

TAX INCREMENT REINVESTMENT ZONE #2

CITY OF CORPUS CHRISTI

PROJECT AND FINANCING PLANS (Revised 09/29/2009;

Amended 03/22/2011; 09/13/2011; 10/29/2013, July 22, 2014, February 28, 2017, August 22, 2017, and **December 19, 2017**)

The Tax Increment Reinvestment Zone #2 Project Plan) (Plan) (last revised and/or amended on 2/28/17) is amended to update and revise the Plan this **19th day of December 2017** by adding the **bold and underlined text** as shown:

REINVESTMENT ZONE PROJECT PLAN

This Project Plan identifies the improvements and planned expenditures that may be funded by tax increments generated within Tax Increment Reinvestment Zone #2, City of Corpus Christi ("TIRZ #2). No tax increments for new expenditures authorized by this Project Plan may be expended if the tax increments are required to fund any obligations incurred by the North Padre Island Development Corporation prior to the date of the adoption and approval of this Project Plan.

On March 21, 2000, the Corpus Christi City Council authorized the preparation of a preliminary financing plan for a tax increment financing district covering portions of North Padre Island and Mustang Island. This tax increment financing would be used primarily to provide the local share of the North Padre Island Storm Damage Reduction and Environmental Restoration Project ("Packery Channel project"). Then on June 27, 2000, the City Council approved the preliminary Project and Financing Plans, and notified other taxing jurisdictions of its intention to create a tax increment reinvestment zone. A notice of a public hearing on the creation of the zone was published on August 22, 2000, and the public hearing was held on August 29, 2000. On August 29, 2000 the City Council passed the first reading of the ordinance that established TIRZ #2. Ordinance 024270, which established TIRZ #2 was formally adopted after being passed on the second reading on November 14, 2000.

Subsequently on October 8, 2002, the City Council approved Resolution 025040, which established the North Padre Island Development Corporation ("NPIDC"). The NPIDC was created to aid, assist, and act on behalf of the City and TIRZ #2 in performing governmental functions to promote the common good and general welfare of the City, including the area within the TIRZ #2 zone. Then on February 25, 2003, the NPIDC, TIRZ #2, and City Council authorized an agreement by and among the City of Corpus Christi, Texas; Reinvestment Zone Number Two, City of Corpus Christi; and the North Padre Island Development Corporation, dated February 1, 2003. This agreement commonly referred to as the "Tri-Party Agreement" spells out the responsibilities of each of the parties in the administration and financing of TIRZ #2. The three entities also recommended, authorized, and approved the Project and Financing Plans for TIRZ #2 on February 25, 2003.

The initial Project Plan and Financing Plan basically addressed the funding of the City's share of the North Padre Island Storm Damage Reduction and Environmental Restoration Project. The Packery Channel project had been discussed and studied over a number of years. The project involved the placement of sand in front of the concrete Padre Island Seawall to restore the beach and protect the seawall. The sand was to be taken from the dredging and channelization of a reopened Packery Channel. The Packery Channel project also consisted of long jetties, walks, mitigation, public facilities, and reserve for long-term maintenance. The estimated cost of the Packery Channel project was approximately \$30 million.

The Packery Channel project was included in Section 556 of the Water Resources Development Act of 1999. The Act also required the U. S. Army Corps of Engineers (USACOE) to undertake two studies: (1) to determine if the project is environmentally acceptable and (2) to determine if the project is technically sound. A relatively small amount of money was made available by the Federal government for the studies.

The local share of the project, which was estimated at approximately \$10.5 million, could come from tax increment financing. This type of financing was authorized by a State Constitutional Amendment. The basic theory of tax increment financing is that "the construction of certain public improvements will generate higher tax revenues due to additional private development." The concept of tax increment financing is "but for the construction of the public improvements, the higher tax receipts would not occur." In this particular case, the City believed that completion of the project would result in significantly increased taxes through both new private investment and increases in the existing tax values.

The preliminary financing plan that was adopted by the City Council, when it authorized the creation of TIRZ #2, called for funding \$10.5 million as the City's share of the Packery Channel project, plus \$750,000 for construction of the parking lot on the Padre Island concrete seawall. The estimates in the preliminary financing plan were refined, and the Project and Financing Plans, dated February 1, 2003, estimated that \$12,000,000 in debt would be needed to complete the initial project costs. The plans identified \$3,000,000 in surplus tax increments or bonds for secondary development improvements, which included the construction of seawall parking lot and \$2,000,000 for a "parks & recreation center." A copy of the projected project costs from the 2003 plans is attached to and incorporated into this plan as **Exhibit A**.

