



NOTICE OF BOARD MEETING

TAX INCREMENT REINVESTMENT ZONE NO. 1

JANUARY 24, 2013 AT 4:00 P.M.

Notice is hereby given that a meeting of the Tax Increment Reinvestment Zone No. 1 Board of Directors of the City of Kyle, Texas will be held on **Thursday, January 24, 2013 at 4:00 p.m.**, in the Minerva Falcon Conference Room, at Kyle City Hall, 100 West Center Street, Kyle, TX 78640. The following subjects will be considered at the meeting and possible action may be taken in the manner indicated below.

NOTE: There may be a quorum of the City Council of Kyle, Texas present at the meeting who may participate in the discussion. No official action will be taken by the City Council members in attendance.

Posted this 7th day of January 2013 prior to 6:00 p.m.

MEETING AGENDA

1. Call Meeting to Order.
2. Approve a resolution of the Tax Increment Reinvestment Zone No. 1, City of Kyle, Texas, ratifying State Infrastructure Bank Loan agreements and requesting the City of Kyle to refund SIB Loan Agreement No. 2.
3. Approve an agreement between the Tax Increment Reinvestment Zone No. 1 and the City of Kyle, Texas, for the City to issue General Obligation Refunding Bonds Series 2013 to provide sufficient proceeds for the refunding and defeasance of SIB Loan Agreement No. 2 and in consideration, the tax increment revenues of the TIRZ shall be utilized to reimburse the City for annual debt service payments.
4. Adjourn.

Resolution No. _____

**RESOLUTION OF THE REINVESTMENT ZONE NUMBER ONE, CITY OF
KYLE RATIFYING STATE INFRASTRUCTURE BANK LOAN
AGREEMENTS AND REQUESTING THE CITY OF KYLE TO REFUND SIB
LOAN AGREEMENT NO. 2**

WHEREAS, in September, 2004, the City of Kyle (the "City") received a Preliminary Project Plan for a reinvestment zone under Chapter 311, Texas Tax Code; and

WHEREAS, on September 29, 2004, the City published notice on the creation of the proposed reinvestment zone; and

WHEREAS, on October 12, 2004, the City Council held a public hearing on the creation of the reinvestment zone and passed the first reading of an ordinance creating the reinvestment zone; and

WHEREAS, on November 1, 2004, the City Council passed the second reading of the ordinance creating the reinvestment zone; and

WHEREAS, on November 16, 2004, the City Council passed the third and final reading of Ordinance No. 457, designating Reinvestment Zone Number One, City of Kyle, Texas (the "Zone"); and

WHEREAS, the City Council appointed members to serve on the Board of Directors of the Zone (the "Board"); and

WHEREAS, Hays County entered into a Tax Increment Reinvestment Zone Participation Agreement with the City and the Zone; and

WHEREAS, the Project Plan and the Financing Plan provided for the entry into agreements with the State Infrastructure Bank or other similar debt instruments for the construction of FM 1626 from FM 2770 to IH-35 and the construction of the Bunton Road/IH-35 Interchange and frontage road improvements, and the repayment of both principal and interest; and

WHEREAS, the Board had previously requested that the City improve transportation access in the City and agreed to pledge tax increment revenues (the "TIRZ Revenues") from the Zone in order for the City to enter into certain agreements with the Texas Department of Transportation (the "State") to provide financing for such improvements through the State Infrastructure Bank, as provided in the Project Plan and the Financing Plan; and

WHEREAS, at the Board's request, the City has entered into two agreements with the State, being

State Infrastructure Bank Loan Agreement S2004-01 (FIN), City of Kyle (AUS) CSJ 1539-01 & 0016-02-103, originally entered into on March 11, 2005 and amended by the State Infrastructure Bank (SIB) Loan Agreement Amendment #1 in the original principal amount of \$14,000,000 (the "SIB Loan Agreement No. 1")

and

State Infrastructure Bank Loan Agreement S20094-02 (FIN), City of Kyle (AUS) CSJ 0016-02-107, entered into on September 1, 2009 in the original principal amount of \$11,000,000 (the "SIB Loan Agreement No. 2"); and

WHEREAS, the SIB Loan Agreement No. 1 and the SIB Loan Agreement No. 2 are secured by a pledge of TIRZ Revenues and are further secured by a subordinate pledge of ad valorem taxes within the City; and

