JRP
12/4/2014
Item No. 32

AN ORDINANCE 2014-12-04-0971

DESIGNATING THE NORTHEAST CORRIDOR, A CITY-INITIATED TAX INCREMENT REINVESTMENT ZONE ("TIRZ") TO BE NAMED TAX INCREMENT REINVESTMENT ZONE NUMBER THIRTY-THREE, CITY OF SAN ANTONIO, TEXAS, LOCATED IN COUNCIL DISTRICTS 10 AND 2; AUTHORIZING THE CREATION OF A SEVEN (7) MEMBER BOARD OF DIRECTORS, ESTABLISHING THE EFFECTIVE START DATE AND TERMINATION DATE OF THE ZONE, APPROVING PRELIMINARY PROJECT AND FINANCE PLANS AND ESTABLISHING A TAX INCREMENT FUND.

* * * * *

WHEREAS, Tax Increment Financing ("TIF") is an economic and community development tool authorized by the Tax Increment Financing Act, Texas Tax Code, Chapter 311 ("TIF Act"), used by the City of San Antonio to promote development or redevelopment in areas where development or redevelopment would not occur solely through private investment in the reasonably foreseeable future; and

WHEREAS, creation of the Northeast Corridor ("NEC") Tax Increment Reinvestment Zone (TIRZ) was proposed by former District 10 City Councilman Carlton Soules through a Council Consideration Request (CCR) on January 15, 2014 and subsequently was supported by current District 10 Councilman Mike Gallagher; and

WHEREAS, on June 26 2014, City Council adopted the Northeast Corridor Revitalization Plan through Ordinance 2014-06-26-0516 which outlined revitalization goals and strategies for the NEC and recommended the creation of a TIRZ to provide a source of funding for catalytic projects; and

WHEREAS, on August 20, 2014 staff conducted a briefing regarding the proposed TIRZ to the City Council Governance Committee; and

WHEREAS, 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; and

WHEREAS, the Resolution of Intent authorized staff to schedule a public hearing on the creation of the zone in accordance with the TIF Act, analyze the feasibility of the proposed TIRZ and to develop TIRZ documents including but not limited to preliminary Project and Finance Plans; and

WHEREAS, the proposed NEC TIRZ is statutorily eligible to be designated in accordance with the TIF Act; and

WHEREAS, there is a demonstrated need for development within the proposed boundary which includes a concentration of vacant, neglected and underutilized properties; and

WHEREAS, the proposed TIRZ would implement goals and strategies in the Master Plan Policies, North Sector Plan, RenewSA, and the Northeast Corridor Revitalization Plan; and

WHEREAS, the Northeast Corridor Market Study recommends the use of TIF to offset the increased cost of redevelopment; and

WHEREAS, the proposed NEC TIRZ includes mostly mid-performing real estate markets based on a city-wide analysis of recent development, current rents, current vacancy rates, and rent trajectories; and

WHEREAS, mid-performing real estate markets are the most desirable market-types for pay-as-you-go TIF financing; and

WHEREAS, lower performing real estate markets were included to capture both sides of Perrin Beitel and Nacogdoches Roads and key gateways such as Loop 410 and Perrin Beitel; and

WHEREAS, the proposed TIRZ would leverage incentives provided through the Inner City Reinvestment/Infill Policy ("ICRIP") Program; and

WHEREAS, the City of San Antonio is currently the only Participating Taxing Entity; and

WHEREAS, the proposed projects to be funded within the NEC TIRZ Number Thirty-Three include gateway and streetscape enhancements, facade improvements, and acquisition and redevelopment of blighted properties; and

WHEREAS, in accordance with Section 311.003 of the TIF Act, before an ordinance is adopted establishing a reinvestment zone a public hearing must be held and a notice of the hearing published, both of which conditions have been met in this circumstance; **NOW THEREFORE:**

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

SECTION 1. <u>DESIGNATING THE AREA AS A TAX INCREMENT REINVESTMENT ZONE.</u> The area located in City Council Districts 10 and 2, consists of approximately 1,056 parcel acres 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 with the boundaries as more specifically described in Section 2 below, and

officially assigned the name in Section 5 below, is designated a Tax Increment Reinvestment Zone.

SECTION 2. DESCRIPTION OF THE BOUNDARIES OF THE TIRZ. Attached as **Exhibit A**, incorporated by reference for all purposes is a description/map of the boundaries of the proposed TIRZ.

