

Winter 12-14-2013

**A TALE OF TWO CITIES: A CASE STUDY ON THE USE OF TAX
INCREMENT FINANCING AS AN ECONOMIC DEVELOPMENT
TOOL IN TEXAS**

Janet Maccubbin

Follow this and additional works at: <https://digitalcommons.law.ggu.edu/capstones>



Part of the [Business Administration, Management, and Operations Commons](#)

A TALE OF TWO CITIES: A CASE STUDY ON THE USE OF TAX INCREMENT
FINANCING AS AN ECONOMIC DEVELOPMENT TOOL IN TEXAS

Janet Maccubbin

EMPA 396

Graduate Research Project in Public Management

Submitted to:

Golden Gate University, San Francisco, California
in partial fulfillment of the requirements
for the degree of
Executive Masters of Public Administration

Faculty Advisors:

Dr. Joaquin Gonzalez III and

Dr. Mick McGee

December 14, 2013

TABLE OF CONTENTS

Abstract.....	3
CHAPTER 1: INTRODUCTION.....	4
The Structure of Tax Revenue in the State of Texas.....	7
The City of Frisco, Texas TIRZ #1.....	10
The City of Fort Worth TIRZ #3.....	14
TIF Comparison.....	17
The Primary Goal of the TIF.....	17
New Development vs. Revitalization.....	18
Pay As You Go vs. Debt Financed.....	19
Lease vs. Own (Private vs. Publicly Owned Land).....	20
CHAPTER 2: LITERATURE REVIEW.....	23
Consider the Costs and Benefits to Implementation.....	23
Analyze the need for the proposed development/redevelopment.....	24
Defining Expectations.....	26
CHAPTER 3: RESEARCH METHODOLOGY.....	28
Controlling for Internal and External Validity and Bias.....	30
Overview of the Data Collection Process.....	31
CHAPTER 4: RESULTS AND FINDINGS.....	35
Survey Data.....	35
Key Findings.....	47
CHAPTER 5: POLICY RECOMMENDATIONS AND CONCLUSION.....	51
Policy Recommendations.....	52
State-level Recommendations.....	52
Local-level Recommendations.....	54
Conclusion.....	56
REFERENCES.....	58
APPENDIX A: Downtown Fort Worth TIRZ#3 Project and Financing Plan	
APPENDIX B: City of Frisco TIRZ#1 Project and Financing Plan	

ABSTRACT

It was the best of times, it was the worst of times....

Charles Dickens, *A Tale of Two Cities*, 1859

In looking at the variety of cities across the great State of Texas, you will find them in many different conditions. Some are small and undeveloped, with great opportunities for economic growth, while others have seen economic greatness and now suffer from economic decline. Regardless of the condition of the city, this paper explores the opportunity that cities have to ignite economic health and bring financial stability to a district within the city or even the city as a whole.

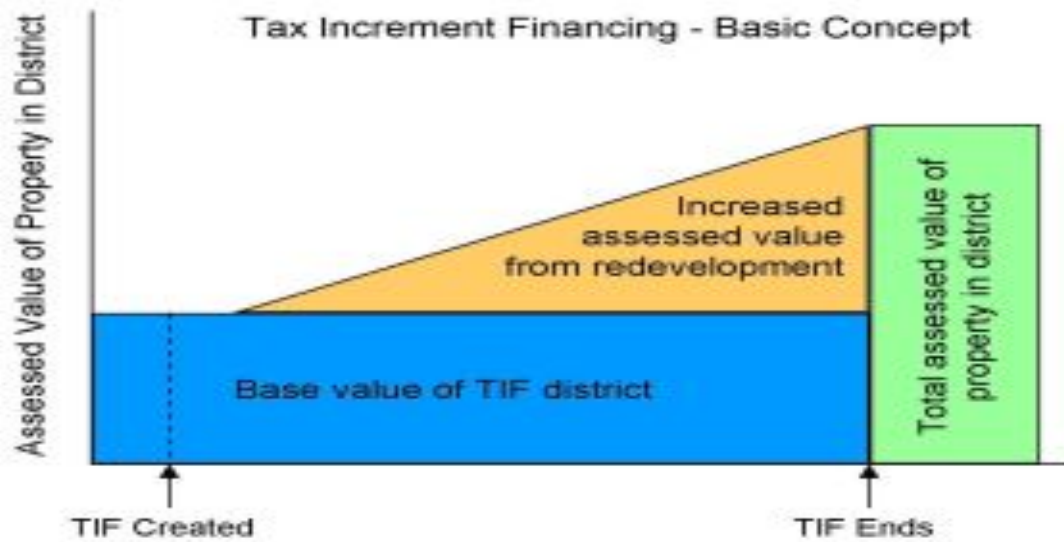
This paper reviews two cities that have used Tax Increment Financing, an economic development tool, to develop and redevelop areas of their cities that held huge potential for growth. For Frisco, Texas, it was the opportunity to spur economic growth that would lead to the development of the entire city. For Fort Worth, Texas, it was the opportunity to revitalize and develop a thriving modern community in the heart of their historic downtown.

