

Exhibit C

ORDINANCE 22-097

AN ORDINANCE AMENDING THE TAX INCREMENT REINVESTMENT ZONE NUMBER TWO PROJECT AND FINANCING PLAN, TERMINATION DATE, AND BOUNDARY; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR THE REPEAL OF CONFLICTING PROVISIONS; PROVIDING FOR A SEVERABILITY CLAUSE; PROVIDING FOR PUBLICATION AND AN EFFECTIVE DATE.

WHEREAS, pursuant to Chapter 311 of the Texas Tax Code, as amended (“Act”) a city may designate a contiguous geographic area within such city as a reinvestment zone if the area satisfies the requirements of certain sections of the Act; and

WHEREAS, the Killeen City Council established the Tax Increment Reinvestment Zone Number Two (TIRZ #2) on November 4, 2008, for the purpose of dedicating the increase in tax revenue generated within the TIRZ #2 to provide funds for public infrastructure to encourage accelerated development and redevelopment in several areas of the city; and

WHEREAS, the Killeen City Council approved a project plan and reinvestment zone financing plan for the TIRZ #2 on August 25, 2009; and

WHEREAS, the Killeen City Council amended the TIRZ #2 project and financing plan and boundary on December 8, 2015; and

WHEREAS, the Killeen City Council again amended the TIRZ #2 project and financing plan and boundary on February 28, 2017; and

WHEREAS, on November 30, 2022, the TIRZ #2 Board voted unanimously to amend the TIRZ #2 boundary to include approximately 331.8913 acres east of Roy Reynolds Drive, as depicted in the attached revised boundary map described in Exhibit “A;”

WHEREAS, on November 30, 2022, the TIRZ #2 Board voted unanimously to extend the duration of the TIRZ #2 by 20 years to terminate on December 31, 2048; and

WHEREAS, on November 30, 2022, the TIRZ #2 Board voted unanimously to amend the project plan and reinvestment zone financing plan for the TIRZ #2 to include additional projects and expenditures; and

WHEREAS, the City has provided all information, made all presentations, given all notices and done all other things required by Chapter 311 Texas Tax Code or other law as a condition to the creation of the proposed zone; and

WHEREAS, the total appraised value of taxable real property in the proposed zone is approximately \$172,000,000; and

WHEREAS, the total area within the proposed zone is approximately 2,468 acres; and

WHEREAS, the total appraised value of taxable real property in the proposed zone is approximately 1.338 percent of the total appraised value of taxable real property in Killeen; and

WHEREAS, the City has provided written notice of the public hearing regarding the proposed expansion of the zone in compliance with the requirements of the Act to the governing bodies of all taxing units levying taxes on property in the proposed zone; and

WHEREAS, a notice of the December 13, 2022 public hearing regarding proposed amendments to the zone was published on Sunday, December 4, 2022 in the Killeen Daily Herald, a newspaper of general circulation in the City; and

WHEREAS, the City Council finds that the TIRZ#2 project and financing plan is feasible and that the plan, termination date, and boundary amendment should be approved;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KILLEEN:

SECTION I. That the City, acting under the provisions of Chapter 311, Texas Tax Code, does hereby designate as a reinvestment zone and create and designate a reinvestment zone over the area depicted in the map attached hereto as Exhibit "A" and to promote the development and redevelopment of the area. The reinvestment zone shall hereafter be named for identification as Reinvestment Zone Number Two City of Killeen Texas, ("the Zone"). The City Council specifically declares that the Zone is designated pursuant to Section 311.005 (2) of the Texas Tax Code.

SECTION II. That termination of the operation of the Zone shall occur on December 31, 2048, or at an earlier time designated by subsequent ordinance or at such time subsequent to the issuance of tax increment bonds, if any, that all project costs, obligations secured with tax increment revenues, and the interest thereon have been paid in full.

