,500 feet of 8” PVC and an approximate 4,900’ of 15” PVC pipe, all located entirely within the existing public right-of-way for Western Boulevard.
- Waterline extension which will run from Airport Road to US 380 (University Drive) and is approximately 10,682 linear feet of 16” ductile iron (DI) pipe, all located entirely within the existing public right-of-way for Western Boulevard.
- Landscaping in connection with the foregoing to City standards, all located entirely within the existing public right-of-way for Western Boulevard.
- Install traffic signals at the following intersections: (i) Western Boulevard and US 380 (University Drive), (ii) Western Boulevard and Jim Christal Road and (iii) Western Boulevard and Airport Road.
- Street, directional and/or other signage, all located entirely within the existing public right-of-way for Western Boulevard.
- If Westray determines that extension of low or high pressure gas pipeline is necessary or desirable and not separately completed by applicable utility providers, then Westray may, but is not required to, include as part of the Public Improvements for Phase I an extension of low and/or high pressure gas line(s), all located entirely within the existing public right-of-way for Western Boulevard or within existing easement areas previously granted to the City of Denton.

Exhibit G-1  
Description of Phase I Public Improvements

In addition to the forgoing, it is acknowledged that pursuant to a separate agreement between Westray's affiliate Westpark Group, LP and the City of Denton, certain drainage improvements are to be constructed by the City of Denton to the East of Western Boulevard, between Western Boulevard and the existing railroad spur (all as more particularly described therein) ("**Additional Drainage Improvements**"). Westray is not responsible for constructing the Additional Drainage Improvements but Westray or its affiliate is expected to advance funds to the City of Denton to cover the cost to construct the Additional Drainage Improvements ("**Westray Advanced Funds**"). The Additional Drainage Improvements are not part of the Public Improvements hereunder insofar as any obligation of Westray to construct same, but they are included in the Public Improvements hereunder insofar as the Westray Advanced Funds shall be considered Project Costs for all purposes under this Agreement.

Exhibit G-2  
Description of Phase II Public Improvements

- Reconstruct Jim Christal Road and West Oak Street from Western Boulevard to the I-35 Frontage Road will consist of an approximate 6,400 linear feet of 54-feet of pavement (four travel lanes and a center 24-foot median), all located entirely within the Expanded Jim Christal/West Oak Right-of-Way (as defined in Exhibit I). There will be a 16-foot and an 11-foot travel lane in each direction, with curbs.
- Associated drainage improvements which will be located entirely within the Expanded Jim Christal/West Oak Right-of-Way and shall include approximately 8,500 linear feet of approximately 30" RCP pipe. There will be approximately 24 drainage inlets (sixteen 20' inlets and eight 10' inlets) and one drainage crossing improvement.
- Sanitary sewer line extension which will consist of an approximate 3,400 feet of 8" PVC and an approximate 4,000' of 12" PVC pipe, all located entirely within the Expanded Jim Christal/West Oak Right-of-Way.
- Waterline extension which will consist of 2,400 linear feet of 12" PVC and 2,000 linear feet of 16" PVC, all located entirely within the Expanded Jim Christal/West Oak Right-of-Way.

Exhibit G-3  
Description of Phase III Public Improvements

- Extend Precision Drive from the existing Northern terminus Northward to West Oak Street, all located entirely within the Dedication Land (as described in Exhibit I) which will consist of approximate 2,200 linear feet of two travel lanes with a continuous center turn lane, and curbs.
- Associated drainage improvements which will be located entirely within the Dedication Land and shall consist of approximately 3,300 linear feet of approximately 30" RCP pipe. There will be approximately 9 drainage inlets (six 20' inlets and three 10' inlets).
- Sanitary sewer line extension which will consist of approximately 2,700 linear feet of 8" PVC, all located entirely within the Dedication Land.
- Waterline extension from the northern terminus of the existing waterline located in the existing portion of Precision Drive, extending northward to the waterline located within Jim Christal Road, consisting of approximately 4,000 linear feet of 12" PVC, all located entirely within the Dedication Land.



