AL
9/8/16
Item No. 14

AN ORDINANCE 2016-09-08-0690

APPROVING THE FINAL PROJECT AND FINANCE PLANS FOR TAX INCREMENT REINVESTMENT ZONE NUMBER THIRTY-THREE, CITY OF SAN ANTONIO, TEXAS KNOWN AS THE NORTHEAST CORRIDOR TIRZ, IN CITY COUNCIL DISTRICTS 2 AND 10.

* * * * *

WHEREAS, in accordance with the Tax Increment Financing Act, Texas Tax Code, Chapter 311, ("the Act"), City Council, through Ordinance No. 2014-12-04-0971, designated the Northeast Corridor Tax Increment Reinvestment Zone ("TIRZ") located in Council Districts 2 and 10; and,

WHEREAS, on July 25, 2016, the TIRZ Board of Directors ("Board") adopted a resolution approving the Final Project and Finance Plans for TIRZ #33; and

WHEREAS, in accordance with Section 311.011 (d) of the Act, the governing body of the municipality that designated the zone must approve a Project Plan or Reinvestment Zone Financing Plan after the adoption of either Plan by the Board and find that the Plan is feasible; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The Final Project Plan and Finance Plan for the Northeast Corridor TIRZ #33, attached as **Exhibit 1 and Exhibit 2,** are hereby approved.

SECTION 2. The City finds that the Final Project and Finance Plans are feasible and in compliance with the Act and the City of San Antonio 2015 Tax Increment Financing Program Policy attached hereto as **Exhibit 3**.

SECTION 3. This Ordinance shall be effective immediate upon passage by eight affirmative votes; otherwise it shall be effective on the tenth day after passage.

PASSED AND APPROVED this 8th day of September, 2016.

Ivy R. Taylor

M A Y O R
Ivy R. Taylor

ATTEST:

Leticia M. Vacek

Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:

Um Zertuche, for

City Attorney

Agenda Item:	**14 (in consent vote: 5, 6, 7, 8, 9, 11, 11A, 11B, 11C, 11D, 11E, 11F, 11G, 12, 14, 15, 16, 16A, 16B)**
Date:	09/08/2016
Time:	09:17:27 AM
Vote Type:	Motion to Approve
Description:	An Ordinance approving the Northeast Corridor Tax Increment Reinvestment Zone Final Project and Finance Plans. [Peter Zanoni, Deputy City Manager; Bridgett White, Interim Director, Planning & Community Development]
Result:	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ivy R. Taylor	Mayor		x				
Roberto C. Treviño	District 1		x			x	
Alan Warrick	District 2		x				x
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4	x					
Shirley Gonzales	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
Ron Nirenberg	District 8		x				
Joe Krier	District 9		x				
Michael Gallagher	District 10		x				

Exhibit 1

CITY OF SAN ANTONIO, TEXAS

Department of Planning & Community Development

Northeast Corridor

Tax Increment Reinvestment Zone

Thirty-three

Participation Levels: (City 100%)

Preliminary: December 4, 2014

Final Project Plan: September 8, 2016

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Executive Summary

The City of San Antonio's Northeast Corridor (NEC) Tax Increment Reinvestment Zone Thirty-three ("TIRZ" or "Zone") was designated by the City Council of San Antonio on December 4, 2014. The TIRZ consists of approximately 1,056 parcel acres in City Council Districts 2 and 10. The boundary is generally along both sides of Perrin Beitel road north of Loop 410 to Thousand Oaks road then continues to the northeast along both sides of Nacogdoches to O'Conner road. The western portion of the boundary extends southwest from the intersection of Perrin Beitel and Naco-Perrin Boulevard along both sides of Naco-Perrin to approximately Wurzbach Parkway then heads to the northwest along the northern edge of Wurzbach Parkway to Wetmore road. At the intersection of Wurzbach and Wetmore, the boundary heads northeast along the southern edge of Wetmore to Thousand Oaks then follows the southern edge of Thousand Oaks back to Nacogdoches road. (See Attachment I)

The creation of the Northeast Corridor TIRZ was proposed by former District 10 City Councilman Carlton Soules through a Council Consideration Request (CCR) on January 15, 2014 and subsequently supported by his successor Mike Gallagher, current District 10 City Councilman.

On June 26, 2014, City Council adopted the Northeast Corridor Revitalization Plan through Ordinance 2014-06-26-0516. The plan outlines revitalization goals and strategies for the NEC and recommends the creation of a TIRZ to provide a source of funding for catalytic projects and to spur development so that the neighborhood does not continue to deteriorate. The plan includes short-term, mid-term and long-term projects proposed within the zone.

On September 4, 2014, City Council passed a "Resolution of Intent" (2014-09-04-0029R) expressing its intent to create a new TIRZ "for the purpose of financing the cost of redevelopment and encouraging development in this area that would otherwise not attract sufficient market development in a timely manner". In addition, after passage of the Resolution of Intent, staff sent correspondence to Bexar County to inquire as to their interest in participating in the TIRZ.

The term of the Northeast Corridor TIRZ is 20 years with the TIRZ being in existence through September 30, 2034. The City is the only participating taxing entity, with the City's tax rate per $100.00 valuation at $0.55827. The City of San Antonio's participation rate is 100% of its tax rate.

As per the Designation Ordinance 2014-12-04-0971, City Council waived the requirements set forth in the 2008 TIF Program Policy and Implementation Manual and has established that the Northeast Corridor TIRZ will meet the requirements of the 2014 TIF Program Policy approved by Council through Ordinance 2015-05-14-0419.

The proposed Northeast Corridor TIRZ is applicable for designation because of the following:

- It is statutorily eligible in accordance with Chapter 311 of the Tax Code.
- There is a demonstrated need for development within the boundary which includes a concentration of vacant, neglected and underutilized properties.
- The TIRZ would implement goals and strategies in the City's Master Plan, North Sector Plan, REnewSA, and the Northeast Corridor Revitalization Plan.
- Market conditions, as evidenced in the Northeast Corridor Market Study, are appropriate for the use of TIF.
- The NEC TIRZ includes mostly mid-performing markets based on a city-wide analysis of recent development, current rents, current vacancy rates, and rent trajectories. Mid-performing markets are the most desirable market-types for pay-as-you-go TIF financing. Some lower performing markets were included to capture both sides of Perrin Beitel and Nacogdoches Roads and key gateways such as Loop 410 and Perrin Beitel.
- The NEC TIRZ will leverage incentives provided through the Inner City Reinvestment/Infill Policy (ICRIP) Program.

Public improvements within the Northeast Corridor TIRZ #33 may include: Short term projects; facade improvements and neighborhood signage, Mid-term projects; gateway enhancements for two high-impact areas (landscaping, lighting, public art), streetscape enhancements radiating from gateway enhancements (landscaping, lighting, sidewalks, and signage). Long-term projects include public-private partnerships to acquire and redevelop blighted properties and a new park on Perrin Beitel.

Future projects and public improvements will be identified and approved by the TIRZ Board of Directors and added to the Project Plan.

Tax Increment Reinvestment Zones Highlights:

- TIF is an incentive tool that local governments can use to finance public improvements and enhance infrastructure within a defined area, called a Tax Increment Reinvestment Zone (TIRZ)
- TIF is governed by Chapter 311 of the Texas Tax Code, the "TIF Act"
- The Texas Constitution and the TIF Act specify that areas to be designated as a TIRZ must be economically distressed, unproductive, underdeveloped, or blighted, and impair the City's growth because of these factors
- Each taxing entity that collects taxes against the property within a TIRZ has an opportunity to contribute future tax revenues to a TIRZ fund to reimburse developers for the cost of public improvements in the TIRZ

Tax Increment Financing: Policy and Program

Policy

The Northeast Corridor TIRZ - was designated under the amended TIF Program Policy (2015-05-14-0419). This established the policy for the City of San Antonio to exercise the power granted by the Tax Increment Financing Act (TIF Act) found in Chapter 311 of the Texas Tax Code. The TIF Act authorizes the governing body of a municipality or a county to promote reinvestment and redevelopment of a contiguous geographic area by designating it a TIRZ. The future value of private investment within a TIRZ is leveraged to finance public improvements, to enhance existing public infrastructure, and to maximize the benefits of other incentive tools. Public investment in TIRZ, using tax increment as a financing mechanism, stimulates private sector investment in areas of the City that would not otherwise attract market interest.

Program

Tax Increment Financing is utilized to implement policies of the 1997 Master Plan and REnewSA. The 1997 Master Plan is currently being updated through a new comprehensive planning process that was initiated in 2013 and is expected to be completed in 2016. REnewSA is an inter-agency collaborative that brings together major policy-making and regulatory bodies in San Antonio to coordinate community development resources. The purpose of REnewSA is to leverage public resources to incentivize private investment and create value in the community.