As this paper will show, Tax Increment Financing is a flexible resource that can be used in many different ways to address an array of economic development concerns cities may encounter. Understanding the different ways Tax Increment Financing can be used based on the goals a city hopes to achieve is critical to the implementation and the success of a TIF district in the State of Texas.

CHAPTER 1: INTRODUCTION

Tax Increment Financing (also known as TIF) was developed in the early 1970s in California in part as a response to declining federal funding for urban redevelopment. TIF's spawned from the "urban renewal" movement resulting from the Federal Housing Act of 1949. During this time and through the late 1960s, cities were able to secure financial assistance from the Federal government for urban renewal projects. California was the first to use the concept of the TIF as early as 1951 to provide matching funds for Federal Urban Renewal grants. In the 1970s, federal funding for urban renewal began to decline and more states adopted the concept of the TIF as a way to provide local funding for redevelopment and fill the funding gap that the Federal government had left behind. While many states did not adopt TIF implementing legislation until the 1980s and 1990s, today 48 out of 50 states have TIF enabling legislation as part of their State Tax Code. (Sereleas 1998)

Simply put, the idea behind Tax Increment Financing (TIF) is that the tax revenues generated within a specific area known as the TIF district are placed in a special fund and used for the purposes of developing or redeveloping that district. A Tax Increment Financing District (or a Tax Increment Reinvestment Zone (TIRZ) as it is called in Texas) is an area of land that needs either development or redevelopment. When the local governing body establishes a TIRZ, that area of land is essentially "frozen in time." At this point in time a Base Assessment Value (BAV) is established for the land. This BAV calculates the tax-assessed value of the land at the time of TIF creation. For as long as the TIRZ exists (usually 20-40 years), the participating taxing entities will only receive taxes based on the Base Assessment Value (BAV).



In future years, it is envisioned that property values will continue to grow. As property values continue to grow on the land in the TIRZ, additional property taxes will be collected from the private property owners. The taxes collected over and above the taxes assessed on the BAV will remain with the Tax Increment Financing District. This is known as the Captured Assessment Value (CAV). The CAV tax revenue accumulates in the fund and can be used for public improvements such as water and sewer lines, streets, lighting, parking lots, land procurement, and necessary planning and engineering (Mann, 1999).

In Texas, a TIRZ may be created in one of two ways.

- 1) Zones that are initiated by a City Council – A City Council is the only entity that can create a TIRZ. Other taxing entities may join a zone once it is created, but

they cannot create one on their own. These other participating taxing entities may vary in their level of participation from 0% to 100%. That level of participation may stay stable or may fluctuate over time depending on the development needs of the TIRZ and the other priorities of the specific participating entity. In many localities both a county and a school district will join the TIRZ when it becomes beneficial to them.

- 2) Zones that are initiated by petition of property owners – In Texas, a TIRZ can be created when a petition signed by 50% of the property owners in the proposed zone is submitted to the City Council. (Sullivan 2002)

Cities in Texas may use TIRZ for a variety of reasons. These could include the ability to float tax-exempt bonds, which do not count against the City's general debt obligations (and presumably their bond rating). Because the bonds are sold for the purpose of development in the TIRZ, they are repaid with future TIRZ income, not from the City's general revenue. Not all cities choose to float debt to make improvements in a TIRZ. Some cities make improvements on a "pay as you go" basis, which may delay the start of TIF projects while the TIRZ fund builds enough revenue to finance the projects that are included in the project plan.