SECTION 3. CREATION AND COMPOSITION OF A BOARD OF DIRECTORS FOR THE TIRZ. The Northeast Corridor TIRZ will have a Board of Directors consisting of seven (7) members, to be appointed by City Council and will have all the rights, powers, and duties as provided for by the TIF Act and or authorized by City Council.

SECTION 4. EFFECTIVE DATE AND TERMINATION DATE OF THE TIRZ. TIRZ Number Thirty-Three shall take effect immediately upon passage of this Ordinance and continue until its termination date of September 30, 2034, unless otherwise terminated in accordance with Section 311.017 and Section 311.007 of the TIF Act or in accordance with any applicable interlocal agreements, development agreements or the City TIF policies.

SECTION 5. ASSIGNING A NAME TO THE TIRZ. The TIRZ is assigned the name, "REINVESTMENT ZONE NUMBER THIRTY-THREE, CITY OF SAN ANTONIO, TEXAS."

SECTION 6. TAX INCREMENT BASE. The Tax Increment Base for the TIRZ is the total taxable value of all real property taxable by the City and located in the TIRZ, determined as of January 1, 2014, the year in which the TIRZ was designated.

SECTION 7. ESTABLISHMENT OF A TAX INCREMENT FUND. There is created and established in the depository bank of the City, a fund to be called the "REINVESTMENT ZONE NUMBER THIRTY-THREE, CITY OF SAN ANTONIO, TEXAS TAX INCREMENT FUND." Money in the Tax Increment Fund, from whatever source, may be disbursed from the Tax Increment Fund, invested, and paid as permitted by the TIF Act or by agreements entered into pursuant to the TIF Act, or as otherwise authorized by law.

SECTION 8. FINDINGS. The City finds and declares that: (1) improvements in the TIRZ will significantly enhance the value of all taxable real property in the TIRZ and will be of general benefit to the municipality; and (2) the TIRZ area meets the requirements of Section 311.005 of the TIF Act, as the area within the boundaries:

> (A) substantially arrests or impairs the sound growth of the City, retards the provisions of housing accommodations, or constitutes an economic or social liability and is 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 layout in relation to size, adequacy, accessibility, or usefulness;
d. unsanitary or unsafe condition;
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, industrial, or residential purposes during the preceding 12 years, or

(B) is predominantly open or undeveloped and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impairs or arrests the sound growth of the City; and

The City, pursuant to the requirements of the TIF Act, further finds and declares that:

(1) the proposed TIRZ is a contiguous geographical area located wholly within the corporate limits of the City of San Antonio;

(2) the proposed TIRZ does not have more than the thirty percent (30%) of the property in the proposed zone, excluding property that is publicly owned, that is used for residential purposes;

(3) the proposed TIRZ does not contain more than twenty-five (25%) of the total appraised value of taxable real property in the City and in the industrial districts created by the City; and

(4) development or redevelopment within the boundaries of the proposed TIRZ will not occur solely through private investment in the reasonably foreseeable future.

SECTION 9. FINANCIAL IMPACT. This action designates a Tax Increment Reinvestment Zone, but does not, in any way, financially obligate the City or other taxing entities. The assumptions of the anticipated costs and revenues are outlined in the preliminary Finance Plan which is attached as **Exhibit B** and incorporated by reference for all purposes. The City will be financially obligated upon the approval by City Council of a Final Project and Finance Plan and upon execution of related Development Agreements, Interlocal Agreements, or other legal documents.

SECTION 10. WAIVER OF CITY TIF GUIDELINES. City Council hereby grants a waiver of the guidelines for the designation of a TIRZ set out in the 2008 Tax Increment Financing Program and Implementation Policy and acknowledges that TIRZ Number Thirty-Three will meet the guidelines for designation as a TIRZ under the proposed City 2014 TIF Policies.

SECTION 11. APPROVAL OF PRELIMINARY PROJECT AND FINANCE PLANS. In accordance with the TIF Act, City staff has prepared, and City Council hereby approves, a preliminary Finance Plan and Project Plan, copies of which are attached as **Exhibits B and C** and incorporated by reference for all purposes.

SECTION 12. ORDINANCE EFFECTIVE DATE. This Ordinance shall become effective immediately upon its passage in accordance with Section 311.004(3) of the TIF Act.