The City uses tax increment financing to accomplish major objectives that are consistent with the City's Master Plan and REnewSA. Objectives accomplished through this program include the following:

- Encourage a balance of new development and redevelopment throughout the city
- Encourage growth within identified growth centers and adjacent to future high capacity transit stations
- Prioritize areas that are within CDBG-eligible census tracts, areas with high poverty and unemployment levels, areas with low educational attainment levels, and areas with concentrations of vacant, neglected, and underutilized properties
- Invest resources in 'tipping point' areas that exhibit a balance of need and market potential. Utilize market data to identify areas with market potential
- Improve infrastructure to support private sector investment in areas targeted for redevelopment and infill
- Redevelop blighted areas or underutilized properties that impair or prevent investment

- Pursue a balanced housing approach that facilitates the provision of affordable housing
- Provide opportunities for employment within targeted industries
- Embrace Smart Growth, Low Impact Development and Green Building principles

Reinvestment Zones may be designated either through (1) a City-initiated project or (2) by Petition. The Northeast Corridor TIRZ is a City-initiated project.

City-initiated TIRZ are designed to assist ongoing revitalization and reinvestment initiatives by implementing the goals of existing City programs and City adopted plans. City-initiated TIRZ maximize the benefits of public-private collaboration by focusing on targeted areas of the City. If a market or staff analysis of the TIRZ area determines that it is appropriate, the City may require that a percentage of up to 20% of the housing units receiving TIRZ funding be affordable as defined by the City. Any subsequent changes to the City's definition of affordable housing immediately apply to the requirements of the TIF Program Policy.

TIRZ Board

The TIF Act requires that City Council establish a reinvestment zone Board of Directors when designating a TIRZ. The Northeast Corridor TIRZ Board is made up of seven members appointed by City Council and is established pursuant to Section 311.009 of the TIF Act. To be eligible for appointment to the TIRZ Board, an individual must either be a qualified voter of the City, or be at least 18 years old. Appointees will be required to comply with all policies related to City Boards and Commissions to the extent there is no conflict with the TIF Act.

TIF PROGRAM OBJECTIVES

In accordance with the approved TIF Program Policy, the City uses tax increment financing to accomplish major objectives that are consistent with the City's Master Plan, and REnewSA. In addition, preferences are provided to areas that include CDBG eligible census tracts with high poverty, low education and high unemployment. City-initiated TIRZ maximize the benefits of public-private collaboration by focusing on targeted areas of the City. The Northeast Corridor has been targeted for redevelopment through both the ICRIP and the North Sector Plan.

COMMUNITY DEVELOPMENT

The planned investment must contribute to revitalization activities in the community of which the TIRZ is a part. Input of nearby neighborhood residents, businesses, and schools have been considered in the project planning process as have the objectives of numerous plans that have been produced. Plans relevant to Northeast Corridor include; Northeast Corridor Revitalization Plan, the City's Master Plan, REnewSA, and both the North Sector Plan and ICRIP. In addition, within the Northeast Corridor Revitalization Plan a market study was completed by Wendell Davis & Associates (WDA). This market study identified future industry and business development opportunities in the NEC based on existing and expected market conditions. The market study also included recommendations on steps that should be taken to improve the

competitive position of the NEC and its marketability to selected retail and service businesses and industries.

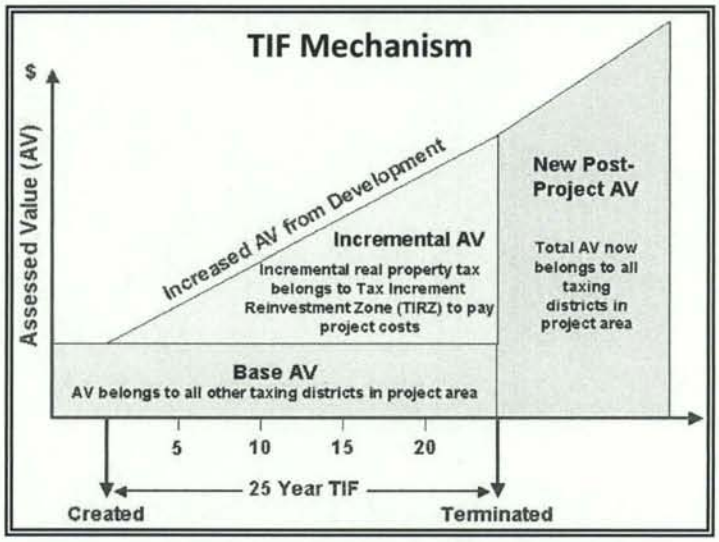
EVIRONMENTAL PROTECTION

Applications will not be accepted where all or part of the proposed project falls over the Edwards Aquifer Recharge Zone. The Northeast Corridor TIRZ is not located over the Edwards Aquifer Recharge Zone.

DESIGNATION AND PARTICIPATION

The term of the Zone is 20 years with the TIRZ being in existence through September 30, 2034. At this time, the City is the only participating taxing entity identified. The City's participation level is 100%.

TIF Mechanism



Once a Reinvestment Zone has been established, an increase in incremental real property taxes resulting from new construction, public improvements, and redevelopment efforts may be collected and deposited into the TIRZ Fund. The City of San Antonio enters into a written agreement with all participating taxing entities to specify the: (1) conditions for payment of the tax increment into a TIRZ Fund, (2) portion of tax increment to be paid by each entity into the TIRZ Fund, and (3) term of the agreement. Participating taxing entities continue to collect taxes on the base value and taxing entities that do not participate, such as local school districts, collect taxes on both the base and all increased value.

City of San Antonio

The City of San Antonio's Department of Planning and Community Development (DPCD) is responsible for the administration of the TIF Program. Its roles and responsibilities include, but are not limited to:

- Review, analysis, and plan preparation
- TIRZ Board administration
- TIRZ Fund administration

- Coordination and preparation of legal documents including:
  - Development Agreements
  - Interlocal Agreements
  - Memoranda of Understanding
- Processing of reimbursement requests for eligible public improvements
- Ongoing project management and monitoring of construction
- Submitting required reports to the State
- Providing information to City Council, TIRZ Board, and other interested parties

Developer

City-Initiated TIRZs like, Northeast Corridor, are unique in that there is typically not a single developer to manage the project. It is likely that Northeast Corridor will have numerous private developers working on different projects throughout the zone which could be eligible for reimbursement for public improvements related to those projects. In such cases, TIF staff would evaluate the projects to identify eligible expenses, coordinate the preparation and negotiation of legal documents, monitor construction, process reimbursement requests from the developer and monitor statutory compliance.

Emergency Services

The Northeast Corridor TIRZ is currently adequately covered by Emergency Services. There are two Fire Stations covering the Northeast Corridor Area, Fire Station #39, at 10750 Nacogdoches Rd, and Fire Station #40 at 14331 O'Connor Rd which are just outside the Boundary of the TIRZ.

Northeast Corridor is covered under the San Antonio Police Department substation located at 13030 Jones Maltsberger Rd.

Relocation Of Displaced Person

No Agency, Participating Taxing Entity nor Developer will be required to relocate or find housing for any current residents due to their displacement under this plan.

Proposed Improvements and Uses

Public Improvements

Proposed public improvements within the Northeast Corridor TIRZ #33 may include the following: 1) short term projects; facade improvement and neighborhood signage, 2) Mid-term projects; gateway enhancements for two high-impact areas (landscaping, lighting, public art), streetscape enhancements radiating from gateway enhancements (landscaping, lighting,

sidewalks, signage), 3) Long-term projects; public-private partnerships to acquire and redevelop four blighted properties and a new park on Perrin Beitel. Future projects and public improvements will be identified and approved by the TIRZ Board of Directors and added to the Project Plan.

ZONING

Over the years, land in the NEC has been developed almost exclusively for commercial use. Over 93% of the developed acreage is utilized for commercial uses. Less than 6% of the developed acreage is utilized for multi-family housing. Commercial uses are situated in hundreds of small strip centers spread over miles (i.e. the classic strip commercial corridor). This type of development pattern was constructed across the country in the 1970s and 1980s has fared poorly as retailers and customers have increasingly shown a preference for large power centers and denser mixed-use developments that are located in nodes at major intersections.

Zoning in the Northeast Corridor is mostly consistent with the existing land use. Over 70% of the land area is zoned for commercial uses. Industrial and Light Industrial zoning covers 25% of land, and multi-family residential zoning is 3.1% of the land. Based on the comparison of zoning and land use within the Corridor, it appears to include too much Industrial zoning and not enough multi-family zoning. Additionally, the amount of heavy commercial zoning should be decreased and concentrated at the major nodes. Mixed-use and multi-family zoning should be added to portions of the corridor that are not at major nodes.

While some of the proposed Projects may require rezoning, at this time no specific zoning changes have been identified.

