

ORDINANCE 2015-170

AN ORDINANCE ESTABLISHING AN ECONOMIC DEVELOPMENT PROGRAM GRANT AGREEMENT BETWEEN THE CITY OF DENTON, THE BOARD OF DIRECTORS OF TAX INCREMENT REINVESTMENT ZONE NUMBER TWO OF DENTON, TEXAS, AND DENTON-TARRANT PRW, LLC; AND PROVIDING AN EFFECTIVE DATE (PROJECT RANGER ONE).

WHEREAS, Denton-Tarrant PRW, LLC ("Grantee") has made a request of the City of Denton and Board of Directors of Tax Increment Reinvestment Zone Number Two, City of Denton, Texas to establish an economic development program under Chapter 380 of the Texas Local Government ("Chapter 380") to stimulate the development of commercial property within the City of Denton; and

WHEREAS, the City Council by this ordinance is establishing an economic development program under Chapter 380 which will stimulate business activity in the City and promote the public interest (the "Program");

WHEREAS, to effectuate the Program, the City and Grantee have negotiated an Economic Development Grant Agreement (the "Agreement"), a copy of which is attached hereto and made a part hereof by reference; and

WHEREAS, the City Council finds that the Program and Agreement promote economic development and will stimulate commercial activity within the City of Denton for the benefit of the public; NOW, THEREFORE;

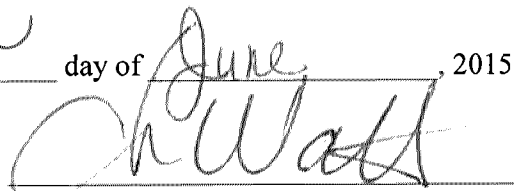
THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The recitals and findings contained in the preamble of this ordinance are incorporated into the body of this ordinance.

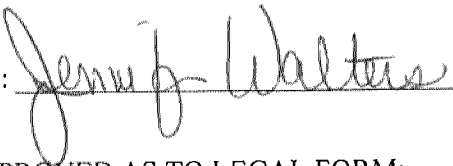
SECTION 2. The City Manager, or his designee, is hereby authorized to execute the Agreement on behalf of the City of Denton and to carry out the City's responsibilities and rights under the Agreement, including without limitation the authorization to make the expenditures set forth in the Agreement.

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

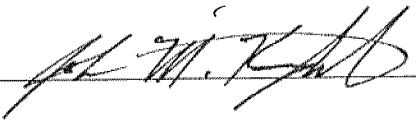
PASSED AND APPROVED this the 16th day of June, 2015.


CHRIS WATTS, MAYOR

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:
ANITA BURGESS, CITY ATTORNEY

BY: _____

**ECONOMIC DEVELOPMENT PROGRAM GRANT AGREEMENT WITH
DENTON-TARRANT PRW, LLC.**

This Economic Development Program Grant Agreement ("Agreement") is made and entered into as of the effective date provided for below, by DENTON-TARRANT PRW, LLC. (the "Grantee"), a Delaware limited liability company, the CITY OF DENTON (the "City"), a Texas municipal corporation, , and the BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER TWO, City of Denton, Texas (the "Board") for the purposes and considerations stated below:

WHEREAS, this Agreement is authorized by and made pursuant to the economic development program provisions of Chapter 380 of the Texas Local Government Code (the "Act") to promote local economic development and to stimulate business and commercial activity in the City of Denton; and

WHEREAS, Grantee is known as a regional retailer of consumer products; and

WHEREAS, Grantee is contemplating a regional, multi-state distribution facility, and the development of that certain real property within the city limits of the City of Denton as more particularly described in Exhibit "A" attached hereto and made a part hereof by reference (the "Property"); and

WHEREAS, the new facility will involve Grantee investing approximately \$130 million in Denton, and is expected to create around one hundred and sixty five full-time jobs, with an average annual payroll of \$7.2 million; and

WHEREAS, on the 12th of March 2015, Grantee submitted an application for economic development incentives to the City concerning the contemplated use and development of the Property, which is on file in the City's Office of Economic Development, a copy of which is attached hereto and made a part hereof by reference as Exhibit "B", and

WHEREAS, on the 8th of April 2015 the Economic Development Partnership Board and the Tax Increment Reinvestment Zone Number Two ("TIRZ 2") Board of Directors considered and recommended a local incentive for Denton-Tarrant PRW, LLC, including the full reimbursement of public infrastructure costs generally described as Phase 1 Improvements (excluding traffic signals) in the TIRZ 2 Project Plan, a copy of which is attached hereto and made a part hereof by reference as Exhibit "C"; and

WHEREAS, the City Council finds that the contemplated use and development of the Property, the proposed improvements provided for herein and the other terms and conditions of this Agreement will promote economic development and will stimulate development activity within the City of Denton for the benefit of the public.

NOW, THEREFORE, the City and Grantee for and in consideration of the Property and the promises contained herein do hereby contract, covenant and agree as follows:

I.
CONDITIONS OF THE GRANT

A. In consideration of a Grant Agreement and subject to the Grantee meeting all the terms and conditions of the Grant as set forth herein, the City hereby grants the following:

A grant (the "Reimbursement Grant") of up to \$1,000,000 in infrastructure financing for water improvements and up to \$865,000 for sewer improvements as defined in Exhibit "D", attached. Thirty (30) days after the City verifies expenditures by Grantee, a Grant payment will be made to Grantee for infrastructure financing for actual Project Costs associated with water and sewer improvements totaling up to \$1,000,000 in water improvements and \$865,000 in sewer improvements consistent with the City's Infrastructure Financing Policy adopted by Resolution 91-008, attached as Exhibit "E".

A grant (the "Sales and Use Tax Grant") equal to 100% of local Sales and Use Tax Receipts collected by the City of Denton on construction materials and furniture, fixtures, and equipment purchased for the development of the Property. The City shall within thirty (30) calendar days after receipt of the actual Sales and Use Tax Receipts for the Sales and Use Tax Receipt Certificate submitted by Grantee, pay the Grant for each applicable calendar month to the Grantee, or as directed by the Grantee.

A grant (the "TIRZ Reimbursement Grant") equal to 100% of the Tax Increment generated by subject Property and paid into the Tax Increment Fund which are attributable to the Tax Increment created by the Subject Tract, defined in Exhibit A, commencing the first year following receipt by Grantee of the certificate of occupancy (the "CO") for the Property, and paid annually until Grantee has received full reimbursement of Project Costs for Public Improvements. The Tax Increment generated by subject Property that is paid into the Tax Increment Fund includes a 40% participation rate by the City of Denton and a 40% participation rate by Denton County, as defined in Ordinance 2012-366 (Exhibit F).

A grant (the "First City Grant") equal to 60% of City ad valorem taxes attributable to Improvements (as the term "Improvements" is defined below) resulting in an increase of assessed value (excluding land value), as determined by the Denton Central Appraisal District, of real property improvements to and tangible personal property (excluding inventory and supplies), commencing the first year following receipt by Grantee of the CO for the Property, and paid annually until Grantee has received full reimbursement of Project Costs for Public Improvements.

A grant (the "Second City Grant") equal to 60% of City ad valorem taxes attributable to Improvements (as the term "Improvements" is defined below) resulting in an increase of

assessed value (excluding land value), as determined by the Denton Central Appraisal District, of real property improvements to and tangible personal property (excluding inventory and supplies), for a period of four years, commencing the first year following full reimbursement of Project Costs for Public Infrastructure. If such increase in investment in Improvements is less than \$50,000,000 excluding purchase price of the property there will be no grant payment after full reimbursement of Project Costs for Public Improvements.

At times the Second City Grant is referred to in this Agreement as the "Incentive Grant". At times, the Sales and Use Tax Grant, First City Grant, Reimbursement Grant, TIRZ Reimbursement Grant, and the Incentive Grant are collectively referred to as the "Grants".

B. A condition of the Incentive Grant is that, by January 1, 2018 (subject to force majeure delays not to exceed 180 days), Grantee shall have made Improvements on or to the Property, which result in an increase in the assessed value of same, as determined by the Denton Central Appraisal District, as contemplated by Section III.A.1, below. For the purposes of this paragraph, the term "force majeure" shall mean any circumstance or any condition beyond the control of Grantee, as set forth in Section XIV "Force Majeure" which makes it impossible to meet the above-mentioned time restraints.

C. The terms "Improvements" or "Contemplated Improvements" are defined as the construction, renovation and equipping of the Property including but not limited to (1) costs related to the development and improvement of the real estate, including, without limitation, construction costs and design and engineering costs; (2) tangible personal property located on or at the Property owned or controlled by Grantee, including but not limited to forklifts, tractors, trailers, yard goats and other such items used in Grantee's distribution fleet activities (but expressly excluding only inventory and supplies). The kind and location of the Contemplated Improvements is more particularly described in the Incentive Application (the "Incentive Application") submitted by Grantee to the City on March 12, 2015.

D. A condition of the Incentive Grant is that the Contemplated Improvements be constructed and the Property be used substantially in accordance with the description of the project set forth in the Incentive Application and within the time frames set forth in this Agreement.

E. A condition of the Incentive Grant is that throughout the term of this Agreement, the Contemplated Improvements shall be operated and maintained for the purposes set forth herein so that the use of the Property shall be consistent with the general purpose of encouraging development or redevelopment of the City except as otherwise authorized or modified by this Agreement.

F. The City shall have the right to terminate the Incentive Grant if the Grantee does not occupy the Contemplated Improvements continuously for the term of this Agreement for the purposes set forth in the Incentive Application. In the event of

such a termination by the City Grantee shall refund to the City such amounts as set forth in Section V, below.

G. The term “Public Improvements” shall mean any improvements included within the Categories of Public Improvements identified in Exhibit “D” attached, and any related improvements required by the City of Denton necessary to issue a certificate of occupancy.

H. The term “Project Costs” as used herein shall mean 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 Denton-Tarrant PRW, LLC pursuant to this Agreement, all costs incurred in connection with obtaining government 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 the cost of any land pertaining to Public Improvements.

I. Grantee agrees to comply with all the terms and conditions set forth in this Agreement.

II. GENERAL PROVISION

In the event of any conflict between the City zoning ordinances, or other City ordinances or regulations, and this Agreement, such ordinances or regulations shall control, provided however the City shall not diminish the benefits to the Grantee under this Agreement through ordinances or regulations (whether now or hereafter in effect).

III. TERMS AND CONDITIONS OF GRANT

A. Subject to the terms and conditions of this Agreement, the City hereby agrees to pay to Grantee:

1. Upon inspection and acceptance of the Public Improvements, and within thirty (30) days after the City verifies the expenditures made by Grantee pertaining to same, a lump sum reimbursement payment for infrastructure financing for actual Project Costs associated with water improvements and sewer improvements totaling up to \$1,000,000 in water improvement, and \$865,000 in sewer improvements, consistent with the City’s Infrastructure Financing Policy adopted by Resolution 91-008, attached as Exhibit “E”;
2. Following issuance of the CO and within thirty (30) days after the City verifies Sales and Use Tax Receipts provided by Grantee, the Sales and Use

Tax Grant, which shall be a lump sum payment totaling 100% of all Sales and Use Tax Receipts collected by the City of Denton for construction materials, furniture, fixtures, and equipment for the development of the Property.

