

TAX INCREMENT FINANCING PRESENTATION

JULY 18, 2007

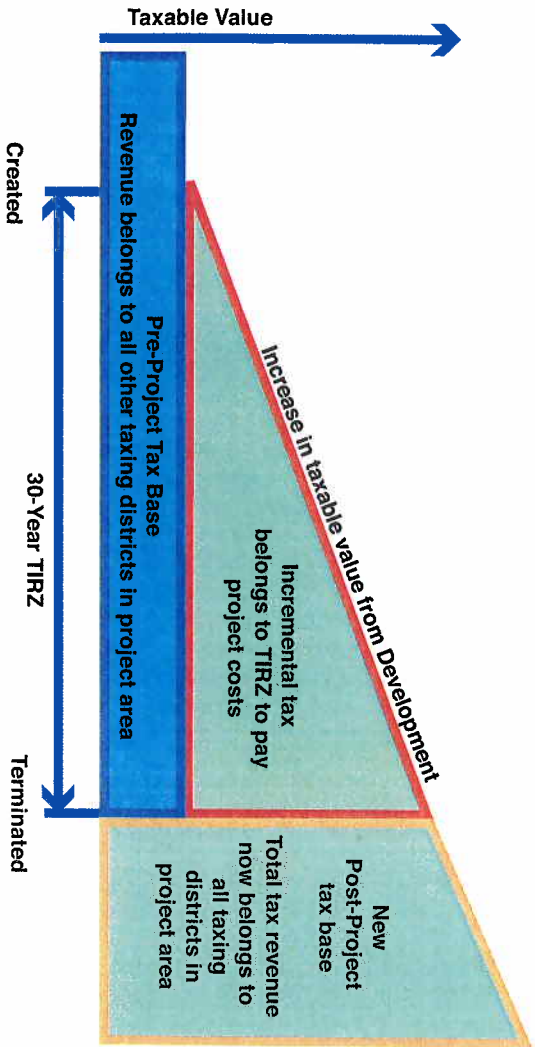
CITY OF HELOTES, TEXAS

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The TIRZ Concept

A tax increment reinvestment zone (TIRZ) is a financing tool enabled by the Texas Legislature with the adoption of Chapter 311 of the Texas Tax Code to assist cities in developing or redeveloping substandard areas within their boundaries.

Cities may create a TIRZ where conditions exist that substantially impair an area's sound growth and where development or redevelopment is not likely to occur but for public infrastructure enhancements financed by a TIRZ.

Upon creation of the Zone, the total appraised value of real property located within its boundaries is established for the year in which it was created. This is known as the base value. As new development occurs in the Zone due to the provision of new infrastructure, the value of real property increases.

This additional value above the base is known as the increment. It is set aside to finance infrastructure improvements within the Zone. Once all projects are completed, or after a defined period of time, the TIRZ is dissolved and infrastructure is conveyed to the city.

During the life of the Zone the city and other participating taxing jurisdictions collect tax revenue on the base value of the Zone. When the zone is dissolved, the city and other participating taxing jurisdictions receive the benefit of the full increment value created by new development.

TAX INCREMENT ZONE FEATURES

- **No new taxes imposed; prevailing City and county property tax rates unaffected**
- **Not an abatement; property taxes are still required to be paid to the City, County and ISD by owners of property located in the Zone**
- **Taxes collected on “improved values” related to the project would be re-directed to the Zone, as a means of reimbursing the developer for a portion of project-related public infrastructure**
- **Performance-based (Zone would issue no bonds until new tax base necessary to service the debt is certified)**
- **Benefits-based (beneficiaries of the newly constructed infrastructure ultimately pay for the infrastructure)**

§ 311.002. DEFINITIONS. In this chapter:

(1) "Project costs" means the expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred by the municipality or county establishing a reinvestment zone that are listed in the project plan as costs of public works or public improvements in the zone, plus other costs incidental to those expenditures and obligations. "Project costs" include:

(A) capital costs, including the actual costs of the acquisition and construction of public works, public improvements, new buildings, structures, and fixtures; the actual costs of the acquisition, demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and fixtures; and the actual costs of the acquisition of land and equipment and the clearing and grading of land;

