

ORDINANCE NO. 025215

AN ORDINANCE APPROVING A FINAL PROJECT AND FINANCING PLAN FOR THE "REINVESTMENT ZONE NUMBER TWO, CITY OF CORPUS CHRISTI, TEXAS"; APPROVING THE SALE OF BONDS BY NORTH PADRE ISLAND DEVELOPMENT CORPORATION IN FURTHERANCE OF THE FINAL PROJECT AND FINANCING PLAN; AND OTHER MATTERS RELATING THERETO.

WHEREAS, on November 14, 2000, the City Council of the City adopted Ordinance No. 024270 (the "Creation Ordinance"), approving the creation of a tax increment reinvestment zone in the City known as "Reinvestment Zone Number Two, City of Corpus Christi, Texas" ("TIRZ Two"); and

WHEREAS, in connection with the adoption of the Creation Ordinance and the establishment of TIRZ Two, the City prepared a preliminary reinvestment zone financing plan, and presented the preliminary reinvestment zone financing plan to the governing body of each taxing unit that levies taxes on real property in the proposed reinvestment zone; and

WHEREAS, in compliance with the provisions of Chapter 311, Texas Tax Code (the "Act"), a project plan and reinvestment zone financing plan has been prepared and approved by the Board of Directors of TIRZ Two, which project plan and reinvestment zone financing plan so approved is attached to this Ordinance as Exhibit "A" (the "Plan"); and

WHEREAS, in compliance with the Act, the City Council finds it necessary and desirable to approve the Plan submitted with this Ordinance; and

WHEREAS, by Resolution No. 025040, adopted on October 8, 2002, the City authorized the creation of the North Padre Island Development Corporation (the "Corporation") to aid, assist and act on behalf of the City in the performance of the City's governmental and proprietary functions with respect to the common good and general welfare of the City, as described in the Creation Ordinance; and

WHEREAS, on February 25, 2003 the Corporation adopted a resolution authorizing the issuance and delivery of up to \$3,000,000 in Tax Increment Contract Revenue Bonds, Series 2003 (the "Bonds"), for the purpose of funding a portion of the "project costs" as are set forth in the Plan; and

WHEREAS, the Corporation and the Board of Directors of TIRZ Two have approved the execution and delivery of that certain Agreement by and among the City, TIRZ Two, and the Corporation dated as of February 1, 2003 (the "Tri-Party Agreement"), pursuant to which the Corporation was delegated certain power and authority in connection with the implementation of the Plan on behalf of TIRZ Two, including, but not limited to, the power to issue, sell or deliver its bonds, notes or other obligations in accordance with the terms of the Tri-Party Agreement; and

WHEREAS, the City Council finds it necessary and advisable to adopt this Ordinance to approve the Plan, as required by the Act, to approve the Tri-Party Agreement, and to approve the resolution of the Corporation that authorized the issuance and delivery of the Bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CORPUS CHRISTI, TEXAS:

SECTION 1: That the facts and recitations contained in the preamble of this Ordinance are hereby found and declared to be true and correct.

SECTION 2: That the City Council hereby approves the project plan and the reinvestment zone financing plan attached to this Ordinance as Exhibit "A", as required by Section 311.011 of the Act.

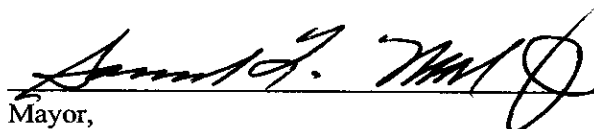
SECTION 3: That the City Council does hereby find and declare that the project and financing plan submitted to the City Council for approval, and hereby approved by the adoption of this Ordinance, is feasible for the development of TIRZ Two and conform to the master plan of the City.

SECTION 4: That the City hereby approves the Resolution adopted by the Corporation, in substantially the form and substance as attached hereto as Exhibit "B", and all documents attached to the Resolution including, without limitation, the Tri-Party Agreement. The Mayor and the City Secretary are hereby authorized to execute, attest, seal and deliver the Tri-Party Agreement on behalf of the City. The issuance of Bonds in an amount not to exceed \$3,000,000 for the purposes described in the Resolution is hereby approved.

SECTION 5: That if any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 6: This Ordinance shall be effective immediately from and after its passage in accordance with the provisions of Section 1201.028, Texas Government Code.

SIGNED AND SEALED THIS 25TH DAY OF FEBRUARY, 2003.



Mayor,
City of Corpus Christi, Texas



City Secretary

(SEAL)

APPROVED AS TO FORM:



Acting City Attorney

THE STATE OF TEXAS :
COUNTY OF NUECES :
CITY OF CORPUS CHRISTI :

I, the undersigned, City Secretary of the City of Corpus Christi, Texas, do hereby certify that the above and foregoing is a true, full and correct copy of an Ordinance passed by the City Council of the City of Corpus Christi, Texas (and of the minutes pertaining thereto) on the 25th day of February, 2003, approving the project and financing plan for Reinvestment Zone Number Two, City of Corpus Christi, Texas, and other matters related thereto, which ordinance is duly of record in the minutes of said City Council, and said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Texas Government Code, Chapter 551.

EXECUTED UNDER MY HAND AND SEAL of said City, this the 25th day of February, 2003.

City Secretary, City of Corpus
Christi, Texas

(SEAL)

Corpus Christi, Texas

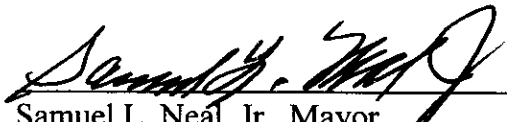
25th Day of February, 2003

TO THE MEMBERS OF THE CITY COUNCIL
Corpus Christi, Texas

For the reasons set forth in the emergency clause of the foregoing ordinance an emergency exists requiring suspension of the Charter rule as to consideration and voting upon ordinances at two regular meetings: I/we, therefore, request that you suspend said Charter rule and pass this ordinance finally on the date it is introduced, or at the present meeting of the City Council.

Respectfully,

Respectfully,


Samuel L. Neal, Jr., Mayor
City of Corpus Christi

Council Members

The above ordinance was passed by the following vote:

Samuel L. Neal, Jr.

Aye

Brent Chesney

Absent

Javier D. Colmenero

Aye

Henry Garrett

Abstain

Bill Kelly

Abstain

Rex A. Kinnison

No

John Longoria

Aye

Jesse Noyola

Aye

Mark Scott

Aye

025215

Reinvestment Zone Number Two City of Corpus Christi, Texas

Project Plan and Reinvestment Zone Financing Plan

February 25, 2003

**Reinvestment Zone Number Two,
City of Corpus Christi, Texas
February 25, 2003**

Project Plan and Reinvestment Zone Financing Plan

Introduction to The Project and Finance Plan

General Background

As required under the Tax Increment Financing Act, Chapter 311, Texas Tax Code (the "TIF Act"), the Board of Directors (the "Zone Board") of Reinvestment Zone Number Two, City of Corpus Christi, Texas (the "Zone"), has prepared this Project Plan and Reinvestment Zone Financing Plan (the "Plan"). The City Council of the City of Corpus Christi, Texas (the "City") and the Zone Board must both adopt this Plan. The Plan includes information concerning proposed land uses and development, estimated project and non-project costs and administrative expenses, engineering studies, proposed financing and economic feasibility data, and property appraisal data. The Plan includes financing of the Zone's portion of the North Padre Island Storm Damage Reduction and Environmental Restoration Project (the "Project"). This Plan sets out the details of the tax and economic benefits derived from development of the Project Site, the scope of the Project, and the financing strategy for funding of Project costs through the issuance of bonds. Complete copies of the Plan, including a report attached to this Plan, as Exhibit A, entitled "Forecast of Potential TIF Revenue Flows on North Padre Island", prepared by Economics Research Associates ("ERA"), which constitutes the economic feasibility study required by the TIF Act, are available from the City of Corpus Christi, Texas, 1201 Leopard Street, Corpus Christi, Texas 78401, Attention: City Secretary.

North Padre Island Storm Damage Reduction and Environmental Restoration Project

The Project is a project of the U.S. Army Corps of Engineers (the "Corps") to dredge and channelize a reopened waterway ("Packery Channel") between the Laguna Madre Intracoastal Waterway and the Gulf of Mexico. In addition to the Packery Channel, the Project includes construction by the Corps of two 1,400 foot jetties paralleling the Packery Channel. Of the total \$30,000,000 projected cost of the Project, the City as Project sponsor has agreed to pay \$10.5 million. The remaining Project costs are to be paid by the United States Government. The City has created the Zone for the purpose of raising funds needed to provide the Zone Project costs through the issuance of bonds by the North Padre Island Development Corporation (the "Issuer"), a not-for-profit local government corporation. It was established by the City under the provisions of Chapter 431, Texas Transportation Code, and the general laws of the State of Texas to aid, assist, and act on behalf of the City in the performance of the City's governmental functions and to provide a means of financing certain Project costs in connection with the Zone.

The Corps was directed by the Congress of the United States ("Congress") to carry out a project for ecosystem restoration and storm damage reduction at North Padre Island. The Project will extend the existing approximately 2.6 miles portion of the Packery Channel an additional 0.9 mile.