Further, and subject to the terms and conditions of this Agreement, the City hereby agrees to pay to Grantee, on an annual basis, after the first assessment following receipt by Grantee of the CO for the Property, the following annual payments (the "Annual Payments"):

3. An amount equal to 60% of the difference between: (a) the then current City ad valorem taxes for the Property and Improvements, minus, (b) City ad valorem taxes payable for the Property and Improvements as of January 1, 2015, in annual installments until Grantee has been fully reimbursed for all Project Costs for Public Infrastructure; and then
4. An amount equal to 60% of the difference between: (a) the then current City ad valorem taxes for the Property and Improvements, minus, (b) City ad valorem taxes payable for the Property and Improvements as of January 1, 2015, for a period of four years commencing the first year after Grantee has been fully reimbursed for all Project Costs for Public Infrastructure (the "A.4. Payments").

B. Grantee shall have the right to protest and contest any or all appraisals or assessments by the Denton County Appraisal District for the Property, the Improvements or any other tangible personal property owned or controlled by Grantee and located on the Property. All calculations in this Agreement shall be based upon final assessed values after any such protest or contest.

C. The A.4. Payments shall be for a term not to exceed four (4) years after full reimbursement of Project Costs for Public Infrastructure, with the first payment being due and payable on or before 60 days after the City is in receipt of all City ad valorem taxes due and payable for the Property and Improvements as of January 1st of the year following the calendar year in which Grantee has been fully reimbursed for all Project Costs for Public Infrastructure and, unless sooner terminated as herein provided, shall end after the fourth A.4. Payment has been made to Grantee.

IV. RECORDS, AUDITS, AND EVALUATION OF PROJECT

Grantee shall provide access and authorize inspection of the Property by authorized City employees and allow sufficient inspection of financial information to insure that the Improvements are made according to the specifications and conditions of this Agreement. Such inspections shall be done in a way that will not interfere with Grantee's business operations. The City shall, on an annual basis, evaluate the Project to ensure compliance with this Agreement. Grantee shall provide information to the City on a form provided by the City for the evaluation. The information shall include, without

limitation, an inventory listing the kind, number, and location of and the total investment value of all Improvements to the Property, including those Improvements installed, renovated, repaired or located on the Property.

V.

FAILURE TO MEET CONDITIONS

In the event (i) Grantee or the Owner of the Property allow their ad valorem real property taxes owed to the City with respect to the Property, or ad valorem taxes owed to the City with respect to any tangible personal property owned or controlled by the Grantee and which is located on the Property to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem real property or tangible personal property taxes; or, (ii) any other material conditions of this Agreement are not substantially met by Grantee, then a "Condition Failure" shall be deemed to have occurred. It is understood that a Condition Failure shall not be deemed to occur merely because at a particular time it cannot be determined whether such condition has been or will be met, but shall occur only if at a particular time it can be determined that such condition will not be met after notice and reasonable opportunity for Grantee to cure such failure. In the event that a Condition Failure occurs, the City shall give Grantee written notice of such Condition Failure and if the Condition Failure has not been cured or satisfied within ninety (90) days of said written notice, this Agreement may be terminated by the City; provided, however, that if such Condition Failure is not reasonably susceptible of cure or satisfaction within such ninety (90) day period and Grantee has commenced and is pursuing the cure or satisfaction of same, then after first advising the City of efforts to cure or satisfy same, Grantee may utilize such additional time as may be reasonably required to cure such Condition Failure, but not more than one hundred eighty (180) days, provided, however that the City may, in its discretion, authorize additional time in order to facilitate a cure of such Condition Failure. If a Condition Failure is not cured or satisfied after the expiration of the applicable notice and cure or satisfaction periods ("Condition Failure Default"), the City may, as the City's sole and exclusive remedies, (a) terminate any Annual Payment(s) due pursuant to Section A, 4. (an "A.4. Payment"), above, but not yet made, and (b) require that Grantee repay to the City an amount equal to: (ww) if such termination occurs in the first year after an A.4. Payment has been made, fifty percent (50%) of such payment; (xx) if such termination occurs in the second year after an A.4. Payment has been made, forty percent (40%) of the aggregate amount of A.4. Payments made; (yy) if such termination occurs in the third year after an A.4. Payment has been made, thirty (30%) of the aggregate amount of A.4. Payments made; or (zz) if such termination occurs in the fourth year after an A.4. Payment has been made, twenty percent (20%) of the aggregate amount of A.4. Payments made to Grantee. Notwithstanding the foregoing, in no event shall Grantee be required to repay all or any portion of any payments made to Grantee pursuant to Section III A.1, Section III A.2, or Section III A.3., above.

VI.
ASSIGNMENT

Without the prior consent of the City, this Agreement and Grantee's rights and obligations hereunder may only be assigned to an affiliate of Grantee, and such assignment shall only be effective upon delivery of written notice of same to the City. Upon any assignment permitted in accordance with the terms of this Section VI, the assignee will be deemed the "Grantee" hereunder, such that any reference in this Agreement to "Grantee" or to "Denton-Tarrant PRW, LLC" shall be deemed to refer to such assignee. In the event that Grantee ceases to operate on the Property, this Agreement shall terminate and all obligations of the City, as set forth herein, shall terminate and be of no further force and effect.

VII.
NOTICE

All notices called for or required by this Agreement shall be addressed to the following, or such other party or address as either party designated in writing, by certified mail postage prepaid or by hand delivery:

COMPANY:
Denton-Tarrant PRW, LLC
Attn: Scott Kupperman
262 Market Square, Suite A
Lake Forest, IL 60045

CITY:
City Manager
City of Denton
215 E. McKinney
Denton, Texas 76201

BOARD:
Board of Directors of Reinvestment Zone Number Two
c/o City of Denton
215 E. McKinney Street
Denton, Texas 76201

VIII.
CITY COUNCIL AUTHORIZATION

This Agreement is authorized by the City Council at its meeting on the _____ day of _____, 2015, authorizing the City Manager to execute this Agreement on behalf of the City.

IX.
INTENTIONALLY OMITTED

X.
SEVERABILITY

In the event any section, subsection, paragraph, sentence, or phrase is held invalid, illegal or unconstitutional, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid, illegal or unconstitutional provision.

XI.
ESTOPPEL CERTIFICATE

Any party hereto may request an estoppel certificate from another party hereto so long as the certificate is requested in connection with a bona fide business purpose. The certificate, which if requested will be addressed to Denton-Tarrant PRW, LLC shall include, but not necessarily be limited to, statements that this Agreement is in full force and effect without default (or if default exists the nature of default and curative action, which should be undertaken to cure same), the remaining Term of this Agreement, the levels and remaining Term of the Annual Payments in effect, and such other matters reasonably requested by the party(ies) to receive the certificates.

XII.
DENTON-TARRANT PRW, LLC STANDING

Grantee, as a party to this Agreement, shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the underlying ordinances, resolutions, or City Council actions authorizing same and Grantee shall be entitled to intervene in said litigation.

XIII.
APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be the appropriate court serving Denton County, Texas. This Agreement is fully performable in Denton County, Texas.

XIV.
FORCE MAJEURE

If, because of flood, fire, explosions, civil disturbances, strikes, war, acts of God, or other causes beyond the control of either Party, either Party is not able to perform any or all of its obligations under this Agreement, then the respective Party's obligations hereunder shall be suspended during such period but for no longer than such period of time when the party is unable to perform.

XV.
AMENDMENT

This Agreement is the entire agreement of the parties and may only be modified by a written instrument executed by both parties.

XVI.
EFFECTIVE DATE

This Agreement is effective as of the 16 day of June, 2015.

CITY OF DENTON, TEXAS

BY: 
GEORGE C. CAMPBELL
CITY MANAGER

BOARD OF DIRECTORS
REINVESTMENT ZONE NUMBER TWO

BY: 
CLEVE BREEDLOVE
BOARD CHAIR

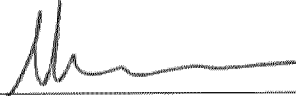
ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: 

APPROVED AS TO FORM:
ANITA BURGESS, CITY ATTORNEY

BY: 

DENTON-TARRANT PRW, LLC

BY: 
Scott Kupperman

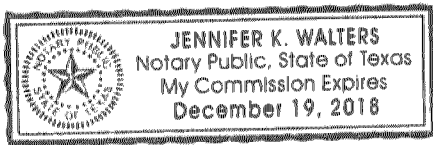
ITS: Manager
Manager

ACKNOWLEDGMENTS

STATE OF TEXAS }

COUNTY OF DENTON }

The foregoing Economic Development Program Agreement was executed before me on the 16th day of June, 2015 by George C. Campbell, City Manager of the City of Denton, Texas, a Texas municipal corporation, on behalf of said municipal corporation.

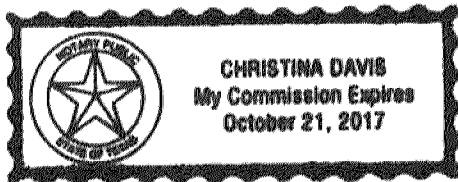


Jennifer K. Walters
Name:
Notary Public in and for the
State of Texas

STATE OF TEXAS }

COUNTY OF DENTON }

The foregoing Economic Development Program Agreement was executed before me on the 16th day of June, 2015 by Cleve Breedlove, Board Chair of the Tax Increment Reinvestment Zone Number Two Board of Directors of the City of Denton, Texas, on behalf of said board.

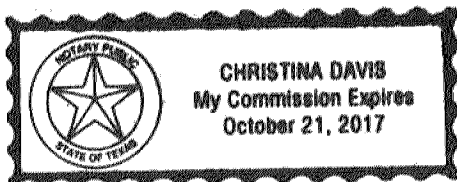


Christina Davis
Name:
Notary Public in and for the
State of Texas

STATE OF TEXAS }

COUNTY OF DENTON }

The foregoing Economic Development Program Agreement was executed before me on the 16th day of June, 2015 by Scott Kuppam on behalf of said corporation.