(B) financing costs, including all interest paid to holders of evidences of indebtedness or other obligations issued to pay for project costs and any premium paid over the principal amount of the obligations because of the redemption of the obligations before maturity;

(C) real property assembly costs;

(D) professional service costs, including those incurred for architectural, planning, engineering, and legal advice and services;

(E) imputed administrative costs, including reasonable charges for the time spent by employees of the municipality or county in connection with the implementation of a project plan;

(F) relocation costs;

(G) organizational costs, including the costs of conducting environmental impact studies or other studies, the cost of publicizing the creation of the zone, and the cost of implementing the project plan for the zone;

(H) interest before and during construction and for one year after completion of construction, whether or not capitalized;

(I) the cost of operating the reinvestment zone and project facilities;

(J) the amount of any contributions made by the municipality or county from general revenue for the implementation of the project plan; and

(K) payments made at the discretion of the governing body of the municipality or county that the governing body finds necessary or convenient to the creation of the zone or to the implementation of the project plans for the zone.

(2) "Project plan" means the project plan for the development or redevelopment of a reinvestment zone approved under this chapter, including all amendments of the plan approved as provided by this chapter.

(3) "Reinvestment zone financing plan" means the financing plan for a reinvestment zone described by this chapter.

(4) "Taxing unit" has the meaning assigned by Section

1.04.

Added by Acts 1987, 70th Leg., ch. 191, § 1, eff. Sept. 1, 1987.

Amended by Acts 2005, 79th Leg., ch. 1094, § 35, eff. Sept. 1, 2005.

Phasing

Realizing the vision for Old Town Helotes will involve improvements staged over a number of years. The phasing discussed in this section provides a recommended series of steps for plan implementation. The cost estimates provided are approximate and do not include applicable design fees or environmental permitting.

Prioritization

The four recommended phases of Plan implementation provide a chronological framework for implementation of the Plan. However, the order of the steps should be considered to be dynamic. Prioritization for specific implementation efforts can and should be changed in response to plans and projects by other agencies and individuals that may present opportunities to combine efforts and maximize benefits. In general, the community should set a high priority on a plan improvement when it can help support private development that is consistent with the vision and economic goals set forth in the Plan.

Phase 1: Regulatory Changes and Capital Improvements in the Mixed-Use Village Area

As an immediate demonstration of commitment to Old Town, the community should execute the following improvements in the earliest phase of plan implementation:

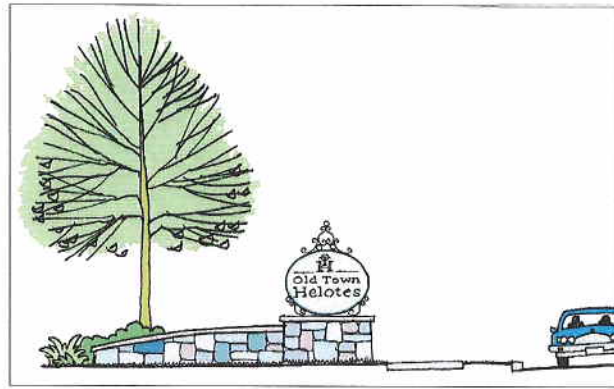
Regulatory Changes

Implement the Code changes recommended in the Regulatory Tools section of this chapter throughout the Plan area as soon as possible. Appropriate changes to land use, parking and landscaping requirements will ensure that a framework is in place for the private sector to engage in redevelopment activities that are consistent with the Plan vision.

Water Line

Extend water service along Riggs and Old Bandera Roads from the Helotes Elementary School to Antonio Road. This separately planned water line project was designed to coordinate with implementation of the Old Town Helotes Plan.

Estimate of Cost: \$1,100,000



Phase 1 implementation should include the installation of primary gateway features and Level I signage to build awareness of, and attract visitors to, Old Town Helotes.

Primary Gateways

Establish primary gateways at the intersection of Highway 16 and Scenic Loop Drive and at the southern intersection of Old Bandera Road and Highway 16. Several options exist for implementation of primary gateways in this phase.