The Project is described in the Environmental Impact Statement (EIS), as are the benefits and impacts to be expected from the Project. Erosion of the beach in front of the seawall just south of the boundary between Mustang and North Padre Islands is causing a loss of recreational beach. Dredging Packery Channel would provide sand for nourishment of the beach, and an enlarged beach would reduce potential future storm damage. A Project Study Plan, prepared by the Corps in 1999, examined three alternative sites, including Packery Channel. Three different channel widths under three different salinity regimes were also examined to determine the environmental benefits of an opening between the Laguna Madre and the Gulf of Mexico. The environmental

benefits of all alternatives were essentially negligible. The final EIS will be available upon publication by the Corps from the City of Corpus Christi, Texas, 1201 Leopard Street, Corpus Christi, Texas 78401, Attention: City Secretary.

The Project is a project for ecosystem restoration and storm damage reduction consisting of a jettied entrance channel, main channel dredged to a required depth of 14 feet and a bottom width of 116 feet up to the Texas Highway 361 bridge, scour protection for the existing bridge, concrete bulkheads on both sides of the main channel creating three placement areas to create shallow water habitat, continuing with a smaller channel along the existing alignment of Packery Channel from the highway bridge to the Gulf Intracoastal Waterway, dredged to a required depth of 7 feet and bottom width of 80 feet, installation of a 30 inch HDDPE pipe for a sand bypass system, beach nourishment on the beach south of the channel and miscellaneous utility removals and relocations.

The Project consists of dredging a 134-foot wide channel to connect the existing Packery Channel to the Gulf of Mexico to a 12-foot deep authorized depth (requiring an initial dredge depth to -14 feet) and dredging the existing channel to a depth of -7 feet (mean sea level) and a width of 80-feet. The total length of the proposed channel from the Gulf end of the jetties to the Gulf Intracoastal Waterway is approximately 18,500 feet (3.5 miles). Approximately 801,200 cubic yards (cy) of material will be dredged during construction, most of which (646,000 cy) will be placed on the beach south of the proposed jetties placement area (PA-4S) for storm damage reduction in front of the existing concrete seawall. Sandy maintenance material from the channel east of the SH 361 bridge will be used for beach nourishment, and a sand bypass system will be designed to move accumulated sand from longshore drift to the downdrift side of the jetties. Approximately 15,000 cy of estimated maintenance dredging every five years will be placed in an upland site.

The Project is to be constructed by the Corps under a proposed Project Cooperation Agreement between The Department of the Army and the City (the "Project Contract"). The Project Contract has not been approved by either the Corps or the City, but the City expects execution of the Project Contract by both parties by Spring 2003. The Plan calls for the remainder of the approximately \$19.5 million needed to complete the Project to be funded by the United States Government under the Project Contract. As of February 25, 2003, Congress has appropriated \$4.0 million for Project construction, but is under no obligation to appropriate the remainder of its share of Project costs.

Once the initial Project is completed, the City will incur costs of maintenance dredging of Packery Channel, as described above. It is anticipated that upon completion of the initial Project, the estimated maintenance dredging will commence in 2008, and the estimated cost of such maintenance dredging in that year will approximate \$350,000. The costs of the maintenance dredging are intended to be paid by the Zone, either from tax increment collections, proceeds from bonds, a combination of those two sources, or other moneys made available to the City or the Zone for such purpose.

Secondary development within the Zone that includes public improvements is being proposed by the City as local sponsor. Secondary development includes proposed park amenities that encompass approximately 14.2 acres providing access to Packery Channel, the beach, and the jetties; passenger and recreational vehicle parking; walkways; restrooms; and vendor facilities. The location of two potential City park areas is proposed along the area nearest the Gulf of Mexico reach of Packery Channel.

The Project, the maintenance dredging of the Packery Channel, and the public improvements associated with the proposed secondary development are found to be "Project Costs" as such term is defined in the TIF Act.

The Project Contract

The Project is to be constructed by the Corps under the Project Contract. The Project Contract has not been approved by either the Corps or the City, but the City expects execution of the Contract by both parties by Spring 2003. Under the Project Contract, the Corps, subject to receiving funds appropriated by Congress and using the

funds expected to be provided by the City through the Issuer, would agree to expeditiously construct the Project. The Project Contract recognizes that Congressional appropriations to date are less than the amount of federal funds required for completion of the Project, and that in the event insufficient funds are appropriated for the federal government's share of Project costs, then Project construction will be suspended or the Project Contract terminated. The federal government expressly makes no commitment to seek additional federal funds for the Project.

The City would agree to contribute 35% of the total Project costs, at least five percent of which must be contributed in cash with the remainder being the appraised value of cash or lands, easements, rights-of-way, and suitable burrow and dredged or excavated material disposal areas. The City must deposit its share of projected financial obligations for construction through the first fiscal year of construction within 45 days of notice from the Corps. For each subsequent year, the deposit must be made no later than 60 days prior to the beginning of the fiscal year.

The Project Contract obligates the City to operate, maintain, repair, replace, and rehabilitate the entire Project at no cost to the federal government. The City is seeking transfer of a portion of the maintenance cost to the Corps, but at this time no provision has been made for payment of ongoing maintenance costs. Funding of a maintenance reserve from proceeds of an additional series of Tax Increment Contract Revenue Bonds is contemplated by this Plan, but there is no assurance that a maintenance reserve will be funded, nor is there any guarantee that if funded the maintenance reserve would be adequate to pay costs of ongoing maintenance dredging.

Reinvestment Zone Number Two, City of Corpus Christi, Texas

The Zone was created by the City pursuant to the TIF Act to facilitate development of the land within the boundaries of the Zone, a 1,947.01-acre parcel located entirely within the City and the County. The Zone became effective on November 14, 2000, and will terminate on December 31, 2022, or at an earlier time designated by subsequent ordinance of the City, or at such earlier time that all Zone Project Costs, tax increment bonds, and the interest on all tax increment bonds, have been paid in full (the duration of the Zone). The Zone is located on Padre Island, and intersected by State Highway 361 and Park Road 22 leading from the John F. Kennedy Causeway. A map showing the existing uses and conditions of real property in the Zone is attached to this Plan as Exhibit B. A map showing the proposed improvements to and proposed uses of the real property in the Zone is attached to this Plan as Exhibit C.

Pursuant to the TIF Act, the ordinance of the City establishing the Zone also established a Board for the Zone. The Zone Board consists of 12 persons, with one member from each Participant other than the City, and the remainder (but not less than 10) appointed by the City.

<u>Name</u>	<u>Position</u>	<u>Appointed By</u>
Samuel L. Neal	President	City of Corpus Christi
	Vice President	Nueces County
Javier D. Colmenero	Member	City of Corpus Christi
Brent Chesney	Member	City of Corpus Christi
Rex Kinnison	Member	City of Corpus Christi
John Longoria	Member	City of Corpus Christi
Jesse Noyola	Member	City of Corpus Christi
Mark Scott	Member	City of Corpus Christi
Gabriel Rivas	Member	Del Mar College
Cal Jennings	Member	Nueces County Hospital District
Richard Pittman	Member	Flour Bluff Independent School District
John LaRue	Member	Port of Corpus Christi Authority

Existing Land Use

Existing land-uses within the Zone consist of light commercial development, mixed residential development, vacant unimproved land, and non-developable land, including waterways, roadways and parks. The City has estimated the following current usage within the Zone:

<u>Use</u>	<u>Acres</u>
Vacant	857.1718
Water Area	447.8253
Park	384.5719
Right-of-Way	158.2465
Commercial	33.6232
Medium Density Residential	34.4813
Public/Semi-Public	9.0187
High Density Residential	7.7001
Professional Office	6.0570
Light Industrial	6.5105
Low Density Residential	1.8075
Total	<u>1,947.0138</u>

Infrastructure Requirements for Development

It is the City's policy that infrastructure required for new development within the Zone will be the responsibility of each landowner or developer, similar to any other development that occurs in the City. The wastewater treatment plant and trunk main collection system is in place and is of sufficient capacity to accommodate new development, and sufficient freshwater supply is available to serve anticipated development within the Zone. There are generally roads and streets throughout the Zone, though individual tracts may require additional street construction, sewer collection lines, or water supply lines for development. The City pays for oversize and extra depth costs associated with water and wastewater extensions that are designed to service property outside or beyond the owner's development. The City participates in street development to pay the additional costs for extra width associated with arterial streets or collectors that are designed to be extended beyond the developer's property. The City also pays for the costs of bridges and culverts to extend streets beyond the developer's property.

Undeveloped Land Within the Zone

Approximately 857 acres within the Zone are unimproved or underdeveloped land. The City anticipates that such unimproved land will be developed for residential and light commercial use consistent within existing uses, and additional development must occur before the Issuer can provide for the payment of additional Tax Increment Contract Revenue Bonds (hereinafter defined) required for completion of the Project without adversely affecting the Issuer's ability to pay debt service on the Series 2003 Bonds (hereinafter defined). No representation is made in this Plan with respect to the ultimate development of such property.

