

Tax Increment Reinvestment Zone #5 - BoCo  
Preliminary Project & Financing Plan

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Prepared by



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## Section 1 – Introduction

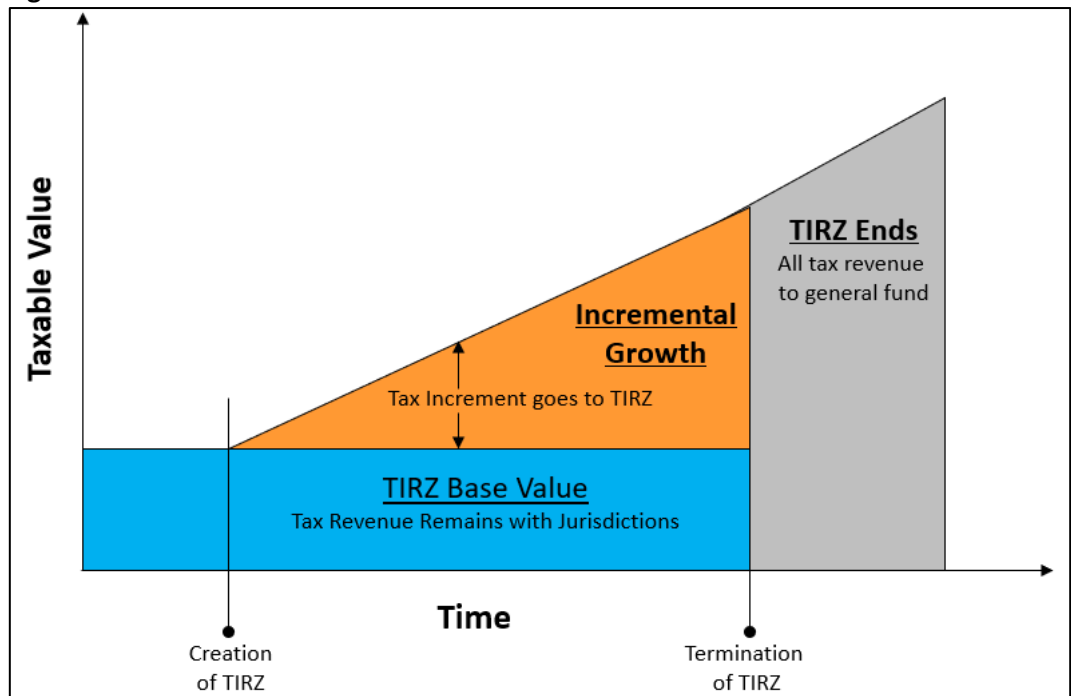
The City of Corpus Christi, based on the landowner's request and petition, has created a Tax Increment Reinvestment Zone (hereafter referred to as "TIRZ #5") over a portion of 261.6 acres located near the intersection of South Padre Island Drive and the Crosstown Expressway. The zone would be named Reinvestment Zone Number 5, City of Corpus Christi, Texas and referred to as TIRZ #5 - BoCo.


The landowner of the property is South Padre Investment Inc. The landowner is requesting the City of Corpus Christi, Nueces County, and the Del Mar College District participate in the tax increment reinvestment zone to help fund public improvements to be located within the development. The duration of the zone is projected to be 20 years, with the TIRZ in existence through 2040.

### Purpose of a Tax Increment Reinvestment Zone

A tax increment reinvestment zone ("TIRZ") is a tool that local governments can use to finance needed improvements and infrastructure within a defined geographic area. These improvements usually are undertaken to promote the viability of existing businesses and to attract new commercial enterprises. The cost of eligible improvements is repaid by the contribution of future tax revenues by each taxing unit that levies taxes against the property. The additional incremental tax revenue that is received from the affected properties is referred to as the tax increment

**Figure 1: How the Tax Increment is Calculated**





Each taxing unit can choose to dedicate all, a portion, or none of the tax revenue that is attributable to the increase in property values due to the improvements within TIRZ. Each taxing unit determines what percentage of its tax increment, if any, it will commit to repayment of the cost of financing the public improvements.

This preliminary feasibility study and project plan is required by state law. This document is designed to meet the legal requirements of designating a TIRZ. The statutes governing tax increment financing are located in Chapter 311 of the State of Texas Tax Code. To assist Corpus Christi and the other taxing entities in understanding the overall financing plan, TXP has included preliminary revenue projections assuming other entities participate in the TIRZ.

TXP, Inc. was retained by South Padre Investment Inc. to assist in developing this Preliminary Project & Financing Plan.