PASSED AND APPROVED this 4th day of December, 2014.

M A Y O R
Ivy R. Taylor

ATTEST:

Leticia M. Vacek
City Clerk

APPROVED AS TO FORM:

Martha G. Sepeda
Acting City Attorney

Agenda Item:	**32**
Date:	12/04/2014
Time:	10:19:36 AM
Vote Type:	Motion to Approve
Description:	Public Hearing and consideration of an ordinance creating a new City-initiated Tax Increment Reinvestment Zone, to be named reinvestment zone number thirty-three, City of San Antonio, Texas, also known as "Northeast Corridor TIRZ" located in City Council Districts 10 and 2; authorizing the creation of a seven member Board of Directors, establishing the effective start date and termination date of the zone, approving preliminary Project and Finance Plans and establishing a tax increment fund. [Peter Zanoni, Deputy City Manager; John Dugan, Director, Planning and Community Development]
Result:	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ivy R. Taylor	Mayor		x				
	District 1	x					
Keith Toney	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			x	

Exhibit A

Proposed North East Corridor TIRZ
WETMORE
THOUSAND OAKS
NACOGDOCHES
WURZBACH PKWY
PERRIN BEITEL
35
410

Exhibit B

CITY OF SAN ANTONIO, TEXAS

Northeast Corridor
Tax Increment Reinvestment Zone
Number Thirty-three

Participation Levels:

City (100%)

PRELIMINARY FINANCE PLAN
December 4, 2014

Northeast Corridor
Tax Increment Reinvestment Zone #33
Preliminary Plan of Finance

Introduction

The Northeast Corridor Tax Increment Reinvestment Zone (TIRZ) consists of approximately 1,056 parcel acres located in City Council Districts 10 and 2. 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.

The tax year 2014 base taxable value is $227,972,561. The projected captured value for tax year 2033 is $83,332,878 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 approximately 20 years with the TIRZ being in existence through fiscal year 2034.

Public Infrastructure

This TIRZ can reimburse public infrastructure costs.

Plan of Finance

The tax year 2014 year-end market value of the Northeast Corridor TIRZ is $255,137,464. Projected captured values that would produce revenues to pay for the capital costs of the public infrastructure improvements commence in tax year 2014. Projected captured values grow from $15,247,160 in tax year 2014 to $83,332,878 in tax year 2033.

At the time of the development of this preliminary finance plan, the City is the only participating taxing entity identified, with the City's tax rate per $100 valuation at $0.56569. This produces annual revenues of $84,527 in fiscal year 2015 to $461,978 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, except that if there are insufficient funds for the full reimbursement of ongoing Administrative Costs to the City, then the ongoing Administrative Costs to the City shall be reimbursed on a pro rata basis based on the level of participation in 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 once the City has deposited its respective amount described in the table below or the amount approved in the Final Project and Final Finance Plans.

TABLE – TIRZ Contributions		
Participating Taxing Entities	Maximum Dollar Contribution	Maximum Length of Contribution
City of San Antonio	$5,968,904	September 30, 2034

Limited Obligation of the City or Participating Governmental 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 Final Project and Finance Plans. The City may elect to terminate the TIRZ if actual public infrastructure and commercial construction falls behind the projected construction schedule. Specifically, the City may terminate if at the end of the first three years, 50% or more of the public infrastructure construction projected for each of those years is not complete. Furthermore, any default of the terms contained in the Interlocal and/or Development Agreements that is not cured within the timeframe contained in the Interlocal and/or Development Agreements will also result in Northeast Corridor TIRZ termination.

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 Governmental Entities. The public improvement infrastructure costs incurred by a developer shall be paid 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 Governmental Entities, any political corporation, subdivision, or agency of the State.

The City's participation rate and maximum contribution will be based on the overall impact to the City's Operational Budget and Debt Plan (the final finance plan must not adversely impact the City's ability to deliver services or its debt capacity).

City and/or Developers' Risk

All financing, developmental costs, construction costs, improvements, damages, or other costs incurred with respect to this project are at the sole risk of a developer (if any). The City in conjunction with TIRZ Board will determine the costs that can be supported with future TIRZ revenue associated with this TIRZ through the development of the Final Project and Finance Plans. All costs will be reimbursed solely through TIRZ revenue. The City shall minimize any risk whatsoever associated with the development, construction, completion or failure of the project. In the event that the project fails, is abandoned or for any reason is not completed, the City shall have the right to terminate the Northeast Corridor TIRZ and any funds remaining in the Northeast Corridor TIRZ account shall be distributed back to the City.