Christina Davis
Name:
Notary Public in and for the
State of Texas

Being a tract of land situated in the J. Scott Survey, Abstract No. 1222, and in the Jacob Bacon Survey, Abstract No. 1541, and also in the J. Perry Survey, Abstract No. 1040, in the City of Denton, Denton County, Texas, and also being a part of Lot 1, Block B, of the CONVEYANCE PLAT WEST PARK ADDITION, an addition to the City of Denton, as recorded under Document No. 2013-0318, of the Official Records, Denton County, Texas (O.R.D.C.T.), and also being a part of Section 1, Tract Seven, as described by deed to Rayzor Investments, Ltd., as recorded in Volume 1796, Page 601, of the Deed Records, Denton County, Texas (D.R.D.C.T.), and also being a portion of that tract of land described by deed to Westpark Group, L.P., as recorded under Instrument No. 2006-40956, O.R.D.C.T., said tract being more particularly described as follows:

COMMENCING at a 5/8" iron rod with a plastic cap stamped "RPLS 1640" found for the southwesterly corner of said Lot 1, same being in the northwesterly monumented line of Western Boulevard (Variable Width Right-of-Way) (Inst. No. 2007-81316);

THENCE North 00°07'00" East, along the westerly line of said Lot 1, same being over and across said Westpark Group, L.P. tract, a distance of 643.18' to a 1/2" iron rod with a yellow plastic cap stamped "RPLS 5686" set (herein after referred to as a capped iron rod set) in the southerly line of the herein described property;

THENCE South 90°00'00" East, along the southerly line of the herein described property, and over and across said Lot 1 and Westpark Group, L.P. tract, a distance of 104.15' to a capped iron rod set at the POINT OF BEGINNING of the herein described property, said capped iron rod set being in the westerly monumented line of said Western Boulevard;

THENCE North 90°00'00" West, over and across said Lot 1, Westpark Group, L.P. and Tract Seven, a distance of 2012.18' to a capped iron rod set for the southwesterly corner of the herein described property, same being in the easterly line of a tract of land described by deed to Ed Wolski, Trustee and Virginia Fryman, as recorded in Volume 2895, Page 470, D.R.D.C.T.;

THENCE North 00°20'22" East, along said easterly line of the Wolski/Fryman tract, a distance of 1693.45' to a capped iron rod set at the northwesterly corner of the herein described property;

THENCE North 90°00'00" East, over and across said Tract Seven, a distance of 1758.98' to a capped iron rod set in the southwesterly monumented line of said Western Boulevard;

THENCE in a southeasterly and southerly direction along said Western Boulevard, the following courses and distances:

South 27°54'04" East, a distance of 98.46' to a 1/2" iron rod found;

Exhibit A
Legal Description and/or Depiction
Subject Tract

South 22°11'25" East, a distance of 50.25' to a 1/2" iron rod with a yellow plastic cap stamped "ARTHUR SURVEYING" found (herein after referred to as a capped iron rod set);

South 27°54'04" East, a distance of 159.75' to a capped iron rod found at the beginning of a curve to the right, having a radius of 1127.50', a central angle of 09°05'03", and a chord which bears, South 23°21'32" East, a chord distance of 178.58';

Thence along said curve to the right, in a southeasterly direction, passing a capped iron rod set for the most northerly corner of said Lot 1 at an arc length of 4.48' and continuing along said curve to the right, a total arc length of 178.76' to a 1/2" iron rod found;

South 23°41'05" East, a distance of 47.34' to a capped iron rod found at the beginning of a curve to the right, having a radius of 1132.50', a central angle of 12°11'49", and a chord which bears, South 10°19'54" East, a chord distance of 240.63';

Thence along said curve to the right, in a southeasterly direction, an arc length of 241.08' to a 1/2" iron rod found for corner;

South 01°09'10" West, a distance of 288.05' to a 1/2" iron rod found for corner;

South 04°33'28" East, a distance of 50.25' to a 1/2" iron rod found for corner;

South 01°09'10" West, a distance of 450.00' to a capped iron rod found for corner;

South 06°51'48" West, a distance of 150.75' to a 1/2" iron rod found for corner;

South 01°09'10" West, a distance of 37.02' to the POINT OF BEGINNING and containing 77.212 acres of land, more or less.

CITY OF DENTON TAX ABATEMENT AND INCENTIVE POLICY

I. GENERAL PURPOSE AND OBJECTIVES

The City of Denton (City) is committed to the promotion of high quality development in all parts of the city and to an ongoing improvement in the quality of life for its citizens. Insofar as these objectives are generally served by the enhancement and expansion of the local economy, the City will, on a case-by-case basis, give consideration to providing tax abatement or other incentive as a stimulus for economic development in Denton. It is the policy of the City that said consideration will be provided in accordance with the procedures and criteria outlined in this document. Nothing herein shall imply or suggest that the City is under any obligation to provide an incentive to any applicant.

All applicants shall be considered on a case-by-case basis. Incentives will not be considered if construction of a project already has begun.

Tax abatements, as described in this Policy, will be available for businesses wanting to locate, expand or modernize, existing or new facilities and structures, including, without limitation, basic industries, corporate office headquarters or distribution centers, except as this Policy may be limited for property described in Section 312.211(a) of the Texas Property Tax Code (Vernons Texas Civil Statutes Annotated, hereinafter referred to as "Tax Code.")

In addition to tax abatements, the City may provide alternative or additional incentives to businesses utilizing its authority under Chapter 380 of the Texas Local Government Code (hereinafter referred to as "Chapter 380.") Chapter 380 of the Texas Local Government Code states that a municipality may establish and provide for the administration of one or more programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality.

The City of Denton will consider, on a case-by-case basis, the use of grants and loans as incentives to accomplish one or more of the following economic development objectives:

- Development and diversification of the economy
- Elimination of unemployment or underemployment
- Expansion of transportation or commerce
- Attraction of major investment
- Expansion of primary employment
- Stimulation of agricultural innovation

The City of Denton may establish targeted incentive programs to accomplish one or more of the above objectives. Such programs could include, but are not limited to:

- Targeted industry cluster or supply chain recruitment initiatives
- Capital grants or loans for start-up and small businesses to promote entrepreneurship
- Special incentive programs within certain boundaries of the City in order to promote infill redevelopment and attract businesses that meet pre-determined desirable criteria
- Grants to offset costs associated with public infrastructure improvements and/or impact fees
- Cash incentives to gain a competitive position when in direct competition for a project

II. ECONOMIC DEVELOPMENT PARTNERSHIP BOARD

Requests for tax abatement or other incentives shall be reviewed by the Economic Development Partnership (EDP) board, on a case-by-case basis unless otherwise directed by City Council, the EDP board being comprised of two City Council members, two Chamber of Commerce board members, two representatives from the top twenty taxpayers, one representative from the University of North Texas, one member with aviation experience, and one member at-large.

The EDP board serves as a recommending body to the City Council regarding whether economic development incentives should be offered in each individual case. Its recommendation shall be based upon an evaluation of information submitted in the incentive application and any additional information requested by the EDP board or presented to the EDP board. The Incentive Application shall be substantially in the form of Exhibit A of this Policy. All meetings of the EDP board shall be held in compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code.

III. VALUE OF INCENTIVES

The criteria outlined in the Application will be used by the EDP board in determining whether or not it is in the best interests of the City to recommend that incentives be offered to a particular project. Specific considerations will include the degree to which the individual project furthers the goals and objectives of the community as described in the Denton Comprehensive Plan, as well as the relative impact on growth, employment, expansion of the tax base, economic development and human health and the environment.

Tax Abatements

New, expanding and modernizing businesses may be considered for a tax abatement if the minimum threshold, as described in Table 1 below, is met. Once a determination has been made that a project is eligible for a tax abatement, the following table will serve as a basis for determining amount and term of abatement:

TABLE 1: Establishes a framework for considering the length and percentage of abatement according to assessed property value of improvements and of tangible personal property located on the real property.

VALUE OF STRUCTURE AND PERSONAL PROPERTY IN MILLION DOLLARS	YEARS OF ABATEMENT	PERCENTAGE OF ABATEMENT
100	10	25%
80	9	25%
65	8	25%
50	7	25%
35	6	25%
20	5	25%
15	4	25%
10	3	25%
5	2	25%

To qualify, companies must meet the minimum threshold of the Policy in the first 24 months from the execution of the agreement or as specified in the tax abatement agreement.

If upon initial application a project qualifies for tax abatement under the guidelines set forth in this Policy, the City may consider granting an additional 5% abatement for each one of the following factors provided, however, that the total tax abatement does not exceed 50% annually or continue for a period of more than ten years. No applicant may receive credit for more than five of the following factors:

- The project will occupy a building that has been vacant for at least two years;
- The project will create high-skilled, high-paying jobs as documented by the applicant; (A breakdown of number of jobs per job classification and entry level wage per classification will be used to determine eligibility);
- The project will involve a significant relationship with one of the two universities in Denton;
- At least 25% of the new jobs created by the project will be filled by Denton residents;
- A minimum of 25% of local contractors and local subcontractors will be utilized during construction of the project;
- The project will provide knowledge-based jobs (at least 25 percent of jobs require college bachelors degree at entry level);
- The project will donate significant public art to the community. (To qualify, donation must be approved by Greater Denton Arts Council and City Council);
- The project will donate significant materials/equipment to the public schools (to qualify, donation must be approved by DISD and City Council);
- The project will create improvements to the Denton Downtown Implementation Plan area;
- The project will result in the formation of a business park;
- The project is an international or national headquarters facility.
- The project is a medical manufacturing or research facility.
- The project incorporates significant environmentally sustainable practices that includes: Leadership in Energy and Environmental Design (LEED) certification, recycling initiatives, the manufacture of sustainable materials or products that support sustainable industries, or the incorporation of clean technology.

- Renewable Energy will be generated, stored or utilized for the project on an ongoing basis;
- The applicant is committed to actively supporting the Denton Community.

The total tax abatement may not exceed 50% annually for ten years. All abatements are subject to final approval of the City Council. **Even though a project may meet the criteria as set forth in this Policy, an application may be denied at the discretion of the City.** Tax abatement shall not apply to any portion of the land value of the project. The thresholds as described in Table 1 are considered guidelines for establishing the Tax Abatement Agreement terms. However, the City may determine that a lower or higher percentage and/or a shorter or longer term of abatement may be more appropriate for an individual project. If the abatement is approved, the City may consider applying all or a portion of the abatement in the first year or during any shorter period within the term of the tax abatement agreement. For example, an approved abatement of 25 percent for four years may be applied as 100 percent abatement for one year.

When the City of Denton determines that incentives are required to retain existing businesses, which propose to improve or redevelop property within the City limits, the Denton City Council may consider these “special projects” on a case-by-case basis and reserve the right to waive the minimum threshold and/or exceed fifty percent (50%) in tax abatement. The City of Denton may also take into consideration as “special projects” the expansion/redevelopment of existing businesses that create new or additional professional jobs. New or existing businesses that incorporate environmentally sustainable practices or have a renewable energy component may also be considered “special projects.” Abatement hereunder will only apply to the increased valuation of the improvements over the appraised value of the property prior to such improvements as same is established by the Denton Central Appraisal District the year in which the tax abatement agreement is executed. The City may also consider other tax incentives authorized by law.

Chapter 380 Incentives

At times when alternative incentives may be preferable to a tax abatement, the City Council has the authority under Chapter 380 to create a custom incentive in order to accomplish specific economic development goals. Chapter 380 incentives will be considered on a case-by-case basis, and may be considered for one or more of the following criteria:

- A certain number of net new jobs with wages above Denton’s median household income
- The relocation of a company that promotes the growth of targeted industry clusters such as high-tech companies, aviation/aerospace industry, or supply chain clusters that support Denton’s existing primary employers
- Incentives for businesses that cause infill redevelopment or other desirable development objectives
- Any other activity which the City Council determines meets a specific public purpose for economic development

Definitions:

Local contractors and local sub-contractors refers to vendors that have their “principal office or place of business,” as reported to the Texas Secretary of State Office, located within Denton City Limits or

Extraterritorial Jurisdiction (ETJ). The minimum requirement of 25%, to be eligible under this consideration, will be based on the estimated construction valuation of the project.

Knowledge-based jobs are defined as occupations which:

- Require specialized and theoretical knowledge, usually acquired through a college education or through work experience or other training which provides comparable knowledge;
- Require some research, analysis, report writing and presentations;
- Require special licensing, certification, or registration to perform the job task;

A **Business Park** is defined as a multi-building, multi-tenant, master planned complex of approximately one million square feet or more under roof, constructed to house manufacturing, distribution, assembly, and office facilities.

Leadership in Energy and Environmental Design (LEED) certification is a voluntary internationally recognized green building certification system, with verification by a third-party that a building or community was designed and built using strategies aimed at improving performance across the following metrics:

- energy savings
- water efficiency
- CO₂ emissions reduction
- improved indoor environmental quality
- stewardship of resources.

The certification levels consist of the following: Basic, Silver, Gold and Platinum and are weighted on a 100 point system. The LEED system measures: innovation in design; sustainable sites; water efficiency; energy and atmosphere; materials and resources; indoor environmental quality; and locations and linkages.