SECTION III. That the TIRZ #2 Project and Financing Plan is hereby amended as follows:

**City of Killeen
Tax Increment Reinvestment Zone #2
Project and Financing Plan**

This document constitutes the Tax Increment Reinvestment Zone Project Plan for the Tax Increment Reinvestment Zone (TIRZ) #2, as required by Chapter 311 of the Texas Tax Code.

I. Project Plan

A. TIRZ Project Description

In August 2008, the City of Killeen created TIRZ #2 over approximately 2,104 acres of vacant and partially developed land on contiguous properties in the city limits of Killeen. The TIRZ #2 boundary was then amended in September of 2015 to include an additional 32 acres in the Southwest corner of Rancier Avenue and 38th Street to accommodate a proposed retail development in that area. Additional TIRZ #2 boundary amendment was made January 25, 2017 to include Rancier Avenue from Fort Hood Street to Root Avenue. The TIRZ #2 boundary was subsequently amended again in 2022 to include approximately 331.8913 acres east of Roy Reynolds Drive in anticipation of expanding the Killeen Business Park.

Development Projects and Public Infrastructure in the TIRZ

- Public Infrastructure – water lines, sanitary sewer lines, underground utilities, pedestrian improvements, and roadway improvements
- Public Roads and Highways – improvements to US190, FM 2410, & FM 439
- Beautification – gateway improvements, streetscape improvements, municipal furnishings, landscape improvements, open space amenities, pedestrian amenities, wayfinding & signage
- Public Safety – street lights, sidewalks
- Public Land and Buildings - park acquisition, city hall, park improvements
- Land acquisition – property for business park

Expenditures associated with the acquisition, design, construction and financing of the planned improvements and other specific project related costs will be funded by tax increment revenue derived from increases in property tax revenues throughout the duration of TIRZ#2. Development is projected to increase taxable property values in the TIRZ from its current assessed value to \$915,838,562 million.

B. Developer and Financing Description

Downtown: The City of Killeen will be responsible for improvements in the downtown area and general vicinity and gateways utilizing funds generated by the TIRZ increment.

Business Park: The City of Killeen will be responsible for improvements in the business park utilizing funds generated by the TIRZ increment.

Anthem Park: The developer of the Anthem Park project is CSW Killeen, LP. They will finance and develop the mixed-use project private improvements along with the public infrastructure improvements and amenities.

The City will provide reimbursement to the developer, CSW Killeen, LP, for public improvements, subject to approval of a reimbursement contract between the City and the developer.

C. Conditions and Circumstances of the Property

- 1. Anthem Park:** There is a lack of basic infrastructure including: water, sanitary sewer, storm sewer, roads, and drainage. The development project will provide full public infrastructure and amenities to the community, including green spaces, park(s), trails, landscaping, lighting, fencing, and/or vegetative screening.
- 2. Downtown Killeen:** Downtown Killeen and the general vicinity and gateways need business development and investment, pedestrian amenities, consistent urban design features, landscaping, and public spaces. TIRZ dollars will be allocated to provide these basic features for the benefit of the public and sustainability of the land uses and their respective tax values. TIRZ funding will also be utilized to attract businesses that would improve the quality of life in the area. Such businesses would include restaurants, attractions, entertainment venues, and recreational facilities. These businesses would attract Killeen citizens to spend time downtown and promote tourism, thereby creating job opportunities and economic growth.
- 3. Killeen Business Park:** The existing Business Park is nearing full build-out. Expansion of the Business Park is critical to attracting new industrial development to Killeen. Investment of TIRZ revenues will allow the Business Park to be expanded, thereby increasing the opportunities for job and economic growth.
- 4. Rancier Avenue and 38th Street:** This area has a lack of basic infrastructure including: water, sanitary sewer, storm sewer, pedestrian and roadway infrastructure, and drainage. Future retail development near this intersection will provide a significant benefit to the TIRZ and community.

5. **Grocery Store:** The establishment of a retail grocery store is a critical need in the northern part of Killeen. TIRZ dollars will be allocated to attract and incentivize a grocery store in the vicinity of the TIRZ.