## Section 2 – Project Plan

The purpose of TIRZ #5 is to finance the construction of public facilities and infrastructure necessary to catalyze residential and commercial development within the zone boundaries. Expenditures associated with the design and construction of public infrastructure, as well as other specific project related costs, will be funded by tax increment revenues derived from increases in property values following new residential and commercial development.

The Project will be a master planned development that will include the construction of public infrastructure to support the development of 777 townhomes, 999 multifamily units, and 450,000 square feet of commercial space. The commercial space will be located as follows: 275,000 square feet within the BoCo master planned community and 175,000 square feet on the Ayers tract.

The public infrastructure and capital costs associated with the development will be financed with private capital. It is the intent of the Developer to enter into an agreement with TIRZ #5 to receive reimbursement for investments made in the public facilities from revenues generated by TIRZ #5.

**Figure 2: BoCo Master Plan**

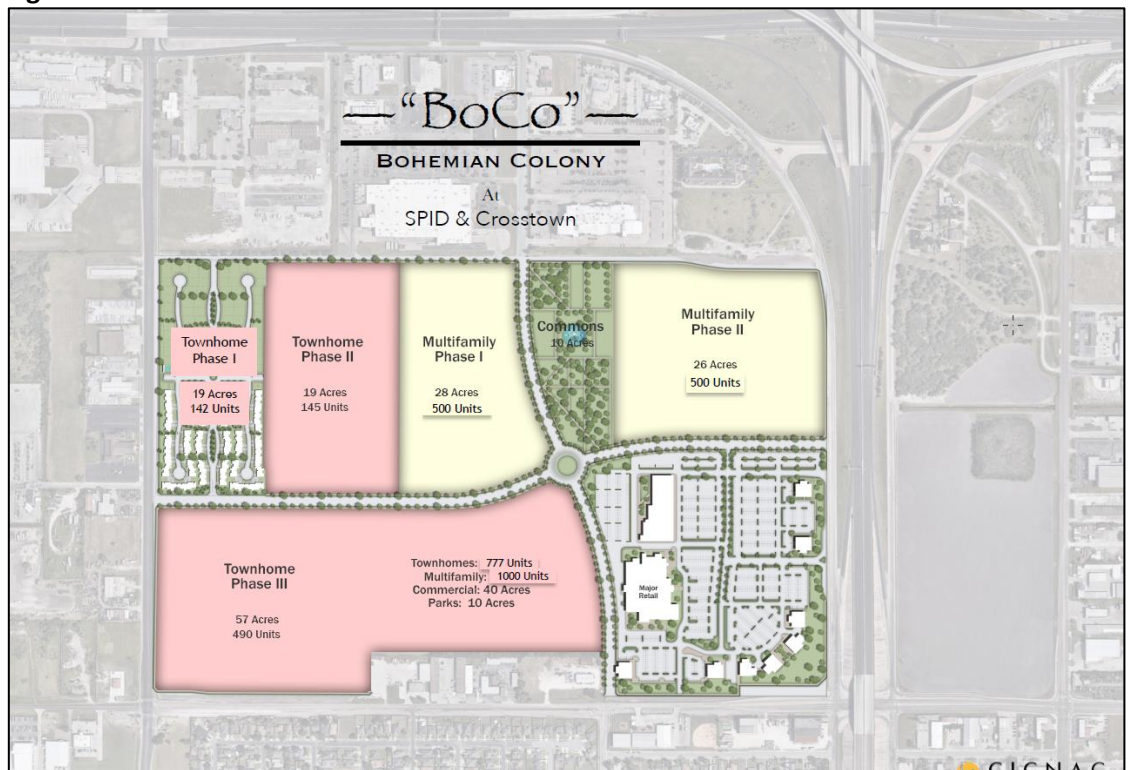
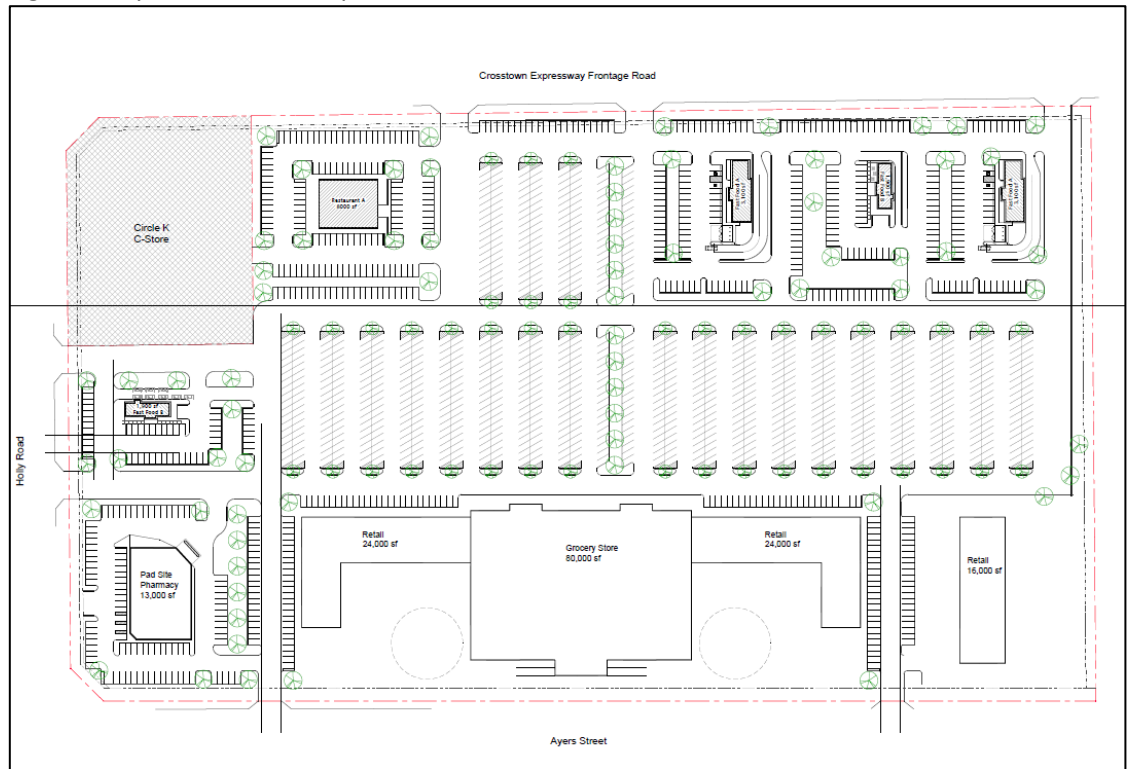