Compliance

The developer shall comply with all federal, state and local laws, rules and regulations including the 2014 TIF Program Policy.

Reporting

City and/or developers (if any) shall submit a project status report and financial report on a quarterly basis (January 15th, April 15th, July 15th and October 15th) to the City.

Inspection

The City shall have the right to inspect the project site or sites and the premises of the developer without notice.

Northeast Corridor
Tax Increment Reinvestment Zone #33
Summary Fact Sheet

Plan of Finance:

Site Area (parcel acres)		1,056
Beginning Market Value (Tax Year 2015)	$	255,137,464.00

Developer:
City Initiated

Performance Bonds:
Per Texas Government Code Chapter 2253

Payment Bonds:
Per Texas Government Code Chapter 2253

Assumptions:

Captured Taxable Value (FY 2034)		$	83,332,877.58
Growth Factor			1.05%
Collection Rate			98.00%
Estimated Total TIF Revenues		$	5,968,903.54
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 TIF Revenues	$ 5,968,903.54
	TIF Fund Interest Earnings	-
Total Sources of Funds		$ 5,968,903.54
Uses of Funds		
	Start-Up and Administrative Expenses	$ 1,226,875.39
	Available for Infrastructure	4,742,028.15
Total Uses of Funds		$ 5,968,903.54
Project Financing Surplus/(Shortage)		$ -

Northeast Corridor
Tax Increment Reinvestment Zone #33
Revenues

	Tax Increment Zone				City of San Antonio								
Tax Year	Beginning Market Value	New Values	Appraisal Growth	Year-End Market Value	Tax Exemptions [1]	Year-End Taxable Value	Total Base Taxable Value	Captured Taxable Value	Projected Tax Rate	Projected Tax Increment	Actual Tax Increment	Combined Tax Increments	Fiscal Year
2014	240,533,276.00	10,121,250.00	4,482,938.00	255,137,464.00	(11,917,743.00)	243,219,721.00	227,972,561.00	15,247,160.00	0.56569	84,526.63	-	84,526.63	2015
2015	255,137,464.00	74,674,960.00	2,678,943.37	332,491,367.37	(74,542,879.30)	257,948,488.07	227,972,561.00	29,975,927.07	0.56569	166,179.41	-	166,179.41	2016
2016	332,491,367.37	62,500,000.00	3,491,159.36	398,482,526.73	(137,825,579.53)	260,656,947.20	227,972,561.00	32,684,386.20	0.56569	181,194.46	-	181,194.46	2017
2017	398,482,526.73	-	4,184,066.53	402,666,593.26	(139,272,748.12)	263,393,845.14	227,972,561.00	35,421,284.14	0.56569	196,367.17	-	196,367.17	2018
2018	402,666,593.26	-	4,227,999.23	406,894,592.49	(140,735,111.97)	266,159,480.51	227,972,561.00	38,186,919.51	0.56569	211,699.19	-	211,699.19	2019
2019	406,894,592.49	-	4,272,393.22	411,166,985.71	(142,212,830.65)	268,954,155.06	227,972,561.00	40,981,594.06	0.56569	227,192.20	-	227,192.20	2020
2020	411,166,985.71	-	4,317,253.35	415,484,239.06	(143,706,065.37)	271,778,173.69	227,972,561.00	43,805,612.69	0.56569	242,847.89	-	242,847.89	2021
2021	415,484,239.06	-	4,362,584.51	419,846,823.57	(145,214,979.06)	274,631,844.51	227,972,561.00	46,659,283.51	0.56569	258,667.96	-	258,667.96	2022
2022	419,846,823.57	-	4,408,391.65	424,255,215.22	(146,739,736.34)	277,515,478.88	227,972,561.00	49,542,917.88	0.56569	274,654.15	-	274,654.15	2023
2023	424,255,215.22	-	4,454,679.76	428,709,894.98	(148,280,503.57)	280,429,391.41	227,972,561.00	52,456,830.41	0.56569	290,808.18	-	290,808.18	2024
2024	428,709,894.98	-	4,501,453.90	433,211,348.88	(149,837,448.86)	283,373,900.02	227,972,561.00	55,401,339.02	0.56569	307,131.84	-	307,131.84	2025
2025	433,211,348.88	-	4,548,719.16	437,760,068.04	(151,410,742.07)	286,349,325.97	227,972,561.00	58,376,764.97	0.56569	323,626.89	-	323,626.89	2026
2026	437,760,068.04	-	4,596,480.71	442,356,548.75	(153,000,554.86)	289,355,993.89	227,972,561.00	61,383,432.89	0.56569	340,295.14	-	340,295.14	2027
2027	442,356,548.75	-	4,644,743.76	447,001,292.51	(154,607,060.69)	292,394,231.83	227,972,561.00	64,421,670.83	0.56569	357,138.41	-	357,138.41	2028
2028	447,001,292.51	-	4,693,513.57	451,694,806.09	(156,230,434.83)	295,464,371.26	227,972,561.00	67,491,810.26	0.56569	374,158.53	-	374,158.53	2029
2029	451,694,806.09	-	4,742,795.46	456,437,601.55	(157,870,854.39)	298,566,747.16	227,972,561.00	70,594,186.16	0.56569	391,357.37	-	391,357.37	2030
2030	456,437,601.55	-	4,792,594.82	461,230,196.37	(159,528,498.36)	301,701,698.00	227,972,561.00	73,729,137.00	0.56569	408,736.79	-	408,736.79	2031
2031	461,230,196.37	-	4,842,917.06	466,073,113.43	(161,203,547.60)	304,869,565.83	227,972,561.00	76,897,004.83	0.56569	426,298.69	-	426,298.69	2032
2032	466,073,113.43	-	4,893,767.69	470,966,881.12	(162,896,184.85)	308,070,696.27	227,972,561.00	80,098,135.27	0.56569	444,045.00	-	444,045.00	2033
2033	470,966,881.12	-	4,945,152.25	475,912,033.37	(164,606,594.79)	311,305,438.58	227,972,561.00	83,332,877.58	0.56569	461,977.64	-	461,977.64	2034
		$ 147,296,210.00	$ 88,082,547.37							$ 5,968,903.54	$ -	$ 5,968,903.54	