Another reason cities in Texas might utilize the TIF as an economic development tool is that it significantly reduces red tape for funding public infrastructure projects. City Councils in Texas can create a TIRZ and approve a plan for funding projects within the TIRZ without taking either the creation of the TIRZ or the projects proposed to be funded to the voters for approval. (Sullivan 2002)

Finally, Texas Cities find that TIRZ benefits, such as infrastructure development can effectively reduce development cost barriers and serve as leverage to attract private sector development into an area, or community where such investors might find development cost prohibitive.

Cities in Texas must also carefully assess the risks of using TIRZ as an economic development tool. In order for a TIRZ to be successful it is dependent on increasing property values and corresponding tax revenues to occur within the zone. As a part of the TIRZ Project and Financing Plan, a city will make projections regarding how much those values will rise each year during the term of the TIRZ. These projections will also be used to determine how much debt the TIRZ can support over its lifetime.

If the city elects to issue debt on the future projections of the zone and assessed values drop, or tax revenues within the zone are not received, they place the bonds at risk for default. If an unexpected economic downturn occurs, tax revenues may not be received as businesses or residents in the zone may fail to pay their property taxes.

Finally, a City must consider project cost overruns that may occur with any development and have plan on how to deal with such overruns. Failure to plan for a contingency on project costs could leave a private partner without the promised incentives that they were counting on in the development process.

The Structure of Tax Revenue in the State of Texas

Critical to the understanding and proper analysis of TIFs in the State of Texas is an understanding of how local governments receive revenue. Local governments are primarily funded in two ways: Property Taxes and Sales Taxes.

Three taxing entities, the City, the school district and the county generally collect property taxes. Additional taxing entities such as the Community College District, a hospital district or a water district may also collect property taxes. The tax rates for each of these entities are set by the entity in line with their annual budget needs. For example, a city might collect taxes at .45 per \$1,000 of assessed value, while the school district would general collect taxes at a much higher rate such as \$1.45 per \$1,000 of assessed value. The county tax rate tends to be lower than the City rate, which is also usually true of other taxing entities.

A portion of the Sales Tax Revenue generated within the City also provides funding to the city government. In the State of Texas, the State sales tax rate is set at 6.25%. All sales tax revenues generated by this 6.25% go to fund the State government. The State does not collect property tax or income tax. In addition to the 6.25% a City may collect up to an addition 2% in sales taxes taking the maximum sales tax rate in a specific City up to 8.25%.

Generally, a City will set the City sales tax rate at 1% and then provide for up to two additional entities known under Texas State Code as Type A and Type B Development Corporations to receive sales tax revenues of up to .5% each. Type A corporations can usually fund the following activities with the sales tax revenue to acquire or pay for land, buildings, equipment, facilities expenditures, targeted infrastructure and improvements for purposes related to:

- Manufacturing and industrial facilities, recycling facilities, distribution centers, and small warehouse facilities;
- Research and development facilities, regional or national corporate headquarters

facilities, primary job training facilities for use by institutions of higher education, job training classes, telephone call centers, and career centers that are not located within a junior college taxing district;

- A general aviation business service airport that is an integral part of an industrial park;
- Certain infrastructure improvements that promote or develop new or expanded business enterprises;
- Airport facilities;
- The operation of commuter rail, light rail or commuter buses and
- Sport-related facilities, rail-ports, rail switching facilities, marine ports, and inland ports.

In addition the eligible funding activities for Type A corporations, Type B corporations may also acquire or pay for land, buildings, equipment, facilities expenditures, targeted infrastructure and improvements for purposes related to:

- Professional and amateur sports (including children's sports) and athletic facilities, tourism and entertainment facilities, convention facilities, public park purposes and event facilities (including stadiums, ballparks, auditoriums, amphitheaters, concert halls, parks and open space improvements, museums and exhibition halls);
- Related store, restaurant, concession, parking and transportation facilities;
- Related street, water and sewer facilities; and
- Affordable Housing

Type A corporations are generally known as Economic Development Corporations, focused on attracting business and industry into the City and Type B

corporations are generally known as Community Development Corporations with a focus on building the quality of life for the residents of the community. Both can play a vital role in the TIF process by partnering with the taxing entities in the TIF to financially support projects that are being developed with TIF resources.

Sales Tax revenue can play an important role in the quality of life for City residents, and thus is a big factor in planning and development decisions within the City. As sales tax revenues rise in the city, property tax revenues can be held stable for a longer period of time, making the city a more attractive and cost effective place to live for the city's citizens. As such, attracting additional retail and commercial into the city can be a big factor in a city's decision to utilize a TIF.

