

**ORDINANCE NO. 0-2011-91**

**AN ORDINANCE RATIFYING THE APPROVAL OF THE PROJECT AND FINANCING PLANS FOR THE DOWNTOWN TAX INCREMENT REINVESTMENT ZONE NO. 2 (TIRZ #2) AND THE NORTH END TAX INCREMENT REINVESTMENT ZONE NO. 3 (TIRZ #3); FINDING THAT THE PROJECT AND FINANCING PLANS FOR TIRZ #2 AND TIRZ #3 ARE FEASIBLE; CONTAINING OTHER FINDINGS AND PROVISIONS PURSUANT TO CHAPTER 311 OF THE TEXAS TAX CODE; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, the City Council has adopted Ordinance Nos. 0-2008-142 and 0-2008-38 designating two contiguous areas within the City of Tyler, Texas as Downtown Tax Reinvestment Zone No. 2 ("TIRZ #2") and North End Tax Reinvestment Zone No. 3 ("TIRZ # 3") under the provisions of Chapter 311 of the Texas Tax Code; and

**WHEREAS**, Ordinance Nos. 0-2008-142 and 0-2008-38 established Boards of Directors for TIRZ #2 and TIRZ #3, and said Boards prepared and adopted project and financing plans for TIRZ #2 on June 11, 2008 and for TIRZ #3 on December 10, 2008; and

**WHEREAS**, the project plans for TIRZ #2 and TIRZ #3 each contain: (1) a description and map showing existing uses and conditions of real property in the zone and proposed uses of said property, (2) proposed applicable changes of zoning ordinances, the master plan of the municipality, building codes, other municipal ordinances, and subdivision rules and regulations, (3) a list of estimated non-project costs; and (4) a statement of a method of relocating persons to be displaced, if any, as a result of implementing the plan; and

**WHEREAS**, the financing plans for the TIRZ #2 and TIRZ #3 each contain: (1) a detailed list describing the estimated project costs of the zone, including administrative expenses; (2) a statement listing the proposed kind, number, and location of all public works or public improvements to be financed by the zone; (3) a finding that the plan is economically feasible and an economic feasibility study; (4) the estimated amount of bonded indebtedness to be incurred; (5) the estimated time when related costs or monetary obligations are to be incurred; (6) a description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be derived from the property taxes of each taxing unit anticipated to contribute tax increment to the zone that levies taxes on real property in the zone; (7) the current total appraised value of taxable real property in the zone; (8) the estimated captured appraised value of the zone during each year of its existence; and (9) the duration of the zone; and

**WHEREAS**, the City Council reviewed and approved the Board adopted project and financing plans for TIRZ #2 on June 11, 2008 and also approved the Board adopted project and financing plans for TIRZ #3 on December 10, 2008; and

**WHEREAS**, the City Council must approve the project and financial plans for TIRZ #2 and TIRZ #3 after their adoption by the respective TIRZ Boards, and said approval must be by ordinance that finds that the plan is feasible.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TYLER, TEXAS:**

**PART 1: Findings.**

(a) That the facts and recitations contained in the preamble of this Ordinance are hereby found and declared to be true and correct and are adopted as part of this Ordinance for all purposes.

(b) That the City Council further finds and declares that the project and financing plans for the Downtown Tax Reinvestment Zone No. 2 ("TIRZ #2") and the North End Tax Reinvestment Zone No. 3 ("TIRZ # 3") are feasible.

(c) That the City Council further finds and declares that the proposed zone meets the criteria and requirements of Section 311.011(b) of the Texas Tax Code because the project plans for TIRZ #2 and TIRZ #3 each contain:

- (1) a description and map showing existing uses and conditions of real property in the zone and proposed uses of said property,
- (2) proposed applicable changes of zoning ordinances, the master plan of the municipality, building codes, other municipal ordinances, and subdivision rules and regulations,
- (3) a list of estimated non-project costs;
- (4) a statement of a method of relocating persons to be displaced, if any, as a result of implementing the plan;

and because the financing plans for the TIRZ #2 and TIRZ #3 each contain:

- (1) a detailed list describing the estimated project costs of the zone, including administrative expenses;
- (2) a statement listing the proposed kind, number, and location of all public works or public improvements to be financed by the zone,
- (3) a finding that the plan is economically feasible and an economic feasibility study;
- (4) the estimated amount of bonded indebtedness to be incurred,
- (5) the estimated time when related costs or monetary obligations are to be incurred;
- (6) a description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be derived from the property taxes of each taxing unit anticipated to contribute tax increment to the zone that levies taxes on real property in the zone,
- (7) the current total appraised value of taxable real property in the zone,
- (8) the estimated captured appraised value of the zone during each year of its existence; and,
- (9) the duration of the zone.

**PART 2: Project and Financing Plans Approval**

That the City Council hereby ratifies the approval of the project and financing plans for TIRZ #2 and TIRZ #3 made on June 11, 2008 and December 10, 2008, respectively.

**PART 3: Severability**

If any provision, section, subsection, sentence, clause or phrase of this Ordinance, or the application of same to any person to set circumstances, is for any reason held to be unconstitutional, void or invalid, the validity of the remaining provisions of this Ordinance or their application to other persons or set of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or regulations connected herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any portion hereof, and all provisions of this Ordinance are declared severable for that purpose.

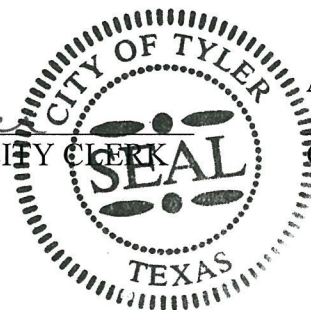
**PART 4: Establishing Effective Date**

That this ordinance shall take effect immediately upon adoption.

PASSED AND APPROVED this 26<sup>th</sup> day of October, A. D., 2011.

  
\_\_\_\_\_  
BARBARA BASS, MAYOR  
CITY OF TYLER, TEXAS

ATTEST:  
  
\_\_\_\_\_  
CASSANDRA BRAGER, CITY CLERK



APPROVED:  
  
\_\_\_\_\_  
GARY C. LANDERS, CITY ATTORNEY

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**TIRZ #2 Project and Financing Plans**



Preliminary Project Plan &  
Reinvestment Zone Financing Plan  
Tax Increment Reinvestment Zone No. 2  
City of Tyler, Texas

May 2008  
HAWES HILL CALDERON  
LLP



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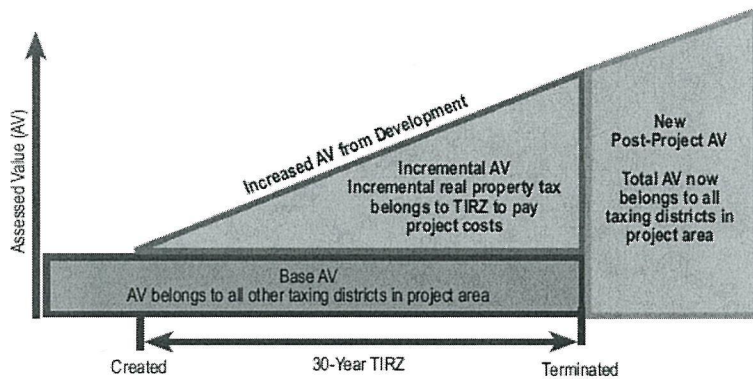
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**TIRZ #2 Project and Financing Plans**



**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 blighted and 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 the zone.

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 as well as sales tax and franchise fee revenue generated by new development. When the zone is dissolved, the city and other participating taxing jurisdictions also collect tax revenue on the incremental value created by new development.

**About This Document**

Prior to creation of a TIRZ, the statute requires preparation of a Preliminary Project Plan and Reinvestment Zone Financing Plan. This document details the specific projects proposed to address existing conditions in the area as well as the method and means to finance them. After the TIRZ has been created, the TIRZ board of directors finalizes the Project Plan and Reinvestment Zone Financing Plan and forwards the same to the jurisdictional governing body, typically a city council or commission, for final approval as required by statute. That plan governs where tax increment revenue can be used to develop the Zone.

**Executive Summary**

The City of Tyler Tax Increment Reinvestment Zone (TIRZ) Number Two (TIRZ #2) consists of a 382-acre tract of land located in the City's central core.

While the site holds great potential due to its location, it lacks the infrastructure necessary to support commercial and residential development. As such, the site will not be developed to its full potential but for the creation of a TIRZ.

The TIRZ #2 is proposed to help pay for project costs associated with the redevelopment of the City's historic downtown. The Zone's projected costs are primarily related to historic preservation projects, the upgrading of infrastructure in the City's central core, including streets, underground utilities, sidewalks, green spaces, parking facilities, streetscapes, engineering, financing, and administrative costs.

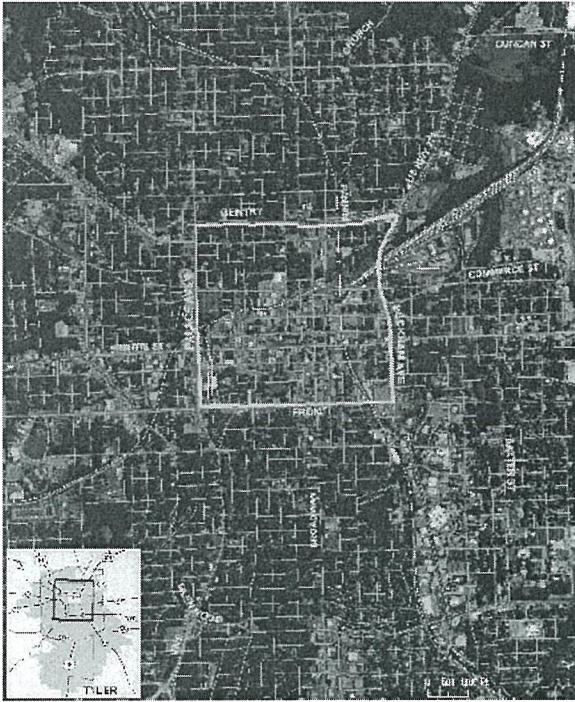
The public improvements proposed in this plan would convey a direct benefit to the City of Tyler and Smith County both in terms of quality regional growth and significant increases in ad valorem values and sales tax revenue.

