

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KILLEEN, TEXAS AMENDING THE TAX INCREMENT REINVESTMENT ZONE NUMBER TWO PROJECT AND FINANCING PLAN 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, the Killeen City Council established the Tax Increment Reinvestment Zone Number Two (TIRZ #2) in 2008 for the purpose of dedicating the increase on 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;

WHEREAS, the TIRZ #2 board voted unanimously to amend the TIRZ #2 boundary on February 25, 2015 as depicted in the attached boundary map;

WHEREAS, the City Council at said hearing duly considered said recommendation, and the City Council being of the majority opinion that the TIRZ #2 boundary and project plan amendment should be approved;

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

SECTION I. That the City of Killeen adopts the following TIRZ #2 Project and Financing Plan and Boundary Amendment:

SECTION II.

City of Killeen

Tax Increment Reinvestment Zone #2

Project and Financing Plan

This document constitutes the final 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 December of 2015 to include an additional 32 acres in the Southwest corner of Rancier Ave and 38th Street to accommodate a proposed retail development in that area.

Development Projects and Public Infrastructure in the TIRZ

- Public Infrastructure – water lines, sanitary sewer lines, underground utilities
- Public Roads and Highways – improvements to US190, Rosewood & FM 2410
- Beautification – gateway improvements, streetscape improvements, municipal furnishings, landscape improvements
- Public Safety – street lights, sidewalks
- Public Land and Buildings - park acquisition and park improvements

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 \$298 million.

B. Developer and Financing Description

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

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

La Cascata: The developer of the La Cascata project is First Advisors, Inc. 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, First Advisors, Inc., for public improvements, subject to approval of a reimbursement contract between the City and the developer.

C. Conditions and Circumstances of the Property

1. **La Cascata:** 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, trails, and water features.
2. **Downtown Killeen:** Downtown Killeen lacks 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.
3. **Killeen Industrial Park:** The Industrial Park lacks full development and utilities. Investment of TIRZ revenues will allow the Industrial Park to realize its full taxable highest and best land use, thereby increasing the opportunities for job and economic growth.
4. **Rancier Ave and 38th Street:** This area has a lack of basic infrastructure including: water, sanitary sewer, storm sewer, infrastructure, and drainage. The proposed retail development will provide a significant benefit to the TIRZ and community.
5. **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 2,132 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, mixed uses, parks, open space, parking, and amenities such as trails and water features.

D. Justification for TIRZ Creation

The developer of the La Cascata project (First Advisors, Inc.) believes that the demographic, market demand, and overall economic conditions justify the risk for the proposed La Cascata 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, the 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. List of Estimated Non-Project Costs

Costs that will be expended by the Developer, without reimbursement, are listed below.

Non-Reimbursable Project Costs	Estimated Costs
Miscellaneous Land Development Hard and Soft Costs and Land Acquisition	\$ 84,000,000
Total	\$ 84,000,000

G. 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 Industrial Park	
<i>Gray Street landscaping and irrigation</i>	<i>\$150,000</i>
<i>Avenue D landscaping and irrigation</i>	<i>\$100,000</i>
<i>Gray Street decorative lighting and installation</i>	<i>\$500,000</i>
<i>Avenue D decorative lighting and installation</i>	<i>\$300,000</i>
<i>Relocate above ground utilities underground Downtown</i>	<i>\$2,000,000</i>
Public Use	
<i>Downtown land acquisition and development of park space</i>	<i>\$2,000,000</i>
<i>Gray Street – street and sidewalk rehabilitation</i>	<i>\$4,000,000</i>
<i>Avenue D – street and sidewalk rehabilitation</i>	<i>\$2,500,000</i>
<i>Widening FM 2410 and Stan Schlueter Loop Intersection</i>	<i>\$4,000,000</i>
<i>Construction of Rosewood Drive overpass at US 190</i>	<i>\$4,800,000</i>
<i>City Hall in the downtown</i>	<i>\$15,000,000</i>
Redevelopment	
<i>Downtown land acquisition and redevelopment</i>	<i>\$2,000,000</i>
La Cascata Infrastructure for Commercial Development	
<i>Water, sanitary sewer, storm sewer, internal public roads, landscaping, water features, green space, trails – commercial component only</i>	<i>\$ 9,000,000</i>
Administrative/Professional Services	\$ 200,000
Total	\$46,550,000

*The above costs are estimates and based on the best information available as of June 2009.

Costs will vary and costs may be distributed between the various line items based on the discretion of the TIRZ Board of Directors and/or the Killeen City Council.

C. Estimated Time When Monetary Obligations Are Incurred

Costs will be incurred beginning in 2010 and are anticipated to continue per the Table A: Buildout Schedule.

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 La Cascata mixed-use project, development in the Killeen Industrial Park, and increase in property values in downtown Killeen. Development is projected to increase taxable property values in Killeen TIRZ #2 to approximately \$298 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 industrial 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 to further the development 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	\$0.695	100%
Bell County	\$.3795	100%
College District	\$.142	100%
TOTAL	\$1.2165/\$100 valuation	100%

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 (Economic) Feasibility Study

The feasibility study is Exhibit D.

H. Duration of the Zone

The duration of the TIRZ is proposed to be twenty (20) years, 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.

III. Exhibits

- Exhibit A Killeen TIRZ Boundary map and written description
- Exhibit B Current Land Use map of TIRZ
- Exhibit C Future Land Use and Proposed Development Areas map
- Exhibit D Market (Economic) Feasibility Study

IV. Tables

Table A	Schedule of Zone Estimated Captured Appraised Value
Table B	Proposed Zone Revenue Schedule

SECTION III. 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 IV. 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 V. 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 VI. 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 8th day of December 2015, 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:

Scott Cospers, MAYOR

ATTEST:

Dianna Barker, CITY SECRETARY

APPROVED AS TO FORM

Kathryn H. Davis, City Attorney

Ord. #15-___