Project Costs

A detailed listing of the proposed public works and public improvements to be undertaken in the Zone, shown by kind, number and location, and the Project costs of the Zone, including, without limitation, the costs of the initial dredging of Packery Channel, the maintenance dredging costs, secondary Project costs, administrative costs of the Zone, and other non-project costs (such as water supply improvements and roads that are not intended to be funded through the operation of the Zone), are set forth in Exhibit D. The estimated amount of bonded

indebtedness to be incurred to pay initial Project costs, and the timing of when related costs and monetary obligations for implementing this Plan are to be incurred, are set forth in Exhibit D. The City currently estimates that the total amount of Issuer debt necessary to be issued for completion of initial Project costs will not exceed \$12,000,000.

Secondary development improvements are to be financed as funding becomes available from surplus tax increments or bonds. The City currently estimates the total amount of Issuer debt that may be issued for secondary developments will not exceed \$3,000,000.

The Plan of Finance

The City has created the Zone for the purpose of raising funds needed to provide the City's share of the Project costs, and the Series 2003 Bonds (hereinafter defined) are the first installment of Issuer bonds to be issued for that purpose.

The City, the County, Del Mar College, a junior college district and political subdivision of the State of Texas (the "College") and Nueces County Hospital District, a hospital district and political subdivision of the State of Texas (the "Hospital District") each have agreed to deposit to the Tax Increment Fund established for the Zone (the "Tax Increment Fund") certain tax collections arising from their respective taxation of the increase, if any, in the appraised value of real property located in the Zone since November 14, 2000 (hereinafter defined as the "Dedicated Tax Increments"), through the earlier of December 31, 2022, or the date on which any outstanding obligations payable from the Dedicated Tax Increments are finally paid. The City has entered into separate interlocal agreements (the "Interlocal Agreements") with the County, the College, and the Hospital District which sets forth, among other things, the agreement of the City and County, College, or Hospital District, as applicable, to pay to the Issuer the Dedicated Tax Increments (the "Contract Tax Increments"). The bonds to be issued to fund Project costs are to be payable solely from the Contract Tax Increments and certain other funds on deposit with JPMorgan Chase Bank, Houston, Texas (the "Trustee") or which may be deposited with the Trustee in the future together with earnings and investments thereon (the "Pledged Revenues").

The City, the County, the College, and the Hospital District (each referred to individually herein as a "Participant" and collectively referred to as the "Participants") have agreed to deposit to the Tax Increment Fund the Dedicated Tax Increments, as described herein.

Pursuant to the TIF Act, a taxing unit's tax increment for a year (a "Tax Increment") is the amount of property taxes levied by the unit for that year on the "captured" appraised value of real property taxable by the unit and located in a reinvestment zone. Tax Increments do not result from any increase in the appraised value of personal property (such as equipment or inventory) taxable by the unit and located in a reinvestment zone. The TIF Act defines captured appraised value ("Captured Appraised Value") as the total appraised value of all real property taxable by the unit and located in a reinvestment zone less the tax increment base of the unit. The tax increment base of a taxing unit (the "Tax Increment Base") is the total appraised value of all real property taxable by the unit and located in a reinvestment zone for the year in which the zone was designated. In the case of the Zone, the Tax Increment Base is the total appraised value of all real property in the Zone taxable by the relevant Participants as of January 1, 2000. Tax Increments result only from Captured Appraised Value in the Zone, which consists of 1,947.0138 acres, approximately 542.8184 of which is publicly owned and not taxable. Exhibit A shows (a) the Tax Increment Base of the Zone, (b) the current (as of the date of this Plan) total appraised value of taxable real property in the Zone and (c) the estimated captured appraised value of the Zone during each year of its scheduled existence.

Pursuant to separate Interlocal Agreements between the City and each of the County, the College, and the Hospital District, respectively (the "Interlocal Agreements") the Participants have agreed to deposit all or a portion of their Tax Increments to the Tax Increment Fund. The City, the County, and the Hospital District have agreed to deposit to the Tax Increment Fund 100% of their tax collections on Captured Appraised Value in the

Zone for each tax year that the Zone remains in existence, commencing in tax year 2000. The College has agreed to deposit to the Tax Increment Fund 100% of the its Tax Increments for the first five years (2000-2004) of the Interlocal Agreement, 80% for the sixth year (2005), 60% for the seventh year (2006), 40% for the eighth year (2007), 20% for the ninth year (2008), and none thereafter. The amounts the Participants have agreed to deposit to the Tax Increment Fund are referred to herein as the "Dedicated Tax Increments." The obligations of the Participants to pay Dedicated Tax Increments into the Tax Increment Fund are subject to the rights of any of the holders of bonds, notes or other obligations that have been or are hereafter issued by a Participant that are payable from and secured by a general levy of ad valorem taxes throughout the taxing jurisdiction of that Participant.

North Padre Island Development Corporation

The Issuer

The Issuer is a not-for-profit local government corporation and was established by the City under the provisions of Chapter 431, Texas Transportation Code, and the general laws of the State of Texas to aid, assist, and act on behalf of the City in the performance of the City's governmental functions and to provide a means of financing certain Project costs in connection with the Zone. It is governed by a Board of Directors, whose members are appointed by the City Council. On December 17, 2002, the City Council of the City appointed all of the members of the City Council to serve as members of the Corporation.

The Bonds

It is anticipated that three series of bonds will be issued by the Issuer to finance the initial costs of the Project. The first series of bonds is anticipated to be issued in the spring of 2003 (the "Series 2003 Bonds"), in connection with the implementation of this Plan. Should bonds be issued to fund the costs of maintenance dredging, it is anticipated that funds for such use would be included in the third series of bonds to be issued.

The Series 2003 Bonds are the first issue of bonds (the "Tax Increment Contract Revenue Bonds") to be issued by the Issuer. The Tax Increment Contract Revenue Bonds, including the Series 2003 Bonds, are secured by the Issuer's pledge of payments to be received pursuant to a Tri-Party Agreement among the City, the Zone, and the Issuer (the "Tri-Party Agreement"). Under that agreement, the Contract Tax Increments will be paid into the Tax Increment Fund at the City's depository.

The Bonds will fund a portion of the City's share of the Project Costs. Completion of the Project will require additional funding, which currently is anticipated to be provided through the issuance of additional bonds by the Issuer secured from Dedicated Tax Increments on parity with the Bonds. Secondary development improvements may also be financed from additional bonds. For the Issuer to be able to repay such additional bonds, substantial growth in the taxable values within the Zone must occur, and there is no guarantee that such growth will have been accomplished prior to the timing of funding the remaining phases of the development and completion of the Project. Growth in taxable values within the Zone is dependent on future development of additional taxable improvements. While the City expects that such additional improvements will be constructed if the Packery Channel is completed, there are approximately 1,838 tracts of land within the Zone owned by approximately 1,054 different owners, and neither the Issuer nor the City has any agreement with any landowner for construction of improvements within the Zone, or knowledge that any landowners intend to construct additional improvements. Without future development within the Zone, there can be no guarantee of additional Dedicated Tax Increments sufficient to pay debt service on bonds issued to finance the Project. A projection of the Project costs to be funded with bond proceeds and the sizing of the bond issues to fund those Project costs is set forth in Exhibit D.

The Tri-Party Agreement

The City, the Zone and the Issuer will enter into the Tri-Party Agreement. Pursuant to the Tri-Party Agreement, the Issuer will provide certain management and administrative services for the Zone. The Issuer is authorized to issue bonds or enter into other obligations to be repaid from Contract Tax Increments but only with the approval of the City Council. The Issuer agrees to use all Contract Tax Increments in a manner consistent with the Plan. The Tri-Party Agreement provides for duties and responsibilities of the City with respect to Dedicated Tax Increments and provides for duties and responsibilities of the Zone with respect to Dedicated Tax Increments.

The Dedicated Tax Increments are to be deposited when received into the Tax Increment Fund. The City and the Zone will covenant and agree that they will continuously collect the Dedicated Tax Increments from the Participants in the manner and to the maximum extent permitted by applicable law. To the extent the City and Zone may legally do so, they also will covenant and agree that they will not permit a reduction in the Dedicated Tax Increments paid by the Participants. The City will covenant and agree to annually levy, assess and collect its ad valorem taxes in the Zone. The City and the Zone will agree to pay to the Issuer the Contract Tax Increments in consideration for the Issuer funding certain of the Project costs with the proceeds of the Tax Increment Contract Revenue Bonds.

The obligations of the City and the Zone to pay Contract Tax Increments shall be subject to the Tri-Party Agreement and the rights of any of the holders of bonds, notes or other obligations that have been or are hereafter issued by the City, the County, the College, or the Hospital District that are payable from and secured by a general levy of ad valorem taxes throughout the taxing jurisdiction of the City, County, College, or Hospital District.

It is anticipated that the interests of the Issuer in the Tri-Party Agreement will be assigned to the Trustee for the Tax Increment Contract Revenue Bonds under the terms of the Indenture pursuant to which such Tax Increment Contract Revenue Bonds are to be issued. The Tri-Party Agreement may be amended with the mutual consent of the parties; however, any amendment must be accompanied by an opinion of counsel to the Issuer to the effect that such amendment will not materially impair the rights of the owners of the Issuer's bonds or other outstanding obligations.