Financial information

The tax year 2014 base taxable value is $243,219,721. The projected captured value for tax year 2033 is $238,681,817 net of exemptions. The project anticipates the construction of the SkyMine project that will add value to the TIRZ; however, this property may be eligible for partial exemption from ad valorem taxation due to use.

The City is the only participating taxing entity identified, with the City's tax rate per $100 valuation at $0.55827. This produces annual revenues of $241,895.91 in fiscal year 2016 to $1,305,839.20 in fiscal year 2034. A 1.05% growth in values is assumed based on analysis of historic and projected valuation growth.

ORDER OR PRIORITY OF PAYMENT

The City and the TIRZ Board may use TIF funds to pay eligible expenditures in the following order of priority of payment:

A. To pay interest and principal should the City issue any debt instrument such a bonds, notes, certificates of obligation or other public debt to cover Project Costs directly or indirectly related to any non-City Public Infrastructure improvements within the Zone;

B. To fully reimburse eligible startup Administrative Costs incurred by each Participating Taxing Entity;

C. To pay all ongoing Administrative Costs to the City for administering the TIF Fund and/or the Zone;

D. To reimburse the City for costs of the repair, replacement, or re-construction of Public Infrastructure and associated costs;

E. To reimburse the City under any reclaim of funds pursuant to the applicable development agreement; and

F. To reimburse Developers for Public Improvements, as provided in the applicable Development Agreements and in the Project Plan to the extent that funds in the TIF Fund are available for this purpose.

The above listed priority of payments is for illustrative purposes only. For specific requirements for any project within the TIRZ refer to the legal documents applicable to the project in question. No funds will be paid from the TIF Fund to any party of a Development Agreement for its financial or legal services in any dispute arising under that Development Agreement.

Attachment I - Boundary

Exhibit 2

CITY OF SAN ANTONIO, TEXAS

Northeast Corridor
Tax Increment Reinvestment Zone
Number Thirty-three
FINANCE PLAN

Participation Levels:
City (100%)
Preliminary: December 4, 2014
Final: July 25, 2016

Northeast Corridor
Tax Increment Reinvestment Zone #33
Finance Plan

Introduction

The Tax Year 2014 taxable value was $243,219,721.00. The projected captured value for tax year 2033 is $238,681,817.00 net of exemptions. The project anticipates the construction of the SkyMine that will add value to the TIRZ, however, this property may be eligible for partial or total exemption from ad valorem taxation due to use. The term of the zone is projected to be 19.84 years with the TIRZ being in existence through September 30, 2034.

Public Infrastructure

This TIRZ can reimburse public infrastructure costs and future projects to be approved by TIRZ Board.

Finance Plan

The Tax Year 2014 Year-End Assessed Value of the Northeast Corridor TIRZ was $255,137,464.00. Projected captured values that would produce revenues to pay for the capital costs of the public infrastructure improvements commence in Tax Year 2015. Projected captured values are expected to grow from $44,213,833.00 in Tax Year 2015 to $238,681,817.00 in Tax Year 2033.

The City is the only participating taxing entity, with the City's current tax rate per $100 valuation at $0.55827. This is expected to produce annual revenues of $241,895.91 in Fiscal Year 2016 to $1,305,839.20 in Fiscal Year 2034. A 1.05% growth in values is assumed based on analysis of historic and projected valuation growth.

The City and the TIRZ Board may use TIF funds to pay eligible expenditures in the following order of priority of payment:

1. To pay interest and principal should the City issue any debt instrument such as bonds, notes, certificates of obligation or other public debt to cover Project Costs directly or indirectly related to any non-City Public Infrastructure Improvements within the Zone;

2. To fully reimburse eligible startup Administrative Costs incurred by each Participating Taxing Entity;

3. To pay all ongoing Administrative Costs to the City for administering the TIF Fund and/or the Zone;

4. To reimburse the City for costs of the repair, replacement, or re-construction of Public Infrastructure and associated costs;

5. To reimburse the City under any reclaim of funds pursuant to any applicable development agreement; and

6. To reimburse developers for Public Improvements, as provided in the applicable Development Agreements and in the Project Plan to the extent that funds in the TIF Fund are available for this purpose.

TIRZ collections for this project shall not extend beyond September 30, 2034 and may be terminated earlier.

TABLE – TIRZ Contributions		
Participating Taxing Entities	Maximum Dollar Contribution *	Maximum Length of Contribution
City of San Antonio	N/A	September 30, 2034

* The Maximum Dollar Contribution was $5,968,904. Ordinance #2016-__-__-____ authorized removing the cap.

Limited Obligation of the City or Participating Taxing Entities

The City shall have a limited obligation to impose and collect taxes, and deposit such tax receipts into the Northeast Corridor TIRZ fund so long as the project is viable and capital costs incurred by the City and/or a developer (if any) have not been fully paid. The Northeast Corridor TIRZ collections for this project shall not extend beyond September 30, 2034, and may be terminated prior to September 30, 2034, upon payment of public improvement capital costs incurred by the City and/or a developer (if any), or for the failure of the TIRZ Project to perform as projected in the Project and Finance Plans.

Any costs incurred by a developer (if any) are not and shall never in any event become general obligations or debt of the City or any of the Participating Taxing Entities. The public improvement infrastructure costs incurred by a developer shall be reimbursed solely from the Northeast Corridor TIRZ revenues and shall never constitute a debt, indebtedness or a pledge of the faith and credit or taxing power of the State, the City, the Participating Taxing Entities, any political corporation, subdivision, or agency of the State.

Northeast Corridor
Tax Increment Reinvestment Zone #33
Summary Fact Sheet

Plan of Finance:

Site Area (parcel acres)		1,056
Beginning Assessed Value (2015) in City	$	255,137,464.00

Developer:
City Initiated

Assumptions:

Captured Taxable Value (FY 2034)		$	238,681,817.00
Growth Factor			1.05%
Collection Rate			98.00%
Estimated Total Tax Increment Revenues		$	19,778,959.85
Estimated TIF Life	(12/4/2014 to 9/30/2034)		19.84 yrs.

Northeast Corridor
Tax Increment Reinvestment Zone #33
Sources and Uses

Sources of Funds		
	Total Tax Increment Revenues	$ 19,778,959.85
	TIF Fund Interest Earnings	29.23
Total Sources of Funds		$ 19,778,989.08
Uses of Funds		
	Start-Up and Administrative Expenses	$ 2,243,235.88
	Available for Eligible Expenses	17,535,753.20
Total Uses of Funds		$ 19,778,989.08
Project Financing Surplus/(Shortage)		$ -