Figure 3: Ayers Tract Development Plan



#### **Criteria for Zone Creation**

The area within the zone qualifies for a TIRZ because it suffers from economic stagnation, inadequate infrastructure, inadequate sidewalks, and street layout. Without intervention by the public sector, private market forces will not be sufficient to generate significant development and redevelopment. In addition, the landowner is requesting that the area be designated as a reinvestment zone. These conditions meet the criteria of the Tax Code of the State of Texas, Chapter 311, Section 005 for reinvestment zone designation.

#### **Existing Tax Increment Financing Districts in the City of Corpus Christi**

There are existing TIRZs in Corpus Christi. According to state law, cities with more than 100,000 residents may not create a new TIRZ if the total appraised value of taxable real property in the new reinvestment zone and in the existing reinvestment zones would exceed 25.0 percent of the total appraised value of taxable real property within the city and its industrial districts. In addition, a TIRZ may not be created if more than 30.0 percent of the property in the new TIRZ (excluding publicly owned property) is used for residential purposes at the time of designation. The TIRZ #5 complies with these state rules.

**Table 1: Existing TIRZs in Corpus Christi**

Land Use	Value	Data Source
City of Corpus Christi – Real Property	\$25,258,276,745	2019 Assessed Value 2019 Certified Totals Report NCAD
TIF #2 - Padre Island	\$573,503,809	2019 City of Corpus Christi 2019 Assessed Value 2019 Certified Totals Report NCAD
TIF #3 - Downtown	\$735,558,739	2019 Assessed Value TIRZ Project Plan and Financing Plan
TIF #4 - North Beach	\$104,512,349	2020 Preliminary Assessed Value NCAD Website
TIF #5 - BoCo	\$2,102,542	
Total TIRZ	\$1,415,677,439	
TIRZ as % of Corpus Christi Total	5.6%	

Source: Nueces County Appraisal District

#### **Description of the Tax Increment Reinvestment Zone #5**

The TIRZ #5 will cover approximately 261.6 acres (including roads and right of way). The 2019 baseline assessed property value of the TIRZ is approximately \$2.2 million.