The manufacture of sustainable materials or products may include but is not limited to: biobased, recyclable and reclaimed goods. Denton is located in an air quality nonattainment region designated by the Environmental Protection Agency for air pollution levels that continually exceed national standards. Products and equipment that support sustainable industries or clean technologies that reduce environmental pollution are encouraged and may qualify for consideration under this section. Community support and involvement may include but is not limited to monetary or active investment in local non profits, public institutions or community organizations. Membership and participation in a Denton chamber of commerce is an example that may qualify under this consideration. The EDP board will consider criteria proposed by the applicant, review and make a recommendation on the eligibility of the applicant's community support and recommend whether an additional five percent should be added to the overall incentive percentage.

When the City determines that abandoned property may require additional incentives to promote economic development that generally satisfies the requirements of this Policy, the City may waive the minimum threshold and/or exceed fifty percent (50%) in tax abatement, or consider other tax incentives for special projects to redevelop abandoned buildings consistent with existing law. For the purpose of this Policy, an abandoned building is defined as a building that has been identified as being suitable for commercial or industrial development, has been vacant for a minimum of five-years or has substantially declined in appraised value. Abatement would only be considered on the increased valuation of the improvements in each year covered by the tax abatement agreement over the value of the property for

the year in which the tax abatement agreement is executed. The City may also consider other tax incentives authorized by law.

Preliminary Application

IV. PROCEDURAL GUIDELINES

Any person, organization or corporation desiring that the City consider providing incentives to encourage location or expansion of facilities within the limits of the jurisdictions shall be required to comply with the following procedural guidelines. **Nothing within these guidelines shall imply or suggest that the City is under any obligation to provide an incentive to any applicant.**

- A. Applicant shall complete the attached "Incentive Application."
- B. Applicant shall prepare a map or other documents providing the following:
 - precise location of the property and all roadways within 500 feet of the site
 - existing uses and conditions of real property
 - proposed improvements and uses
 - any proposed changes in zoning
 - compatibility with the Denton Comprehensive Plan and applicable building codes and City ordinances.
 - A complete legal description.
- C. Applicant shall complete all forms and information detailed in the Application and submit all information to the City Manager (or his/her designee), City of Denton, 215 E. McKinney, Denton, TX 76201.
- D. All information in the application package detailed above will be reviewed for completeness and accuracy. Additional information may be requested as needed.
- E. The application will be distributed to the appropriate City departments for internal review and comments. Additional information may be requested as needed.
- F. Copies of the complete application package and staff comments will be provided to the EDP board.
- G. Fiscal agents of the City will review the application for comments and recommendation. Additional information may be requested as needed.

Consideration of the Application

- H. The EDP board will consider the application at a regular or special-called meeting(s). Additional information may be requested as needed.

- I. The recommendation of the EDP board will be forwarded, with all relevant materials, to the City Council.
- J. If the City Council decides to grant a tax abatement, it shall call a public hearing to consider establishment of a tax reinvestment zone in accordance with Section 312.201 of the Tax Code. The reinvestment zone must meet one or more of the criteria of Section 312.202 of the Tax Code.
- K. The City Council may consider adoption of an ordinance designating the area described in the legal description of the proposed project as a commercial/industrial tax abatement zone.
- L. The City Council may consider adoption of an ordinance or resolution approving the terms and conditions of a contract between the City and the applicant governing the provision of the tax abatement or incentive and the commitments of the applicant, including all the terms required by Section 312.205 of the Tax Code and such other terms and conditions as the City Council may require. Should the commitments subsequently not be satisfied, the tax abatement or other incentive shall be null and void (unless the tax abatement agreement provides for a recapture of the property tax revenue lost proportionate to a partial failure to meet the minimum thresholds set forth in the agreement) and all abated taxes or other incentive shall be paid immediately to the City of Denton. Provisions to this effect shall be incorporated into the agreement.
- N. The City reserves the authority to enter into tax abatement agreements at differing percentages and/or terms as set forth in the guidelines of this Policy, consistent with the requirements of the Tax Code. The City also reserves the authority to enter into incentive agreements under Chapter 380 of the Texas Local Government Code.

Any incentive agreement will address various issues, including but not limited to, the following:

- 1. General description of the project
- 2. Amount of the tax abatement and percent of value to be abated each year
- 3. Method of calculating the value of the abatement
- 4. Duration of the abatement, including commencement date and termination date
- 5. Legal description of the property
- 6. Kind, number, location and timetable of planned improvements
- 7. Specific terms and conditions to be met by applicant
- 8. The proposed use of the facility and nature of construction
- 9. Contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, any decrease in valuation, administration and assignment

Annual Evaluation

Upon completion of construction and/or other threshold criteria, the City Council shall receive from the City Manager (or his/her designee) an annual evaluation of each incentive to insure compliance with the agreement and to report possible violations of the agreement to the appropriate taxing entities. After new tax base numbers are received in July of each year, the City Manager and his staff will have ninety (90) days to review and prepare a breakdown of those figures.

Local Businesses and Historically Underutilized Businesses

Businesses receiving an incentive are asked to use diligent efforts to purchase all goods and services from Denton businesses whenever such goods and services are comparable in availability, quality and price.

The City of Denton also encourages the use, if applicable, of qualified contractors, subcontractors and suppliers who are historically underutilized businesses based on information provided by the General Services Commission pursuant to Chapter 2161 of the Government Code. In the selection of subcontractors, suppliers or other persons or organizations proposed for work on this Agreement, the OWNERS agree to consider this Policy and to use their reasonable and best efforts to select and employ such companies and persons for work on this Agreement.

Job Recruiting from Low-Moderate Income Census Tracts

Businesses receiving incentives are asked to endeavor to make available, or endeavor to cause lessees or assignees to make available, full-time or part-time employment with on-the-job training for Denton citizens. In this effort, the business, lessee or assignee is encouraged to recruit from the low-moderate income Census tracts as further defined by the U.S. Department of Housing and Urban Development's (HUD) Qualified Census Tracts (QCT) map shown in Figure 1. HUD defines QCTs as "census tracts in which one-half or more of the households have incomes below 60 percent of the area median income or the poverty rate is 25 percent of [or] higher.

FIGURE 1: DENTON, TEXAS
2010-2011 Qualified Census Tracts

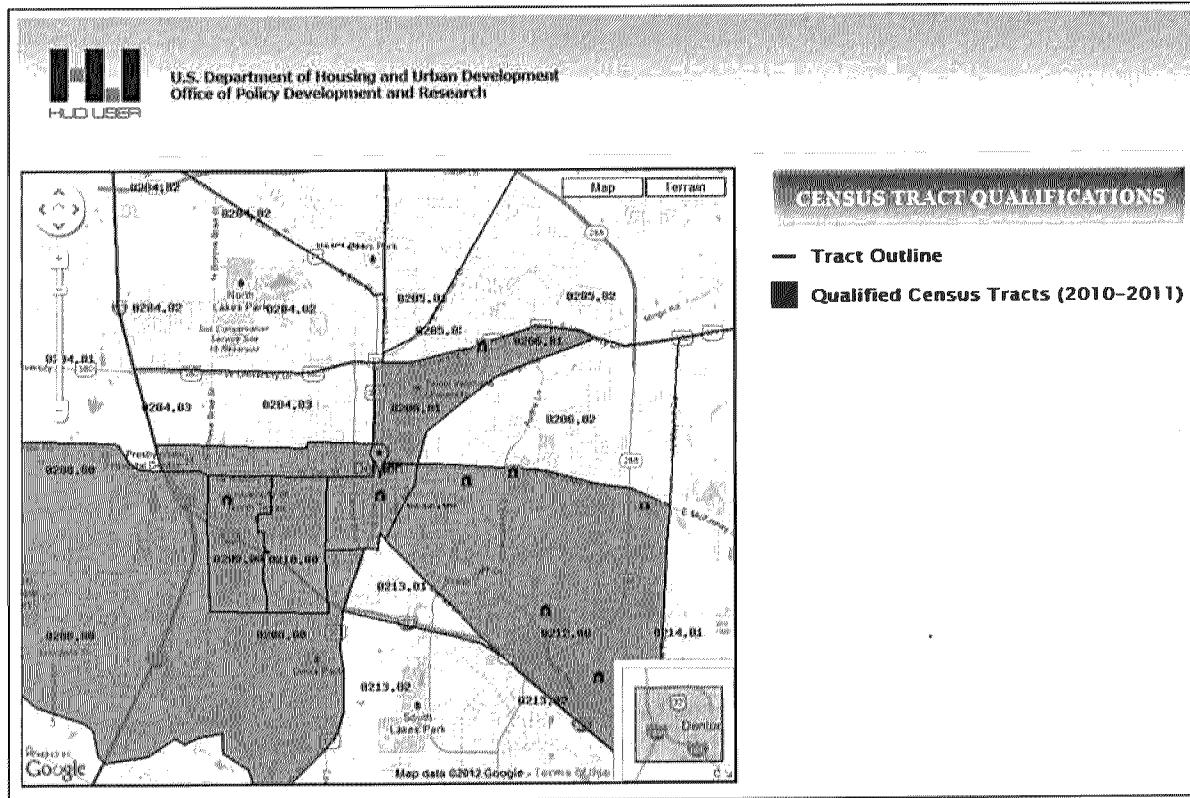


EXHIBIT A

The City of Denton Incentive Application

About the Application...

The Incentive Application provides the City with specific information on the project. The information requested in the Application is designed to address the criteria developed within the City of Denton's Incentive Policy. The information serves as the basis for fiscal analysis and overall project evaluation. This evaluation is provided to the Economic Development Partnership (EDP) board and Council Members and serves as a source document during EDP board and City Council deliberations.

The Application and the Agreement...

Specific information from the Application (such as value of new investment and employment commitments) is incorporated into the Incentive Agreement. In fact, the Application is an attachment to the Agreement. Since the Agreement is a binding contract, it is important that each question on the application be answered in full and as realistically as possible. Simply put, the application is part of the process from start to finish so you'll want to make sure you're comfortable with the contents.

When Is The Application Final?

The answer to this question is very simple: When you tell us, "It's final." It is not uncommon for a business entity to submit numerous Applications as drafts for informational and evaluative purposes only. As conversations continue, the business entity will submit a finalized version of the Application that includes all of the commitments agreed to during the discussions.

What about Confidentiality?

Section 312.003 of the Texas Tax Code makes confidential information provided to the City as a part of this application that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property. This information is not subject to public disclosure until the incentive agreement is executed. Section 522.131 of the Texas Government Code (Texas Public Information Act) makes confidential information which relates to economic development negotiations between the City and a business prospect that the City seeks to have locate, stay or expand in or near the territory of the City. The information must relate to a trade secret of the business prospect, commercial or financial information which the business prospect can demonstrate based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained or information about a financial or other incentive being offered to the business prospect by the City or by another person. Information about a financial or other incentive being offered to the business prospect is required to be disclosed when an agreement is made with a business prospect. The City is subject to disclosing most records and documents upon request under the Public Information Act. **Accordingly, please clearly indicate and mark any information you consider proprietary.**

This would include anything in your application which you consider a trade secret, commercial or financial information which you can demonstrate by specific factual evidence that would cause substantial competitive harm if disclosed, information which describes the specific processes or business activities to be conducted or the equipment or other property for which the incentive is sought, any financial or other incentive you may be seeking from the City or any other information you deem to be confidential under the law.