Option 1: Establish Level I signage only at one or both primary gateways with additional improvements occurring in a later phase.

Estimate of Cost for Option 1 (includes Level I signage only at both primary gateways): \$100,000

Option 2: Establish improvements corresponding with Primary Gateway Concept A at one or both primary gateways as described in the Streetscape Chapter of this plan with additional improvements such as Level I signage implemented in a later phase.

Estimate of Cost for Option 2 (landscaping and artwork) at both primary gateways: \$200,000

Option 3: Establish improvements corresponding with Primary Gateway Concept B at one or both primary gateways as described in the Streetscape chapter of this plan.

Estimate of Cost for Option 3 (landscaping, stone walls and level I signage) at both primary gateways: \$300,000

Secondary Gateways

Create secondary gateways and install Level II signage at Floore Drive and Highway 16, at Old Bandera and Riggs Roads, at the northern intersection of Highway 16 and Old Bandera Road and adjacent to the Helotes Elementary School on Riggs Road. Also provide Level II directional signage at the intersection of Riggs Road and Galm Road.

Estimate of Cost: \$135,000

Wayfinding Within the Mixed-Use Village Area

Install Level III and IV signage throughout the Mixed-Use Village area.

Estimate of Cost: \$15,000

Streetscaping Within the Mixed-Use Village Area

Implement streetscape concepts A and B along both sides of Old Bandera Road from the intersection at Scenic Loop Drive to the southern intersection with Highway 16. Implementation of street lighting, upgraded pedestrian crossings drinking fountains, bike racks and a bridge over Helotes Creek are also suggested as part of Phase 1.

Estimate of Cost (including streetscape, pedestrian crossings, street lighting, drinking fountains, bike racks and a pedestrian/bicycle bridge over Helotes Creek): \$1,130,000

Streetscaping on Riggs Road to the Helotes Elementary School

Implement streetscape concepts B along both sides of Riggs Road from the intersection at Old Bandera Road to the Helotes Elementary School. Implementation of street lighting, upgraded pedestrian crossings drinking fountains and bike racks along Riggs Road are also suggested as part of Phase 2.

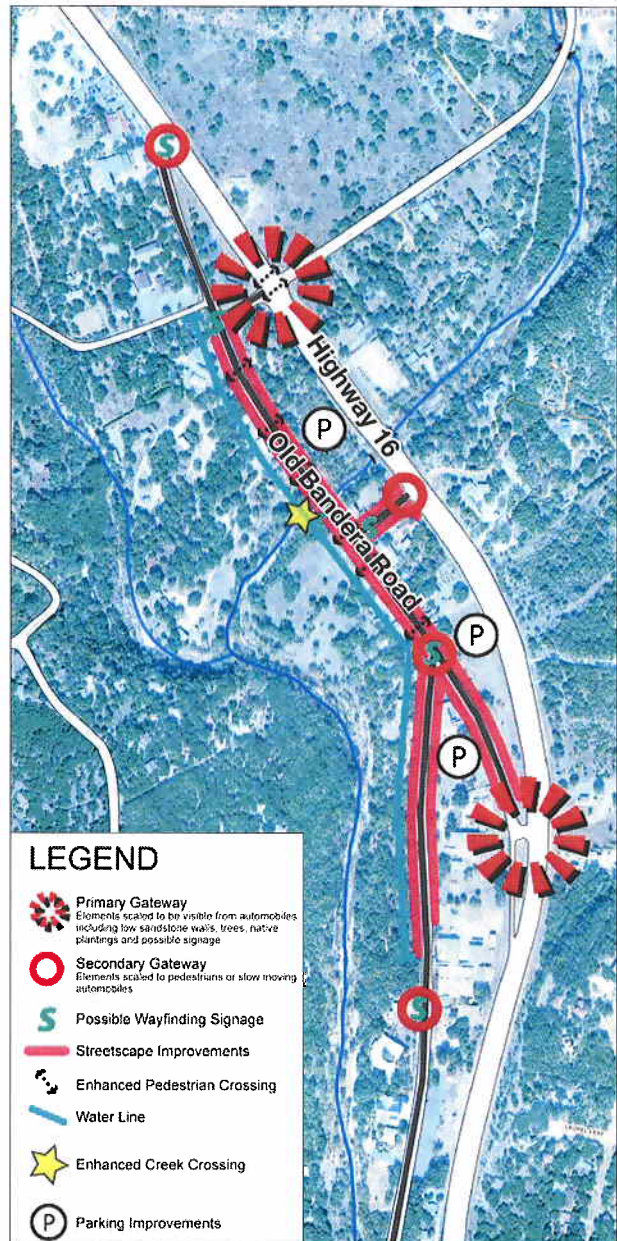
Estimate of Cost (including streetscape, pedestrian crossings, street lighting, drinking fountains and bike racks): \$410,000

