

**AGREEMENT FOR TAX ABATEMENT FOR PROPERTY LOCATED IN THE CITY OF  
KILLEEN NORTH KILLEEN REVITALIZATION AREA**

**THE STATE OF TEXAS §**

**COUNTY OF BELL §**

This agreement is entered into pursuant to the authority granted under Chapter 312, Property Redevelopment and Tax Abatement Act, Texas Tax Code, V.T.C.A., by and between the CITY OF KILLEEN, TEXAS, a home rule city and municipal corporation of Bell County, Texas, duly acting herein by and through its City Manager, hereinafter referred to as "CITY" and 1302 HARRIS KILLEEN-PJY INVESTMENTS, LLC, duly acting by and through its undersigned officer, hereinafter referred to as "PJY INVESTMENTS."

***WITNESSETH***

**WHEREAS**, the property that is the subject of the Agreement is located within the North Killeen Revitalization Area; and

**WHEREAS**, on June 12, 2018 the CITY adopted "Guidelines and Criteria for Granting Tax Abatement in the North Killeen Revitalization Area", by Resolution No. 18-\_\_\_\_ (**see Exhibit "A"**). All definitions and terms set forth therein are applicable to this Agreement; and

**WHEREAS**, the policy on tax abatement incentives constitutes appropriate guidelines and criteria governing tax abatement agreements to be entered into by the CITY as required by the Property Redevelopment and Tax Abatement Act; and

**WHEREAS**, 1302 HARRIS KILLEEN-PJY INVESTMENTS, LLC filed an Application for Tax Abatement with CITY on March 23, 2018 (**see Exhibit "B"**); CITY approved application via Resolution No. 18-\_\_\_\_R, on June 12, 2018. (**see Exhibit "C"**); and

**WHEREAS**, PJY INVESTMENTS, LLC will demonstrate a total investment of over \$197,971 for improvements to the property;

**WHEREAS**, PJY INVESTMENTS, LLC will demonstrate that two (2) jobs will be retained or created in the North Killeen Revitalization Area; and

**WHEREAS**, the actual use of the property and the substantial improvements to the property are in excess of \$197,971 and the other terms hereof are consistent with encouraging redevelopment and revitalization of the CITY's North Killeen Revitalization Area in accordance

with the purposes identified for its creation and are in compliance with the CITY's policy on tax abatement incentives and all applicable laws;

**NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS** that for and in consideration of the mutual covenants and agreements recited herein, CITY and PJY INVESTMENTS, LLC agree as follows:

**1. Definitions.**

- a. "Abatement" means the full or partial exemption from ad valorem taxes of certain real property in the North Killeen Revitalization Area designated by the City of Killeen for economic development purposes.
- b. "Agreement" means a contractual agreement between a property owner and/or lessee and the City of Killeen, Texas.
- c. "Base year value" means the assessed value of eligible property on January 1<sup>st</sup> of the year of the execution of the agreement plus the agreed upon value of eligible property improvements made after January 1<sup>st</sup> but before the execution of the Agreement.
- d. "Eligible Facilities" means those new or existing buildings, or Expanded or Modernized existing buildings and structures, including fixed machinery and equipment, located or to be located inside a reinvestment or enterprise zone for tax abatement designated by the City of Killeen, or located within its extraterritorial jurisdiction.
- e. "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.
- f. "Modernization" means a complete or partial demolition of Facilities and the complete or partial reconstruction or installation of a Facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery or equipment, or both.
- g. "North Killeen Revitalization Area" means the area of Killeen identified in the CITY adopted Ordinance number 15-055 creating the North Killeen Revitalization Area for economic development purposes.
- h. "Owner" means the individual, corporation, partnership, or other legal entity in whom is vested the ownership, dominion, or title of property and who is responsible for payment of ad valorem taxes on that property; including a Lessor or Lessee if responsible for payment of ad valorem taxes.

2. **Project Description.** PJY INVESTMENTS, LLC intends to complete renovation on what will ultimately involve approximately \$197,971 worth of improvements to 1302 Harris Avenue ("THE PROPERTY") and has, in accordance with CITY's Guidelines and Criteria for Granting Tax Abatement in the North Killeen Revitalization Area, provided detailed plans for improvements to THE PROPERTY attached as **Exhibit "D,"** a time schedule for undertaking and completing the planned improvements (**Exhibit "E"**), a statement of the assessed value of THE PROPERTY and the Legal Description of the property attached as **Exhibit "F"**, and has provided such financial information appropriate for evaluating the financial commitment of the applicant.
3. **Covenants.** PJY INVESTMENTS, LLC agrees that it shall continuously operate and maintain the property as a multi-family apartment complex and office as PJY INVESTMENTS, LLC and for no other purpose(s) without written approval of CITY, for a period of five (5) years.
4. **Capital Investment.** PJY INVESTMENTS, LLC and/or Paul Yazbeck will in fact make a capital investment in excess of \$197,971 for the interior and exterior improvements to the PROPERTY.
5. **Jobs Created.** PJY INVESTMENTS, LLC will create or maintain a minimum of two (2) new full-time equivalent jobs. For purposes of this Agreement, the requirement of having at least two (2) full time employees shall be fulfilled if PJY INVESTMENTS, LLC can demonstrate a total of payroll hours of 4,160 or greater in a twelve month period. PJY INVESTMENTS, LLC agrees to provide CITY with extracts from its payroll records to substantiate the number of employees and hours worked at THE PROPERTY. CITY agrees to keep such payroll information confidential to the extent permitted by law, and shall notify PJY INVESTMENTS, LLC if requests or demands are made upon CITY for copies of such payroll information.
6. **Abatement Amount.** In as much as PJY INVESTMENTS, LLC has renovated and occupied the improvements described herein, a portion of the ad valorem property taxes on the improvements to the real property, which PJY INVESTMENTS, LLC owes to CITY, shall be abated. The estimated value of property that will be eligible for abatement ("base year value") is \$614,880 (real property). After construction on items for which PJY INVESTMENTS, LLC is requesting tax abatement has been completed, PJY INVESTMENTS, LLC shall obtain a Bell County Appraisal District value for the property that will be eligible for abatement. This amount will establish the value for purposes of this Agreement.