Who is Authorized To Sign the Application?

Because the Application itself is non-binding, the person signing need not be the property owner or even an individual duly authorized to sign on behalf of the property owner. However, if an Agreement is reached, the Application will be an attachment to the Agreement and its contents will be binding through the authorized signature required on the Agreement.

EXHIBIT A



City of Denton Incentive Application

City of Denton
Department of Economic Development
Denton, Texas 76201
(940) 349-7776
(940) 349-8596 FAX
www.cityofdenton.com
Aimee.Bissett@cityofdenton.com

**INCENTIVE APPLICATION
CITY OF DENTON, TEXAS**1. **Property Owner – Current**

Owner is Rayzor Investments,
LTD

Company or Project Name –

Project Ranger (Denton-Tarrant
PRW, LLC)

Mailing Address – 262 Market

Square – Suite A

Lake Forest, IL

Telephone – 224-544-5540

Fax No.

Website

Contact Name – Scott

Kupperman

Title - Manager

Mailing Address – same as
above

Telephone

Fax No.

Email Address scott@kuppermanls.com

2. **Provide a chronology of plant openings, closing and relocations over the past 15 years.**3. **Provide a record of mergers and financial restructuring during the past 15 years.**4. **Will the occupants of the project be owner or lessee? If lessee, are occupancy commitments already existing?**

Occupant will be the owner

5. Is the project a relocation of existing facility or a new facility to expand operations? If relocation, give current location. Proposed facility will constitute expanded operations.

6. If an existing Denton business, will project result in abandonment of existing facility? If so, the value of the existing facility will be subtracted from the value of the new facility to arrive at total project value.

7. Property Description.

- Attach a copy of the legal description detailing property's metes and bounds.
- Attach map of project including all roadways, land use and zoning within 500 feet of site.

8. Current Value. Attach copy of latest property tax statement from the Denton County Central Appraisal District Include both real (land and improvements) and personal property).

9. Increased Value/Estimated Total Cost of Project.

Structures	\$83,000,000	Site Development	\$13,000,000
Personal Property	\$20,000,000	Other Improvements	\$21,000,000

10. Indicate percent of tax abatement and number of years requested.

Percent Requested – 100%	Years Requested - 10
--------------------------	----------------------

List any other financial incentives this project will request/receive

Estimated Freeport Exemption	\$
Estimated Electric Utility Industrial Development Rider	\$ Maximum subject to negotiation.
Estimated Water/Wastewater Infrastructure Assistance	\$

Chapter 380 Incentive – Subject to negotiation; must include reimbursement of public infrastructure improvements performed and funded by applicant.

11. Give a brief description of the activities to be performed at this location, including a description of products to be produced and/or services to be provided. – Regional, Multi-state Distribution facility of consumer products.

12. Describe any off-site infrastructure requirements:

- **Water** – 10,682' of extension of 16" ductile iron pipe from Airport Rd to US 380, within existing public right-of-way for Western Blvd.
- **Wastewater** – Sanitary line extension of approximately 1,500' of 8" PVC and approximately 4,900' of 15" PVC pipe, all within existing public right-of-way for Western Blvd.
- **Streets** - Two additional lanes added to the western side of the existing pavement for Western Blvd, from Airport Rd to Jim Christal Rd, consisting of approximately 6,400 lf of 16' and 12' lanes, all within existing public right-of-way for Western Blvd.
- **Drainage** – Approximately 13 drainage inlets of reinforced concrete pipe ranging in size from 18" to 27", all within existing public right-of-way for Western Blvd.
- **Other** – 1) Landscaping in connection with City standards, within Western Blvd R/W. 2) Street & directional signage, within Western Blvd R/W. 3) If necessary, up to 3 traffic signals at 3 local intersections. 4) Possible extension of high pressure gas line.

13. Project Operation Phase. Provide employment information for the number of years incentive is requested.

Employment Information	Existing Operation (if applicable)	At Project Start Date (mo/yr) ____ Fall / ____ 2016 ____	At Term of Incentive
A. Total number of permanent, full-time jobs	N/A	165	tbd
B. Employees transferred from outside Denton			
C. Net permanent full-time jobs (A. minus B.)			

E. Total annual payroll for all permanent, full-time jobs (A)		\$7.2M initial estimate	
--	--	-------------------------	--

F. Types of jobs created. List the job titles and number of positions in each category that will be employed at the facility. Provide average wage for each category. -- will be provided asap.

G. Indicate the number of shifts the project will operate

H. Estimate annual utility usage for project:			
Electric	19,200,000 kWh / year	Water	45,000 gallons/day
Wastewater	12,000 gallons/day	Gas	7,500 Cubic Feet/Hour

14. Describe any other direct benefits to the City of Denton as a result of this project (e.g., sales tax revenue or project elements identified in Tax Abatement Policy, Section III).

15. Is property zoned appropriately? Yes No
- Current zoning. Industrial Center –
General (IC-G)
- Zoning required for proposed project. Underlying zoning allows for intended use
- Anticipated variances. None
- Anticipated

16. Is property platted? Yes No
- Will replatting be necessary Yes No

17. Discuss any environmental impacts created by the project.

A. List any permits for which applicant must apply. Applicant will be required to provide City with copies of all applications for environmental permits upon completion of application(s).

Preliminary Plat & Final Plat Approval.

B. Provide record of compliance to all environmental regulations for the past five years.

18. Provide specific detail of any businesses/residents that will be displaced and assistance that will be available from the requesting company.

19. Provide description of any historically significant area included within the project's area as determined by the Historic preservation Officer. If any, give detail of how the historically significant area will be preserved.

20. Justification for Incentive Request: Substantiate and more fully describe the justification for this request. Include the amount of the incentive requested and show how it will contribute to the financial viability of the project. Submit attachments if necessary.

21. List additional abatement factors to be considered for this project as outlined on pages 3 and 4 of the Incentive Policy. Additional factors which would apply to project tbd.

Occupies building vacant for at least 2 years	Donation of materials to public schools
Project creates high-skilled, high-paying jobs	Improvements to Downtown
Significant relationship with universities	Project forms business park
25% of new jobs filled by Denton residents	International or national headquarters
25% local contractors to be utilized	Medical manufacturing or research facility
25% of jobs are knowledge-based	Environmentally sustainable practices used
Donation of significant public art	Renewable Energy generated/stored/utilized
Community support and involvement: Attach description of community involvement	

22. Financial Information: Attach a copy of the latest audited financial statement or, in the case of a new project, a business plan.

23. Does the project have an eligible environmentally sustainable or renewable energy component (if so, please identify type and provide a brief description)?

24. Applicants seeking LEED certification must complete the Green Building Application for Tax Abatement (Exhibit B of the policy).

**COMPLETE THIS SECTION IF REQUESTING ADDITIONAL INCENTIVE
BASED ON LEED CERTIFICATION CONSTRUCTION**

1.

Property Owner	
Company or Project Name	
Mailing Address	
Telephone	Fax No.
Website	
Contact Name	
Title	
Mailing Address	
Telephone	Fax No.
Email Address	
2. Project location address:
3. Provide documentation that the project has been registered with the U.S. Green Building Council.
4. Provide a description of the project (please include the building size, number of occupants and estimated budget).
6. Attach a preliminary Leadership in Energy and Environmental Design (LEED) Scorecard illustrating how project will achieve the LEED certification.
Level of Certification:
Number of Points:

This Incentive Application is submitted with the acknowledgement that additional information may be required.

Authorized Signature

Date: _____

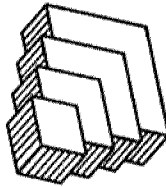
PROJECT PLAN

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

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.

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.

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;