Under §311.011(b)(1), Texas Tax Code, the Project Plan must have a map showing existing uses and conditions of real property in the zone, and a map showing proposed improvements to and proposed uses of that property. A map of TIRZ #2 is attached as **Exhibit B**, and is incorporated into this plan. A map of the current land uses within TIRZ #2 and the surrounding area is attached as **Exhibit C**, and is incorporated into this plan. A map of the current zoning within TIRZ #2 and the surrounding area is attached as **Exhibit D**, and is incorporated into this plan. A map of the future land uses within TIRZ #2 and the surrounding area based on the City Comprehensive Plan's Future Land Use Plan, adopted May 24, 2004 (Ordinance 026278), is attached as **Exhibit E**, and is incorporated into this plan. The Island Action Group Capital Improvement Priorities Report, dated 10/14/2005, which identifies needed capital improvements on Mustang and Padre Islands, including the areas within TIRZ #2, has been reviewed to identify improvements that could be funded through the tax increments developed within TIRZ #2.

Exhibit F is a map showing specific projects that are included in this Project Plan. That exhibit is incorporated into this plan. All of the specific projects are situated on public land and involve recreational use and activities. **Due to damage caused by Hurricane Harvey, a Packery Channel revetment repair project is needed.**

Under §311.011(b)(2), Texas Tax Code, the Project Plan must address proposed changes of zoning ordinances, the master plan of the municipality, building codes, other municipal ordinances, and subdivision rules and regulations, if any, of the county, if applicable.

While the City is in the process of adopting a unified development code that will replace the current zoning and platting ordinances, there are no substantive changes being recommended that would affect TIRZ #2. At the time of adoption of this Project Plan, there are no pending cases to rezone properties within TIRZ #2. The City is considering rezoning portions of the property that it leases from the Texas General Land Office ("GLO"). As a condition of the GLO lease, the City is required

to prepare a development plan for any commercial development on the leased property. While a draft Packery Channel development plan has been prepared and presented to the City Council, Planning Commission, GLO, Nueces County Parks Board, Nueces County Dune Committee, and City Beach Advisory Committee, for incorporation into the Mustang Padre Island Area Development Plan, the City Council has not officially adopted the plan, and the City is discussing features of the proposed plan with the GLO. The City will propose rezoning to match the needs identified in the Packery Channel development plan.

The City is working with GLO on the voter approved proposed changes to Chapter 10, Code of Ordinances, which contains the City's GLO approved beach and dune rules. This proposed change addresses driving on the beach seaward of the concrete Padre Island seawall, and the installation of bollards on the beach seaward of the concrete seawall and between the seawall and southern Packery Channel jetty. There are no other proposed changes to the City's beach or dune permitting rules.

However, the Nueces County Beach Management Committee has recommended approval of the changes to their beach management regulations. The Nueces County Commissioners' Court has not approved the changes, and they have not been sent to the GLO for public comment in Texas Register.

Under §311.011(b)(3), Texas Tax Code, the Project Plan must contain a list of estimated nonproject costs. The City has been trying to obtain additional Federal funding to cover some of the costs of the recreational enhancements within the North Padre Island Storm Damage Reduction and Environmental Restoration Project and repairs to storm damage from Hurricane Ike. The City will also seek grants and other funding opportunities from the State of Texas and others to offset some of the costs identified in this Project Plan. The level of that funding, if any, that can come from Federal, State, or other funding sources is not known. To the extent Federal, State, or other funding is received, the amount of tax increments that need to be dedicated to completing these improvements will be reduced.

Under §311.011(b)(4), Texas Tax Code, the Project Plan must contain a statement of a method of relocating persons to be displaced as a result of implementing the plan. None of the proposed improvements should result in relocation of any person; therefore this requirement is not applicable to the implementation of this plan.

REINVESTMENT ZONE FINANCING PLAN

Under §311.011(c)(1), the Reinvestment Zone Financing Plan must contain an Estimated Project Cost Description, and under §311.011(c)(2), it must describe the Kind, Number, and Location of TIRZ Improvements.

