



# City of Benbrook

## Tax Increment Financing Board

DATE:  
11/21/19

REFERENCE  
NUMBER: 2019-02

SUBJECT:  
ANNUAL REPORT FOR PERIOD OCTOBER 1, 2018  
THROUGH SEPTEMBER 30, 2019

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This is the annual report of the activities of Benbrook TIF Number 1 for the period from October 1, 2018 through September 30, 2019.

Status and Forecast of Taxable Increment

A. Previous Years (November 2002-September 2018)

The Benbrook TIF Number 1 was created in November 2002, which established the taxable value of \$27,190,150 in January 1, 2002 as the base value for the TIF. The net taxable increment in January 2003 (Year 1) was \$4,816,416, resulting in TIF revenues of \$66,393.10. The largest increase was the completion of the Railroad Controls, Inc. facility in Benbrook Industrial Park (\$3,078,605). The January 2004 (Year 2) net taxable increment decreased to \$1,475,984, with projected TIF revenues of \$20,346. This decrease was primarily the result of the purchase of the Railroad Controls facility by the Benbrook EDC, removing it from the tax rolls, for the purpose of entering a lease-buyback arrangement with Railroad Controls. The tax appraisal for January 2005 (Year 3) indicated a net taxable increment of \$9,566.796. The Benbrook EDC purchased approximately 80 acres in the TIF District for a total price of approximately \$3.863 million, removing this land value from the tax rolls; however, increases in the taxable values of other properties offset the removal of BEDC property from the tax rolls.

The net taxable increment as of January 2006 (Year 4) was \$20,108,225, of which \$9,372,477 was the result of new construction, much of which was associated with the residential development north of Walnut Creek (La Bandera Phase 3.) The net taxable value increment of the TIF as of January 2007 (Year 5) was \$28,873,037, with \$8,324,605 in new construction (again most in La Bandera Phase 3.) The net taxable value increment of the TIF as of January 2008 (Year 6) was \$46,716,035, with \$9,614,170 in new construction, including new buildings for Weatherford International (\$3.8 million), Best Western (\$1.3 million) and additional residential construction in La Bandera and Brookside Additions. The net taxable value increment of the TIF as of January 2009 (Year 7) was \$53,775,584, with \$4,027,969 in new construction, including a new building for Weatherford International (\$2.1 million) and residential construction in La Bandera and Brookside Additions. The net taxable value increment of the TIF as of January 2010 (Year 8) was \$55,271,055, with \$2,796,930 in new construction including the 7-Eleven on the corner of Benbrook Boulevard and I-20 and additional residential construction in Brookside Addition. The net taxable value increment of the TIF as of January 2011 (Year 9) was \$69,975,722, with \$15,071,926 in new construction including the new Walmart on Benbrook Boulevard and continued residential construction in the Brookside Addition.

The net taxable value increment of the TIF as of January 2012 (Year 10) was \$85,969,048, with \$11,021,310 in new construction including the new Gardner-Denver and Doctor's Home health buildings in the Industrial Park; Panda Express, Chick-fil-A and Chase Bank on Benbrook Boulevard and continued residential construction in the Brookside Addition. The net taxable increment as of January 2013 (Year 11) was \$94,333,614, with \$6,134,484 in new construction consisting of Taco Villa, Chisholm Trail Dental, Golden Chick, and new home construction in Brookside Addition. The net taxable increment as of January 2014 (Year 12) was \$97,439,818, with new construction of

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NuEnergy, a professional building adjacent to Walmart and new home construction in Brookside Addition. The net taxable increment as of January 2015 (Year 13) was \$104,225,495, with \$1,740,101 in new construction consisting of office development along Mercedes Street and new home construction in Brookside Addition. The net taxable increment as of January 2016 (Year 14) was \$105,070,553, with \$1,759,381 in new construction consisting of improvements at Walmart, office development along Mercedes, and new home construction in Brookside Addition. The net taxable increment as of January 2017 (Year 15) was \$134,415,196, with \$97,568 in new construction. The net taxable increment as of January 2018 (Year 16) was \$144,252,563, with \$10,462,678 in new construction.