It is estimated that the City of Tyler will collect over \$32.6 million in new sales tax and ad valorem tax revenue over the 30-year life of the TIRZ due to residential and commercial development associated with this project. Benefits to other taxing jurisdictions are detailed on page 7. Current projections only include the County and College for the first 5 years of the TIRZ, so these numbers reflect collection in the remaining 25 years.

Under this plan, the TIRZ would finance projects directly. The city would incur no capital improvement costs, but would retain ownership of the infrastructure once built. Over the life of the TIRZ, the city, county, and Tyler Junior College would continue to collect the base real property tax revenue franchise fee revenues generated by the development.

The entire project includes approximately \$32.7 million in infrastructure and project costs.

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**TIRZ #2 Project and Financing Plans**



**Location**

As proposed, the City of Tyler TIRZ #2 would be bounded generally by Gentry to the north, Beckham to the east, Palace to the west, and Front to the south. All of the land is located in the City of Tyler, Smith County, Texas and is predominantly vacant or agricultural. Total land contained in the TIRZ is approximately 382 acres.

**Proposed Distribution of Public Infrastructure Costs**

Projects by Participant/Area	TIRZ Projects	Non-TIRZ Projects	Total
Historic Preservation	\$3,000,000		\$3,000,000
Street Rehabilitation / Signage / Signaling	\$6,000,000	\$1,400,000	\$7,400,000
Streetscape Improvements	\$4,000,000		\$4,000,000
Parking Facilities	\$9,000,000		\$9,000,000
Parks and Greenspace	\$4,000,000		\$4,000,000
Utility Construction / Adjustments	\$3,316,900		\$3,316,900
City CIP		\$1,327,000	\$1,327,000
Bus Transfer Relocation		Not Available	Not Available
Smith County Jail & Officers		Not Available	Not Available
LeGrans Gardens		\$4,921,950	\$4,921,950
Land Acquisition		Not Available	Not Available
Zone Administration	\$1,280,000		\$1,280,000
Project Financing	\$2,183,783		\$2,183,783
<b>Total</b>	<b>\$32,760,683</b>	<b>\$7,648,350</b>	<b>\$40,429,633</b>

**Project Overview and Costs**

This table summarizes the public infrastructure costs to be financed by the proposed TIRZ and other participating entities. In this proposal, the TIRZ would fund project costs listed under TIRZ Projects. Non-TIRZ Projects are those not reimbursed or funded by the TIRZ.

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**TIRZ #2 Project and Financing Plans**

**Benefits to Taxing Jurisdictions**

Over the 30-year life of the TIRZ, it is estimated that the city will collect no combined new sales tax revenue and new ad valorem tax due to residential and commercial development associated with the Tyler TIRZ #2 project.

Finally, it should be noted that all taxing entities are shielded from risk in that the TIRZ will provide the funding for proposed infrastructure projects. This revenue will be the sole source of revenue for project costs.

New Taxes and Fees	City of Tyler	Smith County	Tyler Jr College	Tyler I.S.D.
Commercial Sales Tax Revenue	\$0			
Ad Valorem Tax Retained from TIRZ Revenue	\$0	\$4,846,780	\$2,133,177	\$20,904,400
Estimated Total	\$0	\$4,846,780	\$2,133,177	\$20,904,400

Notes:  
 • All projections based on the 30-year life of the TIRZ.  
 • Current projections only include the County and College for the first 5 years of the TIRZ, so these numbers reflect collection in the remaining 25 years.

**Project Plan**

This document constitutes The Preliminary Project Plan for the Tax Increment Reinvestment Zone Number Two, City of Tyler, as required by Chapter 311 of the Texas Tax Code.

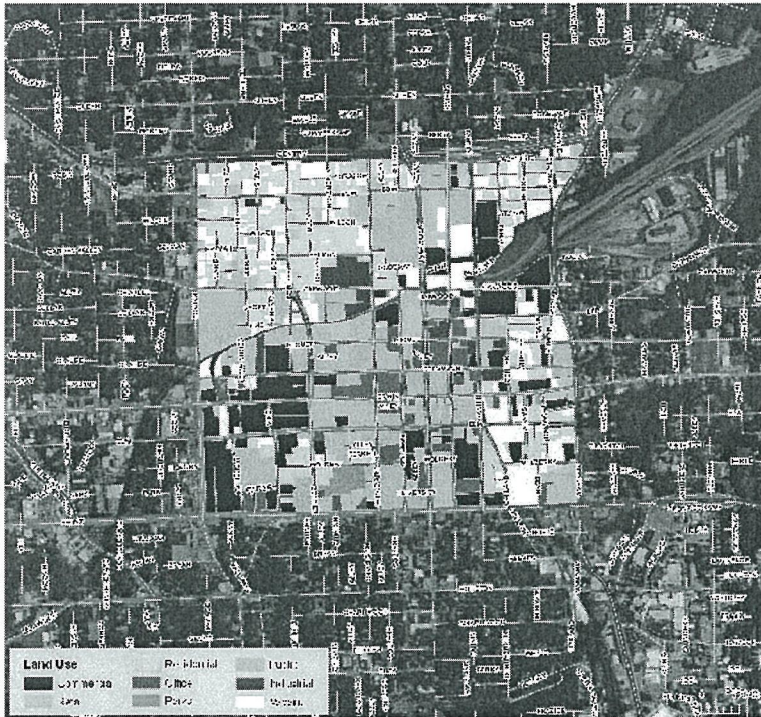
The purpose of the Zone is to finance costs associated with infrastructure necessary to redevelop a 382-acre site for commercial and residential uses.

Expenditures associated with the design and construction of public infrastructure, as well as other specific project-related costs, will be funded by the TIRZ.

TEXAS TAX CODE  
 SUBTITLE B. SPECIAL PROPERTY TAX PROVISIONS  
 CHAPTER 311. TAX INCREMENT FINANCING ACT  
 Sec. 311.011. PROJECT AND FINANCING PLANS

- (a) The board of directors of a reinvestment zone shall prepare and adopt a project plan and a reinvestment zone financing plan for the zone and submit the plans to the governing body of the municipality or county that created the zone. The plans must be as consistent as possible with the preliminary plans developed for the zone before the creation of the board.
- (b) The project plan must include:
- (1) 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;
  - (2) 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;
  - (3) a list of estimated non-project costs; and
  - (4) a statement of a method of relocating persons to be displaced as a result of implementing the plan.
- (c) The reinvestment zone financing plan must include:
- (1) a detailed list describing the estimated project costs of the zone, including administrative expenses;
  - (2) a statement listing the kind, number, and location of all proposed public works or public improvements in the zone;
  - (3) an economic feasibility study;
  - (4) the estimated amount of bonded indebtedness to be incurred;
  - (5) the time when related costs or monetary obligations are to be incurred;
  - (6) a description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be derived from the property taxes of each taxing unit that levies taxes on real property in the zone;
  - (7) the current total appraised value of taxable real property in the zone;
  - (8) the estimated captured appraised value of the zone during each year of its existence; and
  - (9) the duration of the zone.

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**TIRZ #2 Project and Financing Plans**



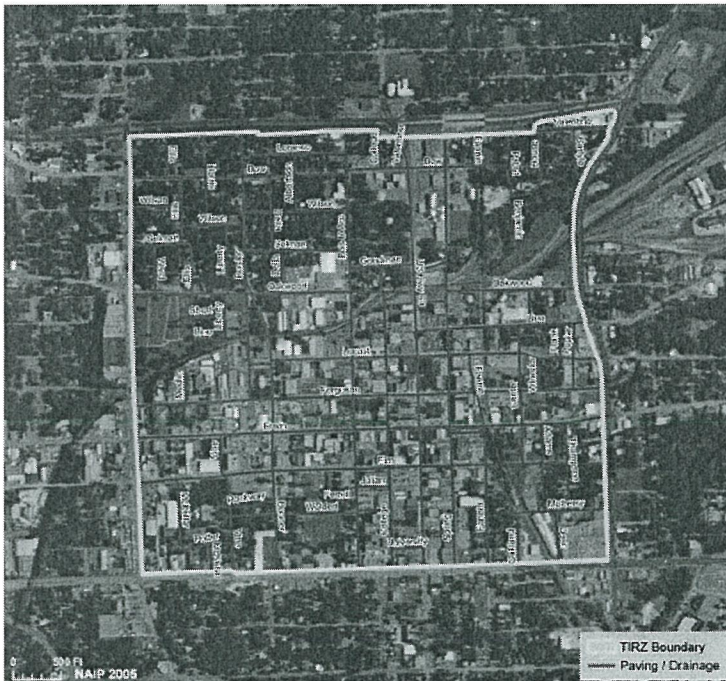
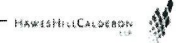
City of Tyler  
 TIRZ#2 Preliminary Project Plan and Reinvestment Zone Financing Plan

**Existing Uses**

1. 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.

**Existing Uses.** The proposed TIRZ consists of approximately 382 acres of land in the City of Tyler, Smith County, Texas. The redevelopment subject site is the focus of the Tyler 21 Comprehensive Plan and Redevelopment Strategy, which called for redevelopment through a TIRZ into a destination downtown.