Under this Revised Project Plan and Reinvestment Zone Financing Plan, the following improvements and activities may be funded from current available revenues:

Packery Channel Project Area Improvements:

Subject to the availability of the estimated funds in the TIRZ #2 tax increment fund and funding from the Federal Government as authorized by the Water Resources Development Act, construction of the improvements in the TIRZ#2 referendum voter information sheet and Phases 3 – 7 Packery Channel public recreational improvements and amenities shown on the engineering drawings referred to as the Packery Channel "Six Pack," which is incorporated into this Project Plan as

Exhibit G. The engineering cost estimate for the Phases 3 – 7 has been revised and is shown in **Exhibit H, which also includes estimates and details regarding the Packery Channel revetment reimbursement project.** Construction of the Phase 4 ADA ramps is contingent upon approval of the General Land Office of the installation of temporary hard parking surfaces for parking for the disabled on the beach at the end of the ADA ramps and will be constructed with Phase 3 if approved.

Yearly Miscellaneous Improvements required for support of Packery Channel, exclusive of the previously identified capital projects Phases 3 through 7, could include periodic surveys of channel conditions, shoreline, and jetty revetments, access to beach and sand redistribution are proposed to be budgeted on an annual basis pending the availability of funds. These Yearly Miscellaneous Improvements specifically include routing, monitoring, and surveys of the Packery Channel and the Gulf beach.

Operation of a marine patrol to reduce shoreline erosion along Packery Channel, specifically along the Mollie Beattie Preserve pending the availability of funds.

Zone funds will compensate for the costs of ongoing administration of the Zone, including but not limited to accounting, legal services, consulting services, document production and maintenance, and other administrative costs.

Costs for design, permitting and dredging of Packery Channel have been included in future years subject to need and pending the availability of funds.

The Zone's annual budget will be adopted by the Zone's Board of Directors on an annual basis, based upon the City of Corpus Christi's fiscal year, and attached to this plan as **Exhibit I.**

Improvements in other areas within TIRZ #2:

A specific list of projects will be developed in consultation with various organizations and interested residents of North Padre Island and businesses located within TIRZ #2. These projects may include projects to acquire, construct, reconstruct, or install public works, facilities, or sites or other public improvements, including landscaping, utilities, streets, street lights, water and sewer facilities, pedestrian malls and walkways, parks, flood and drainage facilities, or parking facilities, but not including educational facilities.

As required by §311.011(c)(3), an updated economic feasibility Study for TIRZ #2 was completed by CDS Market Research | Spillette Consulting in September 2009. It is provided in a separate document.

Under §311.011(c)(4), the Project Plan and Reinvestment Zone Financing Plan must include an estimate of bonded indebtedness. TIRZ #2 may be used to support bonded debt issued to fund specific projects, or the project costs may be funded on a pay-as-you-go basis, or utilize other financing methods.

Under §311.011(c)(5), the Project Plan and Reinvestment Zone Financing Plan must describe the timing of incurring costs or monetary obligations. TIRZ #2 project costs will be incurred over the life of the Zone based on its Board of Directors' identification of priority activities and projects,

opportunities for implementation, and available revenues to sustain a pay-as-you-go project expenditure approach, a bonded debt issuance, or other forms of project financing.

Under §311.011(c)(6), the Project Plan and Reinvestment Zone Financing Plan must describe the methods of financing and sources of revenue. TIRZ #2 could use several methods of financing, including but not limited to the following:

- Cash funds generated from existing property value increment,
- Bonded debt issuances backed by TIRZ #2 revenue to fund the associated debt service,
- Short term anticipation notes or other debt issued by private financial institutions based on projected property tax increment to be generated from taxable development under construction at the time of debt issuance, and
- Developer cash reimbursement agreements where the revenues from TIRZ #2 property tax increment compensate a developer for fronting eligible expenditures in a specific taxable project after the project is completed.

The term of any debt for which debt services payments are to be funded by TIRZ #2 revenue will not extend past the duration of TIRZ #2.