Abatement will be calculated in accordance with the following formula, with the first year commencing with the fiscal year upon which taxes are levied after the completion and issuance of a Certificate of Occupancy:

- a. Year One: 100% abatement of eligible property tax;
- b. Year Two: 100% abatement of eligible property tax;
- c. Year Three: 100% abatement of eligible property tax;

- d. Year Four: 100% abatement of eligible property tax;
- e. Year Five: 100% abatement of eligible property tax.
- f. Year Six and thereafter: No abatement of property tax.

The value of ineligible property as provided in Section III of CITY'S Guidelines and Criteria for Granting Tax Abatement shall be fully taxable. The base year value of existing eligible property as determined each year shall be fully taxable.

7. **Independent Actors.** It is understood and agreed between the parties that PJY INVESTMENTS, in performing its obligations under this AGREEMENT, is acting independently, and the CITY assumes no responsibility or liability in connection therewith to third parties and PJY INVESTMENTS, LLC agrees to indemnify the CITY therefrom; it is further understood and agreed among the parties that the CITY, in performing its obligations under this AGREEMENT, is acting independently, and PJY INVESTMENTS, LLC assumes no responsibility or liability in connection therewith to third parties and the CITY agrees to indemnify, to the extent allowed by law, PJY INVESTMENTS, LLC.
8. **Default.** During the abatement period covered by the Agreement, City may declare a default thereunder by PJY INVESTMENTS, LLC:
  - a. If PJY INVESTMENTS, LLC refuses or neglects to comply in any material respect with any of the terms of this Agreement, it's Application, or the Guidelines;
  - b. If PJY INVESTMENTS, LLC fails to maintain the number of employees as specified in paragraph 5 above
  - c. If PJY INVESTMENTS, LLC allows its ad valorem taxes owed to CITY or affected jurisdictions to become delinquent and fails to timely and properly follow the legal protest procedures;
  - d. If any representation made by PJY INVESTMENTS, LLC in this Agreement or its Application for tax abatement is false or misleading in any material respect.

Should the CITY determine that PJY INVESTMENTS, LLC is in material default in any terms and conditions of this agreement, then the CITY shall notify PJY INVESTMENTS, LLC in writing of such default, and if such default is not cured within thirty (30)days from the date of such notice ("Cure Period"), this agreement may be terminated or modified by CITY; provided, however, that in the case of a default that for causes beyond PJY INVESTMENTS's reasonable control cannot with due diligence be cured within such Cure Period, the Cure Period shall be deemed extended for a period of time to be determined solely by CITY if PJY INVESTMENTS, LLC (i) shall immediately, upon the receipt of such notice, advise CITY of PJY INVESTMENTS's intention to institute steps necessary to cure such default, and (ii) shall specify in writing and institute thereafter and proceed to completion with reasonable dispatch all steps necessary to cure same.

If the City should terminate this Agreement pursuant to the terms of section 8(a)-(d) of this Agreement, it shall provide PJY INVESTMENTS, LLC written notice of such termination, and except where provided otherwise, all taxes otherwise abated by virtue of the Agreement will be recaptured and paid to CITY within sixty (60) days' notice of the termination, subject to any and all lawful offsets, settlements, deductions, or credits to which PJY INVESTMENTS, LLC may be entitled (but without the addition of penalty; interest will be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Property Tax Code of the State of Texas). If PJY INVESTMENTS, LLC believes that such termination was improper, PJY INVESTMENTS, LLC may file suit in the Bell County District Courts, appealing such termination within sixty (60) days after receipt from CITY of written notice of the termination. If an appeal suit is filed, PJY INVESTMENTS, LLC shall remit to CITY within sixty (60) days after receipt of the notice of termination any additional and/or recaptured taxes as may be payable during the pendency of the litigation. (Section 42.08, Forfeiture of Remedy for Nonpayment of Taxes, Texas Tax Code (V.T.C.A.)). If the final determination of the appeal increases Applicant's tax liability above the amount of tax paid, PJY INVESTMENTS, LLC shall remit the additional tax to CITY. (Section 42.42, Texas Tax Code, current and as may be amended). If the final determination of the appeal decreases PJY INVESTMENTS's tax liability, CITY shall refund to PJY INVESTMENTS, LLC the difference between the amount of tax paid and the amount of tax for which PJY INVESTMENTS, LLC is liable. (Section 42.43, Texas Tax Code, current and as may be amended).

9. **Recapture.** In the event that the facility is completed and begins providing service, but subsequently discontinues providing service for any reason excepting fire, flood, tornado, earthquake, riot, legal enactment, government regulations, Act of God, explosion or other casualty or accident or natural disaster or other reason beyond PJY INVESTMENTS's reasonable control, for a period of thirty (30) days during the abatement period, then the Agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the facility no longer provides service. Unless appealed as herein provided, taxes previously abated under this Agreement shall be recaptured and paid by PJY INVESTMENTS, LLC to CITY within sixty (60) days after written notice from CITY. Furthermore, the taxes otherwise abated for the calendar year shall be paid to the affected jurisdiction and other taxing agencies within sixty (60) days from the date of termination.

10. **Administration.**

- a. CITY shall evaluate the Facility receiving abatement to ensure compliance with the Agreement. Such evaluation may include site visits and inspections by appropriate CITY staff, at reasonable times. PJY INVESTMENTS, LLC must make all facilities subject to this Agreement available for CITY's inspection related to compliance with this Agreement. PJY INVESTMENTS, LLC shall maintain appropriate records or such other documentation that may be required to demonstrate compliance with this Agreement.

- b. Annual Evaluation and Reports. Upon completion of construction, CITY, individually or in conjunction with other affected jurisdictions, shall annually evaluate each facility receiving abatement to ensure compliance with the Agreement and report possible violations of the Agreement. Such evaluation may include site visits and inspections by appropriate CITY, or other taxing entity, staff at reasonable times. PJY INVESTMENTS, LLC shall make all facilities subject to the Agreement available for such inspections. PJY INVESTMENTS, LLC shall certify to the Killeen City Council on or before April 1 of each year that the Applicant is in compliance with each applicable term of the agreement. This certification shall be by PJY INVESTMENTS's Chief Financial Officer, or other PJY INVESTMENTS, LLC officer approved in advance by CITY.
  - c. A third-party audit of PJY INVESTMENTS's compliance with the Abatement Agreement may be conducted at any time CITY deems necessary, at CITY's expense.
  - d. No extension to the period of tax abatement will be granted.
11. **Notice.** Any notice required to be given under the provision of this Agreement shall be in writing and deposited, enclosed in a wrapper with the proper postage prepaid thereon, and either duly registered or certified, return receipt requested, in a United States Post Office, or delivered by overnight carrier, addressed to the CITY or PJY INVESTMENTS, LLC at the following addresses. If mailed, any notice or communication shall be deemed to be received on the date shown on the returned receipt. However, if receipt is not returned to sender, the notice or communication shall be deemed received three days after the date of deposit in the United States Mail. Unless otherwise provided in the Agreement, all notices shall be delivered to the following addresses:

TO PJY INVESTMENTS:

1302 Harris Killeen-PJY Investments, LLC  
2608 Thomas Avenue, Suite 6  
Dallas TX 75204  
Attn: Paul Yazbeck

TO CITY:

City of Killeen  
City Manager's Office  
101. N. College  
P.O. Box 1325 Killeen, Texas 76540

Either party may designate a different address by giving the other party ten days' written notice.