**Reinvestment Zone Number Two
City of Corpus Christi, Texas**

EXHIBIT A

**Forecast of Potential TIF
Revenue Flows on
North Padre Island
(Final Report)**

Dated: August 2002
ERA Project Number: 14663

Final Report

**Forecast of Potential TIF
Revenue Flows on North
Padre Island**

Submitted to:

The City of Corpus Christi

August 2002

ERA Project Number: 14663

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GENERAL LIMITING CONDITIONS

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible, and they are believed to be reliable. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry, and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent, and representatives or any other data source used in preparing or presenting this study. No warranty or representation is made by Economics Research Associates that any of the project values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Economics Research Associates" in any manner. No abstracting, excerpting, or summarization of this study may be made. This study may not be used for purposes other than that for which it is prepared. Exceptions to these restrictions may be permitted after obtaining prior written consent from Economics Research Associates. This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

INTRODUCTION

Economics Research Associates (ERA) was engaged to provide the City of Corpus Christi with estimates of tax increment revenues in the proposed North Padre Island Tax Increment Finance (TIF) district. ERA understands that estimated future tax revenues from the district will be targeted to fund a portion of the development cost of funding the North Padre Island Damage Reduction and Environmental Restoration Project.

This forecast makes use of data provided by the City of Corpus Christi and the Nueces County Appraisal District covering property tax rates, assessed values, and actual historic taxes paid for the defined TIF district. Data from these sources have been assessed to generate a reasonable estimate of potential tax increment revenue.

This report is independent from an earlier report prepared by ERA in the year 2000. This report does not assume any major development in North Padre Island and uses a different methodology to forecast tax revenue in the TIF District.

Some numbers are rounded and might differ from the original database. Although every possible effort has been made to present correct information, some errors might be present due to handling of large data sets in a short time period. However, ERA believes that the results are reasonable and concur with the data available.

ERA would like to thank all staff members at the City of Corpus Christi and the Nueces County Appraisal District for providing us with data in timely fashion that ensured preparing a comprehensive report.

APPROACH

The approach followed by ERA first defines the current baseline assessed and taxable value of the proposed TIF district, using assessment information for land and improvements provided by officials with the City of Corpus Christi and the Nueces County Appraisal District. ERA understands that the base year for the district is calendar year 2000. From this base year value, ERA generates two sets of TIF revenue inputs:

- Forecast growth in the taxable value of currently existing buildings and vacant land in the district over a 20-year period using constant growth rate for all types of properties.
- Forecast growth in the taxable value of currently existing land and development in the district using variable growth rates based on location within the district.

Growth in assessed values and taxes paid for current improvements and vacant land, as well as new development, beyond levels defined in the base year constitute the increment in property tax revenue that can be captured for potential use in the Packery Channel project.

Working with officials at the Nueces County Appraisal District, City officials provided ERA with year 2000 assessed and taxable values for all land and improvements in the proposed TIF district. The following table indicates that the district currently contains vacant land and improvements amounting to \$85,870,603 in taxable value. The table breaks down values between home site and non-home site land and improvements, as well as exemptions and adjustments, to arrive at a total taxable value. Exemptions and adjustments are made for homestead, disabled individuals and veterans, and people over 65. Preliminary assessments for 2001 are \$98,153,611 and for 2002 \$107,588,794.

**Table 1. Taxable Value of Land & Improvement,
TIF District - 2000**

Category	Value
Land – Home Site	\$5,491,354
Land – Non-Home Site	\$23,947,556
Improvements – Home Site	\$42,200,590
Improvements – Non-Home Site	\$17,684,297
Sub-Total	\$89,323,797
Exemptions & Adjustments	\$3,453,194
Total Taxable Value	\$85,870,603

Source: Nueces County Appraisal District

Looking further at the above table, ERA determined that home site improvements include single-family homes as well as higher-density condominium projects on the seawall. This distinction is important because home site land accounts for only 18% of total land assessed value, but home site improvements account for 70% of total improvements.

Participating Jurisdictions

Four jurisdictions are contributing 100% into the tax increment fund for the whole period starting in 2001 through 2022. One jurisdiction, Del Mar Jr. College, is contributing 100% into the tax increment fund for the first 5 years, 80% for the sixth year, 60% for the seventh year, 40% for the eighth year, 20% for the ninth year and 0% thereafter. Three jurisdictions will not participate: Flour Bluff Independent School District (ISD), Port of Corpus Christi and Fire District #2. The following table shows tax rates schedule per \$100 of taxable value.

Table 2. Tax Rates for Participating Jurisdictions

Jurisdictions Providing ALL Increment	Jurisdictions	2001-2005	2006	2007	2008	2009	2010-2022
City of Corpus Christi	0.644175	0.644175	0.644175	0.644175	0.644175	0.644175	0.644175
Farm to Market Rd.	0.005238	0.005238	0.005238	0.005238	0.005238	0.005238	0.005238
County Hospital	0.228028	0.228028	0.228028	0.228028	0.228028	0.228028	0.228028
Del Mar Jr. Collage	0.21988	0.21988	0.175904	0.131928	0.087952	0.043976	0
Nueces County	0.350242	0.350242	0.350242	0.350242	0.350242	0.350242	0.350242
Port of Corpus Christi	0.002117						
Flour Bluff ISD	1.526197						
Fire District #2	0.022200						
TOTAL	2.998077	1.447563	1.40359	1.359611	1.31564	1.27166	1.227683

Note: Assuming tax rates do not change

Source: Nueces County Appraisal District, City of Corpus Christi

Regarding the above tax rates, local officials indicated that they did not expect to see unusual growth in the above tax rates in the near future. Following standard TIF modeling guidelines, ERA has taken the above tax rates and held them constant for the duration of the 20-year TIF model. With tax rates held constant, key drivers of the forecast become rates of appreciation for existing improvements and vacant land.

Methodology

In order to estimate a reasonable tax revenue flow, ERA made the following assumptions:

- Base tax year is 2000
- 2002 tax rates for each participating jurisdiction are assumed fixed for the whole period (through 2022)
- Tax increment fund starts in 2001
- End of TIF district is 2022
- Packery Channel will be completed in 2004
- The TIF district tax revenue flow is completely independent of any potential major development that could potentially have a great impact on other developments and land value.

- ***First to Increase:*** Value of land and current developments with water frontage in the District excluding beach properties will be the first to increase in value due to the opening of Packery Channel, as it would provide direct access to the Gulf of Mexico.
- ***Magnitude of Increase:*** Water front properties (vacant land) in the District excluding beach properties will have the greater increase in value compared to properties without water frontage. It is assumed that the value will approach the value of vacant beach properties.

Based on the above assumptions, ERA compiled data from the City of Corpus Christi and the Nueces County Appraisal District to estimate current land and improvement value by location in the District. Using Tax ID data, ERA aggregated properties based on their location by defining 4 distinct locations:

- Beach
- Lake Padre
- Other water front properties
- Non-water front properties

After linking each property to a location, total assessed and taxable values were calculated for each location. Value comparison was established and was later used to estimate growth rates for properties within the District.

ERA also aggregated all values of properties on North Padre Island for the past 10 years to estimate an average calculated average growth rate (CAGR) for the island. This CAGR was then applied in the forecast model.

Tax rates from the participating jurisdictions were then applied to estimate tax revenue flows.

TIF REVENUE ANALYSIS

Summary

Two scenarios were developed and are presented in this report. The first scenario applies an annual growth rate of 9% from 2003 through 2012, and 3% annual growth rate from 2013 through 2022 for all properties within the TIF District. The 9.1% annual growth rate represents the CAGR of the assessed values of all properties on Padre Island from 1992 through 2002.

The second scenario applies different annual growth rates for each property type in the TIF district. Waterfront properties on Lake Padre, the canal and on the proposed Packery Channel are estimated to grow at an annual rate of 24% between 2003 and 2007. During the same period, Beach properties and non-waterfront properties are assumed to grow at 9.1%. From 2008 through 2022, all properties are estimated to grow at the inflation rate of 3% per annum. The 24% annual growth rate represents the estimated CAGR of the total taxable value of TIF properties within the five participating jurisdictions from 1996 through 2001.

The two scenarios are conservative and do not assume any new development.

From 2001 through 2022 and using 2000 as the base year, the first scenario generates a total tax revenue of \$63.4 million of which \$38.9 million is the TIF revenue. The second scenario generates a total tax revenue of \$55.9 million of which \$31.3 million is TIF revenue.

A detailed analysis follows.

Real Estate Market Discussion

Economics Research Associates conducted a number of telephone interviews with accredited realtors in Corpus Christi and Padre Island. The general consensus has been that over the past three years demand for good properties, defined as those in good repair, modern appliances, visually appealing and have good access, has increased remarkably. This increase in demand, the limited supply, and a strong market led to an increase in prices.

The demand for weekend and seasonal homes from residents of large Texan cities, such as Dallas, Houston and San Antonio is also pushing prices upward. Aging baby-boomers and a healthy economy had lead to strong demand of retirement and seasonal homes in Padre Island. This demand has exceeded the markets ability to supply more housing units.