**Table 2: Existing Land Use of TIRZ #5 (2020)**

Land Use	Acreage	City of Corpus Christi Assessed Value
Qualified Open-Space Land	244.5	\$527,312
Rural Land, Non-Qualified Open Space Land	2.4	\$232,284
Commercial	2.7	\$1,453,700
Public Right of Way*	11.9	\$0
<b>Total</b>	<b>261.6</b>	<b>\$2,213,296</b>

Source: Nueces County Appraisal District

\* The majority of this property is publicly owned right of way (ROW) along Holly Road

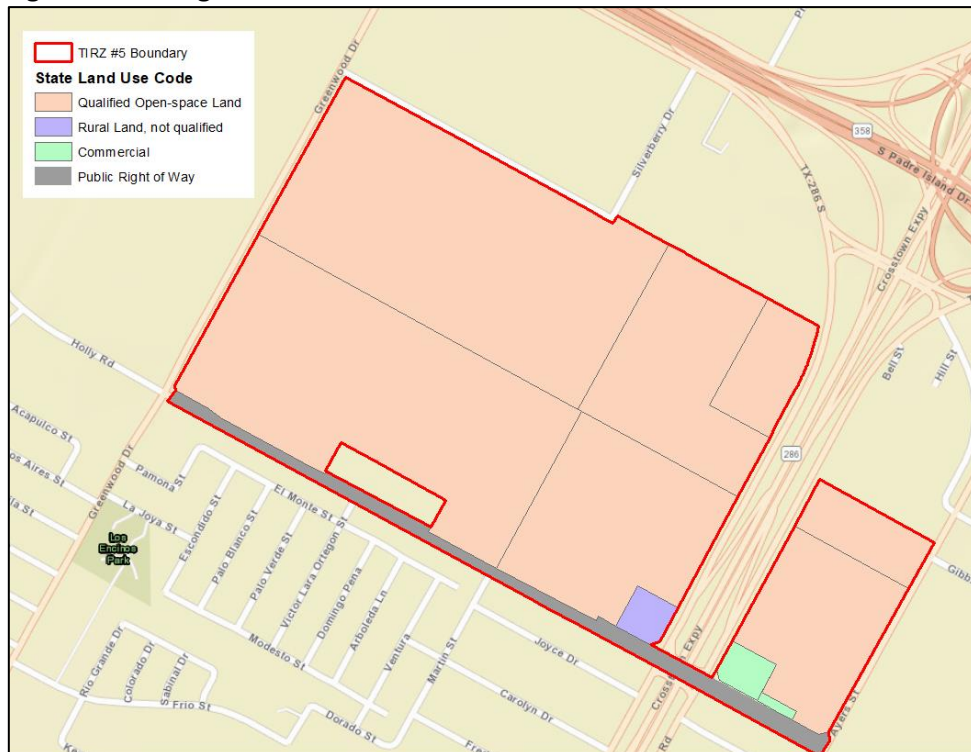


**Figure 4: BoCo TIRZ Geographic Boundary**



Source: Nueces County Appraisal District

**Figure 5: Existing Land Use within the BoCo TIRZ**



Source: Nueces County Appraisal District

### **Existing Zoning and Land Use Guidelines Applicable to TIRZ #5**

Existing City of Corpus Christi land use, zoning guidelines, and policies would apply to all properties within the city limits.

### **Taxing Jurisdictions Applicable to TIRZ**

The TIRZ #5 is located within the following taxing jurisdictions:

- City of Corpus Christi
- Nueces County
- Del Mar College
- Nueces County Hospital District
- Corpus Christi Independent School District
- Farm to Market Road District

### **Proposed Changes in Master Plans, Zoning Ordinances, and Building Codes**

There are no anticipated changes to the master development and zoning ordinances.

### **Relocation of Displaced Persons**

This plan currently does not call for nor anticipate the displacement and relocation of persons for the proposed projects.

## Section 3 – Project Plan Improvements

TIRZ #5 will provide support for catalytic infrastructure and economic development projects that will facilitate the development of properties within zone. In addition, to public utility infrastructure, the Developer is seeking reimbursement for building a 10-acre park within the zone.

### Eligible Project Costs

#### **1. Parks & Streetscape Enhancements**

This category includes gateway features, linear parks, corridor landscaping, public plazas, etc.

#### **2. Infrastructure Improvements**

This category includes water, sanitary sewer and storm water improvements, roadway and street intersection enhancements, public transportation, relocation of aboveground utilities, public sidewalks, etc.

#### **3. Economic Development Grants**

It is anticipated that economic development loans or grants might be made to assist in creating the tax base that facilitates implementing the project plan. The City, with advisement from the TIRZ Board shall have the authority to establish and administer economic development programs, including but not limited to grants and loans, authorized under Chapter 380 of the Texas Local Government Code. Should such loans or grants be made, it will be done with the intent to fulfill the public purposes of developing and diversifying the economy, eliminating unemployment or underemployment, and developing or expanding transportation, business, and commercial activity in the TIRZ.