Development of the property is further constrained by a lack of parking facilities. There is a predominance of defective or inadequate sidewalk or street layout and faulty lot layout in relation to size, adequacy, accessibility, or usefulness. These conditions, including obsolete platting, substantially impair or arrest sound growth.



City of Tyler  
 TIRZ#2 Preliminary Project Plan and Reinvestment Zone Financing Plan

**Proposed Improvements**

1. 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.

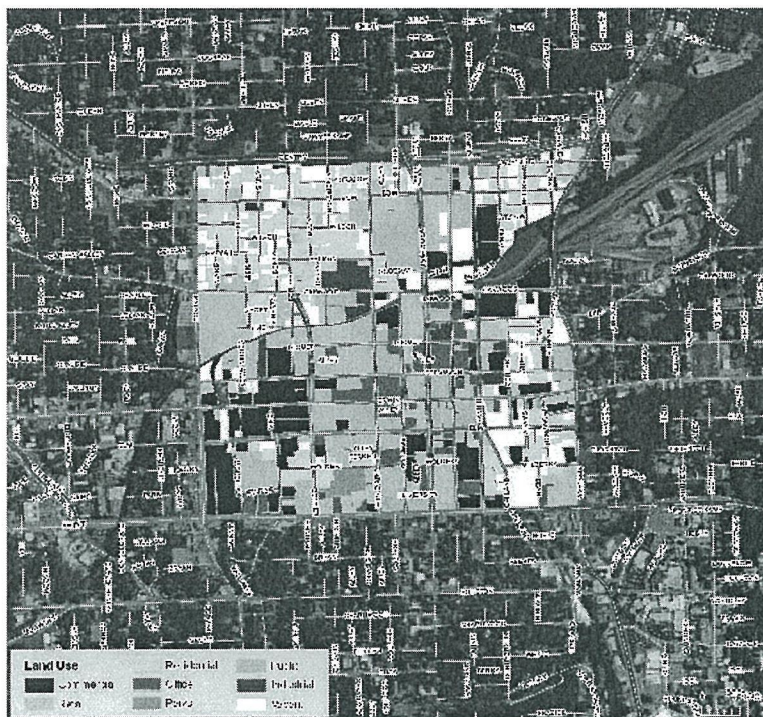
**Paving and Drainage Improvements, Water and Sewer Improvements.** Improvements for both infrastructure components will occur on the street grid in the Zone as needed.



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### TIRZ #2 Project and Financing Plans



City of Tyler  
TIRZ#2 Preliminary Project Plan and Reinvestment Zone Financing Plan



#### Proposed Uses

1. 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 (see Next Three Pages).

Proposed Uses. Redevelopment will define new uses as it happens.

#### Changes to Municipal Ordinances

2. 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;

All construction will be done in accordance with existing building code regulations of the City of Tyler and the new city Unified Development Code adopted by the City on April 23, 2008. There are no proposed changes of any city ordinance, master plan, or building codes.

#### Estimated Non-Project Costs

3. A list of estimated non-project costs

Estimated non-project costs include those development items that would be funded by other entities and for which no tax increment reimbursement is provided.

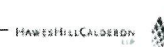
Proposed Non-Project Costs	Non-Project Costs
Signaling	\$1,400,000
Engineering CIP	\$1,327,000
Bus Transfer Relocation	Not Available
Smith County Jail	Not Available
LeGrand Gardens	\$4,921,950
Land Acquisition	Not Available
<b>Total</b>	<b>\$7,648,950</b>

#### Method of Relocation

4. A statement of a method of relocating persons to be displaced as a result of implementing the plan.

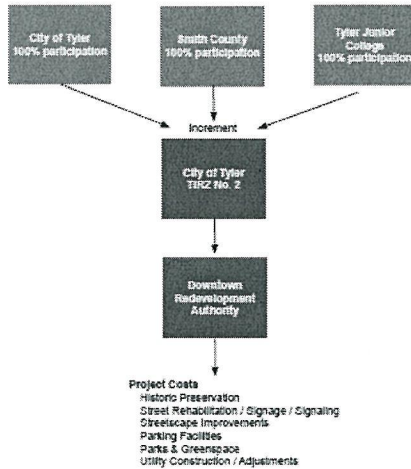
There are a small number of parcels currently used for residential purposes.

No relocation of existing residential property owners is contemplated by this plan.



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**TIRZ #2 Project and Financing Plans**

**Proposed Project Financing Structure**



**Reinvestment Zone Financing Plan**

This document constitutes the Reinvestment Zone Financing Plan for the Tax Increment Reinvestment Zone Number Two, City of Tyler, as required by Chapter 311 of the Texas Tax Code.

The purpose of the Zone is to finance costs associated with public infrastructure and drainage improvements to be constructed in the Zone.

While it is anticipated that improvements will be initially funded on a pay-as-you-go basis, the Financing Plan also contemplates that costs may include interest costs associated with proceeds borrowed or bonded to fund project costs.

Expenditures associated with the design and construction of public infrastructure, as well as other specific project-related costs, will also be funded by tax increment revenues.

Proposed Project Costs	TIRZ Costs
Historic Preservation	\$3,000,000
Street Rehabilitation / Signage / Signaling	\$6,000,000
Streetscape Improvements	\$4,000,000
Parking Facilities	\$9,000,000
Parks and Greenspace	\$4,000,000
Utility Construction / Adjustments	\$3,316,900
Zone Administration	\$1,250,000
Project Financing	\$2,183,783
<b>Total</b>	<b>\$32,760,683</b>

**List of Estimated Project Costs**

1. A detailed list describing the estimated project costs of the zone, including administrative expenses

This table itemizes the estimated infrastructure project costs for the Zone. It is anticipated that the zone will fund the construction of public improvements on either a pay-as-you-go basis or with bonds sold to finance project costs. Zone administration, management, legal, bookkeeping, reporting, auditing, and related activities are estimated to be \$60,000 annually.

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**Statement of Proposed Public Works**

**2. A statement listing the kind, number, and location of all proposed public works or public improvements in the zone**

The public infrastructure improvements that the TIRZ is designed to facilitate will be located throughout the Zone. These improvements will provide public infrastructure to a commercial and residential community. The kind and number of public works is listed below. The location of public works is indicated on Pages 11 and 12.

**Economic Feasibility Study**

**3. An Economic Feasibility Study**

In November, 2008, the City of Tyler, in concert with Goody Clancy Architects, unveiled the Tyler 21 Master Plan—Visions and Principles—which set forth goals and objectives toward the redevelopment and revitalization of the City's Central Business and Historic Districts. The objective, simply put, was to re-establish Tyler and the Central City area as a destination shopping and tourism center for East Texas. With venues in the City's Downtown area redeveloped and re-invented, the favorable repositioning of the Central City area would be possible.

Plans for the effort included creating a full-service, mixed use "Destination Downtown". Focus was also planned for creating urban residential districts to assist with infill housing opportunities. Redevelopment of the area streets, parks, plazas, and open areas, as well as creation of new open spaces is also contemplated.

Creation of a pedestrian friendly area, compatible with bicycle traffic, and providing for easy access parking was also recommended as the focus for the redevelopment effort. The study provided the City and the County with a very solid frame work for determining the focus of the increment reinvestment zone redevelopment activities.

Last fall, on behalf of the City, Hawes Hill Calderon generated an analysis of historic ad valorem and sales tax revenues in the proposed zone area to ascertain whether the zone, if created, would generate resources necessary to undertake costs associated with the redevelopment effort. The analysis revealed that there was a reasonable certainty that more than \$31.4 million could be generated by such a zone, assuming that there was participation by the City for the full thirty years, and that the County and Tyler Junior College system participated in the zone for at least the first five years.

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**Zone Increment Revenue**  
 (Assumes 98% Collection)

Tax Year	Coll. Year	City Zone Collection	1% Projected Incremental Sales Tax Revenue	County Zone Collection	Tyler Junior College Zone Collection	Annual Revenue Available for Projects	Cumulative Zone Revenue Available for Projects
2008	2008		\$36,223			\$36,223	\$36,223
2008	2009	\$6,504	\$74,284	\$7,992	\$3,518	\$91,298	\$127,521
2009	2010	\$11,165	\$114,278	\$16,211	\$7,135	\$148,789	\$276,309
2010	2011	\$16,989	\$156,302	\$24,662	\$10,854	\$228,804	\$485,113
2011	2012	\$22,971	\$200,459	\$33,353	\$14,680	\$271,463	\$756,576
2012	2013	\$29,127	\$246,688	\$42,251	\$18,513	\$336,885	\$1,093,464
2013	2014	\$35,466	\$295,613	\$-	\$-	\$331,069	\$1,424,533
2014	2015	\$41,565	\$346,642	\$-	\$-	\$388,807	\$1,813,341
2015	2016	\$48,659	\$400,672	\$-	\$-	\$449,331	\$2,262,672
2016	2017	\$55,542	\$457,235	\$-	\$-	\$512,777	\$2,775,449
2017	2018	\$62,620	\$516,944	\$-	\$-	\$579,564	\$3,355,014
2018	2019	\$69,896	\$579,698	\$-	\$-	\$649,597	\$4,004,611
2019	2020	\$77,364	\$645,652	\$-	\$-	\$723,036	\$4,727,647
2020	2021	\$85,081	\$714,970	\$-	\$-	\$800,051	\$5,527,697
2021	2022	\$92,999	\$787,823	\$-	\$-	\$880,819	\$6,408,517
2022	2023	\$101,136	\$864,392	\$-	\$-	\$965,527	\$7,374,044
2023	2024	\$109,509	\$944,865	\$-	\$-	\$1,054,371	\$8,428,415
2024	2025	\$118,113	\$1,029,443	\$-	\$-	\$1,147,556	\$9,575,971
2025	2026	\$126,964	\$1,118,334	\$-	\$-	\$1,245,299	\$10,821,269
2026	2027	\$136,066	\$1,211,759	\$-	\$-	\$1,347,825	\$12,169,093
2027	2028	\$145,425	\$1,309,948	\$-	\$-	\$1,455,374	\$13,624,467
2028	2029	\$155,061	\$1,413,145	\$-	\$-	\$1,568,196	\$15,192,663
2029	2030	\$164,949	\$1,521,605	\$-	\$-	\$1,686,554	\$16,879,217
2030	2031	\$175,126	\$1,635,597	\$-	\$-	\$1,810,722	\$18,689,940
2031	2032	\$185,593	\$1,755,402	\$-	\$-	\$1,940,395	\$20,630,335
2032	2033	\$196,356	\$1,881,317	\$-	\$-	\$2,077,573	\$22,707,608
2033	2034	\$207,424	\$2,013,654	\$-	\$-	\$2,221,076	\$24,928,684
2034	2035	\$218,806	\$2,152,742	\$-	\$-	\$2,371,546	\$27,300,230
2035	2036	\$230,510	\$2,299,519	\$-	\$-	\$2,528,429	\$29,828,659
2036	2037	\$242,546	\$2,454,554	\$-	\$-	\$2,692,099	\$32,520,758
2037	2038	\$254,923	\$-	\$-	\$-	\$254,923	\$32,780,683
		<b>\$3,423,848</b>	<b>\$29,177,526</b>	<b>\$124,500</b>	<b>\$54,799</b>	<b>\$32,780,683</b>	