12. **Non-transferrable.** This Agreement is between the CITY and 1302 HARRIS KILLEEN-PJY INVESTMENTS, LLC. Benefits obtained through this Agreement are not transferable to any other party or entity, without written consent of CITY, which consent shall not be unreasonably withheld.
13. **Jurisdiction.** All causes of action and disputes arising in and out of this Agreement or the administration of this Agreement shall have jurisdiction in Bell County, Texas. This agreement is deemed to have been executed in Killeen, Bell County, Texas, regardless of where the parties are located at the time of signing.
14. **Binding Agreement.** The terms and conditions of this agreement are binding upon the successors and assigns of all parties hereto. The agreement cannot be assigned by PJY INVESTMENTS, LLC unless written permission is first granted by CITY, which permission will not be unreasonably withheld.
15. **Application Incorporated.** This Agreement fully incorporates PJY INVESTMENTS'S Application for Tax Abatement, received by the City on March 23, 2018 and attached as Exhibit "B," by this reference as if written into this Agreement verbatim.
16. **Authorization and Execution.** This agreement was authorized by the City Council on behalf of CITY at its Council meeting on the 12<sup>th</sup> day of June, 2018, authorizing the City Manager to execute the agreement on behalf of CITY. The execution of this agreement is accomplished by an official of PJY INVESTMENTS, who is authorized to execute the agreement on its behalf. This Agreement has been executed by the parties in multiple originals, each having full force and effect.
17. **Termination.** This agreement may be terminated by the mutual consent of all parties, and no repayment of abated taxes will be required as long as PJY INVESTMENTS, LLC is in full compliance with the agreement on the effective date of the termination.

**WITNESS OUR HANDS** this the 12<sup>th</sup> day of June, 2018.

CITY OF KILLEEN

By: \_\_\_\_\_  
*Ronald L. Olson, City Manager*

ATTEST:

\_\_\_\_\_  
*Dianna Barker, City Secretary*

APPROVED AS TO FORM:

\_\_\_\_\_  
*Kathryn H. Davis, City Attorney*

PJY INVESTMENTS, LLC, By 1302 HARRIS KILLEEN-PJY INVESTMENTS, LLC REGISTERED  
AGENT,

By: \_\_\_\_\_

*Paul Yazbeck, Registered Agent*





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## **GUIDELINES AND CRITERIA**

### **For Granting Tax Abatement in the North Killeen Revitalization Area**

#### **Designated by the City of Killeen, Texas**

#### **Under Tax Code, Chapter 312**

### **I. PURPOSE**

The designation of a Tax Abatement is allowed if it is reasonably likely to contribute to the retention or expansion of employment or will attract investment that would be a benefit to the property and contribute to the economic vitality of North Killeen. The North Killeen Revitalization Area (NKRA) is outlined in Attachment A.

### **II. DEFINITIONS**

- A. "Abatement" means the partial exemption from ad valorem taxes of certain real property in the NKRA designated by the City of Killeen for economic development purposes.
- B. "Agreement" means a written contractual agreement between a property owner and/or lessee and the City of Killeen, Texas.
- C. "Base year value" means the assessed value of eligible property on January 1<sup>st</sup> of the year of the execution of the agreement plus the agreed upon value of eligible property improvements made after January 1<sup>st</sup> but before the execution of the agreement.
- D. "Commercial Properties" means property that is used primarily for business activities.
- E. "Dangerous Building" means any building or structure deemed dangerous and unsafe by the Construction Board of Appeals.
- F. "Deferred Maintenance" means those improvements necessary for continued operation but which do not improve productivity or alter any process technology.
- G. "Eligible Facilities" means those new or existing buildings, or expanded or modernized existing buildings and structures, including fixed machinery and equipment.
- H. "Expansion" means the addition of buildings, structures, machinery, equipment or payroll for purposes of increasing production capacity.

- I. "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.
- J. "Modernization" means a complete or partial demolition of Facilities and the complete or partial reconstruction or installation of a Facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery or equipment.
- K. "Multifamily" means a building designed for or occupied exclusively by two (2) or more families i.e. duplexes, fourplexes, apartment buildings.
- L. "New Facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with Expansion or Modernization.
- M. "Owner" means the individual, corporation, partnership, or other legal entity in whom is vested the ownership, dominion, or title of property and who is responsible for payment of ad valorem taxes on that property; including a Lessor or Lessee if responsible for payment of ad valorem taxes.
- N. "Productive Life" means the number of years a property improvement is expected to be in service for a facility.

### **III. ABATEMENT AUTHORIZED**

- A. Eligible Facilities. Commercial properties and multifamily units are eligible for tax abatement. Upon application, eligible facilities shall be considered for Abatement as hereinafter provided.
- B. Creation of New Value. Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between the City of Killeen and the property owner or lessee, subject to such limitation as the City of Killeen may require.
- C. New and Existing Facilities. Abatement may be granted for existing or new facilities and for improvements to existing facilities for purposes of economic development.
- D. Eligible Property Improvements. Includes improvements made to the buildings, structures, fixed machinery and equipment, site improvements, related fixed improvements and deferred or required maintenance necessary to bring the property up to code and for the operation and administration of the facility.
- E. Ineligible Property. The following types of property shall remain fully taxable and ineligible for Tax Abatement: single family residential dwellings, land, inventory, supplies, tools, furnishings and other forms of movable personal property, property which has a productive life of less than 10 years and property owned or leased by a member of the city's governing body or its planning and zoning commission.

F. Owned/Leased Facilities. If a leased facility is granted abatement, the agreement shall be executed with both the lessor and the lessee.