6. **Existing Uses and Conditions of Property in the Proposed TIRZ and Future Uses and Conditions of Property in the TIRZ.**

- **Existing Land Uses and Conditions:**

The area of the TIRZ is approximately 2,462 acres in size. The area is a mixture of vacant, developed and partially developed properties. The area includes properties that have frontages on public streets and highways. Properties in the area have various stages of utilities and infrastructure serving them.

- **Proposed Land Uses:**

Proposed land uses include: commercial, retail, offices, medical, public buildings, parks, open space, parking, and amenities such as trails and water features.

- **Maps:**

Exhibit A: Killeen TIRZ Boundary

D. Justification for TIRZ Creation

The developer of the Anthem Park project (CSW Killeen, LP) believes that the demographic, market demand and overall economic conditions justify the risk for the proposed Anthem Park development. The development of infrastructure and vertical improvements, along with the public amenities, will bring the property to its highest and best use and provide an opportunity to capture pent-up demand for the various land uses proposed.

The new development and subsequent public improvements in the TIRZ #2 will provide social, economic, and quality of life benefits to the entire community. Creation of the TIRZ will establish the funding mechanisms for public infrastructure improvements that are essential for the attraction of private investment that would otherwise not occur in the reasonably foreseeable future. If not for the creation of the TIRZ, property will not be developed, due in part to the infrastructure conditions listed above.

E. Proposed Changes of Zoning Ordinances, Master Plan of Municipality, Building Codes, and Other Municipal Ordinances.

All construction will be done in conformance with existing city ordinances, regulations and building codes, of the City of Killeen and Bell County. There are no proposed changes of any city building codes or ordinances.

F. Displacement of Residents

There will be no displacement of residents within the TIRZ.

II. TIRZ #2 Financing Plan

A. A Listing of the Proposed Public Works or Public Improvements in the Zone

See below and refer to the map exhibits.

B. A list describing the Estimated Project Costs of the Zone is shown below, including creation and administration costs

Public Infrastructure and Related Items	Estimated Costs
Safety and Visual Improvements in Downtown Killeen and Business Park	
<i>Streetscaping improvements in Downtown Killeen</i>	\$ 14,000,000
<i>Rancier Avenue replacement and streetscaping improvements</i>	\$ 15,000,000
<i>Rancier Avenue undergrounding overhead utilities</i>	\$ 9,000,000
Public Use	
<i>Downtown land acquisition and development of park space</i>	\$ 8,000,000
<i>Avenue D – Street and sidewalk rehabilitation</i>	\$ 2,500,000
<i>City Hall in the downtown</i>	\$ 10,000,000
<i>Land acquisition and development for expansion of Killeen Business Park</i>	\$ 30,000,000
<i>Economic development and public infrastructure reimbursements</i>	\$ 14,000,000
Redevelopment	
<i>Downtown land acquisition and redevelopment</i>	\$ 8,000,000
Administrative /Professional Services	\$ 3,000,000

Total	\$ 113,500,000
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*The above costs are estimates and based on the best information available as of December 2022. Cost will vary and costs may be distributed between the various line items based on the discretion of the TIRZ Board of Directors and/or City of Killeen City Council.

*The above costs include land/right-of-way acquisition, design and construction costs.

C. Estimated Time When Monetary Obligations Are Incurred

Costs will be incurred beginning in 2022 and are anticipated to continue through the duration of the TIRZ.

D. Estimated Amount of Bonded Indebtedness

The City, upon a recommendation from the Tax Increment Reinvestment Zone Board, may issue bonds, notes, or other obligations secured by tax increment revenues, the proceeds of which could be used to pay for or reimburse developers for Project Costs, including public improvements, interest, developer costs, and costs associated with the bond issue. The City, upon a recommendation from the Tax Increment Reinvestment Zone Board, may issue one or more series of bonds or notes at the time the Zone generates sufficient tax increment revenues to pay principal and interest on such obligations. However, the City may elect to pay for Project Costs directly from tax increment proceeds as they become available, without the sale of bonds or notes.