**Estimated Bonded Indebtedness**

**4. The estimated bonded indebtedness to be incurred**  
 While initially no bonded indebtedness is anticipated to be incurred by the City or the Zone in connection with this project, should the City or the Redevelopment Authority decide to issue bonds at a later date, bond sizing will be based on the maximum amount the Zone revenues could reasonably sustain at that time.

**Time when Costs/Obligations Incurred**

**5. The time when related costs or monetary obligations are to be incurred**  
 The time when related costs or monetary obligations are to be incurred is a function of the availability of TIRZ revenues. This summary shows the time when TIRZ funds are expected to be available to pay project costs. Details of the time when related costs or monetary obligations are to be incurred are shown on Schedule D.

**Financing, Expected Sources Revenue**

**6. A description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be derived from the property taxes of each taxing unit that levies taxes on real property in the zone.**

**Methods of Financing.** The Zone will finance the Project costs on either a pay-as-you-go basis or through bonds.

**Sources of Tax Increment Revenue.** The tax increment revenue necessary to pay the project costs is expected to be derived from the resulting new sales taxes.

Schedules A and B display the projected increase in value and related schedules. The projected assessed valuations resulting from the redevelopment are shown in Schedule C. Schedule D presents the estimated incremental property tax revenues and sales tax revenues associated with the development. These new revenues will be used to pay for Zone costs.

The City anticipates retaining out of tax increment revenue an amount per residential property in the Zone to pay for a portion of general municipal services provided by the City within the Zone.

**Participating Jurisdictions**

Taxing Jurisdiction	Tax Rate	Tax Rate Dedicated	% Dedicated
City of Tyler	\$0.19900/\$100	\$0.19900/\$100	100%
Smith County (1)	\$0.28894/\$100	\$0.28894/\$100	100%
Tyler Junior College (1)	\$0.12717/\$100	\$0.12717/\$100	100%

(1) Smith County & Tyler Junior College have approved interlocal agreements to participate for five years at 100% of their revenue. They each will consider extensions to their respective agreements at the end of the five year period.

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**TIRZ #2 Project and Financing Plans**

**Zone Increment Value**

Tax Roll	Projected Taxable Valuation	Projected Increment Value
2008	102,435,582	2,822,492
2009	105,339,048	5,724,958
2010	108,322,754	8,709,664
2011	111,392,030	11,778,940
2012	114,548,273	14,935,183
2013	117,793,947	18,190,557
2014	121,131,555	21,518,495
2015	124,563,794	24,950,704
2016	128,093,252	28,480,162
2017	131,722,717	32,109,627
2018	135,455,021	35,841,531
2019	139,293,077	39,679,587
2020	143,239,854	43,626,794
2021	147,298,521	47,685,431
2022	151,472,158	51,859,068
2023	155,764,053	56,150,963
2024	160,177,558	60,564,468
2025	164,716,116	65,103,026
2026	169,383,273	69,770,183
2027	174,182,672	74,569,582
2028	179,119,059	79,504,969
2029	184,193,286	84,680,196
2030	189,412,322	89,999,232
2031	194,779,234	95,166,144
2032	200,298,216	100,685,126
2033	205,973,575	105,360,485
2034	211,809,744	111,196,654
2035	217,811,277	118,198,187
2036	223,992,861	124,369,771
2037	230,329,314	130,716,224

Base value is \$99,613,090.  
 Figures assume 2.8% growth, which is the average for the area over the last 5 years.

**Current Appraised Value of Property**

**7. Current Total Appraised Value of Property in the Zone**  
 The total current (2007) appraised value within the Zone is \$99,613,090.

**Estimated Captured Value**

**8. Estimated Captured Value of Zone in Each Year of Existence**  
 The estimated captured appraised value of the TIRZ during each year of its existence is shown on this table.

**Duration of Zone**

**9. Duration of Zone**  
 The duration of the Zone is 30 years. The TIRZ will take effect on the date it is created. It is anticipated that January 1, 2008 would be established as the base year and that the TIRZ would terminate on December 31, 2037, or the date when all project costs are paid and any debt is retired, or by a subsequent city ordinance terminating the Zone.

Tax Year	Coll. Year	Tyler City Tax Rate	City Zone Collection	Smith County Tax Rate	County Zons Collection	County Retained Collection	Tyler Junior College Tax Rate	Tyler Junior College Collection	Tyler ISD Tax Rate	Tyler ISD Collection	Total Zone AV Revenue Available	Estimated Annual Zone Administration	Zone AV Revenue Available for Projects
2008	2008	\$0.1990	\$5,504	\$0.28994	\$7,992		\$0.12717	\$3,518	\$1.2150	\$33,607	\$17,014	\$60,000	\$142,986
2009	2009	\$0.1990	\$11,185	\$0.28994	\$16,211		\$0.12717	\$7,135	\$1.2150	\$68,167	\$34,510	\$60,000	\$125,490
2010	2010	\$0.1990	\$16,966	\$0.28994	\$24,662		\$0.12717	\$10,854	\$1.2150	\$103,798	\$52,502	\$60,000	\$17,498
2011	2011	\$0.1990	\$22,971	\$0.28994	\$33,363		\$0.12717	\$14,680	\$1.2150	\$140,252	\$71,004	\$60,000	\$11,004
2012	2012	\$0.1990	\$29,127	\$0.28994	\$42,251		\$0.12717	\$18,513	\$1.2150	\$177,833	\$90,030	\$60,000	\$30,030
2013	2013	\$0.1990	\$35,456	\$0.28994		\$51,481	\$0.12717		\$22,658	\$216,475	\$35,456	\$60,000	\$24,544
2014	2014	\$0.1990	\$41,965	\$0.28994		\$59,932	\$0.12717		\$26,515	\$256,221	\$41,965	\$60,000	\$18,035
2015	2015	\$0.1990	\$48,659	\$0.28994		\$70,551	\$0.12717		\$31,095	\$297,008	\$48,659	\$60,000	\$11,341
2016	2016	\$0.1990	\$55,542	\$0.28994		\$80,648	\$0.12717		\$35,494	\$339,113	\$55,542	\$60,000	\$4,458
2017	2017	\$0.1990	\$62,620	\$0.28994		\$90,922	\$0.12717		\$40,017	\$382,329	\$62,620	\$60,000	\$2,620
2018	2018	\$0.1990	\$69,999	\$0.28994		\$101,460	\$0.12717		\$44,668	\$426,770	\$69,999	\$60,000	\$9,899
2019	2020	\$0.1990	\$77,384	\$0.28994		\$112,358	\$0.12717		\$49,451	\$472,470	\$77,384	\$60,000	\$17,384
2020	2021	\$0.1990	\$85,081	\$0.28994		\$123,534	\$0.12717		\$54,370	\$519,464	\$85,081	\$60,000	\$45,081
2021	2022	\$0.1990	\$92,996	\$0.28994		\$135,027	\$0.12717		\$59,428	\$567,790	\$92,996	\$60,000	\$52,996
2022	2023	\$0.1990	\$101,135	\$0.28994		\$146,845	\$0.12717		\$64,630	\$617,486	\$101,135	\$60,000	\$51,135
2023	2024	\$0.1990	\$109,506	\$0.28994		\$158,998	\$0.12717		\$69,978	\$666,590	\$109,506	\$60,000	\$59,506
2024	2025	\$0.1990	\$118,113	\$0.28994		\$171,495	\$0.12717		\$75,479	\$721,141	\$118,113	\$60,000	\$78,113
2025	2026	\$0.1990	\$126,964	\$0.28994		\$184,347	\$0.12717		\$81,135	\$775,182	\$126,964	\$60,000	\$96,964
2026	2027	\$0.1990	\$136,068	\$0.28994		\$197,562	\$0.12717		\$86,982	\$830,754	\$136,068	\$60,000	\$96,068
2027	2028	\$0.1990	\$145,426	\$0.28994		\$211,152	\$0.12717		\$92,933	\$887,900	\$145,426	\$60,000	\$105,426
2028	2029	\$0.1990	\$155,051	\$0.28994		\$225,127	\$0.12717		\$99,084	\$946,566	\$155,051	\$60,000	\$115,051
2029	2030	\$0.1990	\$164,948	\$0.28994		\$239,498	\$0.12717		\$105,409	\$1,007,096	\$164,948	\$60,000	\$124,948
2030	2031	\$0.1990	\$175,126	\$0.28994		\$254,277	\$0.12717		\$111,913	\$1,069,239	\$175,126	\$60,000	\$155,126
2031	2032	\$0.1990	\$185,593	\$0.28994		\$269,474	\$0.12717		\$118,601	\$1,133,143	\$185,593	\$60,000	\$165,593
2032	2033	\$0.1990	\$196,356	\$0.28994		\$285,101	\$0.12717		\$125,475	\$1,198,858	\$196,356	\$60,000	\$176,356
2033	2034	\$0.1990	\$207,424	\$0.28994		\$301,172	\$0.12717		\$132,552	\$1,266,434	\$207,424	\$60,000	\$187,424
2034	2035	\$0.1990	\$218,806	\$0.28994		\$317,697	\$0.12717		\$139,828	\$1,335,502	\$218,806	\$60,000	\$198,806
2035	2036	\$0.1990	\$230,510	\$0.28994		\$334,691	\$0.12717		\$147,305	\$1,407,388	\$230,510	\$60,000	\$210,510
2036	2037	\$0.1990	\$242,546	\$0.28994		\$352,167	\$0.12717		\$154,997	\$1,480,871	\$242,546	\$60,000	\$222,546
2037	2038	\$0.1990	\$254,923	\$0.28994		\$370,130	\$0.12717		\$162,908	\$1,555,438	\$254,923	\$60,000	\$234,923
			<b>\$3,423,848</b>		<b>\$124,509</b>	<b>\$4,846,789</b>		<b>\$54,799</b>	<b>\$2,133,177</b>	<b>\$29,804,400</b>	<b>\$3,603,157</b>	<b>\$(1,280,000)</b>	<b>\$2,323,157</b>

