

Tax Increment Reinvestment Zone #3

City of Denton, TX

June 24, 2014

TIRZ #3 Overview

- The proposed City of Denton TIRZ #3 is approximately 13 acres.
- Located near the intersection of Interstate 35 and North Texas Boulevard.
- The purpose of the TIRZ is to facilitate the development of a full-service hotel and convention center.



TIRZ #3 Overview

- Tax Increment Reinvestment Zone creation ordinance establishes:
 - Boundary
 - Term
 - City participation rate
 - TIRZ Board makeup
 - Preliminary Project and Financing Plan
- After TIRZ creation the Preliminary Project and Financing Plan is separately considered by:
 - TIRZ board (by resolution); and
 - City Council (separate ordinance).

TIRZ #3 Current Conditions

Land Use

- The land to be developed is currently vacant, undeveloped land owned by the University of North Texas.



TIRZ #3 Anticipated Development

Use	Square Feet/Units
Hotel	318
Restaurant	7,485
Food and Beverage	277,013
Convention Space	97,000



TIRZ #3 Financial Analysis

- A taxable value analysis was conducted.
- Examined:
 - Comparable taxable values;
 - Taxing jurisdiction participation rates;
 - TIRZ term; and
 - Anticipated revenues to the TIRZ.

TIRZ #3 Financial Analysis

The current year real taxable value:

- \$0.00

TIRZ #3 REVENUE					
Real Property					
Block Use Code	Use	Square Feet/Units	Appraised Value PSF/Unit	Estimated Appraised Value	First Year of Tax Revenue
A	Hotel	318	\$ 85,000 ¹	\$ 27,030,000	2017
B	Restaurant	7,485	\$ -	\$ -	2017
C	Food and Beverage	277,013	\$ -	\$ -	2017
D	Convention Space	97,000	\$ -	\$ -	2017
Total				\$ 27,030,000	

¹ Assumes 15% Educational Space Credit

NON-TIRZ REVENUE					
Personal Property					
Block Use Code	Use	Square Feet/Units	Appraised Value PSF/Unit	Estimated Appraised Value	First Year of Tax Revenue
A	Hotel	318	\$ -	\$ -	2017
B	Restaurant	7,485	\$ 70	\$ 523,950	2017
C	Food and Beverage	277,013	\$ -	\$ -	2017
D	Convention Space	97,000	\$ -	\$ -	2017
Total				\$ 523,950	

TIRZ #3 Financial Analysis

City of Denton:

- 100% of its incremental real property tax revenue

Potential Denton County:

- 75% potential incremental real property tax revenue

Potential Denton ISD – I&S:

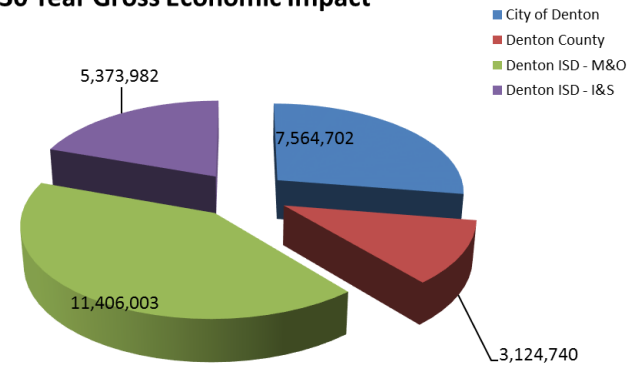
- 75% potential incremental real property tax revenue

TIRZ Participation Overview			
Ad Valorem	Rate	Participation %	Participation Rate
City of Denton	0.689750	100.00%	0.689750
Denton County	0.284914	75.00%	0.213686
Denton ISD - M&O	1.040000	0.00%	0.000000
Denton ISD - I&S	0.490000	75.00%	0.367500
Total	2.504664		1.2709355

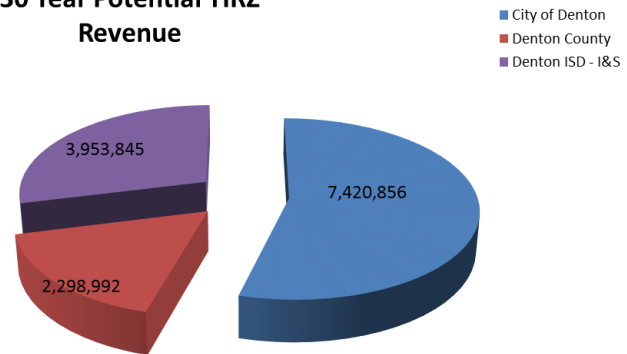
TIRZ #3 Financial Analysis

- Over a 30 year period (no revenue until at least 2017 and then only partial until stabilized).
- All anticipated new tax revenue generated during the life of the TIRZ:
 - \$27,469,427 (real and personal).
- TIRZ #3 anticipated gross revenue:
 - \$13,673,693 (real property)

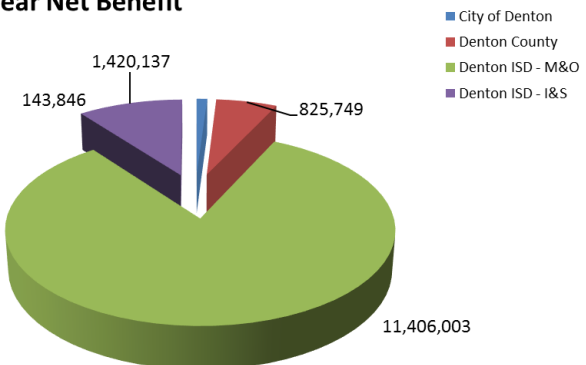
30 Year Gross Economic Impact



30 Year Potential TIRZ Revenue



30 Year Net Benefit



TIRZ #3 Project Costs (TIRZ Revenue)

TIRZ Project	Estimated TIRZ Revenue
Convention Center Facility	\$13,673,693 *

* Applied towards eligible "Project Costs" per Chapter 311 of the Texas Tax Code.

- The TIRZ Revenue represents current assumptions of project build out and taxing jurisdiction participation.
- If less development is delivered or the other taxing jurisdiction participation is less then the TIRZ Revenue will be less.

TIRZ #3 Next Steps

- Public Hearing – City Council (June 17th)
- TIRZ Creation Ordinance – City Council (June 17th)
- Board Appointment – City Council
- Project and Financing Plan Consideration – TIRZ Board
- Project and Financing Plan Consideration – City Council
- Participation Agreements – Denton County and ISD
- Participation Agreement – City Council
- Reimbursement Agreement – TIRZ Board