Northeast Corridor
Tax Increment Reinvestment Zone #33
Revenues

	Tax Increment Zone				City of San Antonio								
Tax Year	Beginning Assessed Value	New Values	Appraisal Growth	Year-End Assessed Value	Tax Exemptions [1]	Year-End Taxable Value	Total Base Taxable Value	Captured Taxable Value	Projected Tax Rate	Actual Tax Increments [2, 3]	Projected Tax Increments [2, 3]	Total Tax Increments	Fiscal Year
2014	$ -	$ -	$ -	$ 255,137,464.00	$ (11,917,743.00)	$243,219,721.00	$ -	$ -		$ -	$ -	$ -	2015
2015	255,137,464.00	14,818,980.00	29,132,271.00	299,088,715.00	(11,655,161.00)	287,433,554.00	243,219,721.00	44,213,833.00	0.55827	169,441.43	72,454.48	241,895.91	2016
2016	299,088,715.00	113,045,950.00	3,140,432.00	415,275,097.00	(11,777,540.00)	403,497,557.00	243,219,721.00	160,277,836.00	0.55827	-	876,887.41	876,887.41	2017
2017	415,275,097.00	-	4,360,389.00	419,635,486.00	(11,901,204.00)	407,734,282.00	243,219,721.00	164,514,561.00	0.55827	-	900,066.73	900,066.73	2018
2018	419,635,486.00	-	4,406,173.00	424,041,659.00	(12,026,167.00)	412,015,492.00	243,219,721.00	168,795,771.00	0.55827	-	923,489.43	923,489.43	2019
2019	424,041,659.00	-	4,452,437.00	428,494,096.00	(12,152,442.00)	416,341,654.00	243,219,721.00	173,121,933.00	0.55827	-	947,158.06	947,158.06	2020
2020	428,494,096.00	-	4,499,188.00	432,993,284.00	(12,280,043.00)	420,713,241.00	243,219,721.00	177,493,520.00	0.55827	-	971,075.21	971,075.21	2021
2021	432,993,284.00	-	4,546,429.00	437,539,713.00	(12,408,983.00)	425,130,730.00	243,219,721.00	181,911,009.00	0.55827	-	995,243.50	995,243.50	2022
2022	437,539,713.00	-	4,594,167.00	442,133,880.00	(12,539,277.00)	429,594,603.00	243,219,721.00	186,374,882.00	0.55827	-	1,019,665.55	1,019,665.55	2023
2023	442,133,880.00	-	4,642,406.00	446,776,286.00	(12,670,939.00)	434,105,347.00	243,219,721.00	190,885,626.00	0.55827	-	1,044,344.04	1,044,344.04	2024
2024	446,776,286.00	-	4,691,151.00	451,467,437.00	(12,803,984.00)	438,663,453.00	243,219,721.00	195,443,732.00	0.55827	-	1,069,281.65	1,069,281.65	2025
2025	451,467,437.00	-	4,740,408.00	456,207,845.00	(12,938,426.00)	443,269,419.00	243,219,721.00	200,049,698.00	0.55827	-	1,094,481.10	1,094,481.10	2026
2026	456,207,845.00	-	4,790,182.00	460,998,027.00	(13,074,279.00)	447,923,748.00	243,219,721.00	204,704,027.00	0.55827	-	1,119,945.15	1,119,945.15	2027
2027	460,998,027.00	-	4,840,479.00	465,838,506.00	(13,211,559.00)	452,626,947.00	243,219,721.00	209,407,226.00	0.55827	-	1,145,676.57	1,145,676.57	2028
2028	465,838,506.00	-	4,891,304.00	470,729,810.00	(13,350,280.00)	457,379,530.00	243,219,721.00	214,159,809.00	0.55827	-	1,171,678.17	1,171,678.17	2029
2029	470,729,810.00	-	4,942,663.00	475,672,473.00	(13,490,458.00)	462,182,015.00	243,219,721.00	218,962,294.00	0.55827	-	1,197,952.78	1,197,952.78	2030
2030	475,672,473.00	-	4,994,561.00	480,667,034.00	(13,632,108.00)	467,034,926.00	243,219,721.00	223,815,205.00	0.55827	-	1,224,503.28	1,224,503.28	2031
2031	480,667,034.00	-	5,047,004.00	485,714,038.00	(13,775,245.00)	471,938,793.00	243,219,721.00	228,719,072.00	0.55827	-	1,251,332.56	1,251,332.56	2032
2032	485,714,038.00	-	5,099,997.00	490,814,035.00	(13,919,885.00)	476,894,150.00	243,219,721.00	233,674,429.00	0.55827	-	1,278,443.55	1,278,443.55	2033
2033	490,814,035.00	-	5,153,547.00	495,967,582.00	(14,066,044.00)	481,901,538.00	243,219,721.00	238,681,817.00	0.55827	-	1,305,839.20	1,305,839.20	2034
		$ 127,864,930.00	$ 112,965,188.00							$ 169,441.43	$ 19,609,518.42	$ 19,778,959.85	

Existing Value Growth Factors	
Base Model Growth Factor	1.00%
Growth Factor Above Base	0.05%
Combined Growth Rate	1.05%

Participation Level	100%
Tax Rate Growth Factor	0.00%
Tax Rate Collection Factor	98.00%

[1] SkyMine project is not currently qualified for a tax exemption. In the future, property may become eligible for partial or total exemption from ad valorem taxation due to use. According to media reports, the SkyMine will be capturing pollution produced by the Zachry Cement Plan. The Texas Commission on Environmental Quality is responsible for determining whether a facility uses certain property, in whole or in part, for pollution control. If an application for use determination is approved, the property owner may then apply to the Bexar Appraisal District for a tax exemption.

[2] Taxes are first assessed the year following designation and tax increment is collected the year following assessments.

[3] Maximum Dollar Contribution was capped at $5,968,904.00 and removed per Ordinance 2016-__-__-____.

Northeast Corridor
Tax Increment Reinvestment Zone #33
Reimbursements

Tax Year	Actual Tax Increments Revenues	Projected Tax Increments Revenues	Cumulative Tax Increments Revenues	TIF Fund Interest Rate	Actual Interest Earned in TIF Fund	Projected Interest Earned in TIF Fund	Actual Start-Up & Administrative Expenses[1, 2]	Projected Start-Up & Administrative Expenses[1, 2]	Actual Available for Eligible Expenses[3]	Projected Available for Eligible Expenses[3]	Fiscal Year Cashflow Balance	Fiscal Year Fund Balance	Fiscal Year
2014	-	-	-	0.2303%	-	-	-	-	-	-	-	-	2015
2015	169,441.43	72,454.48	241,895.91	0.4571%	29.23	-	(83,235.88)	-	-	(158,689.26)	-	-	2016
2016	-	876,887.41	1,118,783.32	0.6875%	-	-	-	(120,000.00)	-	(756,887.41)	-	-	2017
2017	-	900,066.73	2,018,850.05	1.6250%	-	-	-	(120,000.00)	-	(780,066.73)	-	-	2018
2018	-	923,489.43	2,942,339.48	2.6250%	-	-	-	(120,000.00)	-	(803,489.43)	-	-	2019
2019	-	947,158.06	3,889,497.54	3.4375%	-	-	-	(120,000.00)	-	(827,158.06)	-	-	2020
2020	-	971,075.21	4,860,572.75	3.5000%	-	-	-	(120,000.00)	-	(851,075.21)	-	-	2021
2021	-	995,243.50	5,855,816.25	3.5000%	-	-	-	(120,000.00)	-	(875,243.50)	-	-	2022
2022	-	1,019,665.55	6,875,481.80	3.5000%	-	-	-	(120,000.00)	-	(899,665.55)	-	-	2023
2023	-	1,044,344.04	7,919,825.84	3.5000%	-	-	-	(120,000.00)	-	(924,344.04)	-	-	2024
2024	-	1,069,281.65	8,989,107.49	3.5000%	-	-	-	(120,000.00)	-	(949,281.65)	-	-	2025
2025	-	1,094,481.10	10,083,588.59	3.5000%	-	-	-	(120,000.00)	-	(974,481.10)	-	-	2026
2026	-	1,119,945.15	11,203,533.74	3.5000%	-	-	-	(120,000.00)	-	(999,945.15)	-	-	2027
2027	-	1,145,676.57	12,349,210.31	3.5000%	-	-	-	(120,000.00)	-	(1,025,676.57)	-	-	2028
2028	-	1,171,678.17	13,520,888.48	3.5000%	-	-	-	(120,000.00)	-	(1,051,678.17)	-	-	2029
2029	-	1,197,952.78	14,718,841.26	3.5000%	-	-	-	(120,000.00)	-	(1,077,952.78)	-	-	2030
2030	-	1,224,503.28	15,943,344.54	3.5000%	-	-	-	(120,000.00)	-	(1,104,503.28)	-	-	2031
2031	-	1,251,332.56	17,194,677.10	3.5000%	-	-	-	(120,000.00)	-	(1,131,332.56)	-	-	2032
2032	-	1,278,443.55	18,473,120.65	3.5000%	-	-	-	(120,000.00)	-	(1,158,443.55)	-	-	2033
2033	-	1,305,839.20	19,778,959.85	3.5000%	-	-	-	(120,000.00)	-	(1,185,839.20)	-	-	2034
	$ 169,441.43	$ 19,609,518.42			$ 29.23	$ -	$ (83,235.88)	$ (2,160,000.00)	$ -	$ (17,535,753.20)	$ -		

[1] Start-Up Fees of $50,000, due once designated, and annual administrative expenses of the lesser of 20% of the fiscal year increment or $120,000 are anticipated to be paid when increment is available.

[2] FY 2016 reimbursement included the amount of $33,235.88 for FY 2016 annual administrative expenses and $50,000 of Start-Up Fees.

[3] Any amount not spent on Eligible Expenses will remain in fund balance.

Northeast Corridor
Tax Increment Reinvestment Zone #33
Participation

Taxing Entity	Tax Rate	Level of Participation	Tax Rate Based on Participation	% of Project	Tax Increments Revenues	TIF Expenses
City of San Antonio	$ 0.55827	100%	$ 0.55827	100.00%	$19,778,959.85	$ 19,778,989.08
Total	$ 0.55827		$ 0.55827	100.00%	$19,778,959.85	$ 19,778,989.08

Northeast Corridor
Tax Increment Reinvestment #33
Collections

Taxing Entity	Maximum Length of Contribution	Maximum Dollar Contribution [1]	Tax Increments Revenues Collected	Remaining / (Refund)
City of San Antonio	09/30/2034	N/A	$ 169,441.43	N/A
Total		N/A	$ 169,441.43	N/A

[1] Maximum Dollar Contribution was capped at $5,968,904.00 and removed per Ordinance 2016-__-__-____.