Note: City Zone Collection + County Zone Collection + College Zone Collection = Total Zone Revenues Available

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**TIRZ #2 Project and Financing Plans**


Schedule B  
Sales Tax Revenue

Coil. Year	Projected Sales Tax Revenue	1% Projected Incremental Sales Tax Revenue	Cumulative Zone Revenue Available for Projects
2009	\$749,745	\$36,223	\$36,223
2009	\$797,806	\$74,264	\$110,507
2010	\$827,600	\$114,276	\$224,784
2011	\$859,624	\$156,302	\$381,086
2012	\$913,981	\$200,469	\$581,545
2013	\$960,360	\$246,659	\$828,403
2014	\$1,009,136	\$296,613	\$1,124,915
2015	\$1,060,364	\$346,642	\$1,470,857
2016	\$1,114,195	\$400,672	\$1,871,530
2017	\$1,170,758	\$457,235	\$2,328,765
2018	\$1,230,466	\$516,944	\$2,845,709
2019	\$1,293,220	\$579,698	\$3,425,407
2020	\$1,359,174	\$645,652	\$4,071,059
2021	\$1,428,492	\$714,970	\$4,786,029
2022	\$1,501,345	\$787,623	\$5,573,652
2023	\$1,577,914	\$864,392	\$6,438,044
2024	\$1,658,367	\$944,666	\$7,382,710
2025	\$1,742,965	\$1,029,443	\$8,412,153
2026	\$1,831,856	\$1,118,334	\$9,530,487
2027	\$1,925,261	\$1,211,769	\$10,742,256
2028	\$2,023,470	\$1,309,948	\$12,052,204
2029	\$2,126,667	\$1,413,145	\$13,465,349
2030	\$2,235,127	\$1,521,605	\$14,986,954
2031	\$2,349,119	\$1,635,597	\$16,622,551
2032	\$2,468,924	\$1,755,402	\$18,377,953
2033	\$2,594,839	\$1,881,317	\$20,259,270
2034	\$2,727,176	\$2,013,654	\$22,272,924
2035	\$2,866,262	\$2,152,740	\$24,425,664
2036	\$3,012,441	\$2,298,919	\$26,724,583
2037	\$3,166,076	\$2,452,554	\$29,177,137
2038	\$-	\$-	\$-
		<b>\$29,177,526</b>	

Schedule C  
Projected Zone Revenue

Tax Year	Coil. Year	Zone AV Revenue Available for Projects	1% Projected Incremental Sales Tax Revenue	Annual Revenue Available for Projects	Cumulative Zone Revenue Available for Projects
2009	2009		\$36,223	\$36,223	\$36,223
2009	2009	\$(42,966)	\$74,264	\$31,298	\$67,521
2009	2010	\$(25,490)	\$114,276	\$88,786	\$156,307
2010	2011	\$(7,458)	\$156,302	\$148,804	\$305,113
2011	2012	\$11,004	\$200,469	\$211,463	\$516,576
2012	2013	\$30,630	\$246,659	\$276,889	\$793,464
2013	2014	\$(24,644)	\$296,613	\$271,969	\$1,065,433
2014	2015	\$(19,035)	\$346,642	\$328,607	\$1,394,040
2015	2016	\$(11,341)	\$400,672	\$389,331	\$1,783,371
2016	2017	\$(4,459)	\$457,235	\$452,777	\$2,236,148
2017	2018	\$2,620	\$516,944	\$519,564	\$2,755,712
2018	2019	\$9,699	\$579,698	\$599,597	\$3,355,309
2019	2020	\$17,384	\$645,652	\$663,036	\$4,018,345
2020	2021	\$45,091	\$714,970	\$760,061	\$4,778,406
2021	2022	\$52,996	\$787,623	\$840,619	\$5,619,025
2022	2023	\$61,136	\$864,392	\$925,527	\$6,544,552
2023	2024	\$69,806	\$944,666	\$1,014,371	\$7,558,923
2024	2025	\$78,113	\$1,029,443	\$1,107,556	\$8,666,479
2025	2026	\$86,964	\$1,118,334	\$1,205,298	\$9,871,777
2026	2027	\$96,066	\$1,211,769	\$1,307,826	\$11,179,603
2027	2028	\$105,429	\$1,309,948	\$1,415,374	\$12,594,977
2028	2029	\$115,051	\$1,413,145	\$1,528,196	\$14,123,173
2029	2030	\$124,949	\$1,521,605	\$1,646,654	\$15,769,827
2030	2031	\$155,126	\$1,635,597	\$1,770,723	\$17,540,550
2031	2032	\$165,893	\$1,755,402	\$1,920,995	\$19,461,545
2032	2033	\$176,356	\$1,881,317	\$2,057,673	\$21,519,218
2033	2034	\$187,424	\$2,013,654	\$2,201,076	\$23,720,294
2034	2035	\$198,806	\$2,152,740	\$2,361,646	\$26,081,940
2035	2036	\$210,510	\$2,298,919	\$2,509,425	\$28,591,365
2036	2037	\$222,646	\$2,452,554	\$2,675,099	\$31,266,464
2037	2038	\$234,923	\$-	\$234,923	\$31,501,387
		<b>\$2,323,157</b>	<b>\$29,177,526</b>	<b>\$31,500,683</b>	

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**TIRZ #2 Project and Financing Plans**

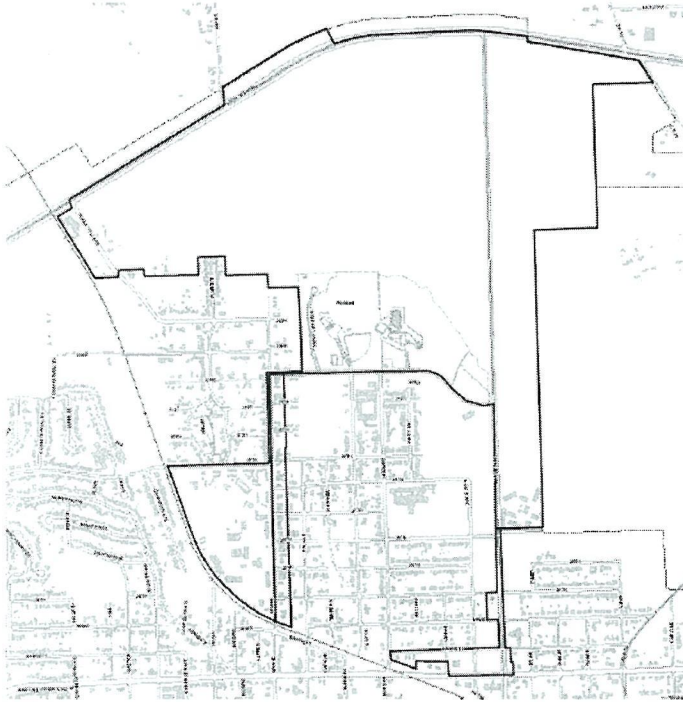
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**TIRZ #3 Project and Financing Plans**



Preliminary Project Plan &  
Reinvestment Zone Financing Plan  
Tax Increment Reinvestment Zone No. 3  
City of Tyler, Texas

October 2008

HAWES HILL CALDERON  
LLP

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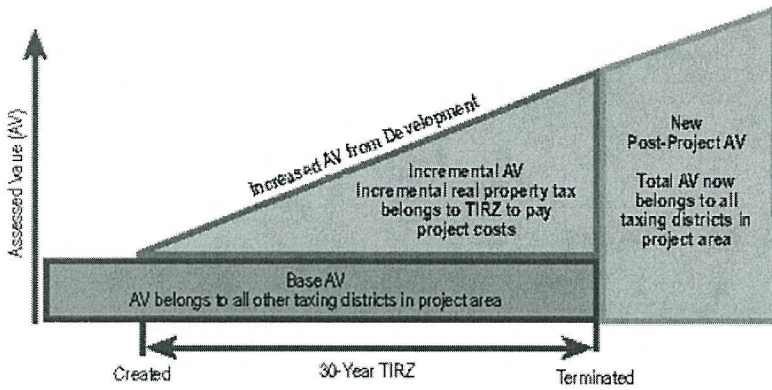
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**TIRZ #3 Project and Financing Plans**



**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 blighted and 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 the zone.

