

DISD Executive Summary Report Attachment

Tax Increment Reinvestment Zone for Denton Convention Center Project Detail

Tax Increment Financing is a tool that local governments can use to publicly finance needed structural improvements and enhance infrastructure within a defined area in order to stimulate private development and redevelopment. The statutes that regulate Tax Increment Financing are located in Chapter 311 of the Texas Tax Code, also known as the Tax Increment Financing Act. An ad valorem valuation base is established in the first year, and the revenue from the increased valuation from subsequent years is allocated to Tax Increment Reinvestment Zone (TIRZ) development. The City enlisted the services of David Pettit Economic Development, a Fort Worth economic development consulting firm, to assist in establishing the Preliminary Project Plan and Finance Plan for the TIRZ.

The proposed TIRZ would be the third in the City of Denton. The first TIRZ was established in 2010 for Downtown Denton, and the second TIRZ was established in 2012 for the industrial park near Denton Enterprise Airport.

The TIRZ consists of approximately 13 acres and is located along Interstate 35 on University of North Texas property next to Apogee Stadium. The project would provide Convention Center facilities to meet community needs and to encourage and promote economic development through convention and tourism related activity. The site is currently tax exempt and owned by the University of North Texas. The TIRZ would generate revenue from the privately-owned Hotel and Restaurant portion of the project. The TIRZ revenue would be dedicated entirely to the debt service for the \$25 million Convention Center project.

The Project is a collaborative effort between the City of Denton, O'Reilly Hospitality Management (OHM), O'Reilly Hotel Partners Denton (OHPD), and the University of North Texas. The Hotel and Restaurant would likely be an Embassy Suites Hotel and Houlihan's Restaurant (OHPD Funded). The Convention Center would be City funded. The total project cost is estimated at \$85 million (\$25 million Convention Center; \$60 million Hotel and Restaurant).

Convention Center Overview:

- ☐ City to lease the land from UNT
- ☐ City to fund and own Convention Center
- ☐ City is not funding the Hotel
- ☐ OHM to serve as architect and construction manager
- ☐ Sub-lease Convention Center to OHPD
 - Operated and managed by OHM
- ☐ Approximate size of 100,000 square feet

Hotel/Restaurant Overview:

- ☐ OHPD to lease the land from UNT
- ☐ Funded and owned by OHPD

- ☐ Management of construction and operated by OHM
- ☐ Goal of 318 suites and 12 stories (minimum allowed - 275 suites and 9 stories)
- ☐ LEED Certified
- ☐ Houlihan's Restaurant - 8,000 square feet with 290 seats
- ☐ Educational opportunity through the UNT School of Hospitality