B. Current Year (October 1, 2018 - September 30, 2019)

The net taxable increment as of January 2019 (Year 17) was \$169,361,241, with \$12,012,023 in new development primarily deriving from new home construction in the Brookside Addition and the Gateway commercial development located at 8501 Benbrook Boulevard.

TIF District Revenues and Expenses

The TIF District has had the following revenues and expenses for the year beginning October 1, 2018 and ending September 30, 2019:

Balance forward from September 30, 2018	\$3,863,910.17*
*Includes a Year-End Audit Adjustment of \$29,560.23	
Revenues	
Payments from TIF Partners	\$1,697,740.01
Interest	<u>\$56,923.62</u>
Total Revenues	\$1,754,663.63
Total Available	\$5,618,573.80
Expenses:	
Debt service/issuance	\$493,186.00
Reimbursement to BBT	\$540,431.01
Walnut Creek Flood Study	\$9,261.25
Benbrook Field Access Drive	(\$1,346.46)
Two-Way Conversion of Frontage Road	\$36,654.00
Vista Way Engineering	\$3,027.25
Vista Way Construction	<u>\$2,129,131.46</u>
Total Expenses	\$3,210,344.51
Balance as of September 30, 2019	\$2,408,299.29

In late 2003, the TIF Board and City Council authorized the sale of up to \$350,000 in certificates of obligation to cover the costs through September 2004; however, staff determined that it was best to borrow these funds from unappropriated city reserves to be paid back by the TIF rather than to issue debt. This interest-free loan was repaid in full during 2009. In June 2005, the City Council authorized a loan of up to \$3 million to the TIF from City reserves, but determined that they preferred to issue Certificates of Obligation rather than to continue to decrease their reserves, so \$2.5 million in COs was sold on August 4, 2005. In April 2012, the TIF issued \$1,280,000 in 10-year certificates of obligation at a 1.79% interest rate. Deducting the \$30,000 in issuance costs left \$1,250,000 for reimbursement to BBT Crossing. In June 2014, the TIF issued additional certificates of obligation for a period of eight years at 1.72% interest. Deducting \$27,963.75 in issuance expenses left \$1,147,036.25 for reimbursement to BBT Crossing.

## Outstanding liabilities (as of 10/1/2019):

2005 Certificates of Obligation	
Principal & Interest remaining	\$395,000.00
Annual (2020) debt service \$201,396 (includes \$195,000 principal)	
2012 Certificates of Obligation	
Principal & Interest remaining	\$410,000.00
Annual (2020) debt service \$141,131 (includes \$135,000 principal)	
2014 Certificates of Obligation	
Principal & Interest remaining	\$455,000.00
Annual (2020) debt service \$156,622 (includes \$150,000 principal)	
Loan from City reserves	\$0.00
Total liabilities	\$1,260,000.00

Status of Ongoing ProjectsA. Benbrook Field

The Developer Participation Agreement with Benbrook Towne Crossing (now known as Benbrook Field) was executed in September 2005, under which the TIF reimburses certain development costs up to a maximum of \$8.5 million from the increased taxes generated by their project. Work began on the first phase of the project in May 2006 and was completed in March 2007.

BBT Crossing, Ltd. exercised their option to purchase 80 acres in Benbrook Field from the Benbrook Economic Development Corporation (EDC) in August 2009 at cost. This action had two effects on the TIF District: 1) it removed the tax-exempt status on the property, which aided the generation of a taxable increment and 2) it removed the Benbrook EDC as a partner in the Benbrook Towne Crossing TIF Developer Agreement.

An initial request for reimbursement was received from BBT Crossing, Ltd. on October 27, 2009, in the amount of \$5,043,529.99 (including \$876,181.33 in interest.) After a detailed review by the auditor, the TIF Board determined in March 2011 that the maximum reimbursement to BBT for Phase 1 would be \$3,999,471, plus any eligible interest accrued since October 2009.