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] Property may be 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 Plant. 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. Assumes a 100% exemption for the SkyMine Project.

Northeast Corridor
Tax Increment Reinvestment Zone #33
Reimbursements

Tax Year	TIF Revenue Actual	TIF Revenue Projected	Cumulative TIF Revenue	TIF Fund Interest Rate	Interest Earned in TIF Fund Actual	Interest Earned in TIF Fund Projected	Start-Up & Administrative Expenses[1] Actual	Start-Up & Administrative Expenses[1] Projected	Available for Infrastructure Actual	Available for Infrastructure Projected	Fiscal Year Cashflow Balance	Fiscal Year Fund Balance	Fiscal Year
2014	-	84,526.63	84,526.63	0.2125%	-	-	-	(50,000.00)	-	34,526.63	-	-	2015
2015	-	166,179.41	250,706.04	0.5875%	-	-	-	(33,235.88)	-	132,943.53	-	-	2016
2016	-	181,194.46	431,900.50	1.6250%	-	-	-	(36,238.89)	-	144,955.57	-	-	2017
2017	-	196,367.17	628,267.67	3.1250%	-	-	-	(39,273.43)	-	157,093.74	-	-	2018
2018	-	211,699.19	839,966.86	3.5000%	-	-	-	(42,339.84)	-	169,359.35	-	-	2019
2019	-	227,192.20	1,067,159.06	3.5000%	-	-	-	(45,438.44)	-	181,753.76	-	-	2020
2020	-	242,847.89	1,310,006.95	3.5000%	-	-	-	(48,569.58)	-	194,278.31	-	-	2021
2021	-	258,667.96	1,568,674.91	3.5000%	-	-	-	(51,733.59)	-	206,934.37	-	-	2022
2022	-	274,654.15	1,843,329.06	3.5000%	-	-	-	(54,930.83)	-	219,723.32	-	-	2023
2023	-	290,808.18	2,134,137.24	3.5000%	-	-	-	(58,161.64)	-	232,646.54	-	-	2024
2024	-	307,131.84	2,441,269.08	3.5000%	-	-	-	(61,426.37)	-	245,705.47	-	-	2025
2025	-	323,626.89	2,764,895.97	3.5000%	-	-	-	(64,725.38)	-	258,901.51	-	-	2026
2026	-	340,295.14	3,105,191.11	3.5000%	-	-	-	(68,059.03)	-	272,236.11	-	-	2027
2027	-	357,138.41	3,462,329.52	3.5000%	-	-	-	(71,427.68)	-	285,710.73	-	-	2028
2028	-	374,158.53	3,836,488.05	3.5000%	-	-	-	(74,831.71)	-	299,326.82	-	-	2029
2029	-	391,357.37	4,227,845.42	3.5000%	-	-	-	(78,271.47)	-	313,085.90	-	-	2030
2030	-	408,736.79	4,636,582.21	3.5000%	-	-	-	(81,747.36)	-	326,989.43	-	-	2031
2031	-	426,298.69	5,062,880.90	3.5000%	-	-	-	(85,259.74)	-	341,038.95	-	-	2032
2032	-	444,045.00	5,506,925.90	3.5000%	-	-	-	(88,809.00)	-	355,236.00	-	-	2033
2033	-	461,977.64	5,968,903.54	3.5000%	-	-	-	(92,395.53)	-	369,582.11	-	-	2034
	$ -	$ 5,968,903.54			$ -	$ -	$ -	$ (1,226,875.39)	$ -	$ 4,742,028.15	$ -		