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

TIRZ Boundary

Exhibit B: Westpark TIRZ

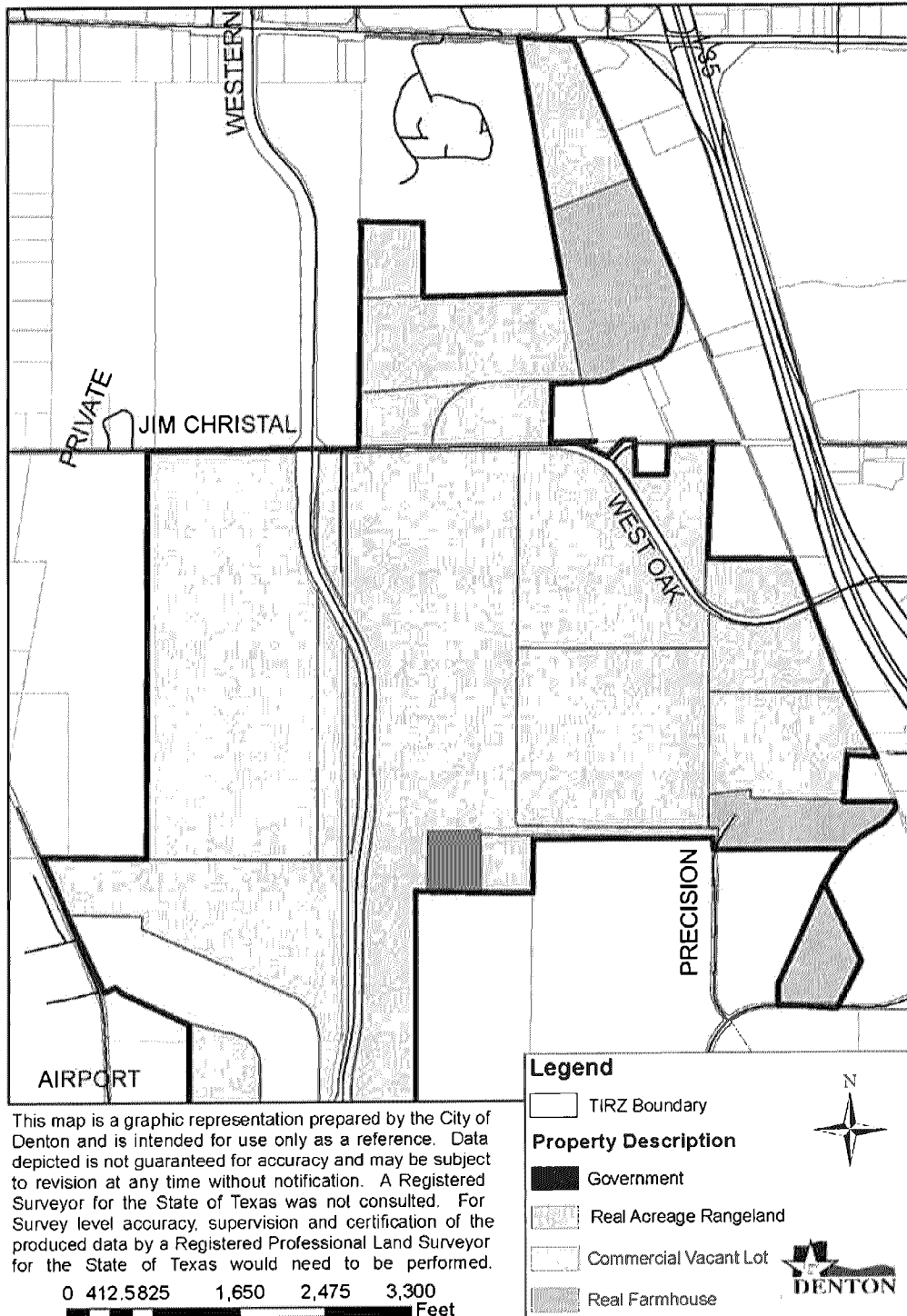


EXHIBIT C

Existing Land Use

Exhibit C: Westpark TIRZ Existing Land Use

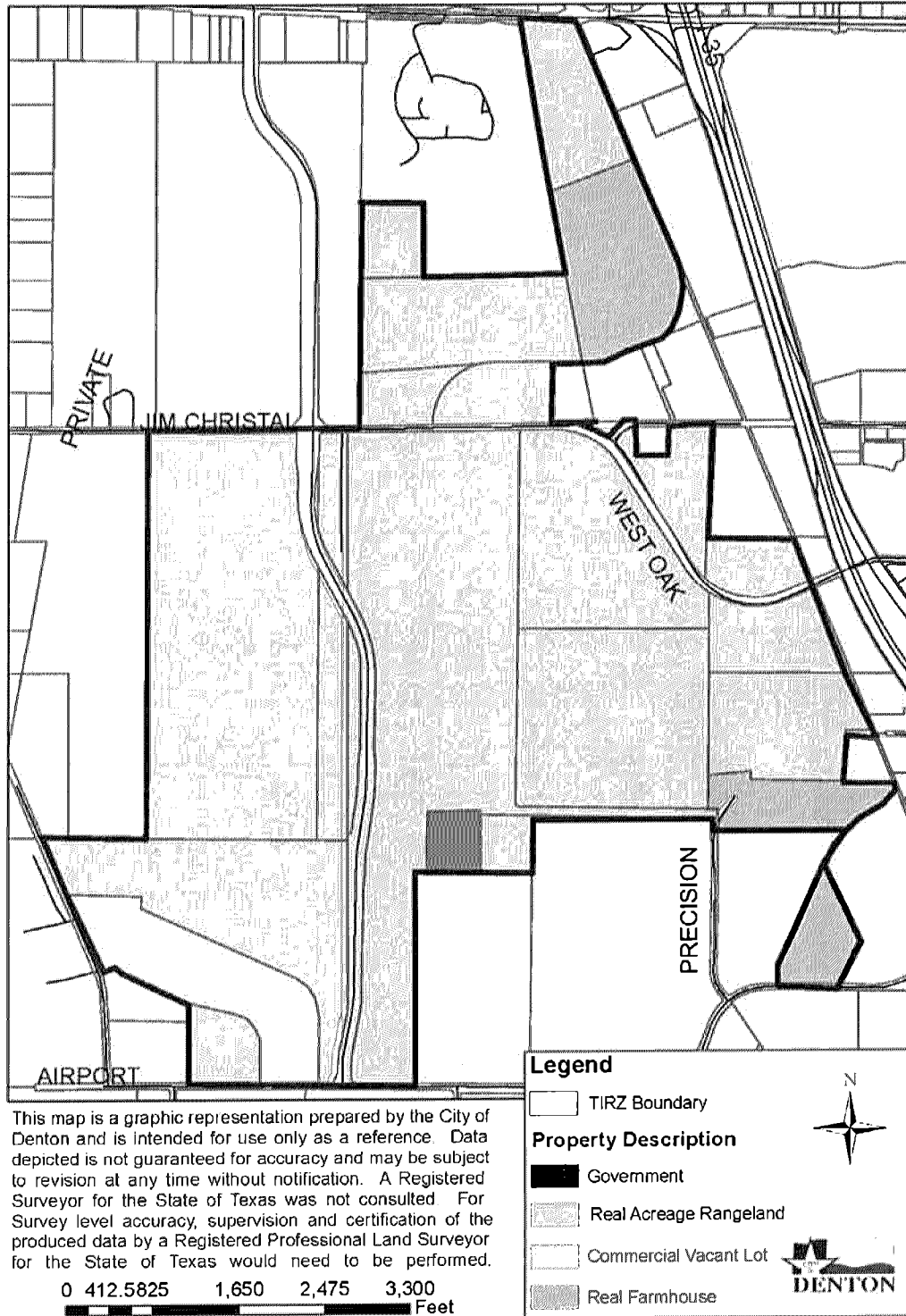


EXHIBIT D1

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
TOTAL	\$14,275,430

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.

EXHIBIT D2

Project Plan Projects

Exhibit D2: Westpark TIRZ Projects

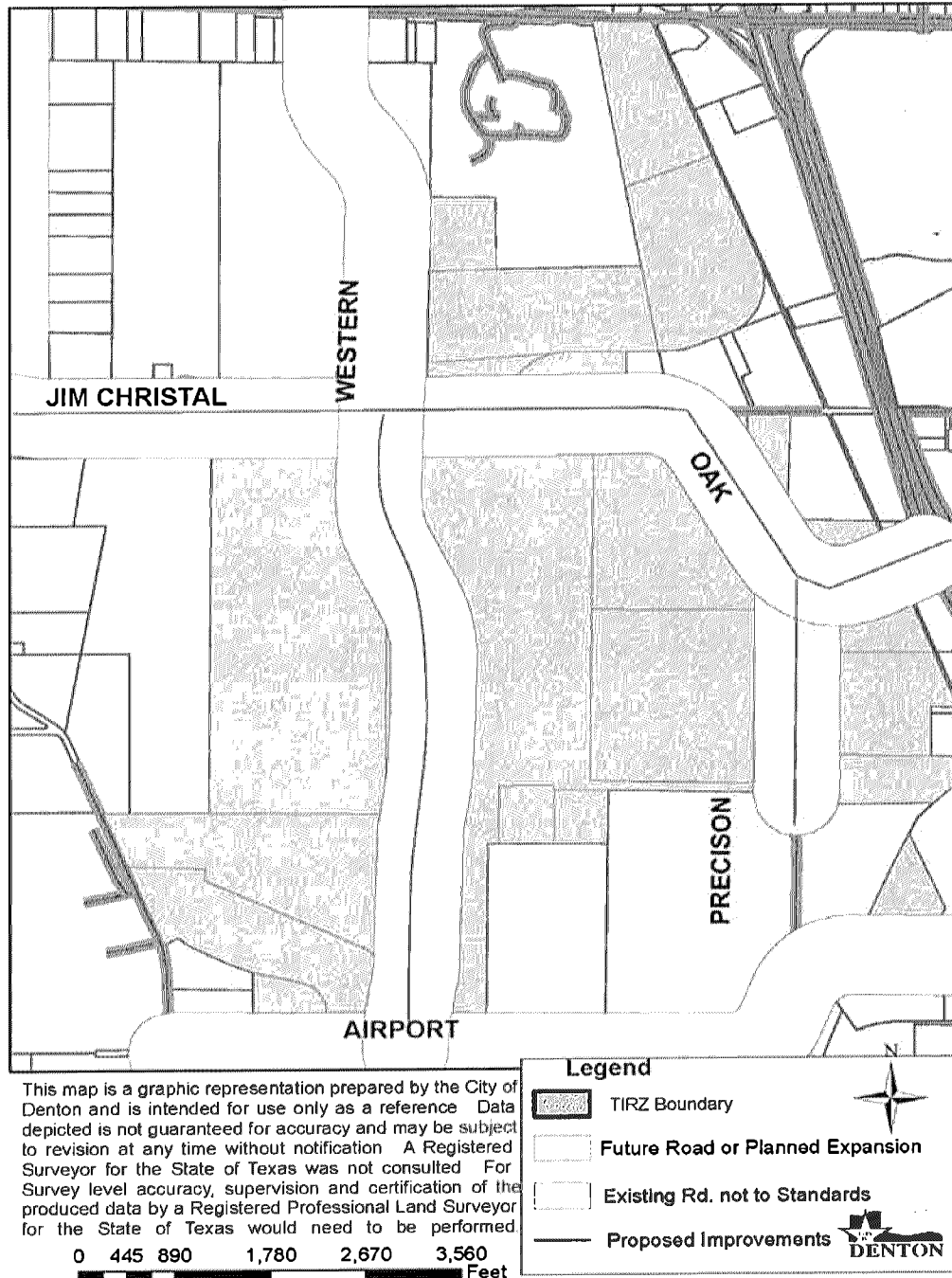
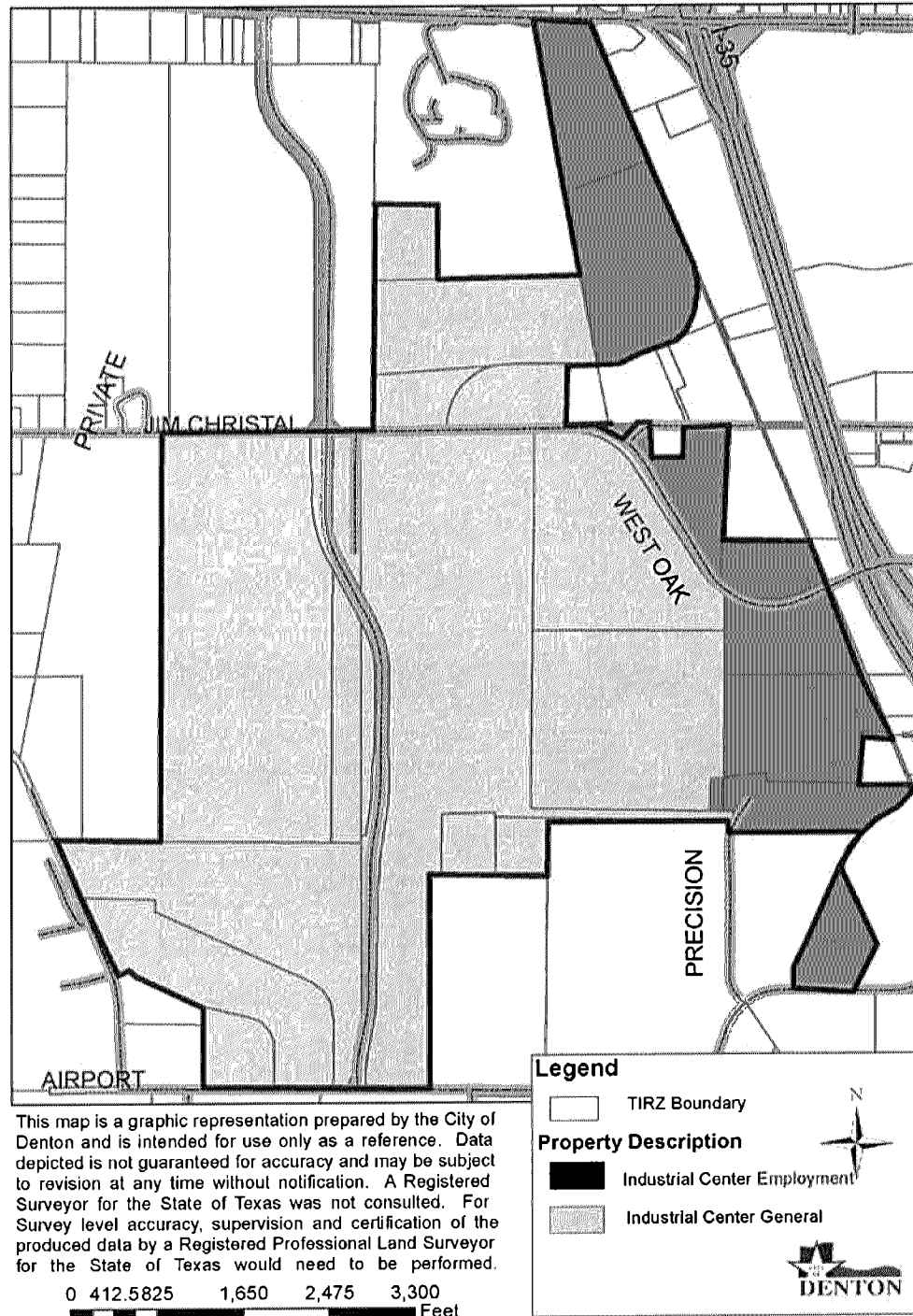