E. Methods of Financing and Sources of Revenue

Tax increment revenues will be derived from the development of the Anthem Park mixed-use project, development in the Killeen Business Park, and increase in property values in downtown Killeen. Development is projected to increase taxable property values in the Killeen TIRZ to approximately \$915,838,562 million during the life of the TIRZ.

Table A depicts the build-out projection and the annual captured appraised value for the mixed-use development proposed in the TIRZ; improvements in the business park; and improvements in the downtown area. Table B depicts the projected revenue schedule for the TIRZ.

To ensure timely construction of public improvements, both “pay-as-you-go” and/or bond financing may be utilized. Potential financing methods may include:

1. **Tax Increment Bonds or Notes:** As allowed by annual incremental increases in Zone assessed value, tax-exempt tax increment bonds or notes may be issued to fund improvements.

2. **Bond Anticipation Notes:** Notes issued in anticipation of tax increment or bond revenue may be issued to facilitate implementation of particular projects as warranted.
3. **Other Private Financing:** The project will be developed using traditional bank financing subject to future TIRZ fund reimbursement provided to the Developer.
4. **Tax Increment Contract Revenue Bonds:** The City may elect to create a Redevelopment Authority with the authority to issue all or part of the debt contemplated in the Plan. The Board may elect to enter into Development Agreements with the developer to provide for public projects in furtherance of the provisions of the Plan. In such situations, development agreements may be subject to the developer's ability to generate sufficient increment to fund the agreement.
5. **Percentage of Increment Dedicated to the Zone:**
The percentage of tax value increment anticipated to be dedicated to the Zone follows.

Taxing Unit	Dedicated Tax Rate	% of Total Participation
City of Killeen	\$0.6233	100%
Bell County	\$0.3626	100%
Central Texas College	\$0.0960	100%
TOTAL	\$1.0819/\$100 valuation	100%

*The above rates are based on Property Tax Rate 2023 information.

F. Tax Increment Fund

The City of Killeen will establish and maintain the Zone's tax increment fund. The City will deposit an amount of money into the tax increment fund equal to the City's ad valorem tax revenues collected from the taxable property in the project, less the tax increment base revenue. The City will deposit revenues derived from all taxing jurisdictions participating in the TIRZ into the tax increment fund, in accordance with the conditions of an agreement with each jurisdiction's participation.

G. Market Feasibility Study

The feasibility study is Exhibit D.

H. Duration of the Zone

The termination of the TIRZ #2 shall occur on December 31, 2048, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of any bonds, notes or other obligations that all project costs, bonds, notes or other obligations have been paid in full. Year One (1) is expected to consist of planning and pre-development activities.

I. Exhibits

Exhibit A	Killeen TIRZ #2 Boundary
Exhibit B	Current Zoning Map of TIRZ
Exhibit C	Future Land Use and Proposed Development Areas maps
Exhibit D	Market (Economic) Feasibility Study
Exhibit E	Schedule of Zone Estimated Captured Appraised Value & Revenue

SECTION IV. That all ordinances or resolutions or parts of ordinances or resolutions in conflict with the provisions of this ordinance are hereby repealed to the extent of such conflict.

SECTION V. That should any section or part of any section or paragraph of this ordinance be declared invalid or unconstitutional for any reason, it shall not invalidate or impair the validity, force or effect of any other section or sections or part of a section or paragraph of this ordinance.

SECTION VI. That the Code of Ordinances of the City of Killeen, Texas, as amended, shall remain in full force and effect, save and except as amended by this ordinance.

SECTION VII. That this ordinance shall be effective after its passage and publication according to law.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Killeen, Texas, this 13th day of December, 2022, at which meeting a quorum was present, held in accordance with the provisions of V.T.C.A., Government Code, §551.001 et seq.