The primary source of revenue for TIRZ #2 will be funds from the contributed property tax collections of the City of Corpus Christi, Nueces County, Nueces County Hospital District, Del Mar College, and the Farm to Market Road on the taxable property value increment within TIRZ #2. Based on existing interlocal agreements with each taxing jurisdiction listed above, it is currently projected that each of these entities will agree to participate in funding TIRZ #2 with 100% of the incremental property taxes collected over the life of zone, except for Del Mar College, which will contribute 20% in 2009 and 0% thereafter. The assessed value base year

Sources of Revenue¹

| Tax Year | City of Corpus Christi | Nueces County | Nueces County Hospital District | Del Mar Jr. College | Farm to Market Road | Total |
|----------|------------------------------|------------------|--|------------------------|---------------------------|-----------|
| 2009 | 1,597,917 | 985,617 | 406,158 | 137,838 | 12,165 | 3,139,695 |
| 2010 | 1,273,417 | 786,419 | 324,072 | - | 9,709 | 2,393,616 |
| 2011 | 1,203,508 | 745,121 | 307,054 | - | 9,201 | 2,264,884 |
| 2012 | 1,372,033 | 849,855 | 350,213 | - | 10,494 | 2,582,595 |
| 2013 | 1,519,533 | 941,476 | 387,968 | - | 11,625 | 2,860,601 |
| 2014 | 1,645,468 | 1,019,647 | 420,181 | - | 12,590 | 3,097,886 |
| 2015 | 1,761,879 | 1,091,870 | 449,943 | - | 13,481 | 3,317,173 |
| 2016 | 2,162,313 | 1,340,366 | 552,345 | - | 16,549 | 4,071,572 |
| 2017 | 2,615,229 | 1,621,428 | 668,166 | - | 20,018 | 4,924,842 |
| 2018 | 3,127,882 | 1,939,557 | 799,263 | - | 23,945 | 5,890,647 |
| 2019 | 3,708,557 | 2,299,895 | 947,753 | - | 28,393 | 6,984,598 |
| 2020 | 4,366,726 | 2,708,317 | 1,116,057 | - | 33,435 | 8,224,535 |
| 2021 | 5,113,212 | 3,171,538 | 1,306,944 | - | 39,153 | 9,630,847 |

| | | | | | | |
|-------|------------|------------|-----------|---------|---------|------------|
| 2022 | 5,960,390 | 3,697,237 | 1,523,577 | - | 45,642 | 11,226,846 |
| Total | 37,428,065 | 23,198,342 | 9,559,692 | 137,838 | 286,400 | 70,610,338 |

¹ Assumes 95% tax collection rate.

for all participating taxing entities is 2000. Based upon 2008 tax rates for each jurisdiction, the projection of incremental property tax revenue contributed to TIRZ #2 is as follows:

These revenue projections assume a 95% tax collection rate for all three taxing jurisdictions. According to these projections, 53.0% of the tax increment revenues will come from the City, 32.9% will come from the County, 13.5% will come from the County Hospital District, 0.2%% will come from Del Mar College, and 0.4% will come from the Farm to Market Road.

Zone property tax contributions from the participating tax jurisdictions could be supplemented with other sources of revenue as available. These could include but are not limited to:

- Grants from other local, state, and federal agencies;
- Grants from private entities such as foundations; and
- Joint implementation and funding agreements with other public agencies or private entities such as civic associations for specific projects.

Under §311.011(c)(7), the Project Plan and Reinvestment Zone Financing Plan must give the current appraised value of the zone. According to the Nueces County Appraisal District, the 2009 certified taxable appraised value for the Zone is \$356,833,583 for the City of Corpus Christi, \$ 353,059,772 for Nueces County and the County Hospital District, \$ 358,753,875 for Del Mar College, and \$ 352,808,877 for Farm to Market Road. Due to outstanding property accounts under value protest, these certified values will increase over time.

Under §311.011(c)(8), the Project Plan and Reinvestment Zone Financing Plan must provide an estimate of the captured appraised value for TIRZ #2 during the years of its existence. The table on the next page provides the projected schedule of taxable value increment captured by the zone over remainder of its duration. Due to differences in policies regarding exemptions and tax abatements, the captured increment differs among the participating jurisdictions. Therefore, there is a table shown for each entity.

Under §311.011(c)(9), the Project Plan and Reinvestment Zone Financing Plan must state the duration of TIRZ #2. The zone has thirteen tax years remaining and will expire after 2022.