WHEREAS, the Board has requested the City to refund SIB Loan Agreement No. 1, and agreed to provide TIRZ Revenues, to the extent available, to the City to apply to the debt service obligation resulting from the refunding of SIB Loan Agreement No. 1; and

WHEREAS, the City issued its General Obligation Refunding Bonds, Series 2009 to refund SIB Loan Agreement No. 1, and the Board has continued to provide TIRZ Revenues, to the debt service obligation on such bonds resulting from the refunding of SIB Loan Agreement No. 1; and

WHEREAS, the City and the Zone can achieve significant savings if the City issues refunding bonds to refund SIB Loan Agreement No. 2; and

WHEREAS, the Board has requested the City to refund SIB Loan Agreement No. 2, and has agreed to provide TIRZ Revenues, to the extent available, to the City to apply to the debt service obligation resulting from the refunding of SIB Loan Agreement No. 2; and

WHEREAS, the City is willing to refund SIB Loan Agreement No. 2 in consideration of the Zone's agreement to continue its payment of debt service for such obligation.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER ONE:

1. The Board ratifies its request to have the City enter into SIB Loan Agreement No. 1 and SIB Loan Agreement No. 2 and reaffirms that it will provide funds from TIRZ Revenues to the City to make debt service payments, to the extent such funds are available.

2. The Board ratifies and reaffirms its request that the City refund SIB Loan Agreement No. 2 and that the Board finds that the refunding is a continuation of the

purposes of SIB Loan Agreement No. 2 and that such refunding bonds constitute tax increment bonds, notes or other obligations issued for the benefit of the Zone.

[The remainder of this page is intentionally left blank.]

PASSED AND ADOPTED, this January __, 2013.

**REINVESTMENT ZONE NUMBER ONE,
City of Kyle**

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

[ZONE SEAL]

AGREEMENT

This Agreement is made this ____ day of January, 2013, by and between the City of Kyle, Texas (the "City"), acting through its City Council, and the Reinvestment Zone Number One, City of Kyle (the "Zone"), acting through its Board of Directors (the "Board"); and

WHEREAS, the Board had previously requested that the City improve transportation access in the City and agreed to pledge tax increment revenues (the "TIRZ Revenues") from the Zone in order for the City to enter into certain agreements with the Texas Department of Transportation (the "State") to provide financing for such improvements through the State Infrastructure Bank; and

WHEREAS, the City has entered into two agreements with the State, being

State Infrastructure Bank Loan Agreement S2004-01 (FIN), City of Kyle (AUS) CSJ 1539-01 & 0016-02-103, originally entered into on March 11, 2005 and amended by the State Infrastructure Bank (SIB) Loan Agreement Amendment #1 in the original principal amount of \$14,000,000 (the "SIB Loan Agreement No. 1")

and

State Infrastructure Loan Agreement S20094-02 (FIN), City of Kyle (AUS) CSJ 0016-02-107, entered into on September 1, 2009 in the original principal amount of \$11,000,000 (the "SIB Loan Agreement No. 2"); and

WHEREAS, the SIB Loan Agreement No. 1 and the SIB Loan Agreement No. 2 are secured by a pledge of TIRZ Revenues and are further secured by a subordinate pledge of ad valorem taxes within the City; and

WHEREAS, the Board previously requested the City to refund SIB Loan Agreement No. 1, and agreed to continue to provide TIRZ Revenues, to the extent available, to the City to apply to the debt service obligation resulting from the refunding of SIB Loan Agreement No. 1; and

WHEREAS, the City issued its City of Kyle, Texas General Obligation Refunding Bonds, Series 2009 which in part refunded the SIB Loan Agreement No. 1, thereby producing debt service savings to the benefit of the Board and the City; and

WHEREAS, the City and the Zone can achieve significant savings if the City issues refunding bonds to refund SIB Loan Agreement No. 2; and

WHEREAS, the Board now requests the City to refund SIB Loan Agreement No. 2, and the Board agrees to continue to provide TIRZ Revenues, to the extent available, to the

City to apply to the debt service obligation resulting from the refunding of SIB Loan Agreement No. 2; and

WHEREAS, the City is willing to refund SIB Loan Agreement No. 2 in consideration of the Zone's agreement to continue its payment of debt service for such obligation.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Duties of the City. The City hereby agrees to include in its upcoming General Obligation Refunding Bonds, Series 2013 a sufficient amount to refund SIB Loan Agreement No. 2.