This paper explores this research question: What makes TIFs an effective Economic Development Tool for improving the economic conditions in Texas Cities? Specifically, the study centers on what constitutes key measurements of effective TIFs and what characteristics do these TIFs have in common that make them effective?

This paper evaluates the effectiveness of a TIF by using a case study method design to review, assess and evaluate two TIRZ districts in the Dallas Fort Worth Metro area. These districts were chosen because they have both unique and different characteristics with variables, such as economic conditions, which can be held constant providing a better opportunity to evaluate the specific actions each city took within the TIF.

The City of Frisco, Texas TIRZ#1

Frisco, Texas is located 20 miles due north of the City of Dallas. It has a population of approximately 120,000 and has been considered one of the fastest growing

cities in the nation for the past 10 or more years. Frisco established its first TIRZ district in 1997 when it had a population 16,450. At the time, the city was only 25% developed and city officials felt the pressure to take action in several areas of development. First, neighboring suburbs that were very development-focused; often competed with one another for business development and retail opportunities. Second, Frisco ISD had made a pledge to the community to keep school sizes small, leading to concern among city leaders about how to keep the tax rates low as the city and the demand for services grew (ICMA 2006).

At the center of the challenge was a one million square foot regional mall for which local suburbs were competing. While the young city did not have a lot to offer other than open land, they were able to put together an impressive package of incentives which utilized the TIF process as well as sales tax grants to assist the mall in attracting strong anchor stores. A big portion of that incentive package was infrastructure assistance around the newly proposed mall area.

In February 1997, the City Council adopted a Project and Financing Plan for Frisco TIRZ #1. Frisco ISD, Collin County and the Collin County Community College District all agreed to participate in TIRZ #1 at 100%. At that time the value of the land in the TIRZ was assessed at \$16.1 million and land values were projected to grow at 3% a year for the life of the TIRZ.

In order to expedite development of the mall area, the City of Frisco chose to fund improvements by the issuance of debt obligations. Almost immediately upon adoption of the Project Plan, Frisco issued \$7 million in bonds to fund the development of streets, traffic signals and water and sanitary sewer improvements around the new mall area. As

the mall opened in August of 2000, revenue from sales tax in the City of Frisco soared, going from \$3.8 million to \$8.4 million over a one-year period ending in 2001. This mall, with over one million square feet of retail space was attracting customers from as far north as the Texas/Oklahoma border, a distance of about 60 miles.

The surge in sales tax revenue was general indicator of the economic health of Frisco in the early 2000s. The land value in the TIRZ was projected to hit \$150 million in 2001 when in actuality it reached \$352 million. As an outer ring suburb, Frisco sat on the northern border of its almost fully developed neighbor Plano. Plano was a well-developed high-income bedroom community and it was known for its large schools. Plano with approximately the same landmass as Frisco (71 square miles compared with Frisco's 61 square miles), had approximately 220,000 residents in 1998, compared to Frisco's 16,000. Frisco ISD, however, had adopted a small school strategy that was attractive to many upper income families with young children. These factors soon drove development to Frisco, more than doubling their population in just 3 years.

After the development success of the Mall, the City looked to a second public-private partnership that it hoped would continue to attract regional tourism. In 2003, the Frisco TIRZ assisted with the development of the Frisco Sports Complex. This included a state of the art baseball stadium for the Texas Rangers Double A affiliate team, as well as The StarCenter which housed two NHL Ice rinks and serves as the practice facility and administrative offices for the NHL Dallas Stars.

Unlike the Mall where the City was merely involved in infrastructure development, in this second project the City took a more active role through both the purchase of land and the development of public recreational facilities. It also added more

partners to assist with the development costs and in the repayment of debt. These partners included: the Southwest Sports Group (a private sector partner); the Frisco Economic Development Corporation (Type A Sales Tax Corporation); and the Frisco Community Development Corporation (Type B Sales Tax Corporation). With a \$67 million price tag, requiring \$6 million a year in debt service, only \$2.4 million a year is actually paid with TIRZ funds. Additional debt service funding comes from the City's hotel/motel tax along with contributions by both the EDC and CDC of \$500,000 a year. With a total public investment of \$3.9 million a year toward debt service, the remaining funds come from private funds generated from leases attached to the facilities of almost \$2 million. According to the agreements in place between the TIRZ board and private partners, any cost overruns on the project are to be paid by private partners.