Another factor in the escalation of price and demand is speculation regarding the Packery Channel, which would connect Lake Padre and the Packery Channel to the Gulf of

Mexico. The Channel is perceived as a convenient way to provide access to the Gulf of Mexico from Lake Padre and the intercoastal areas. Some realtors indicated that Lake Padre properties would be more attractive to sailing enthusiasts that would need to be east of the 22-foot bridge to benefit from the Channel. This is assuming a marina is developed on Lake Padre.

Properties without water access, known among realtors as dry or interior properties, on Padre Island can demand a \$10,000-\$15,000 premium over comparable properties in the city. Some realtors indicated that the difference in price between water-accessible and dry properties on Padre Island is too great to characterize.

When asked about Port Aransas and how the market compares to Padre Island. Most realtors indicated that properties in Port Aransas, 20 miles from Corpus Christi, are overpriced and are not comparable in quality. Realtors also indicated that Padre Island has strong attributes and character that would attract investors to develop resorts, something that Port Aransas lacks.

TIF Waterfront Properties 2002

Using the micro level data (*property tax records*) obtained from the City of Corpus Christi and the Nueces County Appraisal District, ERA was able to compile waterfront properties in the TIF District by location and type.

The TIF District has 1,930.08 acres with a total assessed value of \$107.59 million in 2002. Approximately 51% of land have or will have (after the opening of the Packery Channel) water frontage or 977 acres. Approximately 203 acres or 21% of water front properties are exempt properties. The waterfront properties have a total assessed value of \$65.1 million and a total taxable value of \$60.6 million.

The following tables show waterfront properties by location, land value, improvement value, total exemptions, taxable value, and acreage.

Table 3. Waterfront Properties by Location and Value within the TIF District

Type	Acres	Land Value	Improvement Value	Total Assessed Value	Taxable Value
Condos					
Beach	13.45	\$2,450,499	\$28,962,543	\$31,413,042	\$29,048,886
Across from the Beach	3.61	\$281,352	\$3,902,799	\$4,184,151	\$3,533,871
Other - Lake Padre, Canal	10.93	\$1,459,001	\$11,600,220	\$13,059,221	\$11,503,641
Lake Padre					
Beach	470.66	\$4,591,013	\$938,742	\$5,529,755	\$5,517,325
Exempt	53.20	\$2,577,105	\$4,355,083	\$6,932,188	\$6,932,188
Other	202.86	\$0	\$0	\$0	\$0
Other	222.24	\$2,517,234	\$1,669,836	\$4,187,070	\$4,054,928
TOTAL WATER PROPERTIES	976.95	\$13,876,204	\$51,429,223	\$65,305,427	\$60,590,839

Source: Nueces County Appraisal District, Economics Research Associates

Most of the condominium properties are older developments dating to mid 1980s especially the ones with a beach frontage. Most of the properties on Lake Padre are parcels of vacant land. The other non-classified properties are parcels located on the Canal and what would be on the Packery Channel.

Land value, as expected, increase as it approaches the Beach. The most expensive land parcels are those of condominium with beach frontage with over \$180,600 per acre. The second highest, on average, are condominium properties on Lake Padre with \$133,500 per acre followed by condominium properties located across from the Beach. As expected developed land, although with indirect beach frontage has more value than undeveloped beach parcels. It is plausible to assume that the value of land parcels with beach frontage would more than quadruple in value after it is developed.

The following Table shows average assessed value per acre by location.

Table 4. Average Assessed Land Value by Location

Type	Acres	Average Land Value (\$/Acre)
Waterfront Properties		
Condos		
Beach	13.45	\$180,623
Across from the Beach	3.61	\$77,840
Other - Lake Padre, Canal	10.93	\$133,448
Lake Padre	470.66	\$9,754
Beach	53.20	\$48,442
Exempt	202.86	\$0
Other	222.24	\$11,327
TOTAL WATER PROPERTIES	976.95	\$17,897

Note: Total average land value excludes exempt properties

Source: Nueces County Appraisal District, Economics Research Associates

There are 16 condominium developments in the TIF district, of which four are located on the beach, three are located across from the beach and the remainder is located on Lake Padre, the canal and Packery Channel. The most expensive condominiums are those with a direct beach frontage. The following table shows average assessed value per condominium by water frontage location

Table 5. Average Condominium Assessed Value by Water frontage

Type	Total Condo Units	Average Condo Assessed Value
Condos		
Beach	324	\$96,305
Across from the Beach	115	\$36,384
Other - Lake Padre, Canal	399	\$32,730

Source: Nueces County Appraisal District, Economics Research Associates

The following table shows condominium properties by location, acreage, number of units, and average condominium assessed value.

Table 6. Condominium Properties in the TIF District

Property Name	Water Frontage Location	Acreage	Total Land Value	Total Improvements	Total Assessed Value	Total Taxable Value	Number of Units	Avg. Condo Value
El Constante	Beachfront	3.05	\$531,178	\$5,317,124	\$5,848,302	\$5,581,554	69	\$84,758
Padre Island-Gulfstream	Beachfront	4.78	\$885,669	\$13,272,754	\$14,158,423	\$13,239,239	130	\$108,911
La Casa Del Sol	Lake Padre	0.70	\$94,134	\$889,071	\$983,205	\$983,205	24	\$40,967
Lakeshore Villas	Lake Padre	1.26	\$153,552	\$1,586,544	\$1,740,096	\$1,459,835	24	\$72,504
Leeward Isles	Lake Padre	2.58	\$168,810	\$2,761,688	\$2,930,498	\$2,897,168	87	\$33,684
Leeward Cove	Lake Padre	0.61	\$75,632	\$585,521	\$661,153	\$646,153	16	\$41,322
Lorimar Place	Canal - 2 blocks from beach	0.43	\$71,650	\$303,335	\$374,985	\$374,985	10	\$37,499
Mystic Harbor	Packery Channel	0.94	\$122,904	\$1,185,002	\$1,307,906	\$1,175,954	32	\$40,872
Seahorse	Across the street from Beach	1.03	\$78,814	\$1,189,358	\$1,268,172	\$1,017,892	26	\$48,776
Nautilus Galleria	Across the street from Beach	1.03	\$67,502	\$1,219,289	\$1,286,791	\$1,051,791	45	\$28,595
Pirates Crossing & Seascape Villa	Lake Padre	0.53	\$184,591	\$1,233,405	\$1,417,996	\$1,337,959	36	\$39,389
Portofino	Beachfront	2.31	\$483,538	\$5,372,008	\$5,855,546	\$5,130,665	53	\$110,482
Mariners Cay	Canal - 2 blocks from beach	3.51	\$539,544	\$2,497,196	\$3,036,740	\$2,261,740	136	\$22,329
Padre Island - Surfside	Across the street from Beach	1.55	\$135,036	\$1,494,152	\$1,629,188	\$1,464,188	44	\$37,027
Padre Isle - Island House	Beachfront	3.31	\$528,142	\$4,812,272	\$5,340,414	\$5,097,429	72	\$74,172
Sand Dollar	Canal	0.37	\$48,184	\$558,458	\$606,642	\$366,642	34	\$17,842
Total		27.99	\$4,168,880	\$44,277,177	\$48,446,057	\$44,086,398	838	\$57,812

Source: Nueces County Appraisal District, Economics Research Associates

Beach properties other than condominiums are made up of 31 vacant parcels and one developed parcel which is the Holiday Inn with an assessed value of \$4.5 million. There are 12 vacant parcels that range in size from one to approximately seven acres with the largest being 6.98 acres. Most of the remainder parcels are approximately half an acre. There are 10 (0.51 acres) parcels that are valued at \$56,250 each or an average of \$110,294 per acre. These are the most valued parcels on the beach.

The next three tables summarize properties by Tax ID. The first table lists all properties on Lake Padre, the second table shows all other (Canal, Packery Channel, non-classified) water front properties that are non-exempt and the last table shows all exempt properties.