Northeast Corridor
Tax Increment Reinvestment Zone #33
New Values

Tax Year	SkyMine [1,2]	First Choice Urgent Care 13434 Nacogdoches	Shopping Center 11401 Perrin Beitel	Gold's Gym Health Club 12247 Nacogdoches	Restaurant 8841 Perrin Beitel	Whataburger 123091 Nacogdoches	Zachry Construction Yard 12114 Bulverde	Annual Total	Fiscal Year
2014								-	2015
2015	$ 11,954,050	$ 470,670	$ 545,870	$ 114,830	$ 247,090	$ 703,670	$ 782,800	$ 14,818,980	2016
2016	113,045,950							113,045,950	2017
2017								-	2018
2018								-	2019
2019								-	2020
2020								-	2021
2021								-	2022
2022								-	2023
2023								-	2024
2024								-	2025
2025								-	2026
2026								-	2027
2027								-	2028
2028								-	2029
2029								-	2030
2030								-	2031
2031								-	2032
2032								-	2033
2033								-	2034
	$ 125,000,000	$ 470,670	$ 545,870	$ 114,830	$ 247,090	$ 703,670	$ 782,800	$ 127,864,930	

[1] Total value estimated in "The Dynamic Northeast Corridor Market Study" by Wendell Davis & Associates, October 2013. Tax Year 2015 value as noticed by Bexar Appraisal District.

[2] SkyMine Project does not currently qualify for a tax exemption. In the future, property may become eligible for partial or total exemption from ad valorem taxation due to use. According to media reports, the SkyMine will be capturing pollution produced by the Zachry Cement Plan. The Texas Commission on Environmental Quality is responsible for determining whether a facility uses certain property, in whole or in part, for pollution control. If an application for use determination is approved, the property owner may then apply to the Bexar Appraisal District for a tax exemption.

Exhibit 3

City of San Antonio

Tax Increment Financing (TIF)

Program Policy

Department of Planning and Community Development
(210) 207-6615

05/14/2015

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I. TIF Program Policy Purpose

The purpose of this document is to establish the policy for the City of San Antonio to exercise the power granted under the Tax Increment Financing (TIF) Act, Chapter 311 of the Texas Tax Code. The TIF Act authorizes the governing body of a municipality or a county to promote reinvestment in and redevelopment of a contiguous geographic area by designating it a Tax Increment Reinvestment Zone (TIRZ). The future value of private investment within a TIRZ is leveraged to finance public improvements, to enhance existing public infrastructure, and to maximize the benefits of other incentive tools.

The City of San Antonio uses Tax Increment Financing to encourage development in areas where it is desired but is not being provided by traditional market mechanisms or other city incentives. Through TIF, the city intends to achieve goals and objectives established in City adopted plans and policies and to support projects that increase diversity of uses and decrease income segregation.

Public investment in TIRZ, using tax increment as a financing mechanism, stimulates private sector investment in areas of the City that would not otherwise attract market interest.

II. TIF Program Objectives

Tax Increment Financing supports the policies of the 1997 Master Plan, SA2020, and REnewSA. The 1997 Master Plan is currently being updated through a new comprehensive planning process that was initiated in 2013 and is expected to be completed in 2016. The shared goal of SA2020 is to transform San Antonio into a world-class city by the year 2020 in eleven key vision areas. REnewSA is an inter-agency collaborative that brings together major policy-making and regulatory bodies in San Antonio to coordinate community development resources. The purpose of REnewSA is to leverage public resources to incentivize private investment and create value in the community. The policy will work to encourage investment in inner city neighborhoods, but minimize or prevent displacement of people or adverse impacts related to history, culture and quality of life of unique neighborhoods.

Each of these policies provides strategic objectives for the use of TIF. TIF provides a financing option that meets the stated objectives as follows:

- Increases the diversity of property uses through support of mixed use development.
- Decreases income segregation by supporting mixed income development.
- Encourages a balance of new development and redevelopment throughout the city.

- Encourages growth within identified growth centers and adjacent to future high capacity transit stations.
- Prioritizes areas that are within CDBG-eligible census tracts, areas with high poverty and unemployment levels, areas with low educational attainment levels, and areas with concentrations of vacant, neglected, and underutilized properties.
- Invests resources in 'tipping point' areas that exhibit a balance of need and market potential. Utilize market data to identify areas with market potential.
- Improves infrastructure to support private sector investment in areas targeted for redevelopment and infill.
- Redevelops blighted areas or underutilized properties that impair or prevent investment.
- Pursues a balanced housing approach that facilitates the provision of affordable housing.
- Provides opportunities for employment within targeted industries.
- Embraces Smart Growth, Low Impact Development and Green Building principles.

III. Tax Increment Reinvestment Zones Types

A. **Petition-Initiated Tax Increment Reinvestment Zones**

Petition-initiated TIRZ allow property owners, residents, and project developers to contract with the City to bring high-quality development/redevelopment to areas that have not seen any significant development in recent history, in conjunction with the City's adopted plans. Petitions must be submitted by the property owners whose ownership constitutes at least 50 percent of the appraised value of the property in the proposed TIRZ, according to the most recent certified appraisal roll.

B. **City-Initiated Tax Increment Reinvestment Zones**

City-initiated TIRZ are designed to assist ongoing revitalization and reinvestment initiatives by implementing the goals of existing City programs and City adopted plans. City-initiated TIRZ maximize the benefits of public-private collaboration by focusing on targeted areas of the City.

IV. Tax Increment Reinvestment Zone Criteria

All Tax Increment Reinvestment Zones designated by the City of San Antonio must meet certain criteria in order to be recommended for designation by City Council. While some criteria pertain to all TIRZ, different criteria are applicable depending upon the type of TIRZ. All TIRZ must meet the criteria established through the TIF Statute and the City of San Antonio General Criteria described below.

Projects must demonstrate that they are eligible to use TIF based on the applicable criteria; however, eligibility does not guarantee that a TIRZ will be created or that the City will participate in a TIRZ created by the County.

Tax Increment Financing is not an "As of Right" Incentive but a discretionary program. Each proposed project will be evaluated individually on the applicable qualifying criteria and to the degree to which the proposed project meets the goals and objectives of the City. All TIRZ designations require City Council consideration and approval.

A. State Criteria[1]

a. To be designated as a reinvestment zone, an area must:

1. substantially arrest or impair the sound growth of the municipality or county designating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:

a. a substantial number of substandard, slum, deteriorated, or deteriorating structures;

b. the predominance of defective or inadequate sidewalk or street layout;

c. faulty lot layout in relation to size, adequacy, accessibility, or usefulness;

d. unsanitary or unsafe conditions;

e. the deterioration of site or other improvements;

f. tax or special assessment delinquency exceeding the fair value of the land;

g. defective or unusual conditions of title;

h. conditions that endanger life or property by fire or other cause; or

i. structures, other than single-family residential structures, less than 10 percent of the square footage of which has been used for commercial,

[1] Excerpt taken directly from Texas Tax Code Section 311.005 Criteria for Reinvestment Zone Amended June 2011; 82nd Legislative Session. State criteria is subject to change based on any future amendments to the TIF Act

industrial, or residential purposes during the preceding 12 years, if the municipality has a population of 100,000 or more;

2. *be predominantly open or undeveloped and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality or county;*

3. *be in a federally assisted new community located in the municipality or county or in an area immediately adjacent to a federally assisted new community; or*

4. *be an area described in a petition requesting that the area be designated as a reinvestment zone, if the petition is submitted to the governing body of the municipality or county by the owners of property constituting at least 50 percent of the appraised value of the property in the area according to the most recent certified appraisal roll for the county in which the area is located.*

a-1. Notwithstanding Subsection (a), if the proposed project plan for a potential zone includes the use of land in the zone in connection with the operation of an existing or proposed regional commuter or mass transit rail system, or for a structure or facility that is necessary, useful, or beneficial to such a regional rail system, the governing body of a municipality may designate an area as a reinvestment zone.

b. In this section, "federally assisted new community" means a federally assisted area that has received or will receive assistance in the form of loan guarantees under Title X of the National Housing Act, if a portion of the federally assisted area has received grants under Section 107(a)(1) of the Housing and Community Development Act of 1974.

This Code is available at http://www.statutes.legis.state.tx.us/Docs/TX/htm/TX.311.htm

B. City of San Antonio General Criteria

- The City will use TIF only when a clearly defined objective is served and only to the degree necessary to accomplish that objective
- "Pay as you go" financing and reimbursing front-end public redevelopment costs with tax increment revenues are preferable to bond financing and are to be considered and used when appropriate
- TIF projects in distressed markets must demonstrate an ability to generate increment by capturing increment from higher performing markets or projects
- TIF projects must leverage additional revitalization activity and be used in coordination with other available incentive programs
- The City's adopted plans places a requirement on certain developments to provide quality, affordable housing in mixed income neighborhoods. The City may require that a percentage of up to 20% of the proposed housing units built in an

area that is authorized to receive TIRZ funding be classified as affordable in accordance with City guidelines. However, affordable housing requirements will only be deemed appropriate if an analysis indicates a deficiency of affordable housing in the surrounding area or submarket.