Parking Improvements in the Mixed-Use Village Area

Establish public shared parking facilities north of Helotes Creek, and around the primary gateway at the southern intersection of Old Bandera Road and Highway 16. Provide an initial gravel lot at the location selected for the festival and market site (to be improved in Phase 2).

Estimated Cost: \$405,000 (does not include property acquisition)

Estimate of Total Cost for Phase 1: \$3,295,000 to \$3,495,000



Enhanced gateways, streetscaping, wayfinding, parking improvements and a water line extension are included in phase 1 implementation.

Phase 2: Festival and Market Site and Additional Wayfinding

As the initial capital improvements in Old Town begin to spur significant redevelopment activity, it will be appropriate to implement several additional improvements. The following actions are recommended as part of Phase 2:

Festival and Market Site

Include upgrades to the selected festival and market site to allow it to function as a “festival lot.” Special landscaping, paving materials and utility connections should be added to support periodic Craft Fairs, Farmer’s Markets and more permanent vending stands. Development of an information center at the festival and market site will help the site serve as a major gateway to Old Town. Public rest room facilities should be developed along with the information center.

Estimated Cost: \$1,300,000

Wayfinding Outside of the Mixed-Use Village Area

Install Level II-IV signage in the Transition Area, Commercial Village and along the southern portion of Riggs Road.

Estimate of Cost: \$20,000

Estimate of Total Cost for Phase 2: \$1,320,000

Phase 3: Additional Streetscaping and Pedestrian Underpass

With the major capital improvements completed in the heart of Old Town, improvements should be extended to the north end of Old Bandera Road and south end of Riggs Road. Phase 3 could also include a pedestrian underpass under Highway 16. The following specific actions are recommended as part of Phase 3:



A dedicated pedestrian and bicycle connection across Highway 16 is included in Phase 3. (Denver, CO)

Streetscaping in the Transition Area

Extend Streetscaping along Old Bandera Road north of Scenic Loop Drive to the gateway at Highway 16.

Estimated Cost: \$170,000

Streetscaping Along Riggs Road

Extend less intensive streetscaping, including a path/walkway and intermittent lighting, south along Riggs Road from the Helotes Elementary School to Galm Road.

Estimated Cost: \$250,000

Highway 16 Pedestrian Underpass

Construct a pedestrian underpass at or near Helotes Creek to provide a direct pedestrian and bicycle connection between Old Town and the Commercial Village. If engineering challenges or prohibitive costs prevent construction of an underpass, a bridge connection should be considered.

Estimated Cost: \$945,000

Estimate of Total Cost for Phase 3: \$1,365,000

Phase 4: Capital Improvements on Highway 16, Community Park, Creek Path and Additional Parking

During Phase 4, the final improvements should be made to realize the full plan vision for Old Town and the surrounding area. Although initial project funding may have been exhausted through implementation of phases 1-4, Improvement District, Tax Increment Financing or other sources should be available for Phase 4 Improvements. The following actions are recommended as part of Phase 4:

Capital Improvements on Highway 16

Coordinate with the Texas Department of Transportation and private property owners to implement streetscaping and other aesthetic and pedestrian upgrades along Highway 16. As private redevelopment efforts move forward along the east side of Highway 16, a pedestrian crossing linking Old Town and the Commercial Village should be provided. In addition to the increased connectivity provided by walkways, streetscaping will help to integrate and provide a common design between the east and west sides of the highway.