#### **4. Non-Project Costs**

It is not possible to quantify other non-project costs at this time, other than to say that they are anticipated. However, these costs should not exceed TIRZ #5 revenue less other costs delineated in the project plan. Consultants, engineers, surveyors, and other costs incurred not related to the other categories and other unforeseen costs are included in this category.

#### **5. Administration & Implementation**

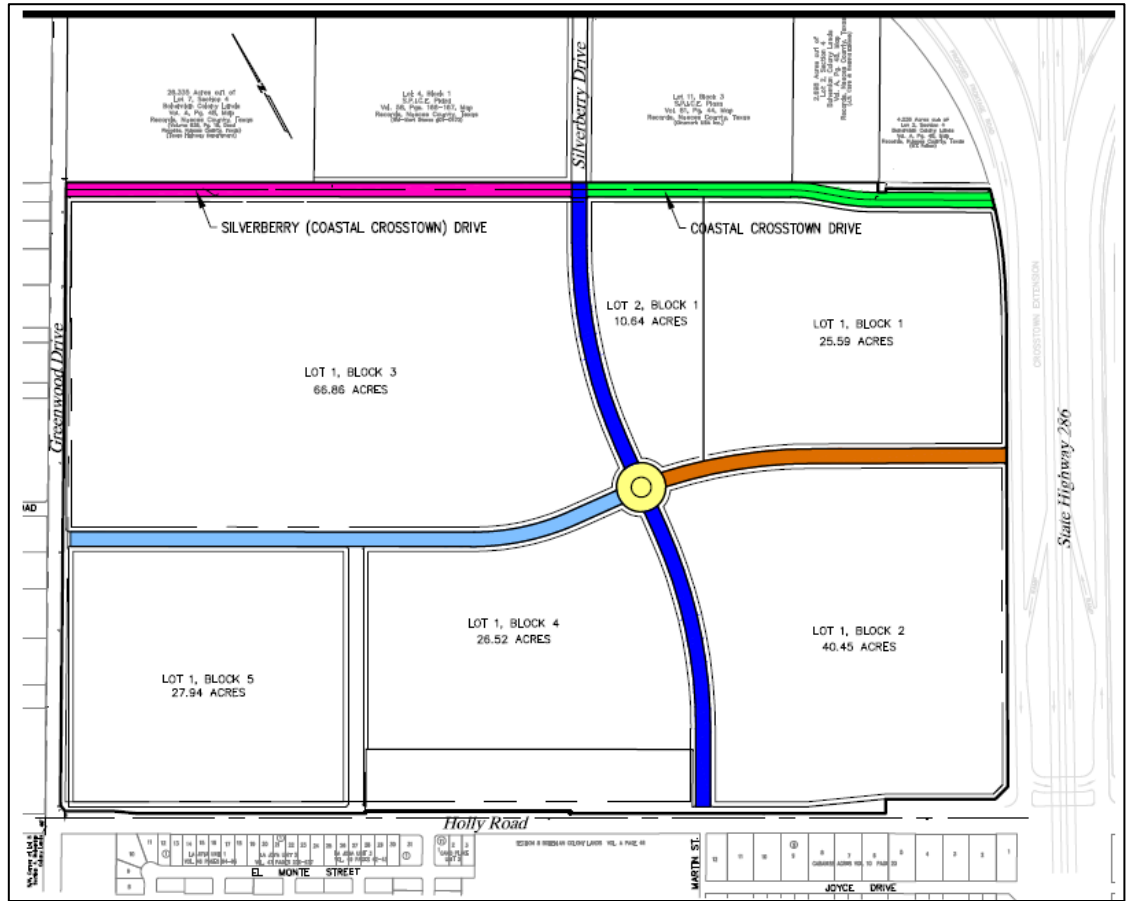
Administration costs, including reasonable charges for time spent by City of Corpus Christi employees, will be eligible for reimbursement as project costs. In addition, this category includes City costs associated with creating the TIRZ.