Table 7. Lake Padre Properties by Tax ID

TAX ID	Total Land Value	Total Improvements	Total Assessed Value	Total Taxable Value	Acreage
6180-	\$1,636,741	\$820,671	\$2,457,412	\$2,444,982	20.85
6185-	\$1,136,341	\$0	\$1,136,341	\$1,136,341	23.75
6175-	\$225,114	\$65,880	\$290,994	\$290,994	5.01
6125-	\$1,309,302	\$52,191	\$1,361,493	\$1,361,493	286.05
6195-	\$283,515	\$0	\$283,515	\$283,515	135
Total	\$4,591,013	\$938,742	\$5,529,755	\$5,517,325	470.66

Source: Nueces County Appraisal District, Economics Research Associates

Table 8. Other Non-Exempt Water Front Properties

TAX ID	Total Land Value	Total Improvements	Total Assessed Value	Total Taxable Value	Acreage	Legal Description
3730-	\$152,759	\$111,409	\$264,168	\$264,168	8.05	Island Fairway Estates
4793-	\$791,199	\$276,447	\$1,067,646	\$1,067,646	6.75	Mariners Cay Lots
6170-	\$584,752	\$0	\$584,752	\$584,752	7.58	PADRE ISLAND SEC B
6205-	\$735,000	\$0	\$735,000	\$735,000	60	PADRE ISLAND SEC 18
1115-	\$174,019	\$0	\$174,019	\$174,019	138.86	BRYAN WM SUR 606 LS 64, 129.964 ACS ICL
1717-	\$79,505	\$1,281,980	\$1,361,485	\$1,229,343	1.00	Compass Townhomes - 13 units
Total	\$2,517,234	\$1,669,836	\$4,187,070	\$4,054,928	222.24	

Source: Nueces County Appraisal District, Economics Research Associates

Table 9. Exempt Properties

TAX ID	Name	Acreage
111500000010	STATE OF TEXAS	138.87
111500000050	STATE OF TEXAS	4.03
373000030050	FLOUR BLUFF IND SCHOOL DI	6.5
616500451400	CITY OF CORPUS CHRISTI	3.46
619000000005	STATE OF TEXAS	0
625200000010	NUECES CO	20
625200000020	NUECES COUNTY TRUSTEE	30
Total		202.86

Source: Nueces County Appraisal District, Economics Research Associates

Growth Rates

Using available data, ERA conducted trend analysis for various areas to establish a trend in property growth rates on Padre Island and in the participating jurisdictions. These growth rates are later used in the forecast models to estimate TIF revenue.

Padre Island

Using micro level data, ERA compiled the assessed values for all properties in North Padre Island from 1992 to 2002. In 1992, total assessed value for properties on Lake Padre and on the beach were high and decreased in the following years. This is the main reason for the negative CAGR for beach properties and the small figure (less than one percent) for Lake Padre properties for the 10-year period. North Padre Island, in total, including waterfront and non-waterfront properties had a CAGR of 9.1%, i.e., properties grew on average 9.1% per year between 1992 and 2002. The following table summarizes growth rates for Padre Island by location of properties.

Table 10. Padre Island Growth Rates by Location – 1992-2002

Year	Padre Island (All Properties)	Waterfront Condos	Lake Padre	Beach	Other Waterfront	Non- Waterfront
CAGR 1992-2002	9.10%	5.99%	0.77%	-3.96%	2.03%	10.19%
CAGR 1993-2002	10.14%	7.27%	5.45%	-2.30%	2.39%	11.06%

Source: Nueces County Appraisal District, Economics Research Associates

TIF Revenue Conclusions

The following tables summarize the TIF District's estimated taxable value, grand total tax revenue and the incremental tax revenue from 2001 through 2022. Scenario 1 reflects an overall average annual growth rate of 9.1% from 2003 through 2012 and an annual growth rate of 3% from 2013 onwards. Scenario 2 reflects annual increase in taxable value of 24% for properties on Lake Padre and other water front properties excluding beach properties. Beach properties, existing condominium properties and properties without water frontage increase 9% in taxable value from 2003 through 2007 and 3% from 2008 onwards.

Table 11. Scenario 1. TIF District Taxable Value and Revenue, 2001 – 2022

	2001-2005	2006-2010	2011-2015	2016-2020	2021-2022
Taxable Value	\$590,873,474	\$909,709,774	\$1,300,406,021	\$1,523,320,994	\$675,226,929
Grand Total Tax Revenue	\$8,553,266	\$11,899,730	\$15,964,864	\$18,701,553	\$8,289,646
Incremental TIF Revenue	\$2,338,110	\$6,251,011	\$10,693,770	\$13,430,459	\$6,181,209
Accumulated TIF Revenue	\$2,338,110	\$8,589,122	\$19,282,891	\$32,713,350	\$38,894,559

Source: City of Corpus Christi, Nueces County Appraisal District, and Economics Research Associates

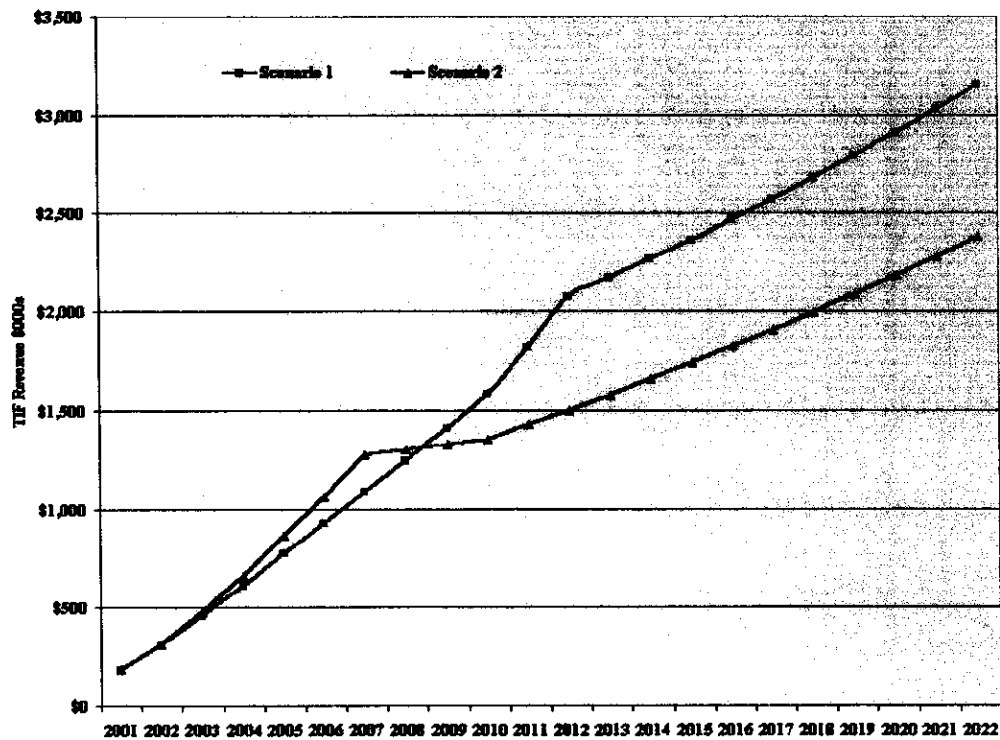
Table 12. Scenario 2. TIF District Taxable Value and Revenue, 2001 – 2022

	2001-2005	2006-2010	2011-2015	2016-2020	2021-2022
Taxable Value	\$601,808,948	\$912,635,163	\$1,072,871,721	\$1,243,752,371	\$551,305,402
Grand Total Tax Revenue	\$8,711,564	\$11,971,610	\$13,171,464	\$15,269,336	\$6,768,283
Incremental TIF Revenue	\$2,496,408	\$6,322,891	\$7,900,370	\$9,998,242	\$4,659,845
Accumulated TIF Revenue	\$2,496,408	\$8,819,299	\$16,719,669	\$26,717,912	\$31,377,757

Source: City of Corpus Christi, Nueces County Appraisal District, and Economics Research Associates

The following exhibit shows the growth in the TIF revenue from both scenarios.

Exhibit 1. TIF Revenue Schedule, Scenarios 1 and 2



The following table shows taxable values, grand tax revenue and incremental TIF revenue from the two scenarios in thousands of dollars.

Table 13. TIF Taxable Value and Tax Revenue Schedule, Scenarios 1 and 2 – 2001-2022 (\$000s)

YEAR	TAXABLE VALUE		GRAND TAX REVENUE		TIF REVENUE	
	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2
2001	\$98,514	\$98,514	\$1,426	\$1,426	\$183	\$183
2002	\$107,589	\$107,589	\$1,557	\$1,557	\$314	\$314
2003	\$117,376	\$118,803	\$1,699	\$1,720	\$456	\$477
2004	\$127,940	\$131,379	\$1,852	\$1,902	\$609	\$659
2005	\$139,455	\$145,524	\$2,019	\$2,107	\$776	\$864
2006	\$152,006	\$161,483	\$2,134	\$2,267	\$928	\$1,061
2007	\$165,686	\$179,546	\$2,253	\$2,441	\$1,085	\$1,274
2008	\$180,598	\$184,932	\$2,376	\$2,433	\$1,246	\$1,303
2009	\$196,852	\$190,480	\$2,503	\$2,422	\$1,411	\$1,330
2010	\$214,568	\$196,194	\$2,634	\$2,409	\$1,580	\$1,354
2011	\$233,880	\$202,080	\$2,871	\$2,481	\$1,817	\$1,427
2012	\$254,929	\$208,143	\$3,130	\$2,555	\$2,075	\$1,501
2013	\$262,577	\$214,387	\$3,224	\$2,632	\$2,169	\$1,578
2014	\$270,454	\$220,819	\$3,320	\$2,711	\$2,266	\$1,657
2015	\$278,567	\$227,443	\$3,420	\$2,792	\$2,366	\$1,738
2016	\$286,924	\$234,266	\$3,523	\$2,876	\$2,468	\$1,822
2017	\$295,532	\$241,294	\$3,628	\$2,962	\$2,574	\$1,908
2018	\$304,398	\$248,533	\$3,737	\$3,051	\$2,683	\$1,997
2019	\$313,530	\$255,989	\$3,849	\$3,143	\$2,795	\$2,089
2020	\$322,936	\$263,669	\$3,965	\$3,237	\$2,910	\$2,183
2021	\$332,624	\$271,579	\$4,084	\$3,334	\$3,029	\$2,280
2022	\$342,603	\$279,726	\$4,206	\$3,434	\$3,152	\$2,380
TOTAL	\$63,409	\$55,892	\$4,999,537	\$4,382,374	\$38,895	\$31,378