G. Standards for Tax Abatement.

1. Minimum Standards – Objective Criteria. The City of Killeen will consider tax abatement only on eligible facilities and property value which meet the following criteria:

- a. The project involves a minimum increase in property value of one hundred and fifty percent (150%) for construction of a new facility, or twenty-five percent (25%) for expansion or renovation of an existing facility, with an overall new investment of at least \$25,000 in taxable assets; and
- b. Any commercial project that will create or allow to be retained at least one (1) job within the NKRA, which would not otherwise be created or retained. Multi-family projects shall not be required to meet this minimum standard.

2. Additional Standards for Evaluating Applicants – Subjective Criteria. The following factors, among others, where applicable, shall be considered in determining the percentage of value to be abated and the duration of the Tax Abatement in accordance with the Schedule of Tax Abatement in Section III J:

- a. whether the project makes a substantial contribution to redevelopment efforts, preservation efforts, special area plans, or strategic economic development programs by enhancing either functional or visual characteristics;
- b. whether the project has high visibility, image impact, or is of a significantly higher level of development quality;
- c. if the project involves new or infill construction, whether the project improves property that might not otherwise be developed because of constraints of topography, ownership patterns, site configuration, etc;
- d. whether the project can serve as a prototype and catalyst for other development of a higher standard;
- e. whether the project stimulates desired concentrations of employment or commercial activity;
- f. value of land and existing improvements, if any;
- g. type and value of proposed improvements;

- h. productive life of proposed improvements;
- i. amount of local payroll to be created;
- j. whether the new jobs to be created will be filled by persons residing or projected to reside within affected taxing jurisdictions;
- k. amount of local sales taxes to be generated directly;
- l. amount that the property tax base valuation will be increased after the term of abatement;
- m. the costs to be incurred by the City of Killeen to provide facilities or services directly resulting from the new improvements;
- n. the amount of ad valorem taxes to be paid by the City of Killeen during the Abatement period considering (a) the existing values, (b) the percentage of new value abated, and (c) the Abatement period;
- o. the population growth of the City of Killeen that occurs directly as a result of new improvements;
- p. the types of value of public improvements, if any, to be constructed and paid for by the applicant seeking abatement;
- q. the extent to which the proposed improvements compete with existing businesses;
- r. the impact, whether positive or negative, on the business opportunities of existing businesses;
- s. the attraction of other new business and/or housing development in the area;
- t. the overall compatibility with the City of Killeen's zoning and subdivision regulations and the Comprehensive Plan;
- u. whether the project is environmentally compatible, with no appreciable negative impact on quality-of-life perceptions;
- v. if the project involves new or infill construction, whether or not the proposed construction and its siting are compatible with the distinctive character of the area and buildings; and
- w. whether the project has a positive impact on the community by improving the aesthetic appearance of the neighborhood, enhancing functional or visual characteristics of the neighborhood, or increasing the amount of open space (landscaping).

3. Each eligible facility shall be reviewed on its merits utilizing the factors provided in #1 and #2 above. After such review and full evaluation, abatement may be denied entirely or may be granted to the extent deemed appropriate in accordance with the Schedule of Tax Abatement in Section III J.

H. Denial of Abatement. A tax abatement agreement shall be denied if it is determined that:

1. there would be a substantial adverse effect on the provision of government service or tax base;
2. the applicant has insufficient financial capacity to meet the requirements of the proposed abatement agreement;
3. the project involves alteration of a historic building in a way that is incompatible with the Secretary of the Interior's Standards for Rehabilitation;
4. the project involves the demolition of a building not otherwise identified as a dangerous building;
5. the project would have a detrimental effect on the distinctive character of the historic district setting and its buildings;
6. planned or potential use of the property would constitute a hazard to public safety, health, or morals;
7. approval of an abatement agreement would violate State or Federal laws or regulations; or
8. there exists any other valid reason for denial deemed appropriate by the City Council of the City of Killeen.

I. Taxability. From the date of the execution of the Abatement Agreement period, taxes shall be payable as follows:

1. the value of ineligible property as provided in Section III E shall be fully taxable;
2. the base year value of existing eligible property as determined each year shall be fully taxable;
3. the additional value of new eligible property shall be taxed in the manner and for the period provided for in the Schedule of Tax Abatement in Section III J; and

4. the additional value of new, eligible property shall be fully taxable after the end of the Abatement period as described in the agreement.
- J. Schedule of Tax Abatement. The term and percentage of tax abatement shall be determined by the sum of points earned in each of the following categories. The parties may agree to a lesser time period or percentage of abatement than would otherwise be entitled under this point-factor analysis.

### ***North Killeen Revitalization Area***

#### ***Category I. Objective Criterion - - Dollar Value of Improvements***

<i>\$25,000 - \$74,999</i>	<i>3 points</i>
<i>\$75,000 - \$149,999</i>	<i>6 points</i>
<i>&gt; \$150,000</i>	<i>9 points</i>

#### ***Category II. Objective Criterion - - Number of Jobs Created or Retained (that would not otherwise be created or retained.)***

<i>1 – 5 jobs</i>	<i>3 points</i>
<i>&gt; 5 jobs</i>	<i>6 points</i>

#### ***Category III. Subjective Criterion - - Positive Impact on Community***

<i>No significant Positive Impact</i>	<i>0 points</i>
<i>Desirable Positive Impact</i>	<i>6 points</i>
<i>Exceptional Positive Impact</i>	<i>9 points</i>

### ***SCHEDULE***

<i>Sum of Points</i>	<i>Years of Abatement</i>	<i>% Abatement</i>
<i>&lt;6</i>	<i>-</i>	<i>-</i>
<i>6 – 9</i>	<i>5</i>	<i>50%</i>
<i>10 – 17</i>	<i>5</i>	<i>75%</i>
<i>&gt; 17</i>	<i>5</i>	<i>100%</i>

## **IV. APPLICATION**

- A. Any present or potential owner of taxable property in Killeen, Texas, or its extraterritorial jurisdiction, may request tax abatement for Eligible Facilities by filing a written request with the City Manager of the City of Killeen. After

processing the application, the City Manager shall make a recommendation to the City Council of the City of Killeen for final disposition.