[1] Start-Up Fees of $50,000 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.

Northeast Corridor
Tax Increment Reinvestment Zone #33
Participation

Taxing Entity	Tax Rate	Level of Participation	Tax Rate Based on Participation	% of Project	TIF Revenues	TIF Expenses
City of San Antonio	$ 0.565690	100%	$ 0.565690	100.00%	$ 5,968,903.54	$ 5,968,903.54
Total	$ 0.565690		$ 0.565690	100.00%	$ 5,968,903.54	$ 5,968,903.54

Northeast Corridor
Tax Increment Reinvestment #33
Collections

Taxing Entity	Maximum Length of Contribution	Maximum Dollar Contribution	TIF Revenues Collected	Remaining / (Refund)
City of San Antonio	09/30/2034	$ 5,968,903.54	$ -	$ 5,968,903.54
Total		$ 5,968,903.54	$ -	$ 5,968,903.54

Northeast Corridor
Tax Increment Reinvestment Zone #33
New Values

Tax Year	SkyMine [1,2]	First Choice Emergency Room 13434 Nacogdoches Rd	Wal-Mart 12251 Nacogdoches	Whataburger 12311 Nacogdoches Rd	Ross Dress for Less 13909 Nacogdoches	Annual Total	Fiscal Year
2014			10,121,250			10,121,250.00	2015
2015	62,500,000	1,900,000	7,717,000	557,960	2,000,000	74,674,960.00	2016
2016	62,500,000					62,500,000.00	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
	$ 125,000,000.00	$ 1,900,000.00	$ 17,838,250.00	$ 557,960.00	$ 2,000,000.00	$ 147,296,210.00	

[1] Value estimated in "The Dynamic Northeast Corridor Market Study" by Wendell Davis & Associates, October 2013.

[2] Property may be 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 Plant. 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. Assumes a 100% exemption for the SkyMine Project.

Exhibit C

CITY OF SAN ANTONIO, TEXAS

Department of Planning & Community Development

Northeast Corridor

Tax Increment Reinvestment Zone Thirty-three

Preliminary Project Plan

December 4, 2014

TABLE OF CONTENTS

Executive Summary **3**

Tax Increment Financing: Policy and Program **4**

Policy 4

Program 5

DESIGNATION AND PARTICIPATION **8**

TIF Mechanism 8

City of San Antonio 8

Developer 9

Emergency Services 9

Relocation Of Displaced Person 9

PROJECT INFORMATION **9**

Public Improvements 9

Financial information 10

ORDER OR PRIORITY OF PAYMENT 10

DEPARTMENTAL COORDINTION **11**

Attachment I - Boundary **12**

Attachment II - Water Features **15**

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 proposed TIRZ.

The life of the proposed Northeast Corridor TIRZ is to be 20 years with the TIRZ being in existence through September 30, 2034. At the time of the preliminary Project Plan, the City is the only participating taxing entity identified, with the City's tax rate per $100.00 valuation at $0.56569. The City of San Antonio will participate at 100% of its tax rate.