A third project undertaken in TIRZ#1 was the creation of a major league soccer stadium, known as the Frisco Soccer complex. When the project was initiated in 2003, the value of the land in TIRZ#1 was assessed at almost half a billion dollars and the population of Frisco, Texas had grown to almost 50,000 (City of Frisco 2012, Proposed Amendment). By August 2005, when the Soccer complex opened to the public, the population had grown to more than 73,000 (City of Frisco Planning website). The success of the Mall complex and the Frisco Sports complex had not only driven the sales tax revenues in the city, but the population of the City was also growing at a rate of sometimes as high as 200% per year.

This third project also involved the development of public recreation facilities that included a 20,000-seat professional soccer stadium as well as 17 adjoining soccer fields. In addition to funding from the TIRZ, this project also received debt service support from

the EDC, CDC and from its private partner Hunt Sports group in the amount of \$20 million.

The fact that Frisco Sports Complex and the Frisco Soccer complex are publicly owned facilities has benefited Frisco ISD greatly. As new high schools were built, Frisco ISD has been able to use the Frisco Soccer complex for high school football games, saving millions of dollars that they would have otherwise had to spend on building individual stadiums for high school football. Frisco ISD is also able to access the Frisco Sports Complex and its arena for high school graduation for all seven Frisco High Schools.

By the end of FY2013, the assessed value of land in TIRZ#1 was in excess of \$1 billion. Sales tax projections for FY2014 are estimated to be \$34.9 million, an increase of almost 900% from the original creation of the TIRZ (City of Frisco Budget FY2014). Fort Worth, Texas TIRZ #3 (Downtown)

The City of Fort Worth has utilized the TIF as an economic development tool in at least 14 different districts across the City, 13 of which are currently active. TIRZ #3 focuses on Downtown Fort Worth and is managed by a 501(c)(6) entity known as Downtown Fort Worth Inc. This TIRZ was created in December 1995 (with a 30-year term) at the petition of property owners to the City of Fort Worth. Other taxing entities also agreed to participate in the TIF including Fort Worth ISD, Tarrant County, Tarrant County College, Tarrant Regional Water District and Tarrant County Hospital District. Historically all of their participation has been at 100% of the CAV. As the TIF was structured, there was a \$5 million a year revenue cap placed on the TIF fund. All tax revenues generated over the \$5 million annual cap are returned to the proper taxing

entity. There is also a \$100 million lifetime cap on TIRZ#3. Currently, the TIF is expected to reach that cap in year 27.

The TIF grew out of the 1993 Downtown Strategic Action plan and was created order to “attract investment and redevelopment of property in downtown Fort Worth.”(City of Fort Worth, Reinvestment Zone 3, Project Plan) Unlike the City of Frisco TIF, the Board members opted to only use the “pay as you go” method of financing. This required waiting several years after TIF development to allow funds to accumulate in the TIF funds sufficient to undertake redevelopment efforts. However, as leaders of the TIF have stated in survey responses, this has lead to positive support by underwriters of private sector projects that receive TIF project funding. By 1999, TIRZ#3 had built sufficient revenues to begin undertaking some of the proposed projects, including leasing of downtown parking garages that provided free parking to downtown patrons and the establishment of the TIF administration.

The Ashton Hotel was one of the first projects to be supported under TIRZ #3. This project preserved two small historic buildings. The first one, built in 1915, is known as the first Fort Worth Club Building. In 1937, the ground floor was remodeled with an art deco façade, and a connection was made into the Winfree Building, a second building built next door in 1890 by attorney C.V. Winfree and his partner to house their law office. The Winfree is one of only eight commercial buildings in Downtown Fort Worth built before 1900 that remains standing today. It's restored Victorian-style façade is a significant example of pre-1900 architecture. TIRZ#3 supported this project by providing a 10-year façade lease totaling \$850,000. The Ashton Hotel added a boutique hotel in the heart of downtown Fort Worth not only fulfilling the goal of preserving the

historic heart of downtown Fort Worth, but it also returning the investment in dividends through the hotel motel tax and adding additional hotel space that was sorely needed in the Convention Center area (Downtown Fort Worth staff).