- B. The application shall consist of:
1. a completed application form which shall provide detailed information on the items described in Section III G above;
  2. a detailed site plan or appropriate plan illustrating layout and design for structures, landscaping, signage, parking, and internal circulation along with a legal property description;
  3. a time schedule for undertaking and completing the planned improvements;
  4. in the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, for the tax year immediately preceding the application;
  5. such financial and other information as may be deemed appropriate for evaluating the financial capacity and other factors of the applicant; and
  6. if the project improvements are to a historic building, a detailed plan demonstrating how the proposed improvements conform to the Secretary of the Interior's Standards for Rehabilitation.
- C. The City of Killeen, no more than 45 days after receipt of the completed application, shall by resolution either approve or disapprove the application for tax abatement at a regularly scheduled meeting of the City Council. The City of Killeen shall notify the applicant in writing of approval or disapproval.
- D. If the application is approved, the City of Killeen shall give notice as provided by the Texas Tax Code, i.e., written notice to the presiding officer of the governing body of each taxing unit in which the property to be subject to the agreement is located, no later than the seventh day before the execution of a Tax Abatement Agreement.

## **V. AGREEMENT**

- A. Upon approval of an application, the City of Killeen shall formally execute an agreement with the owner or lessee, as the case may be, of the eligible facility, which agreement shall include, but not be limited to:
1. a list of the kind, number, and location of all proposed improvements on the property;

2. a time schedule for undertaking and completing the planned improvements;
  3. a description of the proposed use of the facility;
  4. a detailed site plan illustrating layout and design for structures, landscaping, signage, parking, and internal circulation along with a legal property description of the facility;
  5. the estimated value of eligible property and the base year value of the Facility;
  6. the percent of value to be abated each year as provided in Section III J;
  7. the commencement date and the termination date of abatement;
  8. a limitation on the uses of the property consistent with the general purpose of encouraging development or redevelopment of the area during the period that property tax abatement is in effect;
  9. an estimate of the number of jobs to be created or retained over the abatement period if non-residential project;
  10. provision for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided by the agreement, as provided in Section VI;
  11. provisions for administration as provided in Section VII, including a provision for access to and inspection of the property by City employees to ensure that the improvements or repairs are made according to the specification and conditions of the agreement;
  12. provisions for assignment of the tax abatement, as provided in Section VIII;
- B. Such agreement shall normally be executed within sixty (60) days after approval of an application by the City of Killeen.
- C. Nothing contained within these Guidelines and Criteria shall preclude the City Council from entering into a tax abatement/economic incentive agreement that takes full advantage of the flexibility contained in the Local Government Code, the Government Code or the Tax Code, as amended.



## **VI. RECAPTURE**

- A. In the event that the owner:
  - (1) allows ad valorem taxes owed the City of Killeen to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest or violates any of the terms and conditions of the Abatement Agreement; and fails to cure during the Cure Period hereinafter described, the Agreement then may be terminated, and the owner shall repay all taxes previously abated by virtue of the Agreement to the City of Killeen within thirty (30) days of the termination.
  - (3) Fails to comply with Tax Code Chapter 312, as amended, City of Killeen may recapture all or a portion of property tax revenue lost as a result of the agreement, and payment of penalty or interest, or both, on that recapture property tax
- B. Should the City of Killeen determine that the owner is in default according to the terms and conditions of its Agreement, the City of Killeen shall notify the owner of such default in writing at the address stated in the Agreement, and if such is not cured within thirty (30) days from the date of such notice ("Cure Period"), then the Agreement may be terminated.

## **VII. ADMINISTRATION**

- A. The Chief Appraiser of the Bell County Appraisal District will annually determine an assessment of the real property. Each year, the owner receiving tax abatement shall furnish the Appraiser with such information as may be necessary for the assessment. Once value has been established, the Chief Appraiser will notify the City of Killeen of the amount of the assessment.
- B. The Abatement Agreement shall stipulate that employees and/or designated representatives of the City of Killeen will have access to the property during the term of the Abatement to inspect the eligible facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the owner and in accordance with its safety standards.
- C. Upon completion of construction, the designated representative of the City of Killeen shall annually evaluate each Facility receiving Abatement to insure compliance with the Agreement, and a formal report shall then be made to the City Council of Killeen regarding the findings of the evaluation.

## **VIII. ASSIGNMENT**

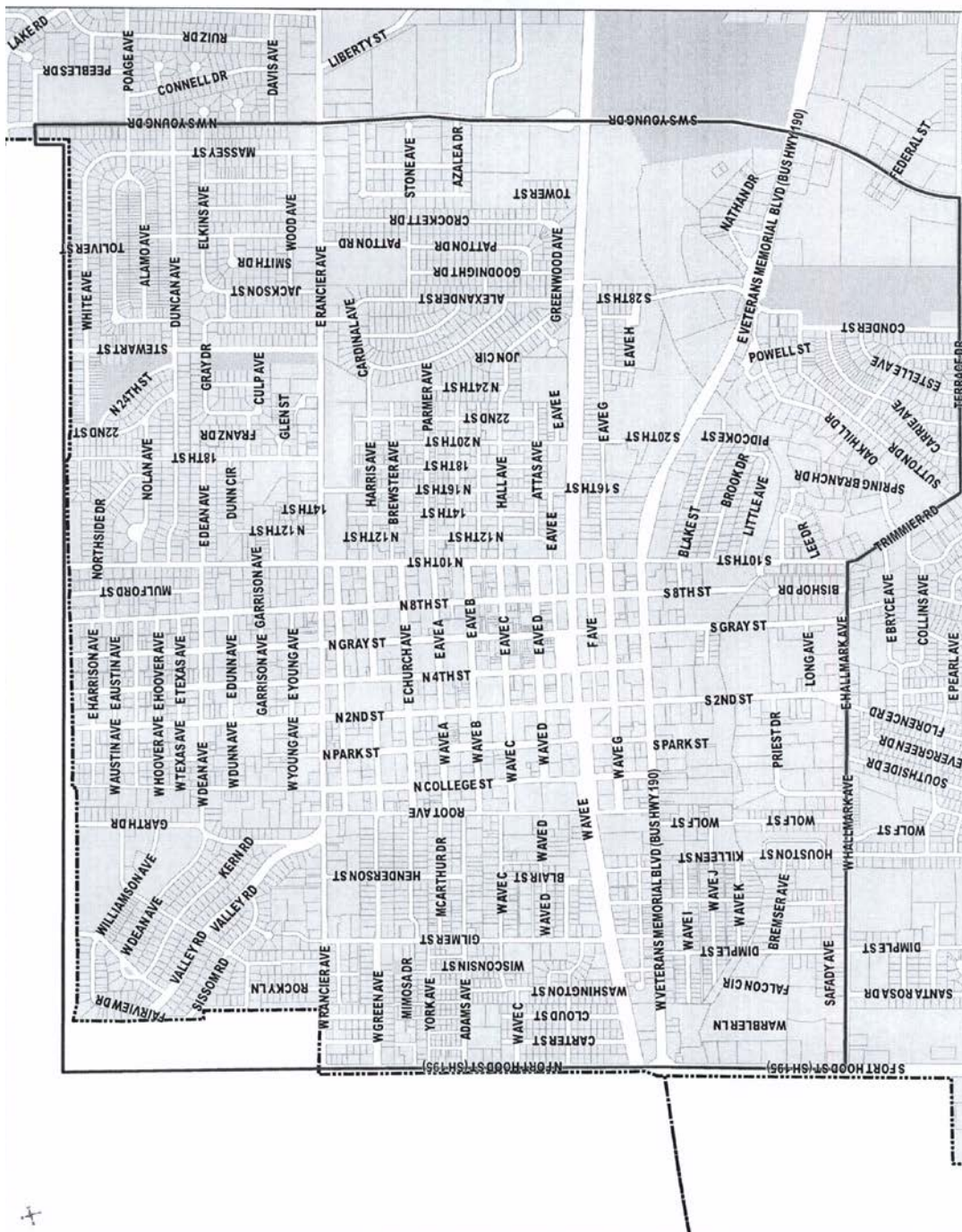
Abatement may be transferred and assigned by the current owner to a new owner of the same Facility upon the approval by resolution of the City of Killeen, subject to the financial capacity of the assignee and provided that all conditions and obligations in the Abatement Agreement are guaranteed by the execution of a new contractual Agreement with the City of Killeen. No assignment or transfer shall be approved if the current owner, the new owner, or the current lessee or new lessee is liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably withheld.