1.1 The City agrees to provide the Zone with a proration of the debt service due in connection with the refunding of SIB Loan Agreement No. 2.

1.2 The City shall issue its General Obligation Refunding Bonds, Series 2013 to provide sufficient proceeds required for the refunding and defeasance of SIB Loan Agreement No. 2, so that it is no longer outstanding. The City shall be responsible for making annual payments of principal and interest on this indebtedness pursuant to terms and conditions for issuance of the refunding bonds. These payments shall be referred to as the Annual Debt Payments.

2. Duties of the Zone. The Zone hereby agrees to perform the following duties:

2.1 In consideration of the City's agreement to undertake the actions set forth in paragraph one hereof, the Zone shall utilize TIRZ Revenues derived from the tax increments from Reinvestment Zone Number One to reimburse the City for such Annual Debt Payments attributable to the refunding of Reinvestment Zone Number One.

3. General Provisions.

3.1 All notices provided for under this agreement shall be given by certified mail, return receipt requested, and any such notice shall be deemed to have been given on and as of the date when the same was deposited for mailing, with postage prepaid, in a regular United States Post Office, and shall be deemed to have been received on the date of receipt appearing upon the return receipt. All notices shall be addressed to the parties at their addresses set forth below or at such other address as any party may have filed with the other party in writing. Delivery by any means shall always be effective on the date of actual receipt.

Parties: City of Kyle
City Hall
100 West Center Street

Kyle, Texas 78640
Attn: Director of Finance

Reinvestment Zone Number One, City of Kyle
City Hall
100 West Center Street
Kyle, Texas 78640
Attn: City Manager

3.2 This agreement shall be governed and construed in accordance with the laws of the State of Texas, and is fully performable in Hays County, Texas.

3.3 No promise, condition, representation or warranty, express or implied, not set forth herein or in any writing contemporaneous herewith shall bind any party hereto. None of the terms and conditions of this contract may be changed, modified, waived or canceled orally or otherwise except by a writing signed by all of the parties hereto, specifying such change, modification, waiver or cancellation of waiver of such terms and conditions, or of any preceding or succeeding breach thereof, unless expressly so stated.

3.4 In the event it is necessary for either party to commence legal action of any kind to enforce its rights hereunder, the prevailing party in such litigation shall be entitled to collect all court costs and reasonable attorney's fees and expenses incurred in connection therewith.

3.5 In the event that either party shall be entirely prevented from completing performance of its obligations hereunder by an act of God or any other occurrence whatsoever which is beyond the control of such party, then such party shall be excused from any further performance of its obligations and undertakings hereunder. In the event that the performance of either party of any obligations or undertakings hereunder shall be interrupted or delayed by any occurrence and not occasioned by the conduct of either party hereto, whether such occurrence be an act of God or the common enemy or the result of war, riot, civil commotion, sovereign conduct, or the act or conduct of any person or persons not party or privy hereto, then he shall be excused from such performance for such period of time as is reasonably necessary after such occurrence to remedy the effects thereof.

3.6 Should any section, sentence, clause or phrase contained in this contract be held to be unconstitutional, illegal or unenforceable, such section, sentence, clause or phrase shall not affect the constitutionality, legality or enforceability of the remaining sections, sentences, clauses or phrases of this contract.

Executed this ____ day of January, 2013.