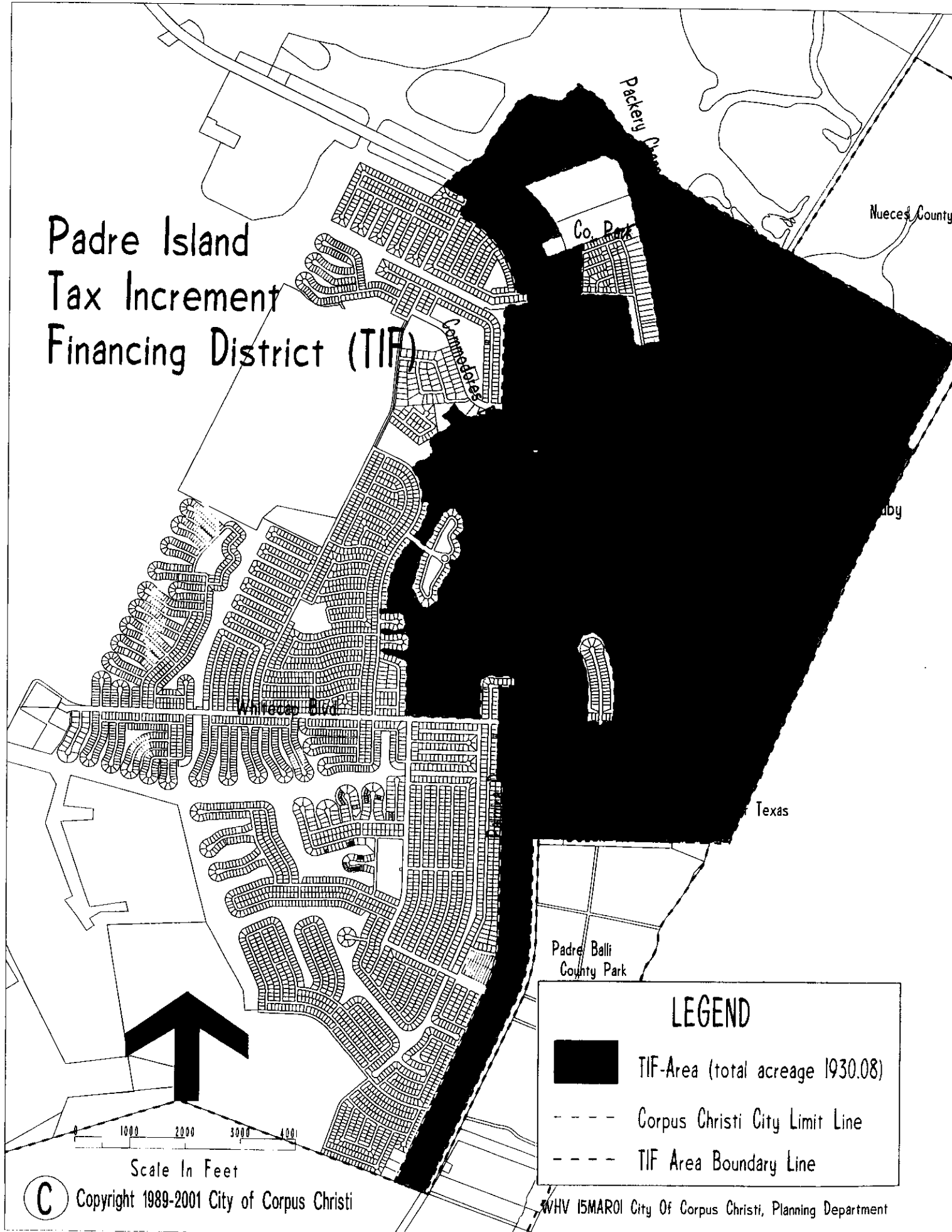
Source: City of Corpus Christi, Nueces County Appraisal District, and Economics Research Associates

**Reinvestment Zone Number Two
City of Corpus Christi, Texas**

EXHIBIT B

Map: Existing Uses and Conditions in the Zone

Padre Island Tax Increment Financing District (TIF)



LEGEND

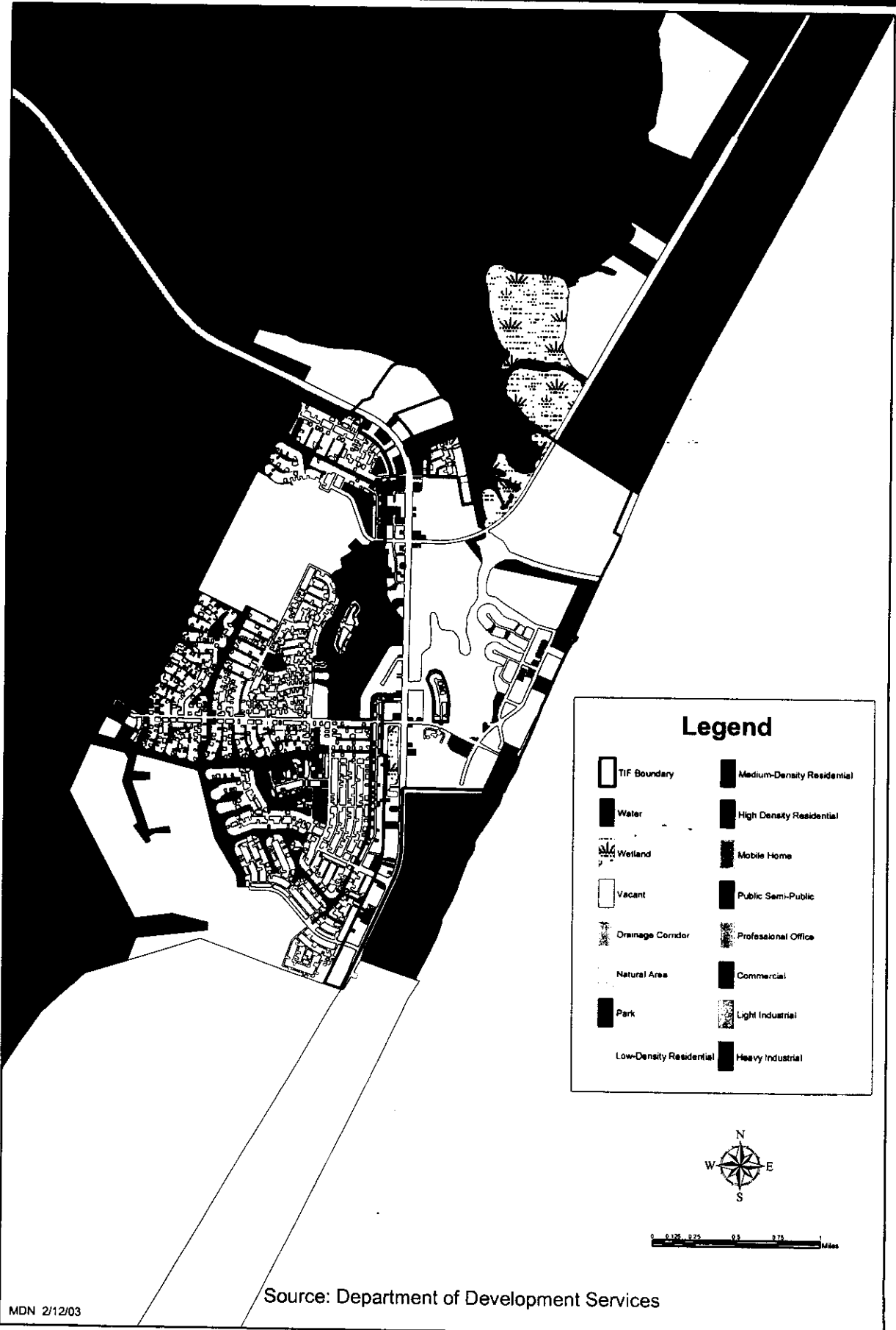
-  TIF-Area (total acreage 1930.08)
-  Corpus Christi City Limit Line
-  TIF Area Boundary Line