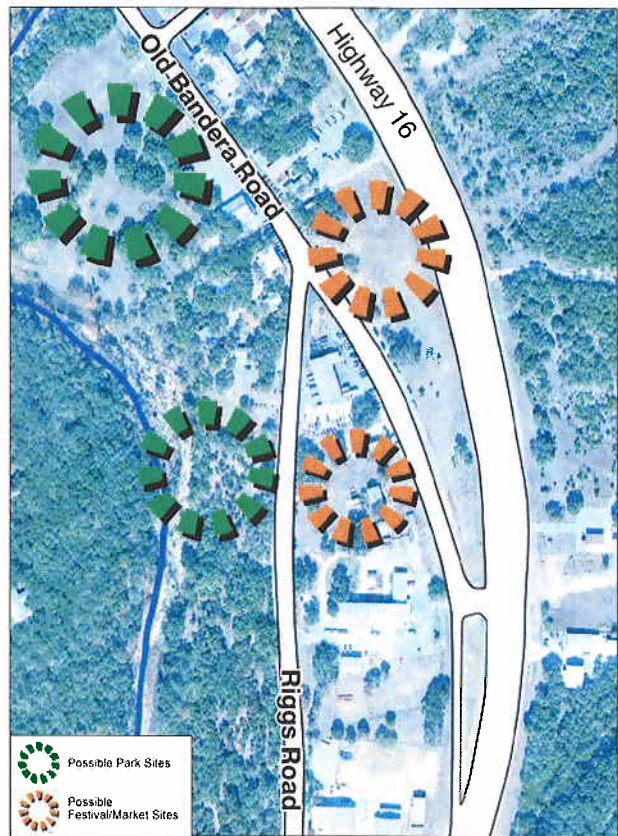
Projected Cost: \$1,050,000 (does not assume TxDoT funding or improvements made by private developers)

Community Park

Acquire and upgrade property for a community park in Old Town. Upgrades could include a public rest room with a shaded gathering area, a bandshell gazebo, a small playground area or improvements to allow the park to serve as an additional space for public events. The timing for implementation of the community park may be dependent on acquisition of private property. However, efforts should be made to provide this highly desired amenity by Phase 3 of the implementation process.

Any acquisition of private property for a community park in Old Town would occur as part of a voluntary negotiation. It is not the intent of the Plan to require that private property be used as public park space.

Estimated Cost for Gazebo Bandshell and Public Rest Rooms/Gathering Area Only: \$300,000



Several possible locations exist for both a community park and a festival/market site in Old Town Helotes. Any acquisition of private property for such public sites in Old Town would occur as part of a voluntary negotiation.

Park Improvements East of Highway 16

Extend the community park along Helotes Creek to the east side of Highway 16 as described in the Parks chapter of this report. Combined with a direct path connection under the highway, the park extension will help integrate Old Town with the Commercial Village and connect major residential areas on both sides of the highway. Implementation costs will be contingent on property acquisition and selected improvements.

Creek Path

Establish a path along Helotes Creek from the Commercial Village area across Highway 16 (at street grade), over the pedestrian bridge and onward to the Helotes Elementary School. Note that some path sections may already have been constructed in coordination with development of private parcels along the west side of Old Bandera Road.

Estimated Cost: \$160,000 (does not assume contributions or improvements made by private developers or as part of other projects)

Additional Parking Improvements

Provide additional parking in the Old Town area as needed. Appropriate locations for additional public parking facilities include the area south of Helotes Elementary School and just north of the Northern Gateway intersection as shown in the Illustrative Diagram in Attachment H.

Estimated Cost for Northern Gateway Lot Only: \$260,000

Estimate of Total Cost for Phase 4: \$1,770,000

Note that public costs for Phase 4 are estimated at \$720,000 (assuming TxDOT and private development funding for Highway 16 streetscape). Does not include acquisition costs for a community park or park improvements east of Highway 16.

Estimate of Total Cost for Phases 1-4: \$7,950,000