Estimated Captured Appraised Value

| PROJECTED ASSESSED VALUE | | | | | |
|--------------------------|------------------------|---------------|---------------------------------|---------------------|---------------------|
| Tax Year | City of Corpus Christi | Nueces County | Nueces County Hospital District | Del Mar Jr. College | Farm to Market Road |
| 2009 | 380,825,433 | 377,027,804 | 377,027,804 | 382,757,294 | 376,776,909 |
| 2010 | 320,245,351 | 317,347,217 | 317,347,217 | 321,720,450 | 317,163,481 |
| 2011 | 307,194,087 | 304,974,332 | 304,974,332 | 308,324,444 | 304,840,076 |
| 2012 | 338,655,659 | 336,353,086 | 336,353,086 | 339,828,313 | 336,214,560 |
| 2013 | 366,192,055 | 363,803,032 | 363,803,032 | 367,408,871 | 363,660,078 |
| 2014 | 389,702,663 | 387,223,386 | 387,223,386 | 390,965,597 | 387,075,840 |
| 2015 | 411,435,230 | 408,861,715 | 408,861,715 | 412,746,329 | 408,709,405 |
| 2016 | 486,191,313 | 483,312,318 | 483,312,318 | 487,658,942 | 483,142,951 |
| 2017 | 570,745,210 | 567,519,915 | 567,519,915 | 572,390,395 | 567,331,227 |
| 2018 | 666,451,157 | 662,832,970 | 662,832,970 | 668,297,914 | 662,622,374 |
| 2019 | 774,856,231 | 770,791,945 | 770,791,945 | 776,931,996 | 770,556,480 |
| 2020 | 897,728,294 | 893,157,125 | 893,157,125 | 900,064,425 | 892,893,404 |
| 2021 | 1,037,088,042 | 1,031,940,526 | 1,031,940,526 | 1,039,720,393 | 1,031,644,672 |
| 2022 | 1,195,245,758 | 1,189,442,482 | 1,189,442,482 | 1,198,215,334 | 1,189,110,054 |
| ASSESSED VALUE INCREMENT | | | | | |
| Tax Year | City of Corpus Christi | Nueces County | Nueces County Hospital District | Del Mar Jr. College | Farm to Market Road |
| 2009 | 298,311,566 | 295,295,463 | 295,295,463 | 300,048,697 | 295,195,765 |
| 2010 | 237,731,484 | 235,614,876 | 235,614,876 | 239,011,853 | 235,582,337 |
| 2011 | 224,680,220 | 223,241,991 | 223,241,991 | 225,615,847 | 223,258,932 |
| 2012 | 256,141,792 | 254,620,745 | 254,620,745 | 257,119,716 | 254,633,416 |
| 2013 | 283,678,188 | 282,070,691 | 282,070,691 | 284,700,274 | 282,078,934 |
| 2014 | 307,188,796 | 305,491,045 | 305,491,045 | 308,257,000 | 305,494,696 |
| 2015 | 328,921,363 | 327,129,374 | 327,129,374 | 330,037,732 | 327,128,261 |
| 2016 | 403,677,446 | 401,579,977 | 401,579,977 | 404,950,345 | 401,561,807 |
| 2017 | 488,231,343 | 485,787,574 | 485,787,574 | 489,681,798 | 485,750,083 |
| 2018 | 583,937,290 | 581,100,629 | 581,100,629 | 585,589,317 | 581,041,230 |
| 2019 | 692,342,364 | 689,059,604 | 689,059,604 | 694,223,399 | 688,975,336 |
| 2020 | 815,214,427 | 811,424,784 | 811,424,784 | 817,355,828 | 811,312,260 |
| 2021 | 954,574,175 | 950,208,185 | 950,208,185 | 957,011,796 | 950,063,528 |
| 2022 | 1,112,731,891 | 1,107,710,141 | 1,107,710,141 | 1,115,506,737 | 1,107,528,910 |

LIST OF EXHIBITS

| | |
|-----------|--|
| Exhibit A | Packery Channel Project Costs and Funding from Project and Financing Plans dated February 1, 2003 |
| Exhibit B | Map of TIRZ #2 |
| Exhibit C | Current land use map |
| Exhibit D | Current zoning map |
| Exhibit E | Future land use map |
| Exhibit F | Project Plan Map (Rev'd 10/22/2013) |
| Exhibit G | "Six Pack" engineering drawings |
| Exhibit H | Projects with Funds from Tax Increment Reinvestment Zone #2 City of Corpus Christi (February 21, 2017) |
| Exhibit I | Fiscal Year 2017 Reinvestment Zone #2 Budget |