C. Petition Initiated TIRZ Criteria

Mandatory Criteria

- The proposed project must implement one or more goals of the Comprehensive Plan, SA2020, or REnewSA
- The project pro forma must demonstrate financial feasibility and the developer must exhibit the financial capacity to complete the project
- The project must reduce income segregation in the census block group in which it is located through the inclusion of market rate or affordable housing, as applicable
- The project must increase diversity of uses in the census block group in which it is located by including mixed use development

Elective Criteria – Must achieve at least 2

DPCD staff is available to provide data and/or maps regarding the criteria below:

- The proposed project is primarily within a Community Development Block Grant (CDBG)-eligible census tract
- The proposed project is within an area with poverty and unemployment levels that are higher than the City average and educational attainment levels that are lower than the City average
- The proposed project includes 20% or more area that is vacant, neglected, and underutilized
- The primary market typology by project area or average market typology by project area is 'emerging' as defined in the REnewSA final report

D. City Initiated TIRZ Criteria

Mandatory Criteria

- The proposed TIRZ must be recommended by a City Council adopted Revitalization Plan
- The project must reduce income segregation in the census block group in which it is located through the inclusion of market rate or affordable housing, as applicable
- The project must increase diversity of uses in the census block group in which it is located through mixed use development

Elective Criteria – Must achieve at least 1

- The proposed project is primarily within a CDBG-eligible census tract
- The proposed project is within area with poverty and unemployment levels that are higher than the City average and educational attainment levels that are lower than the City average
- The proposed project includes 20% or more area that is vacant, neglected, and underutilized
- The primary market typology by project area or average market typology by project area is 'emerging' as defined in the REnewSA final report

V. TIRZ Proposal Submission

In order for staff to effectively evaluate a proposed new TIRZ, the proposal must provide sufficient information to demonstrate how the project meets the statutory requirements and specific the eligibility criteria. In addition, the proposal must include sufficient financial data, through a project pro forma and extended cash flow analysis that clearly demonstrates a quantifiable need for public assistance. Staff's review of the proposal will be used to determine the recommended amount of city participation, City's maximum dollar contribution as well as the length of time the TIRZ will be in existence. At a minimum all proposals require the following information:

- Proposed development plan including construction schedule
- Identify all project costs, including acquisition, construction, soft costs, and applicable long-term management costs
- Projected TIF revenue
- Source and Uses budget and project proforma detailing projected cash flows over the life of the proposed zone including other public sources, private financing, and developer equity contribution into project
- Demonstration of financial wherewithal to meet project costs and complete project (i.e. the most current three years of financial statements, complete Sources and Uses budget, and/or Letters of Credit from Bank)
- Demonstrated previous experience developing similar scale and type of project
- Evidence that no construction is taking place within the proposed TIRZ boundaries (New TIRZ cannot include sites where construction has been initiated or where construction is ongoing; the costs of such construction cannot be financed through TIF)

A. **TIRZ Term**

The typical TIRZ term is 20 years. Shorter or longer terms may be warranted for projects with atypical size, scope, and/or project pro forma that demonstrates a need for public assistance in order to undertake the project, assuming conventional investment and financing requirements, at time of application.

City staff will review the proposed TIRZ term and present a summary report to the TIF Governance Committee. The TIF Governance Committee will make a recommendation regarding the term length and submit the recommendation to City Council. Ultimately, the TIRZ term will be established by City Council at the time of designation.

B. **Affordable Housing**

The City may require that a percentage of up to 20% of the proposed housing units built in an area that is authorized to receive TIRZ funding be classified as "affordable," in accordance with City guidelines. However, affordable housing requirements will only be deemed appropriate if an analysis indicates a deficiency of affordable housing in the surrounding area or submarket. Any subsequent changes to the City's definition of affordable housing will apply immediately to the requirements of the TIF Program Policy.

C. **Eligible Expenses**

Eligible expenses are defined in Section 311.002 of the TIF Act. The City will reimburse developers for bank interest on construction loans during the time of construction only. The city will not pay interest on outstanding balances of approved or unapproved invoices.

D. **Coordinated Revitalization**

The City supports the development of new partnerships and the use of existing partnership programs which promote cooperation among public agencies, industry, and the community to enhance economic growth throughout the City. The proposal must describe how the development supported by the TIRZ will contribute to ongoing or proposed revitalization activities in the surrounding area, and how the TIRZ will leverage additional revitalization activity. For example, it is encouraged that TIF be used in coordination with incentives offered through the Center City Development and Operations Department and Economic Development Department. Because the creation of a TIRZ requires the substantial involvement of many stakeholders, the proposal must indicate how the input of these stakeholders has been integrated into the details of the development proposal. Presentation materials, meeting notes, lists of meetings, and letters of support should be included.

In addition to the above, applicants must execute and submit the "Petitioner's Sworn Acknowledgement of General Requirements for Use of TIF" (Appendix B).

E. **Environmental**

Proposed TIRZ projects must meet all applicable local, state, and federal environmental laws. TIRZ funds can be applied to reimburse the actual costs of the remediation of conditions that contaminate public or private land or buildings, as well as the costs of conducting environmental impact studies or other studies. A copy of the Phase I environmental review will be submitted to the TIF Unit.

The City of San Antonio will not designate any new Tax Increment Reinvestment Zones over the Edwards Aquifer Recharge Zone. In addition, the City reserves the right to deny designation of any TIRZ that may have a negative impact on environmentally sensitive areas.

F. **City Design Principals**

Since TIF is a long-term financing tool, development supported by TIF funds must add long-term value to the public realm. Subject to City approval, projects will be built using design principles that recognize the importance of the long-term safety and comfort of all public infrastructure users whether they are walking, jogging, riding or driving. Such design principles should recognize and implement the land use, zoning, subdivision, and street design characteristics that ensure that TIF projects are accessible to people of all ages and abilities. In practical terms, this means that many areas within TIF projects give priority to the safety of pedestrians by carefully controlling vehicular design speeds on public right of way. Such walkable communities, in coordination with other City initiatives, also help protect San Antonio's air quality by reducing the number of vehicle miles traveled.

In addition, all TIF projects must comply with the City's current approved Universal Design Requirements as described in Chapter 6, Article XII of the City's Unified Development Code as well as the Acknowledgement of General Requirements for Use of TIF (Appendices A & B). The requirements for Universal Design apply to the construction of all new single family homes, duplexes or triplexes for which a building permit will be issued under the city building code after the effective date of the Ordinance (Ord. No 95641 & Ord. No 96621). The City's Unified Development Code is available at http://www.municode.com/Resources/gateway.asp?pid=14228&sid=43

G. **Submission Fees for Petition–Initiated TIRZ** [2]

Pre-Petition Meetings. A developer considering the submission of a petition for a new TIRZ may request a meeting with the Department of Planning and Community Development's TIF Unit at anytime. There is no cost for the initial meeting; however, a fee of $200.00 for each follow up meeting will be charged to the developer. The fee will be paid in the form of a check or money order made payable to City of San Antonio. Any pre-petition meeting fees paid are reimbursable through the TIRZ after designation by

[2] These fees are applicable in Fiscal Year (FY) 2015. A schedule of future fees may be set out in the City Code and/or changed by approval of City Council.

City Council. However, any paid fees are not reimbursable if the TIRZ is not designated. The reimbursement request should be submitted along with the developer's first invoice. All meetings must be scheduled through the Department of Planning and Community Development's TIF Unit at 210-207-6615.

Petition Submission Fee. Petitioners must submit a completed proposal, to include Appendix B, and a non-refundable fee of $7,500.00. The fee will be paid in the form of a check or money order made payable to City of San Antonio. The fee is charged to cover costs associated with the review and processing of the proposal. The petition submission fee is reimbursable through the TIRZ after designation by City Council. However, the fee is not reimbursable if the TIRZ is not designated. The reimbursement request should be submitted along with the developer's first invoice.

VI. TIRZ Adoption

Upon receiving a favorable recommendation from the TIF Governance Committee, staff is authorized to notify other participating taxing entities regarding the potential for a new TIRZ to be approved. Several other taxing entities have adopted an independent review processes and utilize different selection criteria to determine participation in the proposed TIRZ. Applicants must independently contact the other taxing entities impacted by the proposed TIRZ in order to expedite their review processes. Updates must be provided to the TIF Unit staff regarding any commitments or negotiations. These findings become the basis for any Interlocal Agreement that will be created.

Staff will simultaneously begin a full financial and programmatic review of the proposed project. The findings will form the basis for the Preliminary Project and Finance Plans. Results of any potential Interlocal Agreements will be included in these plans. When finalized, the TIRZ designation request will be scheduled for presentation to City Council for approval.