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 as well as sales tax and franchise fee revenue generated by new development. When the zone is dissolved, the city and other participating taxing jurisdictions also collect tax revenue on the incremental value created by new development.

**About This Document**

Prior to creation of a TIRZ, the statute requires preparation of a Preliminary Project Plan and Reinvestment Zone Financing Plan. This document details the specific projects proposed to address existing conditions in the area as well as the method and means to finance them. After the TIRZ has been created, the TIRZ board of directors finalizes the Project Plan and Reinvestment Zone Financing Plan and forwards the same to the jurisdictional governing body, typically a city council or commission, for final approval as required by statute. That plan governs where tax increment revenue can be used to develop the Zone.

**Executive Summary**

The City of Tyler Tax Increment Reinvestment Zone (TIRZ) Number Three consists of 491 acre parcel of land in the Northern quadrant of the City, that currently is predominantly vacant and undeveloped, but does contain developed areas close to Texas College and in the area proximate to Martin Luther King Blvd, the zone southern boundary. Consequently, the zone presents both significant opportunities for new development in the North section of the zone whose border is the City's loop 323, and also presents redevelopment opportunities for those properties closest to the college and its southern boundary of Martin Luther King Blvd.

At the time of creation, a mixed use development to be known as North Chase has been proposed for the area adjacent to the North Loop. The development will consist of commercial development fronting the loop road and along a portion of North Broadway, a multi-family development, and two tracks that will be developed as single family residential areas, and includes a large quantity of green space that will accompany the development. The developer is also contemplating complimentary green space, with a hike/bike trailing system.

The City of Tyler TIRZ #3 is proposed to finance a portion of the infrastructure costs associated with the development, with revenues for infrastructure, green space, and financing costs associated with the same. This development will convey a direct benefit to the City of Tyler and Smith County, with the expansion of the area tax base and the increase of sales taxes attributable to the commercial development, and the creation of new jobs.

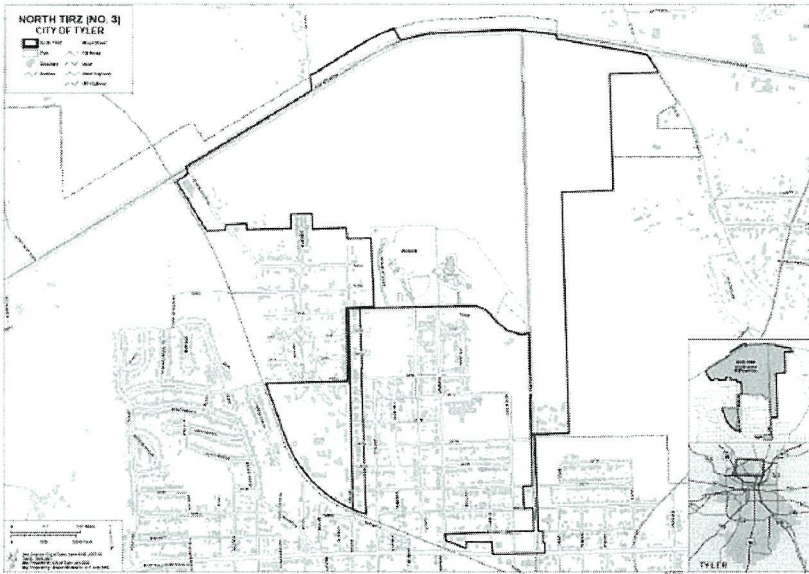
It is estimated that the City of Tyler will collect slightly more than \$4.6 million in revenues attributable to ad valorem taxes alone. Incremental sales taxes are also contemplated for capture into the tax increment fund once the commercial development occurs.

The entire project includes approximately \$4 million in infrastructure improvements, and is anticipated to increase the ad valorem value in the zone by at least \$14 million.

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**TIRZ #3 Project and Financing Plans**

**LOCATION**

As proposed, the City of Tyler TIRZ #3 would be bounded generally by North by Loop 323, the UP rail Line on the west, Broadway on the East, and includes a privately held parcel to the East of Broadway, as well as some commercial properties west of Broadway and north of Martin Luther King.



**Proposed Distribution of Public Infrastructure Costs**

Proposed Projects	Project Costs	Non-Project Costs
Landscaping & Greenspace	\$1,400,000	
Public Infrastructure	\$2,000,000	
Sidewalks		
Underground Utilities		
Curbs		
Drainage / Storm Sewers / Detention		
Lighting		
Sanitary Sewer Line A		\$151,100
Sanitary Sewer Line B		\$172,485
Sanitary Sewer Line C		\$189,582
Sanitary Sewer Line D		\$171,876
Water Line A		\$460,339
Water Line B		\$323,500
Water Line C		\$480,995
Financing	\$750,000	
Administrative Costs	\$200,000	
<b>Total</b>	<b>\$4,350,000</b>	<b>\$1,939,500</b>

**Project Overview and Costs**

This table summarizes the public infrastructure costs to be financed by the proposed TIRZ and other participating entities.

In this proposal, the developer would fund project costs listed under TIRZ Projects and then be reimbursed by the TIRZ at such time as the appropriate level of assessed valuation is in place. The TIRZ and Local Government Corporation may also finance some of the capital improvements and project costs from available resources or borrowed revenues.

Non-TIRZ Projects are those not reimbursed or funded by the TIRZ.

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**TIRZ #3 Project and Financing Plans**

**Benefits to Taxing Jurisdictions**

Over the 30 year life of the TIRZ, it is estimated that the City will collect \$4.6 million in combined ad valorem taxes attributable to the mixed use commercial and residential development in the zone. Proposed infrastructure improvements will increase area drainage capacity, and see the development of green space to add a higher quality to the proposed development.

The plan does contemplate the participation of Smith County and Tyler Junior College in the TIRZ. The level of participation from those jurisdictions will be set forth in inter-local agreements to be approved after the zone is created.

Finally, it should be noted that all taxing entities are shielded from risk in that the developers will provide the finding for proposed infrastructure projects and only receive reimbursement from the TIRZ when tax increment revenue is generated by the project. This revenue will be the sole source of revenue for reimbursement to the developer(s).

New Taxes and Fees	City of Tyler	Smith County	Tyler Jr College	Tyler I.S.D.
Commercial Sales Tax Revenue	TBD			
Ad Valorem Tax Retained from TIRZ Revenue	\$0	\$0	\$0	\$9,254,741
Estimated Total	\$0	\$0	\$0	\$9,254,741

NOTES:  
 • All projections based on the 30-year life of the TIRZ

**Project Plan**

This document constitutes The Preliminary Project Plan for the Tax Increment Reinvestment Zone Number Three, City of Tyler, as required by Chapter 311 of the Texas Tax Code.

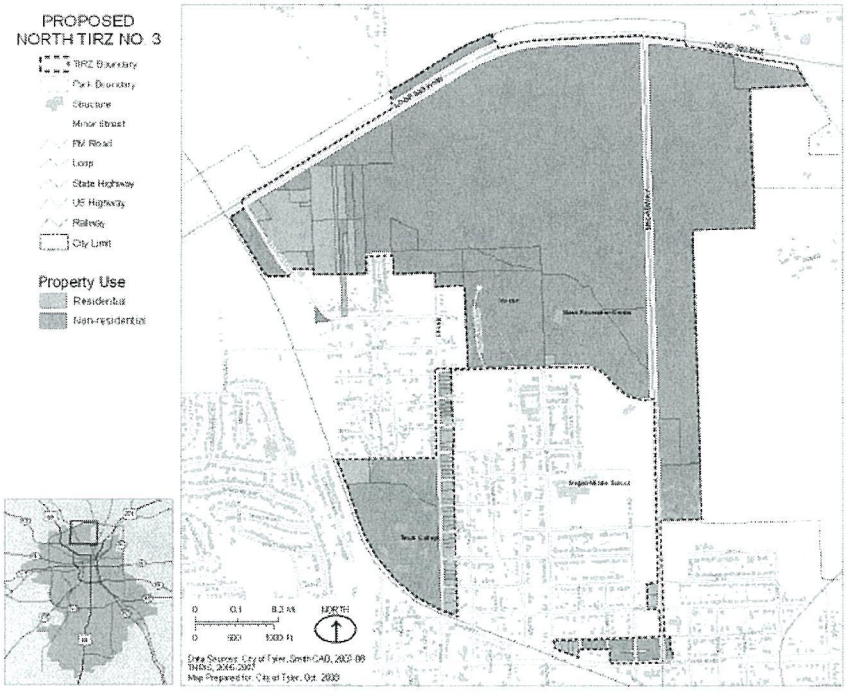
The purpose of the Zone is to finance costs associated with infrastructure necessary to redevelop a 491-acre site for commercial and residential uses.

Expenditures associated with the design and construction of public infrastructure, as well as other specific project-related costs, will be funded by the TIRZ.