A second project, The Tower (formerly known as the Bank One Building) was originally constructed in 1974 (Tower Condominium website). On March 28, 2000, the building and Downtown Fort Worth was hit by a massive tornado. In March 2005, the Tower was reborn as a luxury high-rise condominium tower with the assistance of a \$2.8 million environmental remediation grant from the Downtown TIF to remove asbestos and support new construction as well as \$9 million in parking garage leases. The Tower is Fort Worth's first luxury condominium high-rise located and is located in Sundance Square, one of the major dining and entertainment districts in Downtown. The Tower outperformed the housing demand projections significantly was one of several properties that assisted in meeting the goal of the having 1% of the Fort Worth's Housing Inventory located in the Downtown District today approximately 3,172 of the city's total 295,283 housing units are located in the Downtown Fort Worth area (City of Fort Worth, 2013).

A third project, The Santa Fe Freight House was originally developed as a public market converting 40,000 square feet of a historic railroad storage facility into a European-style market, (known as The Rail Market) with on-site merchants, office space and a community meeting room. From 2002 to 2006, the Downtown TIF invested more than \$5 million into the leasing, operations and improvements of the Rail Market, which like other retail downtown, struggled to succeed. Downtown Fort Worth, Inc. and the TIF eventually closed the Rail Market and sought a new public purpose for the building. In 2006, the University of Texas Board of Regents approved a 10-year sublease between UT

Arlington and the Downtown TIF for the Santa Fe Freight Building. Beginning in spring 2007, the University began offering graduate-level and continuing education courses at the facility. The historic building is next to the Intermodal Transportation Center, a downtown hub for bus and train service. UT Arlington occupies approximately 20,000 square feet, including 15,000 square feet of classroom and support space on the ground floor of the building, which will serve as headquarters for the UT Arlington/Fort Worth Center.

As with the Frisco TIRZ, the value of the Fort Worth TIRZ #3 has grown much faster than original estimates. With a base value of \$322 million, the value of the land in TIRZ#3 is currently assessed at \$897 million an increase of 178%. This is a significant increase in a short period of time, especially when compared to the relatively stagnant growth rate of the 10 years' prior.

TIF Comparison

Both Frisco and Downtown Fort Worth have used the TIF as an economic development tool, but in very different ways, below are some of the comparisons and contrasts that you will find in these TIFs:

The Primary Goal of the TIF

The TIF is a flexible tool in that it can be used for a variety of development goals in these two cities, it is clear that two different goals are being pursued. For Frisco, the goal is an increase in retail and commercial development and sports tourism. As one former city official generally put it, why not benefit our citizens with other people's money. Imposing that increases in sales tax, hotel/motel tax and general spending by

visitors from outside the city added funds to the city tax rolls that in turn offset the need for increases in property taxes.

For Downtown Fort Worth, it was the opportunity to preserve the historic character of the center city while at the same time developing the center city into a thriving modern community, both throughout the business day and into the evening. One of the goals of the Downtown Plan was to bring 1% of the residential housing units in Fort Worth to the center city, thus creating a 24-hour life in this historic community center. Like Frisco, Fort Worth also hoped to build on the revenues of visitors into the downtown area and to encourage this, they worked with private sector partners to lease parking garages that were not needed by businesses in the evening in order to provide free parking to visitors who patronize the restaurants, performance halls and entertainment venues in downtown.

New Development vs. Revitalization

The Downtown District of the City of Fort Worth was an established community with a history dating back to before 1850. When the TIF was created in 1995 by a petition of property owners, it was in the hopes that a TIF structure would help implement some of the improvements outline in the 1993 Downtown Strategic Action Plan. When the boundaries of Fort Worth TIRZ #3 were drawn, they encompassed some of the oldest real estate in the city, with the goal of redeveloping and revitalizing the area for current and future use.

In contrast, the City of Frisco TIRZ #1 was designed to take undeveloped land and bring in new development that would build the city. At the time of the creation of TIRZ #1, the city of Frisco had a population of 16,450 residents. Three years later, due

to growth spurred on by the projects developed in the TIRZ, that population number had doubled to 33,000 (US Census 2000). As Frisco's TIRZ has grown, it has continued to include new land that is undeveloped with the goal of using CAV from the TIRZ to help develop publicly owned land throughout the city.