Based on the final 2012 tax rolls, the Benbrook Field project was reimbursed \$234,749.27 in May 2013. In May and June 2014, BBT Crossing was reimbursed a total of \$1,478,728.03, which included their regular TIF revenue plus the net proceeds of an additional certificate of obligation issuance. BBT was reimbursed \$189,952.27 in May 2015. BBT was reimbursed \$213,237.00 in May 2016, which resulted from their total increment of \$576,478.75 less \$66,208.75 for the Walnut Creek sewer line share, \$140,349.00 for the 2012 CO payment, and \$156,684.00 for the 2014 CO payment. BBT, while eligible for a maximum reimbursement of \$228,259.42 was reimbursed \$208,530.41 in July 2017, which resulted from their total increment of \$591,813.17 less \$66,208.75 for the Walnut Creek sewer line share, less the \$138,112.00 for the 2012 CO payment, less the \$159,233.00 for the 2014 CO payment, and less \$19,729.01 of unapplied accrued interest.

The following is a summary of reimbursements to date:

Maximum eligible reimbursement (plus interest accrued since October 2009)	\$3,999,471.00
Reimbursements to date	
June 7, 2010	\$53,665.77
June 6, 2011	86,392.38
May 31, 2012	1,534,215.87
May 21, 2013	234,749.27
May 20, 2014	331,691.78
June 24, 2014	1,147,036.25
May 20, 2015	189,952.27
May 19, 2016	213,237.00
<u>July 28, 2017</u>	<u>208,530.41</u>
Total	\$3,999,471.00
 Remaining eligible for reimbursement (plus accrued interest)	 \$0.00

The above noted reimbursements were deducted directly from the maximum eligible reimbursement amount without inclusion of accrued interest calculations. To establish the “plus accrued interest” amount, the city engaged the services of Weaver and Tidwell, L.L.P., an independent auditing firm, who prepared an audit report dated August 13, 2018 (see attached Exhibit A) wherein said reimbursement payments were subtracted from the principal and accrued interest balance in accordance with standard accounting practices established by the American Institute of Certified Public Accountants. As provided in said report, accrued interest calculations were determined by multiplying the outstanding debt balance related to the TIF by the interest rate on the total debt on a daily basis from inception to October 31, 2009. The report also reviewed the mathematical accuracy of the city’s reimbursement payments and the break out of principal versus interest since October 31, 2009.

Based on the final 2017 tax rolls, BBT was reimbursed \$398,093.43 in July of 2018, which resulted from their total increment of \$742,142.17 less \$66,208.75 for the Walnut Creek sewer line share, less \$140,830.00 for the 2012 CO payment, less \$156,739.00 for the 2014 CO payment, and PLUS \$19,729.01 for underpayment of the 2016 tax increment of unapplied accrued interest.

Based on the final 2018 tax rolls, BBT was reimbursed \$540,431.01 in July of 2019, which resulted from their total increment of \$904,344.76 less \$66,208.75 for the Walnut Creek sewer line share, less \$138,503.00 for the 2012 CO payment, less \$159,202.00 for the 2014 CO payment.

**B. Other Development Activity**

*Benbrook Boulevard* - Reconstruction of Benbrook Boulevard, which began in September 2014, is complete save final installation of irrigation, landscaping and wayfinding signage along the corridor. It is anticipated that the irrigation and landscaping installation will be completed prior to year end. The wayfinding signage should be completed by the Spring of 2020.

*Vista Way* - The design the Vista Way extension from Mercedes Street to the I-20 Service Road began in April 2016. Construction of the project, which included extending the roadway and construction of a retaining wall and decorative guard rail, sidewalks, water, sanitary sewer and storm drains, began in August 2018. The roadway was completed and open in July 2019.

*NW Winscott Property Sewer Extension* - The Benbrook Economic Development Corporation (BEDC) approved an Interlocal Agreement with Benbrook Water Authority (BWA) at their January 17, 2017 regular meeting, which was subsequently ratified by the City Council, for the extension of a new sewer line to serve the properties located east of Benbrook Boulevard and between I-20 and Old Benbrook Road. Construction of the new sewer line is now complete. The sewer line will provide enough capacity to serve proposed commercial development of BEDC's 12.6 acres, the adjacent 3.2 acres to the west, and 13+ acres of undeveloped commercial parcels to the west of U.S. 377, thus potentially spurring development all along this prime I-20 frontage.