TEXAS TAX CODE  
 SUBTITLE B. SPECIAL PROPERTY TAX PROVISIONS  
 CHAPTER 311. TAX INCREMENT FINANCING ACT  
 Sec. 311.011. PROJECT AND FINANCING PLANS

- (a) The board of directors of a reinvestment zone shall prepare and adopt a project plan and a reinvestment zone financing plan for the zone and submit the plans to the governing body of the municipality or county that created the zone. The plans must be as consistent as possible with the preliminary plans developed for the zone before the creation of the board.
- (b) The project plan must include:
  - (1) 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;
  - (2) 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;
  - (3) a list of estimated non-project costs; and
  - (4) a statement of a method of relocating persons to be displaced as a result of implementing the plan.
- (c) The reinvestment zone financing plan must include:
  - (1) a detailed list describing the estimated project costs of the zone, including administrative expenses;
  - (2) a statement listing the kind, number, and location of all proposed public works or public improvements in the zone;
  - (3) an economic feasibility study;
  - (4) the estimated amount of bonded indebtedness to be incurred;
  - (5) the time when related costs or monetary obligations are to be incurred;
  - (6) a description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be derived from the property taxes of each taxing unit that levies taxes on real property in the zone;
  - (7) the current total appraised value of taxable real property in the zone;
  - (8) the estimated captured appraised value of the zone during each year of its existence; and
  - (9) the duration of the zone.

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**TIRZ #3 Project and Financing Plans**



**Existing Uses**

1. 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.

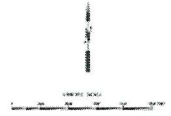
**Existing Uses.** The proposed TIRZ consists of approximately 401 acres of land in the City of Tyler, Smith County, Texas. The redevelopment subject site is the focus of the Tyler 21 Comprehensive Plan and Redevelopment Strategy, which called for redevelopment through a TIRZ into a destination downtown.

Development of the property is further constrained by a lack of parking facilities. There is a predominance of defective or inadequate sidewalk or street layout and faulty lot layout in relation to size, adequacy, accessibility, or usefulness. These conditions, including obsolete platting, substantially impair or arrest the sound growth of the City.

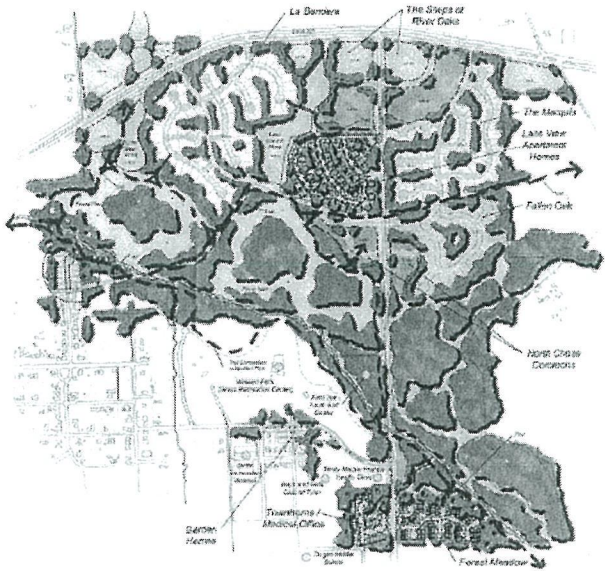
**North Chase**  
 tyler, texas

conceptual development plan

- Commercial / Retail
- Mixed Use (Retail / Office / Residential)
- Residential - Low Density
- Residential - Medium Density
- Residential - High Density
- Greenbelt
- Point of Interest



North Chase Development



**Proposed Uses**

1. 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

**Proposed Uses.** Information to come

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**TIRZ #3 Project and Financing Plans**

**Changes to Municipal Ordinances**

2. 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;

All construction will be done in conformance with existing building code regulations of the City of Tyler. There are no proposed changes of City ordinance, master plan, or of the building codes.

**Estimated Non-Project Costs**

3. A list of estimated non-project costs

Non-project costs include those development items that will be funded by the developer and for which no tax increment reimbursement is provided.

Proposed Projects	Non-Project Costs
Sanitary Sewer Line A	\$151,100
Sanitary Sewer Line B	\$172,458
Sanitary Sewer Line C	\$189,682
Sanitary Sewer Line D	\$171,875
Water Line A	\$450,339
Water Line B	\$323,500
Water Line C	\$480,955
<b>Total</b>	<b>\$1,333,960</b>

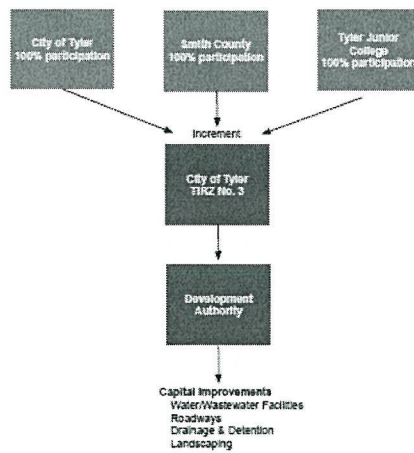
**Method of Relocation**

4. A statement of a method of relocating persons to be displaced as a result of implementing the plan.

The land within the TIRZ is predominately vacant, but there is a small portion of residential development in the southwest corner of the Zone. It is contemplated that there will be no displacement or relocation of residents.



**Proposed Project Financing Structure**



**Reinvestment Zone Financing Plan**

This document constitutes the Reinvestment Zone Financing Plan for the Tax Increment Reinvestment Zone Number Three, City of Tyler, as required by Chapter 311 of the Texas Tax Code.

The purpose of the Zone is to finance reimbursements for costs associated with public infrastructure and drainage improvements to be constructed in the Zone.

It is also anticipated that the infrastructure improvement costs may include interest costs associated with proceeds borrowed or bonded to fund project costs.

Expenditures associated with the design and construction of public infrastructure, as well as other specific project-related costs, will also be funded by tax increment revenues.



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TIRZ #3 Project and Financing Plans**

**List of Estimated Project Costs**

**1. A detailed list describing the estimated project costs of the zone, including administrative expenses**

This table itemizes the estimated infrastructure project costs for the Zone. It is anticipated that the developer will advance all funds necessary for the construction of public improvements and will be reimbursed as provided in separate agreements between the developers and the TIRZ.

Proposed Projects	Project Costs
Landscaping & Greenspace	\$1,400,000
Public Infrastructure	\$2,000,000
Sidewalks	
Underground Utilities	
Curbs	
Drainage / Storm Sewers / Detention	
Lighting	
Financing	\$750,000
Administrative Costs	\$200,000
<b>Total</b>	<b>\$4,350,000</b>



**Statement of Proposed Public Works**

**2. A statement listing the kind, number, and location of all proposed public works or public improvements in the zone**

The public infrastructure improvements that the TIRZ is designed to facilitate will be located throughout the Zone. These improvements will provide public infrastructure to a commercial and residential community. More detailed information will be forthcoming.



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**TIRZ #3 Project and Financing Plans**

Economic Feasibility Study

3. An Economic Feasibility Study

In November 2006, the City of Tyler, in concert with Goody Clancy Architects, unveiled the Tyler 21 Master Plan - Visions and Principals - which set forth goals and objections toward the future development of Tyler. One of the key principles of the Plan included "Promote Balanced Growth" which included: 1) promote growth and redevelopment in downtown and all sectors of the city; 2) revitalize North Tyler; and 3) enhance links to I -20 and Loop 49.

The proposed tax increment reinvestment zone (TIRZ) consists of 491 acre parcel of land in the Northern quadrant of the City, that currently is predominately vacant and undeveloped, but does contain developed areas close to Texas College and in the area proximate to Martin Luther King Blvd, the southern boundary. The zone presents both significant opportunities for new development in the North section of the zone whose boundary is the City's Loop 323, and also presents redevelopment opportunities for those properties closest to the college and its southern boundary of Martin Luther King Blvd.

The proposed North Chase mixed use development will consist of commercial development fronting the loop road and along a portion of North Broadway, a multi-family development and two tracks that will be developed as single family residential areas, and includes a large quantity of green space that will accompany the development. The developer is also contemplating green space, with a hike/bike trail system.

The proposed TIRZ is proposed to finance a portion the infrastructure costs associated with the development, with revenues for infrastructure, green space, and financing costs associated with the same. The development will convey a direct benefit to the City of Tyler and Smith County, with the expansion of the area tax base and the increase of sales taxes attributable to the commercial development, and the creation of new jobs.

Analysis of tax revenues was conducted to determine whether the zone, if created, would generate resources necessary to undertake costs associated with the development. It is estimated that the City of Tyler will collect slightly more than \$4.6 million in revenues attributable to ad valorem taxes alone. Incremental sales taxes are also contemplated for capture into the tax increment fund once the commercial development occurs. The entire project includes approximately \$4 million in infrastructure improvements, and is anticipated to increase the ad valorem value in the zone by a least \$14 million.

**Estimated Bonded Indebtedness**

**4. The estimated bonded indebtedness to be incurred**

While no bonded indebtedness is anticipated to be incurred by the City or the Zone in connection with this project at this time, should the City or the Redevelopment Authority decide to issue bonds at a later date, bond sizing will be based on the maximum amount the Zone revenues could reasonably sustain at that time.

**Time when Costs/Obligations Incurred**

**5. The time when related costs or monetary obligations are to be incurred**

The time when related costs or monetary obligations are to be incurred is a function of the availability of TIRZ revenues. This summary shows the time when TIRZ funds are expected to be available to pay project costs. Details of the time when related costs or monetary obligations are to be incurred are shown on Schedule A.