## **IX. SUNSET PROVISION**





Pursuant to Tax Code Section § 312.002 (C), these guidelines and Criteria are effective upon the date of their adoption and will remain in force for two (2) years, unless amended by three-quarters vote of the City Council of the City of Killeen, at which time all Tax Abatement agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria may be modified, renewed or eliminated.

**DATE ADOPTED: 12 June, 2018**

**Resolution No. 18-\_\_\_\_\_**



NORTH KILLEEN REVITALIZATION AREA

- Legend**
-  Parks
  -  Revitalization Area Boundaries
  -  Parcels
  -  City Limits



# CITY OF KILLEEN

## APPLICATION FOR TAX ABATEMENT PROGRAM

### Instructions for Completing the Application Form

1. The application form consists of three parts: (1) general information regarding your proposal and the property in question; (2) questions relating to minimum standards/objective criteria; and (3) subjective criteria worksheet. Please complete all three parts. We recommend that you review the City of Killeen's Guidelines and Criteria for tax abatement prior to completing the application form.

2. Part One: Questions 1-12 request basic information relating to your proposal.

Questions 3 & 4: Applicable only if you are not the current owner of the property. If you are leasing property for which you are requesting tax abatement, the City of Killeen will require both lessor and lessee to execute a tax abatement agreement.

Question 7: Describe in detail the long term improvements you intend to make to the property, the type and value of the improvements, and the productive life of each proposed improvement. Note that under the City of Killeen's Guidelines and Criteria, the City will grant tax abatement only on permanent improvements to real property (e.g., buildings, permanently installed equipment, site improvements, fixtures, etc.). Specifically excluded from tax abatement are personal property and the underlying real property. Eligible property must have a useful life of ten years to be eligible for tax abatement.

Question 12: Tax abatement is available only on that portion of the increase in ad valorem taxes attributable to the improvements to the property you propose to make. Please indicate the percentage of abatement you are requesting and the number of years of abatement you are requesting.

3. Part Two: To be eligible for consideration under the tax abatement program, the applicant must satisfy two minimum standards. We recommend that you provide detailed information regarding each of the minimum standards as they apply to your proposed project. Use additional sheets of paper where necessary.

4. Part Three: Questions 15 - 33 relate to the subjective criteria established by the City of Killeen for granting tax abatement. Answer each question as fully as possible using additional sheets of paper where necessary. The City Staff will review your responses before making a recommendation to the City Council on whether tax abatement should be granted and, if so, under what terms.

**APPLICATION FOR TAX ABATEMENT  
REINVESTMENT/ENTERPRISE ZONE  
PART ONE – GENERAL INFORMATION**

1. Applicant: **Paul Yazbeck**  
Mailing Address: **2608 Thomas Avenue, Suite 6**  
**Dallas TX 75204**  
Telephone Number: **(972) 310-1032**
  
2. Contact Person or Agent: **Paul Yazbeck**  
Mailing Address: **2608 Thomas Avenue, Suite 6**  
**Dallas TX 75204**  
Telephone Number: **(972) 310-1032**
  
3. Current Property Owner: **1302 Harris Killeen-PJY Investments, LLC**  
Mailing Address: **2608 Thomas Avenue, Suite 6**  
**Dallas TX 75204**  
Telephone Number: **(972) 310-1032**
  
4. Property Owner's Representative: **Elizabeth Reyes**  
Mailing Address: **2205 Silverway Drive**  
**Killeen TX 76549**  
Telephone Number: **(254) 892-9734**
  
5. Property Street Address: **1302 Harris Avenue, Killeen, TX 76541**  
  
(Attach Legal Description, Plat and detailed Project Site Plan illustrating layout and design for structures, landscaping, signage, parking, and internal circulation)  
Legal Description: **Hillandale, Block 006, Lot 1-5, & Business Personal Property, Acres 2.313**
  
6. Located Within City of Killeen?    **X** YES \_\_\_ NO  
  
Within City of Killeen extraterritorial jurisdiction (5 miles)? \_\_\_ YES **X** NO  
  