Pay As You Go vs. Debt Financed

TIFs throughout Texas can choose two different ways to finance the projects outlined in their project plan, or they can use a mix of both types of financing. The first financing method, the "Pay-as-you-go" method, is the most financially conservative method. Under this method, a TIF must wait until they have funds in the TIF account sufficient to cover the cost of the project before they commit to the project. The City of Fort Worth TIRZ #3 that has opted to use the pay as you go method exclusively and this meant that they had to wait several years before they could even launch the administrative arm of their TIRZ, so that an appropriate level of funding could build up in the TIF account. While the Fort Worth Downtown TIRZ was initiated in 1995, it was year 3 (1999) before its first funds were invested in any revitalized project. Staff at Downtown Fort Worth, Inc, believe that this method of financing has been key to the underwriting of private sector projects that are being supported with funds from the TIRZ. "The TIF has remained financially robust and dependable. Thus, lenders looked at the TIF participation very favorably during their underwriting process." (Andy Taft, Downtown Fort Worth, Inc.)

In contrast, the City of Frisco chose the debt financing method for their development projects. As a young and undeveloped city, they needed to implement their infrastructure improvements quickly in order to support the private sector development

that would in turn drive growth in other areas of the city. This method was riskier for the city because they were borrowing funds on the projected future growth of the tax revenues that would accrue to the TIRZ. In speaking with Frisco City leaders, they felt this method of financing was critical to the success of the TIRZ and the development of the city as a whole. Being able to move quickly with the development of roads, water systems and traffic control around the million square foot shopping mall and surrounding district was the key to getting private sector developers to choose Frisco as the location in which to build their new mall.

Lease vs. Own (Private vs. Publicly Owned Land)

These two TIFs also have one other distinction worth discussing and that is the purchase vs. lease method approach to development. This contrast is likely highly related to their method of financing. For the City of Fort Worth, using the pay-as-you-go method of financing, providing improvements through leasing has made natural sense. While they cannot afford to wait until they have enough funds in the TIRZ account to purchase or build parking garages, they are able to lease parking space from the private sector partners who utilize there parking garages during the day for business, but do not need them in the evening at the time when the TIRZ is trying to attract patrons for the entertainment and dining district. Based on the current project and financing plan for the TIRZ, the Fort Worth Downtown TIRZ is expected to spend about \$43 million in parking garage leases over the life of the TIRZ. While staff expresses concerns that this may impact the long term sustainability efforts of the revitalization projects after the term of the TIRZ and the associated parking leases are complete, it does however remove additional expenses such as land acquisition, maintenance and operations that the TIRZ

might incur if they owned the parking facilities. Staff surveyed also indicated that this approach did not oversaturate the market with parking that would have disrupted the economics of the private parking market. Unused after hours spaces were activated to serve the desired evening economy.

In contrast, the City of Frisco has opted to own the public recreation facilities that they have developed through bond financing and lease them to private sector partners. These private sector partners also pay for the maintenance and operations costs on these facilities as well as lease payments, which support the debt service costs on the facilities. For school district officials (as a partner with the city in the TIRZ), this has provided the benefit of being able to use the facilities for more events such as football games and graduations thus reducing costs to the school district, which would otherwise have to build and maintain their own facilities for such events. Senior leadership with the school district estimates that the savings to the school district to partner with the City in the TIF would be between \$200,000-\$300,000 per year, just in maintenance and operations costs, not to mention the millions saved in not have to construct their own facilities for high school football games, graduations and staff training events.

While lease revenue and maintenance agreements with private partners continue through the term of the debt service on these buildings, the City may eventually be faced with maintaining these large facilities after the expiration of the term of the TIRZ. As these facilities age and large capital improvements have to be made to keep the facilities current for private sector partners, this expense may be a burden which falls on the city.

Looking at the comparison of these two very different TIFs can be valuable for policymakers who are looking to understanding what policy decision might be

appropriate based on the goals of a specific TIF. For some cities, it is important to have the flexibility to move quickly where as others might want to focus on in a way that conservatively supports the financing efforts private partners. Looking at how different cities handle these different characteristics and examining both the short and long-term impacts of each of these decisions can be important.

CHAPTER 2: LITERATURE REVIEW

Much has been written regarding the advantages and disadvantages of using Tax Increment Financing as a tool for economic development. While some studies show them to be effective in improving the economy of a particular City, others show mixed results. In general, the literature suggests cities carefully evaluate the use of the TIF as an economic development tool. Scholars and practitioners have focused on the following themes when writing or explaining key concerns regarding TIFs:

Cities that use TIFs need to consider the costs and benefits to its implementation.