**Zone Increment Revenue**

Tax Year	Collection Year	Cumulative City Project Revenue	Cumulative County Project Revenue	Cumulative College Project Revenue
2009	2010	\$14,135	\$20,523	\$9,033
2010	2011	\$42,496	\$61,656	\$27,150
2011	2012	\$71,971	\$104,499	\$45,992
2012	2013	\$102,636	\$149,023	\$65,668
2013	2014	\$134,527	\$195,326	\$95,969
2014	2015	\$167,694	\$243,455	\$127,163
2015	2016	\$202,198	\$293,569	\$159,206
2016	2017	\$238,061	\$345,656	\$192,131
2017	2018	\$275,370	\$399,826	\$175,972
2018	2019	\$314,170	\$456,163	\$200,769
2019	2020	\$354,503	\$514,753	\$226,565
2020	2021	\$396,490	\$575,656	\$253,373
2021	2022	\$440,135	\$639,059	\$281,264
2022	2023	\$485,527	\$704,965	\$310,271
2023	2024	\$532,734	\$773,508	\$340,438
2024	2025	\$581,829	\$844,752	\$371,812
2025	2026	\$632,808	\$918,928	\$404,441
2026	2027	\$685,990	\$996,029	\$438,375
2027	2028	\$741,215	\$1,076,214	\$473,666
2028	2029	\$798,650	\$1,159,607	\$510,369
2029	2030	\$858,381	\$1,246,335	\$548,540
2030	2031	\$920,503	\$1,336,533	\$588,038
2031	2032	\$985,109	\$1,430,338	\$629,824
2032	2033	\$1,052,299	\$1,527,896	\$672,461
2033	2034	\$1,122,177	\$1,629,356	\$717,116
2034	2035	\$1,194,850	\$1,734,874	\$763,657
2035	2036	\$1,270,430	\$1,844,610	\$811,956
2036	2037	\$1,349,033	\$1,958,741	\$862,086
2037	2038	\$1,430,780	\$2,077,436	\$914,325
2038	2039	\$1,515,797	\$2,200,876	\$968,685

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**TIRZ #3 Project and Financing Plans**

**Financing, Expected Sources Revenue**

6. A description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be derived from the property taxes of each taxing unit that levies taxes on real property in the zone.

**Methods of Financing.** The Developer will advance funds for the Project costs, and the Zone will reimburse these costs from tax increment revenues of the Zone as they are realized by the Zone. The reimbursement will be as described in a separate agreement and other documentation between the Developer and the City.

**Sources of Tax Increment Revenue.** The tax increment revenue necessary to pay the project costs is expected to come from increased property values in the Zone due to the construction of new homes and commercial buildings.

The projected assessed valuations resulting from the construction are shown on the next page. Schedule A presents the estimated incremental property tax revenues associated with the development. These new revenues will be used to pay for Zone costs.

The City anticipates retaining out of tax increment revenue an amount per residential property in the Zone to pay for a portion of general municipal services provided by the City within the Zone.

**Participating Jurisdictions**

Taxing Jurisdiction	Tax Rate	Tax Rate Dedicated	% Dedicated
City of Tyler	\$0.20400/\$100	\$0.20400/\$100	100%
Smith County	\$0.28894/\$100	\$0.28894/\$100	100%
Tyler Junior College	\$0.12717/\$100	\$0.12717/\$100	100%

Tax Roll Year	Projected New Ad Valorem Value	Cumulative Ad Valorem Increment (1)
2009	\$7,000,000	\$7,247,723
2010	\$7,000,000	\$14,537,632
2011		\$15,918,137
2012		\$15,723,909
2013		\$16,382,859
2014		\$17,006,973
2015		\$17,687,252
2016		\$18,384,743
2017		\$19,130,532
2018		\$19,895,754
2019		\$20,691,594
2020		\$21,519,247
2021		\$22,380,017
2022		\$23,275,219
2023		\$24,206,226
2024		\$25,174,475
2025		\$26,181,454
2026		\$27,224,712
2027		\$28,317,861
2028		\$29,450,575
2029		\$30,622,598
2030		\$31,833,742
2031		\$33,077,892
2032		\$34,453,008
2033		\$35,831,128
2034		\$37,264,373
2035		\$38,754,948
2036		\$40,303,146
2037		\$41,917,352
2038		\$43,594,046

**Current Appraised Value of Property**

**7. Current Total Appraised Value of Property in the Zone**

The total current (2007) appraised value within the Zone is \$12.3 Million.

**Estimated Captured Value**

**8. Estimated Captured Value of Zone in Each Year of Existence**

The estimated captured appraised value of the TIRZ during each year of its existence is shown on this table.

**Duration of Zone**

**9. Duration of Zone**

The duration of the Zone is 30 years. The TIRZ will take effect on the date it is created. It is anticipated that January 1, 2009 would be established as the base year and that the TIRZ would terminate on December 31, 2038, or the date when all project costs are paid and any debt is retired, or by a subsequent city ordinance terminating the Zone.

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**TIRZ #3 Project and Financing Plans**

**PROPOSED TYLER TIRZ#3**  
**Projected Revenues**  
**(Assumes 98% Collection)**

Schedule A  
 Ad Valorem Zone Revenue

Tax Year	Col. Year	100% of City Tax Rate	City of Tyler Zone Collection	100% of County Tax Rate	Brimm County Zone Collection	100% of College Tax Rate	Tyler Junior College Zone Collection	District Sales Tax Collection	Total Revenues Available	Cumulative Revenue Available for Projects
2009	2010	\$0.204	\$14,490	\$0.289	\$20,823	\$0.127	\$9,213	\$	\$44,045	\$44,045
2010	2011	\$0.204	\$29,064	\$0.289	\$41,165	\$0.127	\$18,118	\$	\$88,348	\$132,393
2011	2012	\$0.204	\$30,226	\$0.289	\$42,812	\$0.127	\$18,842	\$	\$91,880	\$224,273
2012	2013	\$0.204	\$31,436	\$0.289	\$44,524	\$0.127	\$19,596	\$	\$95,558	\$319,831
2013	2014	\$0.204	\$32,693	\$0.289	\$46,305	\$0.127	\$20,380	\$	\$99,377	\$419,208
2014	2015	\$0.204	\$34,000	\$0.289	\$48,157	\$0.127	\$21,195	\$	\$103,352	\$522,560
2015	2016	\$0.204	\$35,360	\$0.289	\$50,083	\$0.127	\$22,043	\$	\$107,487	\$630,047
2016	2017	\$0.204	\$36,776	\$0.289	\$52,081	\$0.127	\$22,925	\$	\$111,784	\$741,831
2017	2018	\$0.204	\$38,244	\$0.289	\$54,150	\$0.127	\$23,842	\$	\$116,258	\$858,089
2018	2019	\$0.204	\$39,776	\$0.289	\$56,337	\$0.127	\$24,796	\$	\$120,908	\$979,997
2019	2020	\$0.204	\$41,367	\$0.289	\$58,551	\$0.127	\$25,787	\$	\$125,744	\$1,104,741
2020	2021	\$0.204	\$43,021	\$0.289	\$60,894	\$0.127	\$26,818	\$	\$130,774	\$1,235,515
2021	2022	\$0.204	\$44,742	\$0.289	\$63,372	\$0.127	\$27,891	\$	\$136,005	\$1,371,517
2022	2023	\$0.204	\$46,532	\$0.289	\$65,906	\$0.127	\$29,007	\$	\$141,445	\$1,512,962
2023	2024	\$0.204	\$48,389	\$0.289	\$68,503	\$0.127	\$30,167	\$	\$147,103	\$1,660,065
2024	2025	\$0.204	\$50,325	\$0.289	\$71,264	\$0.127	\$31,374	\$	\$152,987	\$1,813,052
2025	2026	\$0.204	\$52,342	\$0.289	\$74,196	\$0.127	\$32,629	\$	\$159,106	\$1,972,158
2026	2027	\$0.204	\$54,436	\$0.289	\$77,301	\$0.127	\$33,934	\$	\$165,471	\$2,137,630
2027	2028	\$0.204	\$56,613	\$0.289	\$80,585	\$0.127	\$35,291	\$	\$172,082	\$2,309,712
2028	2029	\$0.204	\$58,878	\$0.289	\$84,049	\$0.127	\$36,703	\$	\$178,877	\$2,488,589
2029	2030	\$0.204	\$61,333	\$0.289	\$87,700	\$0.127	\$38,171	\$	\$185,925	\$2,674,514
2030	2031	\$0.204	\$63,882	\$0.289	\$91,537	\$0.127	\$39,698	\$	\$193,277	\$2,867,791
2031	2032	\$0.204	\$66,629	\$0.289	\$95,565	\$0.127	\$41,286	\$	\$201,022	\$3,068,813
2032	2033	\$0.204	\$69,478	\$0.289	\$99,788	\$0.127	\$42,937	\$	\$209,177	\$3,277,990
2033	2034	\$0.204	\$71,534	\$0.289	\$104,201	\$0.127	\$44,655	\$	\$217,748	\$3,495,738
2034	2035	\$0.204	\$74,499	\$0.289	\$108,818	\$0.127	\$46,441	\$	\$226,684	\$3,722,422
2035	2036	\$0.204	\$77,479	\$0.289	\$109,735	\$0.127	\$48,298	\$	\$235,919	\$3,958,341
2036	2037	\$0.204	\$80,576	\$0.289	\$114,125	\$0.127	\$50,231	\$	\$245,497	\$4,203,838
2037	2038	\$0.204	\$83,801	\$0.289	\$118,694	\$0.127	\$52,242	\$	\$255,438	\$4,459,276
2038	2039	\$0.204	\$87,153	\$0.289	\$123,441	\$0.127	\$54,329	\$	\$265,824	\$4,725,100
			\$1,649,882		\$2,009,878		\$988,864	\$	\$4,725,100	

Notes: (1) Assumes 4% annual increase.  
 City Zone Collection + County Zone Collection = Total Zone Revenues Available  
 Total Zone Revenues Available - Zone Revenue Available for Bonded Debt



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