**REINVESTMENT ZONE NUMBER ONE,
City of Kyle**

By: _____
_____, President

CITY OF KYLE, TEXAS

By: _____
Lucy Johnson, Mayor

Resolution No. _____

RESOLUTION OF THE CITY OF KYLE RATIFYING THE CREATION OF REINVESTMENT ZONE NUMBER ONE, CITY OF KYLE, STATE INFRASTRUCTURE BANK LOAN AGREEMENTS AND APPOINTMENT OF BOARD OF DIRECTORS AND APPROVAL OF PROJECTS

WHEREAS, in September, 2004, the City of Kyle (the "City") received a Preliminary Project Plan for a reinvestment zone under Chapter 311, Texas Tax Code; and

WHEREAS, on September 29, 2004, the City published notice on the creation of the proposed reinvestment zone; and

WHEREAS, on October 12, 2004, the City Council held a public hearing on the creation of the reinvestment zone and passed the first reading of an ordinance creating the reinvestment zone; and

WHEREAS, on November 1, 2004, the City Council passed the second reading of the ordinance creating the reinvestment zone; and

WHEREAS, on November 16, 2004 the City Council passed the third and final reading of Ordinance No. 457, designating Reinvestment Zone Number One, City of Kyle, Texas (the "Zone"); and

WHEREAS, the City Council appointed members to serve on the Board of Directors of the Zone (the "Board"); and

WHEREAS, Hays County entered into a Tax Increment Reinvestment Zone Participation Agreement with the City and the Zone; and

WHEREAS, the Project Plan and the Financing Plan provided for the entry into agreements with the State Infrastructure Bank or other similar debt instruments for the construction of FM 1626 from FM 2770 to IH-35 and the construction of the Bunton Road/IH-35 Interchange and frontage road improvements, and the repayment of both principal and interest; and

WHEREAS, the Board had previously requested that the City improve transportation access in the City and agreed to pledge tax increment revenues (the "TIRZ Revenues") from the Zone in order for the City to enter into certain agreements with the Texas Department of Transportation (the "State") to provide financing for such improvements through the State Infrastructure Bank, as provided in the Project Plan and the Financing Plan; and

WHEREAS, at the Board's request, the City has entered into two agreements with the State, being

State Infrastructure Bank Loan Agreement S2004-01 (FIN), City of Kyle (AUS) CSJ 1539-01 & 0016-02-103, originally entered into on March 11, 2005 and amended by the State Infrastructure Bank (SIB) Loan Agreement Amendment #1 in the original principal amount of \$14,000,000 (the "SIB Loan Agreement No. 1")

and

State Infrastructure Bank Loan Agreement S20094-02 (FIN), City of Kyle (AUS) CSJ 0016-02-107, entered into on September 1, 2009 in the original principal amount of \$11,000,000 (the "SIB Loan Agreement No. 2"); and

WHEREAS, the SIB Loan Agreement No. 1 and the SIB Loan Agreement No. 2 are secured by a pledge of TIRZ Revenues and are further secured by a subordinate pledge of ad valorem taxes within the City; and

WHEREAS, the Board has requested the City to refund SIB Loan Agreement No. 1, and agreed to provide TIRZ Revenues, to the extent available, to the City to apply to the debt service obligation resulting from the refunding of SIB Loan Agreement No. 1; and

WHEREAS, the City issued its General Obligation Refunding Bonds, Series 2009 to refund SIB Loan Agreement No. 1, and the Board has continued to provide TIRZ Revenues, to the debt service obligation on such bonds resulting from the refunding of SIB Loan Agreement No. 1; and

WHEREAS, the City and the Zone can achieve significant savings if the City issues refunding bonds to refund SIB Loan Agreement No. 2; and

WHEREAS, the Board has requested the City to refund SIB Loan Agreement No. 2, and has agreed to provide TIRZ Revenues, to the extent available, to the City to apply to the debt service obligation resulting from the refunding of SIB Loan Agreement No. 2; and

WHEREAS, the City is willing to refund SIB Loan Agreement No. 2 in consideration of the Zone's agreement to continue its payment of debt service for such obligation.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF KYLE, TEXAS:

1. The City Council ratifies its creation of the Zone and the appointment of the Board of Directors to the Zone.

2. The City Council ratifies its approval of SIB Loan Agreement No. 1 and SIB Loan Agreement No. 2 and its agreement with the Zone to provide a subordinate pledge of ad valorem tax revenues in the event that TIRZ Revenues are not sufficient to pay debt service.

3. The City Council ratifies and reaffirms its agreement with the Zone to refund SIB Loan Agreement No. 2, and that the City Council finds that the refunding is a continuation of the purposes of SIB Loan Agreement No. 2.

[The remainder of this page is intentionally left blank.]

PASSED AND ADOPTED, this January __, 2013.

CITY OF KYLE, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

[CITY SEAL]