The proposed Northeast Corridor TIRZ is applicable for designation under the newly adopted 2014 TIF Program Policy 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 proposed boundary which includes a concentration of vacant, neglected and underutilized properties.
- The proposed 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 proposed 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.

Proposed public improvements within the Northeast Corridor TIRZ #33 are as follows: short term projects facade improvement and neighborhood signage. Mid-term projects include gateway enhancements for two high-impact areas (landscaping, lighting, public art), streetscape enhancements radiating from gateway enhancements (landscaping, lighting, sidewalks, signage). Long-term projects include 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 identified in the Final Project and Finance Plans.

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 the TIF Act found in Chapter 311 of the Texas Tax Code
- 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 infrastructure improvements in the TIRZ

Tax Increment Financing: Policy and Program

Policy

The Northeast Corridor TIRZ - was designated under the 2014 TIF Program Policy. 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 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. 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

2014 TIF Program Policy

The City of San Antonio (City) reviews and amends the Criteria for Tax Increment Financing. The designation date of a TIRZ determines the applicable Guidelines for that TIRZ. Because the Northeast Corridor TIRZ will be designated on December 4, 2014 it falls under the 2014 Guidelines of the TIF Program Policy adopted on December 4, 2014 through Ordinance **2014-xx-xxxx**. The Policy serves as direction to City staff and interested parties regarding the Application for Redevelopment specifically related to Tax Increment Financing, which supports certain types of development in targeted areas of the city. 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 the 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. Additionally, since this TIRZ is City initiated, the statutory requirement for representation from the State Senator and State Representative would not apply. 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 2014 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. The Northeast Corridor TIRZ, a City-initiated TIRZ, will have a term of up to 20 years.

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 identifies future industry and business development opportunities in the NEC based on existing and expected market conditions. The market study also includes 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.

DESIGN QUALITY

All projects supported by TIF should add long-term value to the public realm. Thus, projects must be built according to design principles that prioritize the safety and comfort of all public infrastructure users – whether they are walking, jogging, riding or driving. The City's Unified Development Code (UDC) sets out a menu of approaches to help designers and developers meet the program's urban design goals. Projects must abide by the City's Unified Development Code.

Projects should also consider the long-term value of the private improvements supported by TIF. Specifically, the City's Master Plan calls for efforts to facilitate the provisions of choice in housing for special needs populations (Neighborhoods: Policy 4d). Efforts to meet this policy may include ensuring homes are easily adaptable to disabled persons.

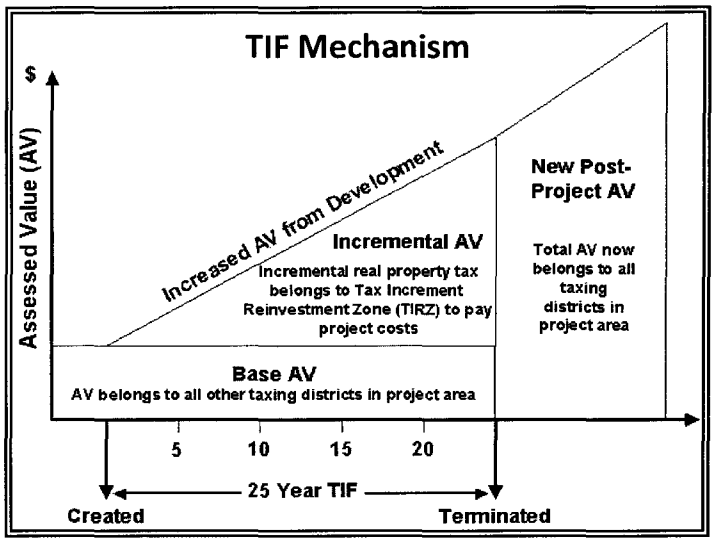
EVIRONMENTAL PROTECTION

No applications will be accepted for a TIF 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. (See attachment II)

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 monitoring of construction
- Submitting required reports to the State

- Providing information to City Council, TIRZ Board, and other interested parties

The Northeast Corridor TIRZ, a City-initiated TIRZ, has a term of 20 years. The City's participation level is 100%.

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 reimbursed for the 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

It is not anticipated that implementation of the Northeast Corridor Project Plan will cause any current residents to be displaced. However, no Agency, Participating Taxing Entity nor Developer will be required to relocate or find housing for any current residents due to their displacement under the plan.