**Reinvestment Zone Number Two
City of Corpus Christi, Texas**

EXHIBIT C

**Map: Proposed Improvements and Proposed
Uses of Real Property in the Zone**

Padre Island Tax Increment Finance District



**Reinvestment Zone Number Two
City of Corpus Christi, Texas**

EXHIBIT D

Project Costs and Estimated Cash Flows

**Reinvestment Zone Number Two
City of Corpus Christi, Texas
Packery Channel Project Costs and Funding**

Project Costs

	Total	Zone Two	Corps of Engineers
Land, easements, ROW	\$236,200	\$82,670	\$153,530
Demolition	20,834	7,292	13,542
Utility relocation	104,073	36,426	67,647
Site preparation	74,219	25,977	48,242
Reach 2		0	0
Mobilization & demobilization	486,881	170,408	316,473
Dredging	602,939	211,029	391,910
Reach 1		0	0
Mobilization & demobilization	1,348,383	471,934	876,449
Dredging	2,912,120	1,019,242	1,892,878
Overdepth	425,236	148,833	276,403
	483,774	169,321	314,453
Placement in placement areas	1,382,386	483,835	898,551
Concrete bulkheads	2,369,894	829,463	1,540,431
Anchored concrete bulkheads	0	0	0
Containment sheetpile/cap	0	0	0
Sand bypass pipe	321,421	112,497	208,924
Bridge scour protection	743,041	260,064	482,977
Jetty construction	9,738,800	3,408,580	6,330,220
Walkway curbing	0	0	0
Concrete walkway	1,502,309	525,808	976,501
Planning, engineering & design	2,737,680	958,188	1,779,492
Construction management	1,817,640	636,174	1,181,466
Maintenance dredging reserve(a)	1,400,000	1,400,000	0
Mitigation costs	1,250,000	437,500	812,500
Mollie Beattie monitoring	541,000	189,350	351,650
Parking lot(b)	750,000	750,000	0
Parks & recreation center(b)	2,000,000	2,000,000	0
Financing, contingency reserves & rounding	1,410,683	1,410,683	
	\$34,659,513	\$15,745,274	\$18,914,240

Funding Sources

Corps of Engineers	\$18,914,240		\$18,914,240
Series 2003 Bonds	2,500,000	\$2,500,000	
Series 2004 Bonds	4,300,000	4,300,000	
Series 2005 Bonds	4,330,000	4,330,000	
Utility and Land Credit	340,273	340,273	
General Land Office Grant	1,275,000	1,275,000	
Surplus Tax Increments or Bonds(b)	3,000,000	3,000,000	
	\$34,659,513	\$15,745,273	\$18,914,240

- (a) Maintenance dredging reserve either to be financed from the proceeds of Series 2005 Bonds or as funds become available from surplus tax increments, or a combination thereof.
- (b) Parks & recreation center and parking lot to be financed as funding becomes available from surplus tax increments or bonds, or a combination thereof.

**Reinvestment Zone Number Two
City of Corpus Christi, Texas
Packery Channel
Bond Fund**

Assumptions:		Bonds Issued:	Tax Increment Base:	83,018,076
CDE - \$0.0 million maintenance		Ser 2003 - Mar 03	2,500,000	
City Maint Res from Bonds	1,400,000	Ser 2004 - Jan 04	4,300,000	107,580,762
GLO Grant	1,275,000	Ser 2005 - Jan 05	4,300,000	102,440,534
	2.00%			
Maintenance annual inc:	1.85%			
Interest Income:	3,000,000			
Required End Fund Balance	7.50%			
Bond Interest rate:				

FYE 7/31	Tax Year	Beginning Bond Fund Balance	Captured Value Zone Real Property(a)	Pledged Revenues		Debt Service			Fees & Expenses (c)	Annual Cash Flow	TIF Ending Bond Fund Balance	Funds Available for Maintenance Dredging
				Projected TIF Revenue (b)	Bond Fund Interest Earnings	Series 2003	Series 2004	Series 2005				
2002	2001		10,936,710	181,974	1,132	-	-	-	15,000	188,106	61,168	-
2003	2002	61,168	19,422,458	477,000	4,242	194,792	-	-	15,000	271,450	229,274	-
2004	2003	228,274	32,933,000	659,000	9,263	187,500	376,250	-	15,000	89,513	500,724	-
2005	2004	500,724	45,509,000	864,000	10,919	187,500	322,500	378,875	15,000	(28,956)	580,237	-
2006	2005	590,237	59,854,000	1,061,000	10,384	187,500	322,500	324,750	15,000	221,634	581,281	-
2007	2006	581,281	75,613,000	1,274,000	14,484	187,500	322,500	324,750	15,000	438,734	782,915	-
2008	2007	782,915	93,676,000	1,303,000	22,601	187,500	322,500	324,750	15,000	475,851	1,221,649	-
2009	2008	1,221,649	99,062,000	1,330,000	31,404	187,500	322,500	324,750	15,000	511,864	1,697,499	-
2010	2009	1,697,499	104,610,000	1,354,000	40,869	187,500	322,500	324,750	15,000	545,119	2,209,153	-
2011	2010	2,209,153	110,324,000	1,427,000	50,954	187,500	322,500	324,750	15,000	582,204	2,754,272	-
2012	2011	2,754,272	116,210,000	1,501,000	55,500	283,750	418,750	449,875	15,000	628,125	3,000,000	382,477
2013	2012	3,000,000	122,273,000	1,578,000	55,500	276,250	507,500	411,250	15,000	389,125	3,000,000	388,125
2014	2013	3,000,000	128,517,000	1,657,000	55,500	288,750	492,500	500,000	15,000	423,500	3,000,000	423,500
2015	2014	3,000,000	134,949,000	1,738,000	55,500	288,750	492,500	485,000	15,000	436,250	3,000,000	436,250
2016	2015	3,000,000	141,573,000	1,822,000	55,500	342,500	573,750	485,000	15,000	362,250	3,000,000	362,250
2017	2016	3,000,000	148,396,000	1,908,000	55,500	342,500	551,250	568,250	15,000	402,500	3,000,000	402,500
2018	2017	3,000,000	155,424,000	1,987,000	55,500	327,500	625,000	640,000	15,000	356,000	3,000,000	356,000
2019	2018	3,000,000	162,863,000	2,069,000	55,500	312,500	596,000	610,000	15,000	320,000	3,000,000	320,000
2020	2019	3,000,000	170,119,000	2,183,000	55,500	393,750	681,250	676,250	15,000	286,250	3,000,000	286,250
2021	2020	3,000,000	177,798,000	2,280,000	55,500	371,250	720,000	735,000	15,000	397,250	3,000,000	397,250
2022	2021	3,000,000	185,708,000	2,390,000	55,500	445,000	675,000	786,250	15,000	414,250	3,000,000	414,250
2023	2022	3,000,000	193,856,000	2,390,000	55,500	415,000	726,250	830,000	15,000	449,250	3,000,000	449,250
				31,063,974	806,751	5,488,542	9,180,000	9,017,250	315,000			4,931,102

(a) Tax years 2001 & 2002 - Net Appraised Value less Base Value. All other years - ERA August 2002 report - Scenario 2, forecasted Total Appraised Values less ERA Base Value.

(b) Source : FY 2003 - Adopted budget. FY 2004 through FY 2023 - ERA August 2002 report - Scenario 2.

(c) Trustee/Paying Agent fees of \$5,000 and TIRZ Administrative Expenses of \$10,000 annually.

Reinvestment Zone Number Two

City of Corpus Christi, Texas

Packery Channel

Maintenance Dredging Costs

Assumptions:

Required Bnd Fund Balance

City Maint Res from Bonds

Starting Maintenance Expense:

Maintenance annual Incr:

Interest Income:

3,000,000

1,400,000

350,000

2.00%

1.85%

Resources Available for Maintenance Dredging

FYE	Tax	Beginning	Transfer from	Maintenance	Maintenance	Total	Start-up and	Total	Ending
7/31	Year	Balance	Bond Fund	Interest	Reserve from	Available	Maintenance	Less	Balance After
				Earnings	Bonds		Expense	Expenses	City Advance
2002	2001	0	0	0	0	0	232,747	(232,747)	232,747
2003	2002	0	0	0	0	0	0	0	0
2004	2003	0	0	0	0	0	0	0	0
2005	2004	0	0	0	1,400,000	1,400,000	0	1,400,000	0
2006	2005	1,400,000	0	25,900	0	1,425,900	0	1,425,900	0
2007	2006	1,425,900	0	26,379	0	1,452,279	0	1,452,279	0
2008	2007	1,452,279	0	26,867	0	1,479,146	350,000	1,129,146	0
2009	2008	1,129,146	0	20,889	0	1,150,036	357,000	793,036	0
2010	2009	793,036	0	14,671	0	807,707	364,140	443,567	0
2011	2010	443,567	0	8,206	0	451,773	371,423	80,350	0
2012	2011	80,350	382,477	1,486	0	464,313	378,851	85,462	0
2013	2012	85,462	389,125	1,581	0	476,168	386,428	89,739	0
2014	2013	89,739	423,500	1,660	0	514,900	394,157	120,743	0
2015	2014	120,743	436,250	2,234	0	559,226	402,040	157,186	0
2016	2015	157,186	362,250	2,908	0	522,344	410,081	112,264	0
2017	2016	112,264	402,500	2,077	0	516,840	418,282	98,558	0
2018	2017	98,558	356,000	1,823	0	456,381	426,648	29,733	0
2019	2018	29,733	520,000	550	0	550,283	435,181	115,102	0
2020	2019	115,102	396,250	2,129	0	515,482	443,885	71,597	0
2021	2020	71,597	397,250	1,325	0	470,172	452,762	17,409	0
2022	2021	17,409	414,250	322	0	431,981	461,818	(29,836)	0
2023	2022	0	449,250	0	0	449,250	471,054	(21,804)	0
			4,931,102	141,008	1,400,000		6,756,497		284,387