**Table 3: BoCo Development Project Eligible Type Costs for Reimbursement**

Phase	Quantity	Unit Price	Estimated Cost
<b>Existing Silverberry Drive to Greenwood Drive</b>			
Roadway Improvements (Paving, Curbs & Sidewalk)	2,100	\$225	\$472,500
Minor Drainage Extensions & Utility Stubouts	2,100	\$75	\$157,500
15% Contingency & Design			\$94,500
Total			\$724,500
<b>Future Coastal Crosstown Drive</b>			
Roadway Improvements	1,700	\$430	\$731,000
Drainage Addition off Existing Line	1	\$60,000	\$60,000
Sanitary Sewer	500	\$100	\$50,000
Water Line & Hydrants	1,700	\$50	\$85,000
Lift Station Rehabilitation	1	\$200,000	\$200,000
15% Contingency & Design			\$168,900
Total			\$1,294,900
<b>Main East/West Access Drive Greenwood to Roundabout</b>			
Roadway Improvements	2,400	\$430	\$1,032,000
Drainage	2,400	\$250	\$600,000
Sanitary Sewer	2,400	\$100	\$240,000
15% Contingency & Design	2,400	\$50	\$120,000
Total			\$298,800
			\$2,290,800
<b>Main North/South Access Drive to Holly Road</b>			
Roadway Improvements	2,600	\$500	\$1,300,000
Drainage	2,600	\$250	\$650,000
Sanitary Sewer	2,600	\$100	\$260,000
Water Line and Hydrants	2,600	\$50	\$130,000
15% Contingency & Design			\$351,000
Total			\$2,691,000
<b>Roundabout to S.H. 286 Access Road</b>			
Roadway Improvements	1500	\$430	\$645,000
Drainage	1500	\$250	\$375,000
Sanitary Sewer	1500	\$100	\$150,000
Water Line and Hydrants	1500	\$50	\$75,000
15% Contingency & Design			\$186,750
Total			\$1,431,750
<b>Roundabout</b>			
Roadway	450	500	\$225,000
15% Contingency & Design			\$33,750
Total			\$258,750
<b>Estimated Total Cost</b>			<b>\$8,691,700</b>

Source: South Padre Investment Inc.

**Figure 6: Location of Public Improvements and Infrastructure within the BoCo TIRZ**



Source: South Padre Investment Inc.

**Table 4: Summary of Eligible Type TIRZ #5 Project Costs**

Phase	Cost
Existing Silverberry Drive to Greenwood Drive	\$724,500
Future Coastal Crosstown Drive	\$1,294,900
Main East/West Access Drive Greenwood to Roundabout	\$2,290,800
Main North/South Access Drive to Holly Road	\$2,691,000
Roundabout to S.H. 286 Access Road	\$1,431,750
Roundabout	\$258,750
Park Development Cost and Maintenance	\$3,100,000
Administration Costs	\$2,000,000
<b>Total Cost</b>	<b>\$13,691,700</b>

Source: South Padre Investment Inc.

## Section 4 – Finance Plan

Tax increment financing is a tool used by local governments to publicly finance needed infrastructure and other improvements within a defined area. These improvements are usually undertaken to promote the viability of existing businesses and to attract new commercial enterprises to the area. The statutes governing tax increment financing are located in Chapter 311 of the State of Texas Tax Code.

### **Compliance & Reporting**

The TIRZ #5 Board policies would comply with all federal, state, and local laws, rules and regulations. The TIRZ Board will submit project status reports and financial reports as required by state law.

### **Method of Financing Project Costs**

All project costs will be paid through the contribution of incremental property taxes collections by participating taxing jurisdictions.

### **Estimated Time when Related Costs or Monetary Obligations Incurred**

The TIRZ will be cash funded. Reimbursements under any agreements with developers will be made as funds become available.

### **Estimated Amount of Bonded Indebtedness**

It is anticipated that financial transactions by the TIRZ are to be on a cash only basis and to the extent only that funds are available. However, if the resources become available to issue debt, the TIRZ #5 Board may recommend to the Corpus Christi City Council that it is appropriate to issue TIRZ debt if the Tax Increment Fund can make such payments. The TIRZ is under no obligation to issue any notes or debt

### **Public Sector Entities Participating in TIRZ #5**

All project costs will be paid through the contribution of incremental property taxes collections. This preliminary plan assumes that the Corpus Christi and other taxing entities contribute a portion of their total tax rate (M&O and I&S) ad valorem tax rate for 20 years.

**Table 5: Taxing Jurisdictions Participating TIRZ #5**

Entity	Property Tax Rate per \$100 (2019)
City of Corpus Christi	\$0.646264
Nueces County	\$0.307689
Del Mar College District	\$0.280665

Source: Nueces County Appraisal District

### **Financial Forecast Assumptions**

- **TIRZ Duration** – TXP has assumed the TIRZ will have a 20-year lifespan.
- **TIRZ Allocation** – TXP has assumed the City of Corpus Christi and other taxing entities will contribute 75% of their total incremental tax collections.
- **Tax Rate** – While tax rates do change over time, the 2019 tax rates were held constant for the duration of the TIRZ.
- **Baseline Value** – The 2020 baseline property value of the TIRZ is approximately \$2,213,296 but varies slightly by taxing jurisdiction based on exemptions offered.
- **Real Property** – Only taxable real property values are included in the tax increment calculations. By law, business personal property values are excluded from TIRZ.
- **Inflation & Appreciation Rate** – The inflation rate used for construction costs and the value of improvements is 2.5 percent per year.
- **Net Present Value** – The net present values of the tax increment were calculated at a discount rate of 5.0 percent.
- **Future Development Patters** – To provide an order of magnitude estimate, TXP phased in new construction based on the BoCo master plan development timeline.