PROJECT INFORMATION

Public Improvements

Proposed public improvements within the Northeast Corridor TIRZ #33 may include the following: 1) short term projects including facade improvement and neighborhood signage, 2) Mid-term projects including 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 including public-private partnerships to acquire and redevelop four blighted properties and a new park on Perrin Beitel.

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 that 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.

Financial information

The tax year 2014 base taxable value is $227,972,561. The projected captured value for tax year 2033 is $83,332,878 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 or total exemption from ad valorem taxation due to use.

At the time of the development of the preliminary Finance Plan, the City was the only participating taxing entity identified, with the City's tax rate per $100 valuation at $0.56569. This produces annual revenues of $84,527 in fiscal year 2015 to $461,978 in fiscal year 2034. A 1.05% growth in values is assumed based on analysis of historic and projected valuation growth.

Based upon the Preliminary Finance Plan, the City's maximum dollar contribution used to support eligible approved projects within the TIRZ boundary would be $5,968,904. This amount includes $1,226,875 to be used for TIF startup and administration over the proposed 20 year life of the TIRZ.

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, except that if there are insufficient funds for the full reimbursement of ongoing Administrative Costs to the City, then the ongoing Administrative Costs to the City shall be reimbursed on a pro rata basis based on the level of participation in 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.

DEPARTMENTAL COORDINTION

To ensure the criteria set forth in the City's Tax Increment Financing and Reinvestment Zone 2014 TIF Program Policy are met along with other City policies, the respective departments will review and coordinate with the Developer and the TIF Unit.

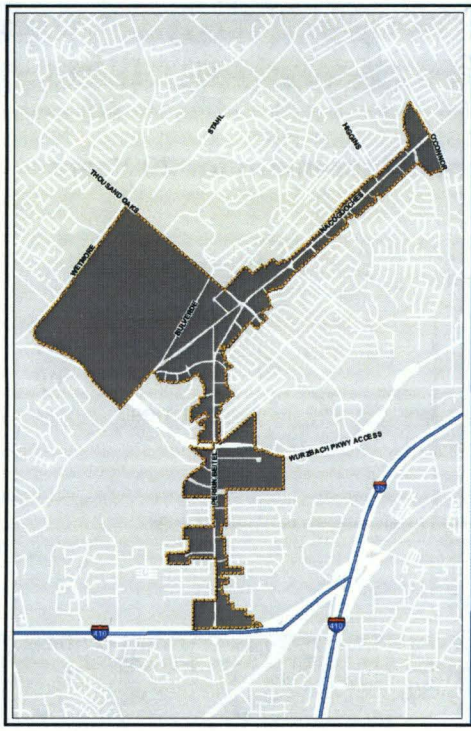
The City departments that comprise the team for analysis of the Northeast Corridor projects are: the Planning and Community Development Department, Transportation and Capital Improvements, Center City Development and Operations, City Attorney's Office, City Manager's Office, Economic Development, Finance, and Office of Management & Budget.

Attachment I - Boundary

Proposed North East Corridor TIRZ
N
W
E
S
NACOGDOCHES
O'CONNOR
THOUSAND OAKS
WETMORE
BULVERDE
NACOGDOCHES
WURZBACH PKWY
PERRIN BEITEL
35
410
0 0.125 0.25 0.5 0.75 1
Miles

Attachment II - Water Features

NORTHEAST CORRIDOR
Water Features

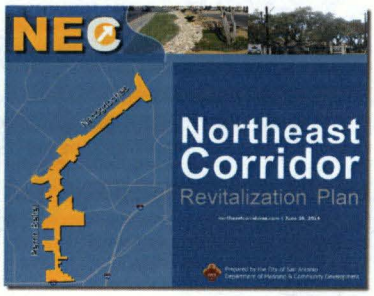


NEC
Revitalization Initiative

NEC TIRZ Designation

City Council | 12.4.2014

what's the nec?



NEC

staff recommendation

Name the Zone	• TIRZ #33 Northeast Corridor
Establish 7-member Board of Directors	• Appointed by City Council at later date
Establish start and termination dates	• Start Date -12/4/2014 • End Date - 9/30/2034 (20 yr term)
Approve Preliminary Project and Finance Plans	• Final Plans to be approved at later date
Establish the Northeast Corridor TIRZ fund	• Tax Increment Collections to begin in 2015

NEC