EXHIBIT E

Future Land Use

Exhibit E: Westpark TIRZ Future Land Use



PHASE 1 - WESTERN IMPROVEMENTS
PROJECT ARMSTRONG
OPINION OF PROBABLE CONSTRUCTION COST
FEBRUARY 2015



PROJECT DESCRIPTION	KIMLEY-HORN OPCC	TIRZ
PAVING	\$ 1,798,000	\$ 1,542,229
STORM DRAINAGE	\$ 220,000	\$ 85,173
SANITARY SEWER	\$ 865,000	\$ 307,930
WATER	\$ 2,070,000	\$ 1,387,570
SUBTOTAL	\$ 4,953,000	\$ 3,322,902
TRAFFIC SIGNALS	\$ -	\$ 320,000
LANDSCAPING/IRRIGATION	\$ -	\$ 80,000
ENTRY MONUMENT	\$ -	\$ 50,000
ADDITIONAL DRAINAGE IMPROVEMENTS	\$ -	\$ 350,000
GAS	\$ -	\$ 50,000
TOTAL HARD COSTS	\$ 4,953,000	\$ 4,172,902

NOTES

- 1) NO CONTINGENCY OR ENGINEERING INCLUDED IN PROJECT ESTIMATES SHOWN ABOVE
- 2) ALL OPINIONS OF PROBABLE CONSTRUCTION COST BASED ON DESIGN BY OTHERS
- 3) TIRZ PROJECT ESTIMATES OBTAINED FROM "EXHIBIT H-1: COST SCHEDULE FOR PHASE 1", (MAY 2014, BY WESTRAY GROUP, LP)
- 4) ITEMS NOT HIGHLIGHTED WERE NOT ACCOMPANIED BY A DESIGN, THEREFORE, WERE NOT EVALUATED AS PART OF THE KIMLEY-HORN OPCC
- 5) VARIANCE IN UNIT PRICING FOR THE FOLLOWING ITEMS HAS THE GREATEST INFLUENCE ON THE OPCC PROVIDED:
 - 12" THICK REINF CONC PAVEMENT
 - 16" DI WATER PIPE
 - 12" AND 15" PVC SANITARY SEWER PIPE

PHASE 1 - WESTERN IMPROVEMENTS
PROJECT ARMSTRONG
OPINION OF PROBABLE CONSTRUCTION COST
FEBRUARY 2015



TRAFFIC CONTROL PLAN

DESCRIPTION	UNIT OF MEASURE	PLAN QUANTITY	UNIT PRICE	AMOUNT
MAINTENANCE AND CONTROL OF TRAFFIC	LS	1	\$ 10,000	\$ 10,000
TOTAL TRAFFIC CONTROL				\$ 10,000

REMOVAL

DESCRIPTION	UNIT OF MEASURE	PLAN QUANTITY	UNIT PRICE	AMOUNT
REMOVING CONC (PAV)	SY	42	\$ 11.00	\$ 462
REMOVE ASPHALT CONC. PAVEMENT	SY	39	\$ 10.00	\$ 390
REMOVE AND REPLACE CONC. (DRIVEWAY)	SY	11	\$ 25.00	\$ 275
REMOVE AND REPLACE ASPHALT/GRAVEL (DRIVEWAY)	SY	74	\$ 25.00	\$ 1,850
REMOVE CONC CURB	LF	201	\$ 5.00	\$ 1,005
REMOVE THERMOPLASTIC (4" W)	LF	12,386	\$ 0.50	\$ 6,193
REMOVE AND REPLACE FENCE	LF	3,930	\$ 21.79	\$ 85,635
REMOVE RCP	LF	124	\$ 15.00	\$ 1,860
TOTAL REMOVAL				\$ 98,000

PAVING

DESCRIPTION	UNIT OF MEASURE	PLAN QUANTITY	UNIT PRICE	AMOUNT
CLEARING AND GRUBBING FOR ROAD ONLY	LS	1	\$ 75,000	\$ 75,000
UNCLASSIFIED STREET EXCAVATION	CY	9,174	\$ 8.00	\$ 73,392
EARTH BORROW	CY	8,252	\$ 10.50	\$ 86,646
12" THICK REINF CONC PAVEMENT	SY	20,132	\$ 60.00	\$ 1,207,896
6" HIGH CONCRETE MONOLITHIC CURB	LF	6,272	\$ 2.50	\$ 15,680
6" LIME STABILIZED SUBGRADE	SY	21,138	\$ 7.00	\$ 147,967
5" PERMEABLE BASE COURSE	SY	21,138	\$ 2.00	\$ 42,276
RETAINING WALL	SF	325	\$ 50.00	\$ 16,250
TOTAL PAVING				\$ 1,666,000

STRIPING AND SIGNING

DESCRIPTION	UNIT OF MEASURE	PLAN QUANTITY	UNIT PRICE	AMOUNT
4-IN THERMOPLASTIC LANE MARKER (W)	LF	3,099	\$ 1.00	\$ 3,099
4-IN THERMOPLASTIC LANE MARKER (Y)	LF	12,869	\$ 1.00	\$ 12,869
8-IN THERMOPLASTIC LANE MARKER	LF	300	\$ 2.00	\$ 600
24-IN THERMO STOP LANE MARKER	LF	120	\$ 7.00	\$ 840
PROC & INSTALL STREET SIGN POST	EA	15	\$ 350	\$ 5,250
RELOCATE EXISTING SIGN ON NEW SIGN POST ASSEMBLY	EA	4	\$ 300	\$ 1,200
TYPE 1 PAVEMENT MARKING - ARROW	EA	1	\$ 120	\$ 120
TOTAL STRIPING AND SIGNING				\$ 24,000

PAVING TOTAL: \$ 1,798,000

PHASE 1 - WESTERN IMPROVEMENTS
PROJECT ARMSTRONG
OPINION OF PROBABLE CONSTRUCTION COST
FEBRUARY 2015



SWPPP

DESCRIPTION	UNIT OF MEASURE	PLAN QUANTITY		UNIT PRICE	AMOUNT
SWPPP	EA	1	\$	5,000	\$ 5,000
CONSTRUCTION ENTRANCE/EXIT (50X20)	SY	222	\$	15.00	\$ 3,333
CONCRETE WASHOUT	EA	1	\$	1,000	\$ 1,000
GEOTEXTILE SILT FENCING	LF	16,746	\$	1.50	\$ 25,119
ROCK FILTER DAM	LF	14	\$	20.00	\$ 280
CURB INLET PROTECTION	LF	583	\$	10.00	\$ 5,830
TOTAL SWPPP \$					41,000

DRAINAGE

DESCRIPTION	UNIT OF MEASURE	PLAN QUANTITY		UNIT PRICE	AMOUNT
18 IN CLASS III REINF CONC PIPE	LF	166	\$	55.00	\$ 9,117
21 IN CLASS III REINF CONC PIPE	LF	358	\$	65.00	\$ 23,272
24 IN CLASS III REINF CONC PIPE	LF	211	\$	75.00	\$ 15,855
27 IN CLASS III REINF CONC PIPE	LF	247	\$	90.00	\$ 22,196
10 FOOT RECESSED INLET	EA	4	\$	3,500	\$ 14,000
20 FOOT RECESSED INLET	EA	10	\$	7,000	\$ 70,000
RCP WYE OR PIPE TO PIPE CONN	EA	4	\$	500	\$ 2,000
PIPE TO STRUCTURE CONNECTION	EA	10	\$	1,000	\$ 10,000
STRUCTURE TO PIPE CONNECTION	EA	14	\$	500	\$ 7,000
HEADWALL AND APRON (FW-0)	EA	1	\$	5,000	\$ 5,000
TOTAL DRAINAGE \$					179,000

DRAINAGE TOTAL: \$ 220,000

SANITARY SEWER

DESCRIPTION	UNIT OF MEASURE	PLAN QUANTITY		UNIT PRICE	AMOUNT
SANITARY SEWER LATERAL (TO BE INSTALLED WITH FLUSH POINT)	EA	4	\$	1,400	\$ 5,600
SANITARY SEWER MANHOLE	EA	20	\$	8,000	\$ 160,000
SANITARY SEWER DROP MANHOLE	EA	1	\$	10,000	\$ 10,000
6" PVC SANITARY SEWER PIPE	LF	146	\$	55.00	\$ 8,052
12" PVC WASTEWATER PIPE	LF	5,185	\$	70.00	\$ 362,950
15" PVC WASTEWATER PIPE	LF	2,280	\$	85.00	\$ 193,800
6" CONCRETE ENCASEMENT	LF	140	\$	150	\$ 21,000
24" STEEL CASING	LF	200	\$	250	\$ 50,000
VACUUM TEST SANITARY SEWER MANHOLE	EA	21	\$	200	\$ 4,200
TELEVISION INSPECTION	LF	14,930	\$	2.00	\$ 29,860
TRENCH SAFETY AND SUPPORT	LF	7,611	\$	2.00	\$ 15,223
CONNECT TO EXISTING	EA	2	\$	2,000	\$ 4,000
TOTAL SANITARY SEWER \$					865,000

SANITARY SEWER TOTAL: \$ 865,000

PHASE 1 - WESTERN IMPROVEMENTS
PROJECT ARMSTRONG
OPINION OF PROBABLE CONSTRUCTION COST
FEBRUARY 2015



WATER

DESCRIPTION	UNIT OF MEASURE	PLAN QUANTITY		UNIT PRICE	AMOUNT
6" DI WATER PIPE	LF	217	\$	90.00	\$ 19,530
12" PVC WATER PIPE	LF	278	\$	75.00	\$ 20,850
16" DI WATER PIPE	LF	10,436	\$	150	\$ 1,565,388
CONNECT TO EXISTING WATER LINE	EA	2	\$	2,000	\$ 4,000
CAST IRON FITTINGS	TN	11	\$	5,000	\$ 56,875
INSTALL FIRE HYDRANT	EA	35	\$	3,500	\$ 122,500
AIR RELEASE VALVE	EA	4	\$	10,000	\$ 40,000
BLOWOFF VALVE ASSEMBLY	EA	3	\$	3,000	\$ 9,000
6" GATE VALVE	EA	35	\$	1,000	\$ 35,000
12" GATE VALVE	EA	3	\$	2,500	\$ 7,500
16" GATE VALVE	EA	12	\$	8,000	\$ 96,000
24" STEEL CASING	LF	282	\$	250	\$ 70,500
TRENCH SAFETY AND SUPPORT	LF	10,931	\$	2.00	\$ 21,862

TOTAL WATER \$ 2,070,000

WATER TOTAL: \$ 2,070,000

RESOLUTION NO. R91-008

A RESOLUTION APPROVING THE INFRASTRUCTURE FINANCING POLICY;
REPEALING R89-019; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Denton Development Plan adopted by the City of Denton contains policies providing for the expenditure of public funds to encourage balanced growth and economic development; and

WHEREAS, in furtherance of those policies, the 1991-1995 Capital Improvement Plan approved by the City Council proposes to allocate \$500,000 each year to fund Water and Sewer Line Infrastructure Financing to carry out the balanced growth and economic policies of the Denton Development Plan; and

WHEREAS, the Public Utilities Board and Planning and Zoning Commission have considered and recommended adoption of amendments to the existing Infrastructure Financing Policy; NOW, THEREFORE;

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF DENTON:

SECTION I. That the Infrastructure Financing Policy, attached hereto as Exhibit I, is approved.