If approved, City Council will issue a Designating Ordinance to officially name the TIRZ, create a TIRZ Board of Directors, establish official start and termination dates for the TIRZ, and creates a Tax Increment Fund.

VII. Fee Structure [3]

Designation Fee: The $50,000 Designation Fee becomes due and payable upon passage of an Ordinance by City Council designating or extending a Tax Increment Reinvestment Zone. The Designation Fee is intended to reimburse the City for project costs incurred by

[3] These fees are applicable in Fiscal Year (FY) 2015. A schedule of future fees may be set out in the City Code and/or changed by approval of City Council.

the City during the process of designating and/or extending a TIRZ. The Designation Fee is reimbursable through the TIRZ Fund.

Administrative Fees: Administrative Fees becomes due and payable upon the first day of each year the TIRZ is in effect, to include the Designation Year. The Administrative Fee is intended to reimburse the City for project costs, imputed administrative costs, including but not limited to reasonable charges for the time spent by employees of the municipality or county in connection with the implementation of a project plan. This is a recurring annual fee and is paid through the TIRZ Fund.

Administrative fees will be established at the time of designation and may be increased after TIRZ Board and City Council consideration and approval. Fees will be calculated at 20% of annual tax increment collections, but capped at approved maximums as shown in the table below. In addition, for projects that can demonstrate that at least 51% of housing can be defined as affordable (80% or below of area median income) annual administrative fees will be calculated at 10% of annual tax increment.

TIER	Description	The lesser of 20% of increment or:
1	High Degree of Complexity; very complex; multiple projects; require frequent board meetings and processing of payments. Requires coordination with other City departments and a large demand of staff time.	$ 120,000.00
2	Average/Medium Degree of Complexity; can include one large project or multiple projects; require multiple board meetings and processing of payments.	$ 75,000.00
3	Lower Degree of Complexity; smaller in size; less complex; one developer; limited board meetings and processing of payments.	$ 45,000.00

Note: Degree of complexity will be determined by City staff.

Infrastructure Failure Fee: A $10,000 Infrastructure Failure Fee is assessed per occurrence. The Developer is allowed three (3) warnings to correct the failure(s) prior to the assessment of the fee.

Glossary

- **Administrative Fees** – A fee that becomes due and payable upon the first day of each year the TIRZ is in effect, to include the Designation Year. The Administrative Fee is intended to reimburse the City for project costs, imputed administrative costs, including but not limited to reasonable charges for the time spent by employees of the municipality or county in connection with the implementation of a project plan. This is a recurring annual fee.
- **Affordable Housing** – Housing serving persons or families whose income is at or below 80% of the Area Median Family Income. The definition of affordable housing in this Policy shall match that of the Grants, Monitoring and Administration Department which serves as the City's definition. Any subsequent changes to the City's definition of affordable housing immediately apply to the requirements of the TIF Program Policy.
- **Annual Administrative Fees** – Fees assessed to each TIRZ to recover costs of administering the Tax Increment Finance Program. Costs include staffing for project management, fiscal and administrative activities.
- **Appraised value** – the assessed value of real property in the opinion of a qualified appraiser as appraised by Bexar County Tax Assessor or as provided by Chapter 23 of Texas Property Tax Code.
- **Blighted Areas** – An area of a city, in which most of the buildings are abandoned or in severe disrepair.
- **Brownfield** – The term "Brownfield site" means real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.
- **Cash Flow** – An analysis of expected cash requirements over a set period of time.
- **Center City Development and Operations Department (CCDOD)** - The Center City Development & Operations Department manages, coordinates, and facilitates development in the downtown area and surrounding neighborhoods, and creates and sustains partnerships with numerous City departments, downtown stakeholders, neighborhoods, and businesses engaged in the downtown area.
- **Collateralization** – The act where a borrower pledges an asset as recourse to the lender in the event that the borrower defaults on the initial loan. Collateralization of assets gives lenders a sufficient level of reassurance against default risk.
- **Comprehensive Master Plan** – Comprehensive planning is a term used by land use planners to describe a process that determines community goals and aspirations in terms of community development. The outcome of comprehensive planning is the Comprehensive Master Plan which dictates public policy in terms of transportation, utilities, land use, recreation, and housing.
- **Community Development Block Grant** – The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs.
- **Credit Enhancement** – A method whereby a company attempts to improve its debt or credit worthiness. Through credit enhancement, the lender is provided with reassurance that the borrower will honor the obligation through additional

collateral, insurance, or a third party guarantee. Credit enhancement reduces credit/default risk of a debt, thereby increasing the overall credit rating and lowering interest rates.

- **Department of Planning and Community Development (DPCD)** – has lead responsibility for Comprehensive, Sector, Community, Neighborhood, Redevelopment, and Regional Planning initiatives. Housing and Community Development program responsibilities include rehabilitation of owner-occupied and multi-family rental housing, the Homeownership Incentive Program, Lead-Based Paint abatement, the Green & Healthy Homes services, REnewSA, and Federal Grants Management Administration. The Department is responsible for administration of Tax Increment Reinvestment Zones (TIRZ), implementation of the Strategic Plan for Community Development, and related strategic reinvestment projects.
- **Designation Fee** – A fee that becomes due and payable upon passage of an ordinance by City Council designating or extending a Tax Increment Reinvestment Zone. The Designation Fee is intended to reimburse the City for project costs incurred by the City during the process of designating and/or extending a TIRZ. The Designation Fee is reimbursable through the TIF fund.
- **Developer Equity** – Financial interest a developer has in a development. The interest may be a direct investment or a percentage interest in the overall profit.
- **Economic Development Department (EDD)** – The Economic Development Department seeks to create a globally competitive and internationally connected environment that supports entrepreneurs and businesses of all sizes toward investment and job creation. The Economic Development Department focuses on the core functions of industry, international and small business development.
- **Finance Department (FD)** - The Finance Department has a fiduciary responsibility to safeguard the City's financial assets and manage its financial resources in accordance with the goals of the City Council and City Manager, and in compliance with applicable laws and generally accepted accounting and financial principles. The Finance Department is responsible for the Finance Plan updates and calculation of TIRZ increment.
- **Finance Plan** – means the finance plan for the development or redevelopment of a reinvestment zone approved under Chapter 311 of the Texas tax code, including all amendments of the plan approved as provided by statute. The reinvestment zone finance plan must include: a detailed list describing the estimated project costs, including administrative expenses; a statement of proposed public improvements to be financed by the zone; a finding that the plan is economically feasible and an economic feasibility study; the estimated amount of bonded indebtedness; the estimated time when related costs or monetary obligations are to be incurred; a description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be derived from the property taxes of each taxing unit; the current total appraised value of taxable real property in the zone; the estimated captured appraised value of the zone during each year of its existence; and the duration of the zone.

- **Financial Statements** – A financial statement (or financial report) is a formal record of the financial activities of a business, person, or other entity.
- **Green Building** – Also known as green construction or sustainable building, refers to a structure and using process that is environmentally responsible and resource-efficient throughout a building's life-cycle: from design, construction, operation, maintenance, renovation, and demolition.
- **Letters of Credit** – A letter of credit is a document issued by a financial institution or a similarly accredited professional party. The letter assures payment to a seller of goods or services provided certain documents have been presented to the bank.
- **Low Impact Development** – term used to describe a land planning and engineering design approach to managing storm water runoff.
- **Market Potential** – Determined by an assessment of market data for retail, office, multi-family residential, and single-family residential product types. Market data may include recent development, current rents, current vacancy rates, and rent trajectories.
- **Project Plan** – means the project plan for the development or redevelopment of a reinvestment zone approved under Chapter 311 of the Texas tax code, including all amendments of the plan approved as provided by statute. The project plan must include the following: a description and map showing existing uses and conditions of real property in the zone and proposed uses of that property; proposed changes of zoning ordinances, the master plan of the municipality, building codes, other municipal ordinances, and subdivision rules and regulations, if any, of the county, if applicable; a list of estimated non-project costs; and a statement of a method of relocating persons to be displaced, if any, as a result of implementing the plan.
- **Project Pro forma** – Pro forma statements are used routinely in preparing "what if" scenarios, formulating business plans, estimating cash requirements, or when submitting financing proposals. Pro forma typically include development assumptions, cash flow analysis and projected returns on investment.
- **REnewSA** – REnewSA is a new program for organizing and strategically deploying the community development tools administered by the Department of Planning and Community Development, Office of Historic Preservation, Center City Development and Operations Department, Development Services Department, other City departments, and outside partner agencies to create value from vacant, neglected, and underutilized properties in the City's commercial corridors and neighborhoods.
- **SA2020** – SA2020 is a community vision for the future of San Antonio. It is a list of goals created by the people of San Antonio in 2010 based on their collective vision for our city in the year 2020.
- **Security** – A financial instrument that represents: an ownership position in a publicly-traded corporation (stock), a creditor relationship with governmental body or a corporation (bond), or rights to ownership as represented by an option. A security is a fungible, negotiable financial instrument that represents some type of financial value. The company or entity that issues the security is known as the issuer.