Exhibit H-1  
Cost Schedule for Phase I

**Phase I - Western Blvd. Paving, Drainage, Water and Sewer**

<b>Hard Construction Costs</b>	
Western Blvd Paving ( Two additional lanes)	\$ 1,542,229
Western Blvd. Storm Drainage	\$ 85,173
Western Blvd. Sanitary Sewer	\$ 307,930
Western Blvd. Water	\$ 1,387,570
Traffic Signals	\$ -
Western/380	\$ 120,000
Western/JC	\$ 100,000
Western/Airport	\$ 100,000
Landscaping/Irrigation	\$ 80,000
Entry Monument	\$ 50,000
Additional Drainage Improvements	\$ 350,000
Gas	\$ 50,000
<b>Total Hard Costs</b>	<b>\$ 4,172,902</b>
<b>Soft Costs</b>	
Engineering	\$ 236,000
Administrative	\$ 25,000
Permits/Fees	\$ 34,000
CM Fee	\$ 150,000
Insurance	\$ 25,000
Landscape Architect	\$ 30,000
<b>Total Soft Costs</b>	<b>\$ 500,000</b>
<b>Contingency</b>	<b>\$ 420,561</b>
<b>Total Phase I Project Costs</b>	<b>\$ 5,093,463</b>
<b>Estimated Interest on Phase I Project Costs*</b>	
	<b>\$ 2,500,000</b>

\*Actual Interest will depend on the availability of funds in the Tax Increment Fund and the timing of disbursements from the Tax Increment Fund to Westray for reimbursement of Verified Project Costs. This estimate is used only to illustrate possible interest that will be incurred and is not a maximum or minimum amount

## Exhibit H-2 Cost Schedule for Phase II

### Phase II - Jim Cristal/West Oak St. Paving, Drainage and Sanitary Sewer

<b>Hard Construction Costs</b>	
Jim Cristal/West Oak Paving	\$ 2,501,150
JC/WO Storm Drainage	\$ 703,900
JC/WO Sanitary Sewer	\$ 282,280
JC/WO Water	\$ 514,860
Traffic Signals	
West Oak/I-35SB	\$ 30,000
West Oak/I-35NB	\$ 30,000
West Oak/Precision	\$ -
Landscaping/Irrigation	\$ 100,000
Entry Monument	\$ 30,000
Electricity	\$ -
Gas	\$ 40,000
<b>Total Hard Costs</b>	<b>\$ 4,232,190</b>
<b>Soft Costs</b>	
Engineering	\$ 150,000
Administrative	\$ 25,000
Permits/Fees	\$ 25,000
CM Fee	\$ 84,644
Insurance	\$ 25,000
Landscape Architect	\$ 10,000
<b>Total Soft Costs</b>	<b>\$ 319,644</b>
Contingency	\$ 455,183
<b>Total Phase II Costs</b>	<b>\$ 5,007,017</b>
<b>Estimated Interest on Phase II Project Costs*</b>	<b>\$ 1,100,000</b>

\*Actual Interest will depend on the availability of funds in the Tax Increment Fund and the timing of disbursements from the Tax Increment Fund to Westray for reimbursement of Verified Project Costs. This estimate is used only to illustrate possible interest that will be incurred and is not a maximum or minimum amount.

### Exhibit H-3 Cost Schedule for Phase III

#### Phase III - Precision Drive Paving, Drainage Water and Sanitary Sewer

<b>Hard Construction Costs</b>	
Precision Drive Paving	\$ 637,600
Precision Storm Drainage	\$ 133,860
Precision Sanitary Sewer	\$ 81,040
Precision Water	\$ 210,121
<b>Traffic Signals</b>	
Airport/Dakota	\$ 80,000
Airport/Precision	\$ 80,000
Airport/I-35SB	\$ 80,000
Airport/Bonnie Brae	\$ 50,000
Landscaping/Irrigation	\$ 50,000
Entry Monument	\$ -
Electricity	\$ -
Gas	\$ 30,000
<b>Total Hard Costs</b>	<b>\$ 1,452,621</b>
<b>Soft Costs</b>	
Engineering	\$ 50,000
Administrative	\$ 10,000
Permits/Fees	\$ 10,000
CM Fee	\$ 50,000
Insurance	\$ 10,000
Landscape Architect	\$ 10,000
<b>Total Soft Costs</b>	<b>\$ 140,000</b>
<b>Contingency</b>	<b>\$ 159,262</b>
<b>Total Phase III Costs</b>	<b>\$ 1,751,883</b>
<b>Estimated Interest on Phase II Project Costs<sup>a</sup></b>	<b>\$ 200,000</b>