### Financial Forecast Summary Results

The following table depicts the anticipated revenue generated over 20 years. The revenue forecast assumes the TIRZ is established in 2020 (baseline year). The first TIRZ increment will occur in 2021 (total 2021 value less 2020 baseline value). Note, 2021 taxes are not due until January 2022.

**Table 6: Preliminary BoCo Buildout Schedule**

Year	Period	Apartment Units		Townhome Units		Commercial SF	
		New Per Year	Cumulative	New Per Year	Cumulative	Crosstown Commons	Ayers
2020	0	0	0	0	0	0	0
2021	1	0	0	0	0	0	0
2022	2	0	0	48	48	0	60,000
2023	3	111	111	53	101	0	60,000
2024	4	111	222	58	159	137,500	60,000
2025	5	111	333	64	223	137,500	120,000
2026	6	111	444	70	293	137,500	120,000
2027	7	185	629	77	370	137,500	120,000
2028	8	185	814	85	455	137,500	180,000
2029	9	185	999	94	549	275,000	180,000
2030	10	0	999	103	652	275,000	180,000
2031	11	0	999	125	777	275,000	180,000
2032	12	0	999	0	777	275,000	180,000
2033	13	0	999	0	777	275,000	180,000
2034	14	0	999	0	777	275,000	180,000
2035	15	0	999	0	777	275,000	180,000
2036	16	0	999	0	777	275,000	180,000
2037	17	0	999	0	777	275,000	180,000
2038	18	0	999	0	777	275,000	180,000
2039	19	0	999	0	777	275,000	180,000
2040	20	0	999	0	777	275,000	180,000

Source: South Padre Investment Inc., TXP, Inc.



**Table 7: Preliminary TIRZ #5 Taxable Property Value Per Year**

Year	Period	Apartment Units		Townhome Units		Commercial		Total Taxable Value
		Tax Value Per Unit	Cumulative	Tax Value Per Unit	Cumulative	Tax Value Per SF	Total Retail	
2020	0	\$38,250	\$0	\$153,153	\$0	\$85	\$0	\$0
2021	1	\$39,206	\$0	\$156,982	\$0	\$87	\$0	\$0
2022	2	\$40,186	\$0	\$160,907	\$7,723,514	\$89	\$5,358,188	\$13,081,701
2023	3	\$41,191	\$4,572,208	\$164,929	\$16,657,849	\$92	\$5,492,142	\$26,722,199
2024	4	\$42,221	\$9,373,027	\$169,052	\$26,879,336	\$94	\$18,530,259	\$54,782,622
2025	5	\$43,276	\$14,411,029	\$173,279	\$38,641,158	\$96	\$24,763,697	\$77,815,884
2026	6	\$44,358	\$19,695,073	\$177,611	\$52,039,936	\$99	\$25,382,790	\$97,117,799
2027	7	\$45,467	\$28,598,888	\$182,051	\$67,358,859	\$101	\$26,017,359	\$121,975,107
2028	8	\$46,604	\$37,935,583	\$186,602	\$84,904,022	\$104	\$32,881,648	\$155,721,253
2029	9	\$47,769	\$47,721,240	\$191,267	\$105,005,749	\$106	\$48,299,775	\$201,026,764
2030	10	\$48,963	\$48,914,271	\$196,049	\$127,823,938	\$109	\$49,507,270	\$226,245,478
2031	11	\$50,187	\$50,137,127	\$200,950	\$156,138,312	\$112	\$50,744,951	\$257,020,391
2032	12	\$51,442	\$51,390,556	\$205,974	\$160,041,770	\$114	\$52,013,575	\$263,445,901
2033	13	\$52,728	\$52,675,319	\$211,123	\$164,042,814	\$117	\$53,313,915	\$270,032,048
2034	14	\$54,046	\$53,992,202	\$216,401	\$168,143,885	\$120	\$54,646,763	\$276,782,850
2035	15	\$55,397	\$55,342,007	\$221,811	\$172,347,482	\$123	\$56,012,932	\$283,702,421
2036	16	\$56,782	\$56,725,558	\$227,357	\$176,656,169	\$126	\$57,413,255	\$290,794,981
2037	17	\$58,202	\$58,143,697	\$233,041	\$181,072,573	\$129	\$58,848,586	\$298,064,856
2038	18	\$59,657	\$59,597,289	\$238,867	\$185,599,387	\$133	\$60,319,801	\$305,516,477
2039	19	\$61,148	\$61,087,221	\$244,838	\$190,239,372	\$136	\$61,827,796	\$313,154,389
2040	20	\$62,677	\$62,614,402	\$250,959	\$194,995,356	\$139	\$63,373,491	\$320,983,249