SECTION II. That Resolution No. R89-019, adopted on March 7, 1989, approving the Guidelines for Funding and Selecting Development Plan Candidate Water and Sewer Lines, is repealed.

SECTION III. That this resolution shall become effective immediately upon its passage and approval.


PASSED AND APPROVED this the 19th day of February, 1991.


BOB CASTLEBERRY, MAYOR

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: 

APPROVED AS TO LEGAL FORM:
DEBRA A. DRAYOVITCH, CITY ATTORNEY

BY: 

INFRASTRUCTURE FINANCING POLICY

Funding Policy

The City of Denton Utilities Department policy is to facilitate local economic growth through a program of Infrastructure Financing.

During its annual review of the Utility Department's Capital Improvements Plan (CIP), the Public Utilities Board shall consider the allocation of up to \$500,000 annually to finance the construction of infrastructure water or sewer lines. This allocation shall consist of \$250,000 from the Water CIP and \$250,000 from the Wastewater CIP.

That portion of each annual allocation that remains unobligated at close of the fiscal year shall carry forward into the following fiscal year. However, the cumulative total of said unobligated annual allocations shall not exceed \$2 million at any time.

Selection Policy

- . Infrastructure Financing shall be provided only to:
 - 1) Industrial prospects which have committed to building facilities in Denton.
 - 2) Commercial/retail prospects which have committed to building facilities in Denton and which:
 - a) sell a majority of their goods or services to individuals or businesses outside of Denton, or
 - b) manufacture goods for consumption in Denton which were previously manufactured outside of Denton.
 - 3) Prospects which have committed to building corporate headquarters facilities in Denton.
- . All requests for Infrastructure Financing shall be subject to the economic analysis detailed in this Policy. This analysis shall determine project costs and benefits over a five year period. Infrastructure Financing may be allocated only if project benefits are equal to or exceed project costs.

For purposes of the economic analysis:

- . Project costs shall consist of 100% of:
 - . Debt service associated with the subject utility line's construction, and
 - . Return on investment associated with the completed subject utility line
 - . Project benefits shall consist of 25% of:
 - . Revenue from ad valorem tax on prospect's local property, plant and equipment
 - . Revenue from sales tax on prospect's products and services sold by the Denton facility
 - . Revenue from sales tax on local purchases by the Denton-resident labor force generated by prospect's locating in Denton
- and 100% of:
- . Revenue from sales tax on prospect's local purchase of its facility's construction materials
 - . Revenue from that portion of the prospect's local consumption of Denton utilities that is contributed toward the return on investment
- . Funding of projects shall be granted based on the date of submission of application; i.e., first come, first served.
 - . Lines under consideration shall begin at an existing City main line and end at the edge of the prospect's property which is closest to the existing main and which is technically feasible.
 - . The funding recommendation shall state funding limits for the total project and its construction components as well as a time limit on the funding commitment.
 - . Funds shall be disbursed to the prospect or the prospect's designee only:
 - 1) upon presentation of a Certificate of Occupancy for the prospect's Denton facility, or
 - 2) in intermittent payments as construction of the subject utility line progresses

Unencumbered project funds shall be returned to the Infrastructure Financing accounts.

Application Process

Step 1

- . Infrastructure Financing applications shall be available from the City's Economic Development Office. This Office shall:
 - . provide prospect with economic assistance information
 - . provide prospect with an application form and assist with its completion
 - . notify affected Departments of prospect's application
 - . coordinate the prospect's access to City Departments
 - . prepare an economic assistance package for the prospect

Step 2

- . Completed applications shall be returned to the Economic Development Office which shall forward a copy of the prospect's completed application to:
 - . Planning Department for preparation of a land use analysis; and the
 - . Utilities Department for preparation of a five year economic analysis, and technical and cost assessment of providing utility service to the prospect.

Step 3

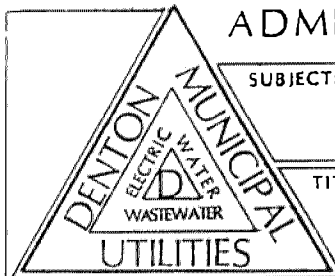
- . The Public Utilities Board shall review the prospect's application, the technical issues of providing utility service to the prospect, the completed economic analysis and forward a recommendation for funding consideration to the Planning and Zoning Commission.

Such recommendation may support the prospect's request for an exemption from those provisions of the Sub-Division Ordinance regarding the extension of utility lines.

Step 4

- . The Planning and Zoning Commission shall review the prospect's application, a completed land use analysis, the economic analysis, and the Public Utilities Board's recommendation and forward both the Board's and its own recommendation to the City Council.

ADMINISTRATIVE POLICY / PROCEDURE



SUBJECT:

INFRASTRUCTURE FINANCING

TITLE:

INFRASTRUCTURE FINANCING POLICY

EFFECTIVE DATE:

ECONOMIC DEVELOPMENT POLICY

As expressed by the Denton Development Plan which was adopted by the Denton City Council on September 5, 1989, the major goals of the City's economic development policy are as follows:

- to strengthen and diversify the urban economic base
- to create a wide range of employment opportunities
- to expand the City's tax base

These goals will be accomplished principally through municipal efforts to:

- attract basic industries to Denton
- encourage basic industries already in Denton to expand locally.

The City of Denton Utilities Department policy is to support the City Council's economic development goals and efforts by offering basic industries economic incentives, principal among which is the Infrastructure Financing Program. This Program will lower a basic industry's total cost of locating to or expanding in Denton by allowing the City to absorb part of the cost to construct the following types of water and sewer mains:

- those water and sewer mains which are necessary to serve the new or expanded basic industry
- those water and sewer mains which are required by the City's subdivision ordinance.

Funding Policy

During its review of the Utility Department's Capital Improvements Plan (CIP), the Public Utilities Board shall consider the allocation of up to \$500,000 annually to fund the Infrastructure Financing Program. This allocation shall consist of \$250,000 from the Water Department's CIP and \$250,000 from the Wastewater Department's CIP.

After such consideration, the Public Utilities Board shall make an Infrastructure Financing Program funding recommendation to the City Council and the City Council shall determine the Program's conditions and funding level.

That portion of each annual Infrastructure Financing Program allocation which remains unobligated at the close of the fiscal year shall be transferred to the Fund Balance and may be reallocated for Infrastructure Financing in the following year's budget. However, the total of said unobligated annual allocation shall not exceed \$2 million at any time.

During its consideration of annual Infrastructure Financing Program funding, the Public Utilities Board shall evaluate the Program's results and report that evaluation to the City Council.

Selection Policy

(A) Infrastructure Financing shall be provided only to:

- 1) industrial prospects which have committed to building facilities in Denton
- 2) commercial/retail prospects which have committed to building facilities in Denton and which:
 - a) sell a majority of their goods or services to individuals or businesses outside of Denton, and/or
 - b) manufacture goods for consumption in Denton which were previously manufactured outside of Denton
- 3) Corporate headquarters prospects which have committed to building facilities in Denton

(B) All requests for Infrastructure Financing shall be subject to the economic analysis detailed in this Policy. This analysis shall determine the subject utility line's construction benefits and cost over a five year period.

Infrastructure Financing may be available only if the benefits of the line's construction are equal to or exceed the cost of the line's construction.

(C) For purposes of the economic analysis:

1) Construction costs shall consist of 100% of:

- a) debt service associated with the subject utility line's construction, and
- b) return on investment associated with the completed subject utility line.

2) Construction benefits shall consist of 25% of:

- a) revenue from ad valorem tax on prospect's local property, plant and equipment,
- b) revenue from sales tax on prospect's products and services sold by the Denton facility,
- c) revenue from sales tax on local purchases by the Denton-resident labor force generated by prospect's locating in Denton.

and 100% of:

- d) revenue from sales tax on prospect's local purchase of its facility's construction materials, and
- e) revenue from that portion of the prospect's local consumption of Denton utilities that is contributed toward the return on investment.

(D) Funding of prospects shall be based on their dates of application; i.e., first come, first served.

(E) Lines under consideration shall begin at an existing City main line and end at the closest technically feasible edge of the prospect's property.

(F) The funding recommendation shall state funding limits for the total project and its construction components as well as a time limit on the funding commitment.

- (G) Funds shall be disbursed to the prospect or the prospect's designee only as follows:
- 1) upon presentation of a Certificate of Occupancy for the prospect's Denton facility, or
 - 2) in intermitten payments as construction of the subject utility line progresses.
- (H) Unobligated project funds shall be returned to the Infrastructure Financing Program account.

Application Process

Step 1

- . Infrastructure Financing applications shall be available from the City's Economic Development Office. This Office shall:
 - . provide prospect with economic assistance information
 - . provide prospect with an application form and assist with its completion
 - . notify affected Departments of prospect's application
 - . coordinate the prospect's access to City Departments
 - . prepare an economic assistance package for the prospect

Step 2

- . Completed applications shall be returned to the Economic Development Office which shall forward a copy of the prospect's completed application to:
 - . Planning Department - prepares land use analysis
 - . Utilities Department - prepares five year economic analysis, and technical and cost assessment of providing utility service to the prospect

Step 3

- . The Public Utilities Board shall review the prospect's application, the technical issues of providing utility service to the prospect, a completed economic analysis and forward a recommendation for funding consideration to the Planning and Zoning Commission.

Such recommendation may support the prospect's request for an exemption from those provisions of the Sub-Division Ordinance regarding the extension of utility lines.

ADMINISTRATIVE POLICY / PROCEDURE

Step 4

Page 5

- . The Planning and Zoning Commission shall review the prospect's application, a completed land use analysis, the economic analysis, and the Public Utilities Board's recommendation and forward both the Board's and its own recommendation to the City Council.

CLPOLICY.DOC

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 18th 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.

Exhibit F
TIRZ 2 Creation Ordinance

- 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 F

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:

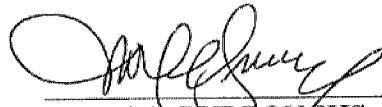
Jurisdiction	Years	2012 Tax Rate \$/\$100 Value	% of Tax Rate
City of Denton	1-10	0.6897500	40
	11-25	0.7197500	40
Denton County	1-10	0.2828670	40
	11-25	0.3128670	40

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 18th day of December 2012.


MARK A. BURROUGHS, MAYOR

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

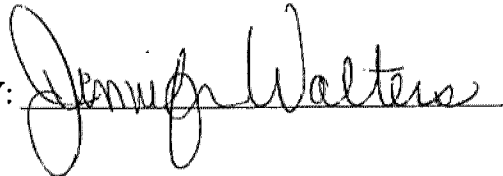
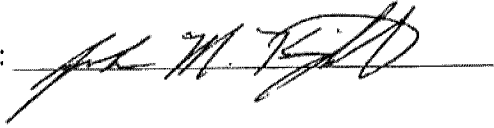
BY: 

Exhibit F
TIRZ 2 Creation Ordinance

APPROVED AS TO LEGAL FORM:
ANITA BURGESS, CITY ATTORNEY

BY: _____

A handwritten signature in black ink, appearing to read "Anita Burgess", is written over a horizontal line.

**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