*Two-Way Conversion/Extension of Vista Way* – On March 26, 2019, the TIF Board amended the Tax Increment Reinvestment Zone Project Plan to include a project plan to extend Vista Way from the I-20 Service Road to Benbrook Boulevard. The project plan includes a two-way conversion of a portion of the I-20 Service Road, extension of necessary utilities, and realignment of Aledo Road/Old Benbrook Road intersection and signalization. On June 20, 2019, City Council approved an engineering contract with Parkhill, Smith & Cooper. A land ownership and roadway alignment survey has been completed. Staff is currently working with the affected property owners to secure the necessary rights-of-way.

*Clear Fork Emergency Access Bridge* – On October 17, 2019, City Council awarded the construction contact to Ragle, Inc. Construction is anticipated to begin on December 2019.

*Benbrook Animal Shelter, 469 Winscott Road* – On September 21, 2017, City Council awarded the contracting firm Hasen Design Build and Development the contract to build the new Benbrook Animal Shelter located at 469 Winscott Road. The shelter was completed and opened for operation in December 2018. The shelter features a ranch-style construction with a metal roof and includes 3,000 square feet of interior space along with 1,300 square feet of covered outdoor dog runs.

*Gateway Center, 8501 Benbrook Boulevard* - Construction of this multi-tenant commercial building located at the corner of I-20 and Benbrook Boulevard (US 377) was completed in December 2017. Via an infrastructure and development incentive package approved by the Benbrook Economic Development Corporation (BEDC) and City Council, Hoffbrau Steak and Grill signed a deal to locate in one of the tenant spaces. The restaurant opened in July 2019.

*Goodwill, 8502 Benbrook Boulevard* – This retail outlet of used household goods and clothing, completed their tenant finish-out of a retail space located at the north end of the Cubesmart self-storage facility. A Certificate of Occupancy was issued in May 2019.

*Lonestar Electric Supply, 7340 Hawkins Center Drive* – An approximately 41,000sqft electrical supply warehouse, generally located north of I.H. 20/820 and east of Hawkins Center Drive, opened in May 2019.

*Raising Cane's, 8506 Benbrook Boulevard* - Raising Cane's, a new fast-food chicken restaurant, opened for business on October 30, 2018. The restaurant, located on the old Whataburger site at 8506 Benbrook Boulevard, has a sit down dining room and drive through.

*Audi Dealership, 7300 I-20* - Audi proposes to construct and operate a new automobile dealership and inventory lot at 7300 I-20 (northeast corner of the I-20 frontage road and Hawkins Center Drive). A ground breaking ceremony was held on November 6, 2019. Construction is anticipated to begin sometime in the Spring 2020.

*Footworks, 9191 Vista Way* – The operator of Foot Works Performing Art Center Dance Studios seeks to relocate their business now operating in a leased tenant space located at 9460 Benbrook

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Boulevard to an undeveloped one-acre tract located at 9191 Vista Way. The proposal includes construction of a new approximately 10,000sqft dance studio, parking lot and landscaping. Permits were issued on July 10, 2019. Construction is ongoing.

*Aura Benbrook Apartments, 301 Mercedes Street* - Trinsic Acquisition Company, LLC submitted civil and architectural plans in July, 2018 for the proposed 301-unit multi-family development located on 17.9-acres at the northeast corner of Mercedes Drive and Vista Way. Construction of the apartment complex is well underway. Staff anticipates that the clubhouse may be ready for occupancy by year-end, with occupancy of the apartment buildings following soon after.

*Brookside Four Addition* – The Planning and Zoning Commission approved this 49-lot residential preliminary plat on February 8, 2018. The property is located on the east side of Walnut Creek between Woodglen Lane and Sterling Drive. Grading work began in June 2019. Once all improvements have been completed and accepted by the City, the final plat will be recorded and the residential home construction can commence. As approved, 10 of the proposed 49 residential lots are located within the TIF No.1 boundary.