- **Smart Growth** – Smart growth is an urban planning and transportation theory that concentrates growth in compact walkable urban centers to avoid sprawl. It also advocates compact, transit-oriented, walkable, bicycle-friendly land use, including neighborhood schools, complete streets, and mixed-use development with a range of housing choices.
- **Soft Costs** – A cost for an item that is not considered direct construction cost. Soft costs include architectural, engineering, financing, legal fees, and other pre and post construction expenses.
- **State Comptroller** – The Comptroller is the chief steward of the state's finances, acting as tax collector, chief accountant, chief revenue estimator and chief treasurer for all of state government. The comptroller oversees Tax Increment Financing for the State.
- **Tax Increment Financing** – Tax increment financing is a tool that local governments can use to publicly finance needed improvements to infrastructure and buildings within a designated area known as a reinvestment zone. The cost of improvements to the reinvestment zone is repaid by the future tax revenues of each taxing unit that levies taxes against the property. Each taxing unit can choose to dedicate all, a portion of, or none of the tax revenue gained as a result of improvements within the reinvestment zone.
- **Tax Increment Reinvestment Zone** – A tax increment reinvestment zone (TIRZ) is a contiguous or noncontiguous geographic area that is within the corporate limits of a municipality, in the extraterritorial jurisdiction of the municipality, or in both that is designated as a reinvestment zone to promote development or redevelopment in an area designated as such in accordance with Chapter 311 of the Texas Property Tax Code.
- **Taxable Value** – the amount determined by deducting any applicable exemptions from the assessed value. This is the value that is multiplied by the tax rate to determine ad valorem taxes (property taxes).
- **Taxing Entity (Unit)** – means a county, an incorporated city or town (including a home-rule city), a school district, a special district or authority (including a junior college district, a hospital district, a district created by or pursuant to the Water Code, a mosquito control district, a fire prevention district, or a noxious weed control district), or any other political unit of this state, whether created by or pursuant to the constitution or a local, special, or general law, that is authorized to impose and is imposing ad valorem taxes on property even if the governing body of another political unit determines the tax rate for the unit or otherwise governs its affairs. Taxing entities that participate in a tax increment reinvestment zone are referred to as Participating Taxing Entities.
- **TIF Act** – Chapter 311 of the Texas Property Tax Code
- **TIF Governance Committee** – The TIF Governance Committee, established in March of 2014, is a high level decision making body charged with overseeing the TIF Program.
- **TIF Unit** – Planning and Community Development and Finance Department Staff charged with the day to day management of all Tax Increment Reinvestment Zones.

- **TIRZ Board** – Each tax increment reinvestment zone is governed by its own Board of Directors. The number of members of each Board varies by zone. The number and make up of each TIRZ Board is established by City Council at the time of designation.

Appendix A

Universal Design Requirements
City of San Antonio Code, Chapter 6, Article XII

1. *At least one entrance shall have a 36-inch door and be on an accessible route (An accessible route is a continuous, unobstructed path at least thirty-six (36) inches wide connecting all interior and exterior elements and spaces of a house and site including corridors, parking, curb ramps, crosswalks and sidewalks and served by a no step, flat entrance with a beveled threshold of one-half-inch or less).*

2. *All interior door openings shall be no less than 32 inches wide, except for a door that provides access to a closet of fewer than (15) square feet in area.*

3. *Each hallway shall have a width of at least thirty-six (36) inches and shall be level with ramped or beveled changes at each door threshold.*

4. *All bathrooms shall have the walls reinforced around the toilet for potential installation of grab bars. Walls around the shower and tub shall be reinforced for potential installation of grab bars or a pre-manufactured tub and shower surround may be used which includes grab bar(s) certified to meet the ADA requirement to bear a 250-pound load. Wall reinforcements shall comply with the standards set forth in requirement 6, Reinforced, "Walls for Grab Bars of the Fair Housing Act Design and Construction Guidelines"; Federal Register/Volume 56 No.44/Wednesday, March 6, 1991/Rules and Regulations, a copy of which is available for inspection at the office of the City Clerk.*

5. *Each electrical panel, light switch or thermostat shall be mounted no higher than forty-eight (48) inches above the floor. Each electrical plug or other receptacle shall be at least fifteen (15) inches from the floor.*

6. *An electrical panel located outside the dwelling unit must be between eighteen (18) inches and forty-two (42) inches above the finished grade and served by an accessible route.*

7. *All hardware installed to open/close doors and operate plumbing fixtures shall be lever handles.*

A) WAIVER OF EXTERIOR ACCESSIBILITY REQUIREMENTS

1. The director of the Development Services Department or his designee may only grant modifications or an exemption to the requirements regarding full compliance with exterior path of travel on an individual case-by-case basis. The criteria for granting a modification or exemption are as follows:

A. The lot rises or falls so steeply from the street that a maximum 1:12 slope cannot be achieved without extensive grading

B. No vehicular access to the back of the house will be available by means of an alley.

2. Appeals of orders, decisions or determinations made by the Director of Development Services Department may be made to the Building and Fire Code Board of Appeals.

B) IMPLEMENTATION

1. Architects and builders shall:

A. Clearly stamp or print "Universal Design Compliance" on plans submitted in accordance to any City Department.

B. Clearly identify design elements complying with Universal Design Ordinance and attached to any City Departments application.

C. Certify that the plans comply with the City's Universal Design requirements.

2. Plan checking, construction inspections and enforcement shall be accomplished by the Development Services Department.

Appendix B

Petitioner's Sworn Acknowledgement of General Requirements for Use of TIF

STATE OF TEXAS }
}
COUNTY OF BEXAR }

I hereby agree to comply with the Unified Development Code, Building Code, Fire Code, and other codes applicable to development in the City of San Antonio, as they may be amended from time to time. I agree that the City's Codes are based on the City's concern for the health, safety and welfare of its citizens.

I hereby agree that I have read and reviewed the City of San Antonio's TIF Program Policy, and I agree to be bound by the requirements of the TIF Program Policy, and all applicable federal, state, and local laws and ordinances, whether or not those provision are specifically set out in this affidavit of acknowledgement.

I acknowledge that the City may terminate the TIF process and/or a designated TIRZ if I commence construction before obtaining an executed Development Agreement. I acknowledge that the City will not reimburse any costs or finance any costs incurred prior to the execution of a Development Agreement.

I agree to obtain payment and performance bonds under Chapter 2253 of the Texas Government Code, naming the City as a beneficiary or obligee of the bonds, prior to commencing each phase of construction within a TIRZ.

I agree to comply with workers compensation coverage, payment of prevailing wages, competitive bidding under Chapter 252 of the Texas Local Government Code, and the most recent tree preservation regulations.

I agree to clearly mark each document presented to the City for review and approval with the phrase "TIF Project". I understand that this includes, but is not limited to, all building plans or permits, applications, plats, requests for variances or waivers, master development plans, PUD plans, and construction plans. I understand that failure to do so at any time will result in the termination of the TIF process.

I agree that Tax Increment Financing is a discretionary program. I have no right to receive tax increment financing, and the TIF Program Policy does not create legal rights. The City may terminate my application for TIF at any time, for any reason.

I agree to use and cause my contractors to use competitive bidding under state law.

I agree to abide by the City's Unified Development Code, as it may be amended from time to time. I agree that the City's Unified Development Code is based on the City's concern for the health, safety and welfare of its citizens.

I acknowledge that TIRZ Project Documents, including but not limited to Development Agreements, Interlocal Agreements with participating taxing entities and Finance and Project Plans will contain provisions addressing the priority of payments that will be made with TIRZ increment revenue. I acknowledge that this priority of payments schedule will list the payment of administrative fees as set out in the City Code and as may be increased by City Council from time to time, debt service payments, start-up costs, and any other applicable costs of managing the TIRZ as a priority of payment over any payments due to the Developer from the TIRZ fund.

I understand that the execution of this Acknowledgement does not constitute a contract with the City, or a promise of the City to enter into a contract.

_____
Name of Affiant:
Title:
Corporation/Partnership:

Corporate Acknowledgment

The State of Texas

County of_____

Before me, the undersigned, a Notary Public on this day personally appeared known to me (or proved to me on the oath of_____), to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said (_____ here insert name of corporation) a corporation, and that he had executed the same as the act of such corporation for the purpose and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office, this_____day of _____,
A.D. 20_____

_____
Notary Public, State of Texas
(PERSONALIZED
SEAL)

_____
(Print name of Notary Public here)

My commission expires the_____ day of_____20_____