APPROVED:

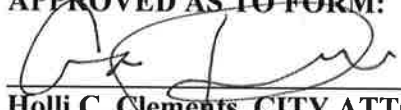

Debbie Nash-King, MAYOR

ATTEST:


Laura J. Calcote, CITY SECRETARY



APPROVED AS TO FORM:


For Holli C. Clements, CITY ATTORNEY

Ord. 22-097

CITY COUNCIL MEMORANDUM FOR ORDINANCE

DATE: December 6, 2022
TO: Kent Cagle, City Manager
FROM: Edwin Revell, Executive Director of Development Services
SUBJECT: **HOLD A PUBLIC HEARING AND CONSIDER AMENDMENTS TO THE TAX INCREMENT REINVESTMENT ZONE #2 (TIRZ #2) ORDINANCE**

BACKGROUND AND FINDINGS:

A Tax Increment Reinvestment Zone, also known as "TIRZ", is an economic development tool authorized by Chapter 311 of the Texas Tax Code, through which governments can designate a portion of tax increment to finance improvements to promote the development of a defined area, called a "Reinvestment Zone."

Killeen's TIRZ #2 was established on November 4, 2008. Termination of the operation of the Zone will occur on December 31, 2028, unless otherwise amended.

The Project and Reinvestment Zone Financing Plan was adopted on August 25, 2009. In 2015, the boundaries of TIRZ #2 were amended to include thirty-two (32) acres on the southwest corner of Rancier Ave. and 38th Street. The Project Financing Plan was also updated to account for the boundary expansion.

In 2017, the TIRZ boundary was again amended to include Rancier Avenue from Fort Hood Street to Root Avenue (Ordinance No. 17-012). The Project Financing Plan was also amended at that time.

At this time, staff is recommending the following changes to the TIRZ ordinance:

- Amending the Project and Financing Plan.

TIRZ funds can be used to pay for any permitted "Project Cost" in the Project Plan. Staff recommends updating the list of projects as listed in the attached ordinance. The proposed project plan totals \$113,500,000, and includes the following proposed projects:

Project	Estimated Cost
Streetscaping improvements in Downtown Killeen	\$14M
Rancier Avenue replacement and streetscaping improvements	\$15M
Rancier Avenue undergrounding overhead utilities	\$9M
Downtown land acquisition and development of park space	\$8M

Avenue D - Street and sidewalk rehabilitation	\$2.5M
City Hall in the downtown	\$10M
Land acquisition & development for expansion of Killeen Business Park	\$30M
Economic development and public infrastructure reimbursements	\$14M
Downtown land acquisition and redevelopment	\$8M
Administrative /Professional Services	\$3M
Total	\$113.5M

- Amending the TIRZ boundary.
Staff recommends amending the boundary of the TIRZ #2 to include approximately 332 acres on the east side of N. Roy Reynolds Drive for expansion of the Killeen Business Park.
- Extending the duration of the TIRZ.
The current TIRZ was established with a 20-year term and will expire on December 31, 2028, unless otherwise amended. Staff recommends extending the duration of the TIRZ by 20 years to expire in 2048.

THE ALTERNATIVES CONSIDERED:

The City Council has three (3) alternatives:

- Do not approve the ordinance;
- Approve the ordinance with amendments; or
- Approve the ordinance as presented.

Which alternative is recommended? Why?

Staff recommends approval of the ordinance as presented. If approved, the proposed ordinance will update the project and financing plan for the TIRZ to provide a funding mechanism for needed projects within the TIRZ Boundary including Downtown Killeen. It will also extend the duration of the TIRZ to 2048 and expand the boundary to include an additional 332 acres for expansion of the Killeen Business Park.

CONFORMITY TO CITY POLICY:

The proposed ordinance conforms to all City policy and requirements of State law.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

This is not applicable.

Is this a one-time or recurring expenditure?

This is not applicable.

Is this expenditure budgeted?

This is not applicable.

If not, where will the money come from?

This is not applicable.

Is there a sufficient amount in the budgeted line-item for this expenditure?

This is not applicable.

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

DEPARTMENTAL CLEARANCES:

This item has been reviewed by Development Services, Finance, and Legal staff.

ATTACHED SUPPORTING DOCUMENTS:

Ordinance