Bell County? **X** YES \_\_\_ NO  
  
Killeen Independent School District?        **X** YES \_\_\_ NO  
  
Central Texas College?        **X** YES \_\_\_ NO  
  
Bell County Road?    **X** YES \_\_\_ NO  
  
Clearwater U.W.C.D.?        **X** YES \_\_\_ NO

7. Description of Project: **Renovation of six 4,640 square foot two story apartment buildings to include upgrades to mechanical, electrical, plumbing, and office space. Add on site laundry facility. Future public pocket park and community garden to be created on the vacant 1 acre portion of the lot.**
8. Date project for (a) initiation of project: **April 1, 2018**  
(b) completion of project: **October 1, 2018**
9. Assessed value of the existing property and improvements separately stated for real and personal property, for tax year immediately preceding this application:  
**Real Property 2017 - \$614,880**  
**Personal Property 2017- \$0.00**
10. Estimated base year value (year of application) of existing property and improvements, separately stated for real and personal property:  
**Real Property 2017 - \$764,880**  
**Personal Property 2017- \$0.00**
11. Present and intended uses of property and facility:  
**46 unit apartment complex, managers office, laundry facilities, and a community park and garden.**
12. Percentage and duration of tax abatement requested:  
**100 % abatement for five (5) years**

## **PART TWO – MINIMUM STANDARDS/OBJECTIVE CRITERIA**

13. Will the project involve a minimum increase in property value of 150% for construction of a new facility or 25% for expansion of an existing facility for an investment of at least \$50,000 in taxable assets? Give dollar amount of investment. Identify funding sources:  
**Yes, proposed improvements will involve over \$150,000 of investment to the property for upgrades to plumbing, electrical, HVAC, and interior improvements funded in part by property purchase bank loan.**
14. Will the project create or retain a minimum of one (1) job which would not otherwise be created or retained? How many jobs? Identify number and types of jobs created or retained.  
**Yes. This renovation will create or retain between two and seven jobs in the first year. These jobs will be an Assistant Property Manager, Maintenance Technician, and renovation team. This renovation is also projected to support local jobs in the community by way of landscaping, pest control, and other subcontractors to maintain the property.**

### PART THREE – SUBJECTIVE CRITERIA

15. Will the project make a substantial contribution to redevelopment efforts preservation effort, special area plans or strategic economic development programs by enhancing either functional or visual characteristics, e.g., historical structures, traffic circulation, parking, facades, materials, signs, etc.? Describe.  
Yes. This renovation will have substantial impact to the city's North Killeen Revitalization effort. The improvements will increase livability and security for the residents. It will also add visual improvements to the buildings and the future installation of a pocket park and community garden.
16. Will the project have high visibility, image impact, or is it of a significantly higher level of development quality? Describe.  
Yes. This project will take place at a currently blighted property in the North Killeen Revitalization area. Renovation and revitalization of this property will increase the number of available rentals as well as better the overall feel of this neighborhood.
17. Is the project in an area which might not otherwise be developed because of constraints of topography, ownership patterns, site configuration, etc.? Explain  
Yes. Development patterns have moved residential properties to the South. North Killeen is currently a focus of city revitalization efforts. The vacant area of the property would not be a viable option for development as it lies in the 100 year flood area. Building a pocket park and community garden in this area would be appropriate.
18. Will the project serve as a prototype and catalyst for other development of a higher standard? Explain.  
Yes. North Killen needs new private investment to spur revitalization. This project could be a catalyst for similar development and draw new developers to the area.
19. Will the project stimulate desirable concentrations of employment or commercial activity? Explain.  
Yes. Our renovation will create not only new employment but also commercial activity from residents living on the property.
20. Will the project generate greater employment than would otherwise be achieved, e.g., commercial/industrial versus residential or manufacturing versus warehousing? Explain.  
This project is for the renovation of an existing derelict apartment complex. The renovation will increase the number of working tenants that are able to live at the property. This increase will expand the transportation needs and available work force in North Killeen.

21. What is the estimated value of the existing real property and improvements?  
**Real Property 2017 assessed value is \$614,880 and 764,880 with improvements.**
22. What are the type and value of proposed improvements?  
**Electrical, Plumbing, Façade, HVAC, Signage, and Interior improvements to include appliances totaling \$150,000. Currently in the bidding process for the pocket park and community garden.**
23. What is the productive life of each proposed improvement?  
**10-27.5 years**
24. What amount of local payroll will be created as a result of your proposed new construction or expansion?  
**Estimated \$40,000- \$60,000**
25. Will the newly created jobs be filled by persons residing or projected to reside within the City of Killeen? The Killeen Independent School District? Bell County? Central Texas College? Bell County Road? Clearwater U.W.C.D.? Give the percentage of jobs to be filled by local workers.  
**100%**
26. What is the estimated amount of local sales taxes to be generated directly?  
**None**
27. Will the amount of property tax base valuation be increased during term of Abatement and after Abatement? Estimate the increase in appraised value attributable to your improvements.  
**Yes - \$500,000 - \$700,000 increase in the appraised value attributed to the improvements.**
28. What costs will be incurred by the City of Killeen to provide facilities or services directly resulting from the new improvements?  
**The City of Killeen will not incur any additional cost for this renovation.**
29. What is the amount of ad valorem taxes to be paid to the City of Killeen, during the Abatement period considering: (a) the existing values; (b) the percentage of new value abated; (c) the Abatement period; and (d) the value after expiration of the Abatement period? (For purposes of this question assume a tax rate of \$0.7498 for the City of Killeen.)  
**Real Property 2017 assessed value is \$614,880 and the City of Killen base tax for this year was \$4,610.37. The percentage of the new value to be abated is 56% for real property. Total annual abatement would be \$3,637.13 for real property. Projected abatement over a five (5) year period will be approximately \$18,187.15. The value of the real property after expiration of the five (5) year abatement period is expected to be over \$1.1 million.**



30. What population growth, if any in the City of Killeen do you expect to occur as a direct result of your proposed improvement?  
**46-75 Killeen residents will be provided with safe and affordable housing.**
31. What are the types and values of **public** improvements you intend to make?  
**We anticipate the future installation of a pocket park and community garden on the vacant one acre portion of the property.**
32. Will the proposed improvements compete with existing businesses to the detriment of the local economy? Will the proposed improvements stimulate existing local businesses? Identify specific businesses. Attract other new business? Explain.  
**The proposed improvements will not be a detriment to the existing economy in North Killeen. This renovation is projected to support local jobs in the community by way of landscaping, pest control, and other businesses and subcontractors to maintain the property. The increase in residents will increase patronage to existing local businesses.**
33. Is your proposed use of the underlying real property in compliance with the City's Zoning Ordinance? Have you discussed your plans with the City's Planning, Engineering, and Building & Development Services Departments?  
**Yes, We have discussed all new renovations with City Officials to include the Permits and Inspections Department and the Revitalization Planner.**