Source: South Padre Investment Inc., TXP, Inc.

**Table 8: Preliminary TIRZ #5 Taxable Property Value Forecast @ 75% Contribution**

Year	Period	City of Corpus Christi	Nueces County	Del Mar College District	Total
Tax Rate		0.646264	0.307689	0.280665	
TIRZ Allocation		75%	75%	75%	
2020	0	\$0	\$0	\$0	\$0
2021	1	\$0	\$0	\$0	\$0
2022	2	\$63,407	\$30,188	\$27,537	\$121,132
2023	3	\$129,522	\$61,666	\$56,250	\$247,438
2024	4	\$265,530	\$126,420	\$115,317	\$507,267
2025	5	\$377,172	\$179,573	\$163,801	\$720,547
2026	6	\$470,728	\$224,116	\$204,432	\$899,275
2027	7	\$591,211	\$281,478	\$256,756	\$1,129,445
2028	8	\$754,778	\$359,353	\$327,791	\$1,441,922
2029	9	\$974,373	\$463,903	\$423,159	\$1,861,434
2030	10	\$1,096,607	\$522,099	\$476,244	\$2,094,951
2031	11	\$1,245,773	\$593,118	\$541,025	\$2,379,915
2032	12	\$1,276,917	\$607,946	\$554,550	\$2,439,413
2033	13	\$1,308,840	\$623,144	\$568,414	\$2,500,398
2034	14	\$1,341,561	\$638,723	\$582,624	\$2,562,908
2035	15	\$1,375,100	\$654,691	\$597,190	\$2,626,981
2036	16	\$1,409,477	\$671,058	\$612,120	\$2,692,655
2037	17	\$1,444,714	\$687,835	\$627,423	\$2,759,972
2038	18	\$1,480,832	\$705,030	\$643,108	\$2,828,971
2039	19	\$1,517,853	\$722,656	\$659,186	\$2,899,695
2040	20	\$1,555,799	\$740,723	\$675,666	\$2,972,188
Total		\$18,680,195	\$8,893,719	\$8,112,593	\$35,686,507
NPV @ 5%		\$9,350,370	\$4,451,751	\$4,060,758	\$17,862,879

## Conclusion

Based on the preliminary development concepts and activity zones within this area, anticipated tax revenue, and market demand projections, TIRZ #5 is economically and financially feasible. The TIRZ could generate significant revenue to pay for infrastructure and redevelopment costs. Over the next 20 years, the TIRZ could generate \$35.7 million in nominal TIRZ revenue. Using a 5.0 percent discount rate, the anticipated TIRZ could generate \$17.9 million. While the TIRZ could generate over \$17.0M in increment over 20 years, the City of Corpus Christi ordinance that created the TIRZ (No. 032183) caps the total amount of increment collected from all participating taxing entities at \$17.0M. Specifically, the City of Corpus Christi is capped at \$9.0M and the Del Mar College District is capped at \$4.0M.

These projections are based on the best available datasets and information related to market conditions in the region. Given the high visibility of this area, for example, the substantial commitment of a few large developers could have a significantly positive impact on both the level and timing of future growth. Moreover, the financial projections make no allowance for positive spillover to the value of other properties in area as a result of new development (beyond inflation), which easily could occur. At the same time, a slowdown in development as a result of a weaker national economy, negative changes in key drivers of regional economy, or other unforeseen issues could materially reduce the volume of construction put in place, and resulting tax revenue, over the next 20 years.



## Appendix – Boundary Description of TIRZ #5 Parcels



## Legal Disclaimer

TXP, Inc. (TXP) reserves the right to make changes, corrections, and/or improvements at any time and without notice. In addition, TXP disclaims any and all liability for damages incurred directly or indirectly as a result of errors, omissions, or discrepancies. TXP disclaims any liability due to errors, omissions, or discrepancies made by third parties whose material TXP relied on in good faith to produce the report.

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