<sup>a</sup>Actual interest will depend on the availability of funds in the Tax Increment Fund and the timing of disbursements from the Tax Increment Fund to Westray for reimbursement of Verified Project Costs. This estimate is used only to illustrate possible interest that will be incurred and is not a maximum or minimum amount.

Exhibit I  
Easement Areas

All Public Improvements will be located in existing easements, land owned by the City and/or public rights-of-way, except for the following:

- The Additional Drainage Improvements will be located in the area described on Exhibit I-1 hereto ("Drainage Easement Area"), and Westray shall cause a drainage easement instrument to be executed and recorded covering such area, and all Additional Drainage Improvements will be located in such area.
- If Westray elects to proceed with the Phase II Public Improvements, Westray will cause up to 25 feet of land to be dedicated on both sides of Jim Christal Road and West Oak Street (for those portions extending from Western Boulevard to the I-35 Frontage Road only) (the existing right-of-way for Jim Christal Road and West Oak Street as expanded by the additional dedications described immediately above may be collectively referred to as the "Expanded Jim Christal/West Oak Right-of-Way").
- If Westray elects to proceed with the Phase III Public Improvements, Westray will cause the strip of land shown on Exhibit I-2 attached hereto (running North-South from the existing Northern terminus of Precision Drive Northward to West Oak Street) ("**Dedication Land**") be publically dedicated, and all Phase III Public Improvements will be located within such area.

**Exhibit I-1**  
**Drainage Easement Area**

SITUATED in the City of Denton, Denton County, Texas, and being a strip of land in the J. PERRY SURVEY, Abstract No. 1040, and being across a portion of LOT 2A, BLOCK A, PHASE 2, WESTPARK ADDITION, as shown on plat thereof recorded under Denton County Clerk's (Clerk's) File No. 2011-116, and said strip being more fully described as follows:

BEGINNING at an "Arthur Surveying Company" 5/8" iron rod found in place for the northwest corner of Lot 1, Block 1, R. D. Wells Interchange, shown on plat thereof recorded in Cabinet Y, Page 619, of the Denton County Plat Records, said point being 0.54 foot South 89 degrees East from the east line of that certain railroad spur easement described in Assumption of Easement Rights to BC Rail Spur, L. P. recorded under Clerk's File No. 2007-12766;

THENCE South 1 degree, 13 minutes, 25 seconds West with a common line between said Lot 1 and said Lot 2A, and generally along said east line of rail spur easement, 89.02 feet;

THENCE South 66 degrees, 20 minutes, 55 seconds West across said Lot 2A, 681.33 feet to a point in a west line of said Lot 2A and the east line of Western Boulevard (variable width right-of-way) as described in instrument recorded under Clerk's File No. 2007-81316, said point being 20.92 feet North 8 degrees, 32 minutes, 55 seconds East from an "RPLS 1640" capped 5/8" iron rod set for the end of a curve in said west line and east right-of-way line;

THENCE North 8 degrees, 32 minutes, 55 seconds East with said west line of Lot 2A and east line of Western Boulevard, 171.99 feet;

THENCE easterly across said Lot 2A, the following courses and distances:

North 84 degrees, 03 minutes, 30 seconds East, 149.69 feet;

North 66 degrees, 20 minutes, 55 seconds East, 442.91 feet; and,

South 88 degrees, 50 minutes, 30 seconds East, at 45.31 feet crossing said east line of rail spur easement and continuing in all 45.85 feet to the PLACE OF BEGINNING, and containing 1.6234 acres.

# Exhibit I-2 Dedication Land

