



COUNCIL AGENDA ITEM MEMORANDUM

DEPT./DIVISION SUBMISSION & REVIEW:

Kathryn Davis, City Attorney

ITEM DESCRIPTION: Consider adopting a resolution approving the “Third Amendment to the 2012 Agreement between the City of Temple and Bell County Regarding the Expansion, and the Extension of the Life, of City of Temple Tax Increment Financing Reinvestment Zone Number One,” extending for one year the City’s deadline to transfer property to the County for the location of, and for the County to commence construction on, the new County Annex in Temple.

BACKGROUND: In accordance with the provisions of the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code (hereinafter referred to as the “Act”), and after due notice to Bell County and other taxing entities levying real property taxes in the subject area, the Temple City Council, pursuant to Ordinance No. 1457 adopted on September 16, 1982, created, established, and designated “Reinvestment Zone Number One, City of Temple” (hereinafter referred to as the “Zone”) and subsequently expanded the Zone several times prior to September 1, 1999 in accordance with applicable sections of the Act.

On November 4, 2010, the City again expanded the boundaries of the Zone by Ordinance No. 2010-4403, after due notice and in compliance with the Act to include the area commonly known as the Temple Medical Education District and on the same date, by Ordinance No. 2010-4404, the City extended the life of the Zone from December 31, 2022, to December 31, 2062.

As provided in Ordinance Nos. 2010-4403 and 2010-4404, the City Council first pledged 100% of the taxes it will levy on the increased value of taxable real property within the boundaries of the expanded Zone into the tax increment fund for the Zone until December 31, 2062.

On December 7, 2012, the City and Bell County entered into the “2012 Agreement between the City of Temple and Bell County Regarding the Extension of the Life of City of Temple Tax Increment Financing Reinvestment Zone Number One” (hereinafter referred to as the “2012 Bell County Agreement”) under which Bell County agreed to contribute 100% of the taxes it levied on the increased value of real property within the boundaries of the expanded Zone into the tax increment fund for the Zone until December 31, 2042.

On October 7, 2021, The City and Bell County entered into the “First Amendment to the 2012 Agreement between the City of Temple and Bell County Regarding the Extension of the Life of City of Temple Tax Increment Financing Reinvestment Zone Number One” (“First Amendment”). In the First Amendment, Bell County agreed to participate in the Zone for an additional twenty years, through December 31, 2062, and the City agreed to provide land and financial compensation to Bell County for the construction of a new Bell County Annex location in Temple.

In the First Amendment, the City specifically agreed to convey to the County no later than December 31, 2023, an approximately 1.0-acre site (the “New Facility Site”) at a mutually agreed location for the construction of a new Bell County Temple Annex facility (“New Facility”). Additionally, the City agreed to pay \$5,700,000 to the County towards the construction of the New Facility. If the final costs of the design and construction of the New Facility exceed the Payment amount, the City agreed to pay to the County the overage on a square foot basis not to exceed \$6,000,000, provided that the City will not participate in the cost of the design and construction of more than 18,250 square feet of the New Annex Building

The County agreed to begin construction of the New Facility no later than December 31, 2024, and to convey to the City for the sum of \$1, good and indefeasible title to the current Bell County Temple Annex facility (hereinafter referred to as the “Current Annex Facility”) located at 205 East Central Avenue upon substantial completion of the New Facility Site.

The City and County have agreed to location of the New Facility Site, and the City is in the process of purchasing the parcels that comprise the block located at the south-east intersection of Martin Luther King Jr. Blvd. and Avenue C in downtown Temple. In order to give both parties sufficient time to meet their obligations under the First Amendment regarding the City’s transfer of the land to the County for the New Facility, and the County’s commencement of construction of the New Facility, in December 2023, the City and County executed the Second Amendment, extending their obligations in these two areas an additional year (City to convey site to the County no later than December 31, 2024 and County to begin construction no later than December 31, 2025). Because of the known increase in building materials and other costs, the City also agreed to pay \$6,000,000 towards the construction of the New Facility.

Due to delays beyond each party’s control, in order to give both parties sufficient time to meet their obligations under the Second Amendment regarding the City’s transfer of the land to the County for the New Facility, and the County’s commencement of construction of the New Facility, the City and County once again mutually agree to extend their obligations in these two areas an additional year, as established in the Second Amendment (City to convey site to the County no later than December 31, 2025 and County to begin construction no later than December 31, 2026).

All other terms of the First Amendment and Second Amendment remain in full force and effect.

ALIGNMENT WITH ADOPTED PLANS:

Plan	Comments
Strategic Plan	This item supports the City of Temple's Strategic Plan goal to be "A City that supports well-managed growth and development to promote a thriving economy."

STAFF RECOMMENDATION: Adopt resolution as presented in item description.

BOARDS & COMMISSIONS RECOMMENDATION: This item was not reviewed by any of the official boards and commissions.

FISCAL IMPACT: The City remains in agreement to convey to the County for the sum of \$1, good and indefeasible title to an approximately 1.0-acre site located at the south-east intersection of Martin Luther King Jr. Blvd. and Avenue C in downtown Temple for the construction of a new Bell County Temple Annex facility.

The agreement with Bell County is funded within the Reinvestment Zone No. 1 Financing Plan, Line 416. The City will pay to the County the sum of \$2,000,000 on or before December 31, 2025, and the sum of \$2,000,000 on or before December 31, 2026. The County agrees to cooperate with the City to determine the payment date or dates for the remaining \$2,000,000.

ATTACHMENTS:
Resolution