## APPLICATION AFFIDAVIT

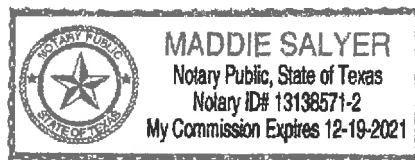
BEFORE ME, the undersigned authority, on this day personally appeared PAUL YAZBECK, a resident of DALLAS County, TX who being by me first duly sworn deposed and said:

"My name is Paul Yazbeck, agent for 1302 Harris, Killeen - PSY Investments LLC a TEXAS / LLC corporation and I am duly authorized to make this affidavit. This application is true and correct in all respects to the extent of my knowledge. I am authorized to make this application on behalf of this Entity for the purpose of seeking tax abatement on certain improvements to be made to property owned by 1302 Harris, Killeen - PSY Investments LLC in Tax Abatement Reinvestment Zone Number One, Killeen, Texas.

Paul J. Yazbeck  
Signature

Typed Name: Paul J. Yazbeck

SWORN TO AND SUBSCRIBED TO BEFORE ME, the undersigned authority, on the 23 day of March, 2018.



Maddie Salyer  
Notary Public  
DALLAS County, Texas

My commission expires: 12-19-2021

## 1302 Harris - CapEx Budget for 2018

Description	Estimated Cost	Average Cost Per Unit	Timeline/Notes
Vacant Unit Upgrades	\$ 100,165.00	\$ 4,173.54	Vacant Unit Upgrade. 24 Units completed by June 2018.
Occupied Unit Upgrades	\$ 91,806.00	\$ 4,173.54	Throughout 2018. Renovate 22 Units. Cost of \$4,173 /unit
Community Amentities (Park, garden, etc)	TBD		
Repair Front Gate	Need Bid		
Water Conservation & Fix Water Leaks	\$ 6,000.00		Completed in Feb 2018
<b>Total Estimated Investment in 1302 Harris in 2018</b>	<b>\$ 197,971</b>		

Work Description (Average Cost Per Unit)	AMOUNT
All mention items below:	
1.- Trash out and clean up.	
2.- Patch, tape and bed and retexture drywall as needed.	
3.- Primer all areas as need it.	
4.- Paint and repair cabinets and cabinet knobs as needed.	
5.- Repair doors, closet shelves, rod and any damage trim and base board as needed.	
6.- Apply two tone paint on walls, ceilings, doors and trim.	
7.- Repair electrical as needed and replace light fixture and ceiling fans as needed throughout units.	
8.- Resurface all tubs and tub surrounds as need it.	
9.- Repair/ Replace, hardware, a/c vent, a/c return, a/c access ass need it.	
10.- Install new towel rack, tissue holder, shower head, shower rod as need it.	
11.- Over lay new vinyl plank flooring on bedrooms and common areas.	
12.- Repair/ replace any damage appliances dishwasher, stove, refrigerator as need it.	
13.- Replace any damage mini blinds.	
14.- Touch up and clean.	
<b>Note: All material will be WMF standard.</b>	
Material	\$ 2,473.00
Labor	\$ 1,400.00
Subtotal	\$ 3,873.00
WMF Fee	\$ 580.95
<b>Total Materials and Labor</b>	<b>\$ 4,453.95</b>

**Timeline for Improvements to 1302 Harris Avenue – PJY Investments, LLC.**

<b>Project Element</b>	<b>Construction Start Date</b>	<b>Construction Completion Date</b>
<b>Interior Improvements</b>		
Roofing	March 2018	August 2018
Repair/Paint Interior Walls	March 2018	August 2018
Electrical Improvements	March 2018	August 2018
Plumbing Improvements	March 2018	August 2018
Interior Flooring	March 2018	August 2018
Repair/Replace Cabinets	March 2018	August 2018
Install Appliances	March 2018	August 2018
Replace Water Heaters	March 2018	August 2018
Repair Exterior Handrails	March 2018	August 2018
Paint Exterior	March 2018	August 2018
Landscaping	March 2018	August 2018

Property Search Results > 95681 1302 HARRIS KILEEN - PJY INVESTMENTS LLC for Year 2018

New Search

Details Map Pay Taxes

Click on a title bar to expand or collapse the information.

Expand All

Property

Account

Property ID:	95681	Legal Description:	HILLANDALE, BLOCK 006, LOT 1-5, & BUSINESS PERSONAL PROPERTY, ACRES 2.313
Geographic ID:	0179510500	Agent Code:	
Type:	Real		
Property Use Code:			
Property Use Description:			

Location

Address:	1302 HARRIS AVE KILLEEN, TX	Mapsco:	SPRINGCREEK
Neighborhood:	HILLANDALE	Map ID:	29B01 Q78
Neighborhood CD:	KHILLANDAL		

Owner

Name:	1302 HARRIS KILEEN - PJY INVESTMENTS LLC	Owner ID:	840400
Mailing Address:	2608 THOMAS AVE UNIT 6 DALLAS, TX 75204	% Ownership:	100.000000000000%
<a href="#">Exemptions:</a>			

Values

Taxing Jurisdiction

Improvement / Building

Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	RES	RESIDENTIAL	2.3130	100754.28	88.00	94.00	\$0	\$0

Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2018	N/A	N/A	N/A	N/A	N/A	N/A
2017	\$514,126	\$100,754	0	614,880	\$0	\$614,880
2016	\$422,146	\$100,754	0	522,900	\$0	\$522,900
2015	\$417,938	\$100,754	0	518,692	\$0	\$518,692
2014	\$354,662	\$100,754	0	455,416	\$0	\$455,416
2013	\$354,435	\$100,754	0	455,189	\$0	\$455,189
2012	\$345,291	\$100,754	0	446,045	\$0	\$446,045
2011	\$376,046	\$100,754	0	476,800	\$0	\$476,800
2010	\$476,137	\$100,754	0	576,891	\$0	\$576,891
2009	\$581,636	\$100,754	0	682,390	\$0	\$682,390
2008	\$720,758	\$100,754	0	821,512	\$0	\$821,512
2007	\$703,861	\$100,754	0	804,615	\$0	\$804,615
2006	\$716,526	\$100,754	0	817,280	\$0	\$817,280
2005	\$716,526	\$100,754	0	817,280	\$0	\$817,280