One theme throughout literature is the concept of the subsidy cost of TIF implementation. Since TIF funds require all new tax revenue to be retained for the use of development or redevelopment in the TIF district, tax districts that are located outside of the TIF Zone must cover the costs other public services such as fire, police and school funding (Leavitt 2008). Royse (1992) discusses the importance of this when evaluating whether or not the use of the TIF makes sense for each city. “Depending on the amount of net assessed value reduced by the TIF, tax rates [on adjoining properties] may be minimally or significantly affected.”

Dye and Sundberg (1998) have developed financial models that cities should consider when calculating the costs of TIF implementation. These include consideration of the initial TIF Property value increase, the post-TIF growth rate of TIF district property values and the initial capital spending that will need to occur in the TIF. Authors also argue the importance of considering the value of tax revenue increases that would have naturally occurred without the creation of the TIF, essentially the value that is being lost by the city as a whole and which will have to be made up for by other taxing

districts when new TIF tax revenue is devoted to development and revitalization projects within the TIF.

Chapman (1998) also discusses the importance of understanding what he calls the “economic outcome” of the TIF program. He defines this as being the difference between the values achieved with the TIF and that which would have been achieved without the TIF. Stating if economic redevelopment would have occurred regardless of the TIF, then tax revenues are unjustly distributed to the jurisdiction implementing the TIF and subsidies are unnecessarily provided to private developers in the project area since many of these developers would have been willing to absorb these costs that are otherwise assumed by the public through the TIF.

In another study, Man and Rosentraub (1998) evaluated 150 cities in Indiana of which 29 cities had a TIF district. They were able to look at pre-TIF and post-TIF property value changes with respect to median housing values in these communities and found a positive association between property value growth and TIF adoption. Another positive effect can be the residential growth rate in the city or the TIF-district. As seen in our two case studies, the City of Frisco and the Downtown district of Fort Worth both of them experienced higher rates of residential growth after the implementation of a TIRZ, as well as increases in sales taxes and/or hotel motel taxes as a result of TIF-initiated development. (City of Frisco and City of Fort Worth Budget Reports and Surveys)

Cities must carefully analyze the need for the proposed development/redevelopment so as not to negatively impact other areas of the city, other taxing entities or the region as a whole.

Tax Increment Financing historically has not been a region economic development tool. Because of its structure, it is initiated by cities to benefit a city tax base, cities often use this tool to compete with neighboring cities for business and retail development.

Often cities are so eager to spur development or revitalization in a particular area that they fail to consider how the TIF might negatively impact other sections of the city or the region as a whole. Garcia (2002) argues that cities should undertake a cost-benefit analysis before undertaking any development or redevelopment. All too often in the desire to retain a historic building or the character of an area, a city will end up spending millions more on the renovation, preservation, or revitalization than it will ever received in return through increased property values or tax revenues. Garcia illustrates such an example with the City of Pittsburgh, PA where the TIF district invested \$130 million only to see an increase of \$38 million in property values.

Another concern in development decisions is making sure that TIF improvements do not result in overdevelopment of a particular type of zoning. Garcia argues the case of the development of new office space in a TIF-district that ultimately lead to the relocation of jobs from one section of the city (non-TIF district) into another (TIF-district) as companies were drawn to the newer, nicer office space causing property values in the non-TIF district to fall as older office space because less attractive. Had the city considered the supply and demand for office space citywide as a part of the cost-benefit analysis of the TIF, it might have been able to see that the new office space in the city was not yet in demand and considered alternatives for the specific development.

Quinones (1993) also expresses concerns about TIFs that involve revitalization and low income neighborhoods. When a TIF district is established cities may use the power of eminent domain to acquire property needed for a roadway or development project. This may lead to the displacement of low-income residents who are then forced to find new housing in an area they can afford. Quinones states that this new area “now suffers from the multiplier effects of a greater concentration of poverty. Poverty has not been addressed or ameliorated, but has been removed to a greater concentration elsewhere.

Finally, Lawrence and Stephenson (1995) provide an important model to help policymakers consider the distributional impact on multiple overlaying taxing jurisdictions. Important to consider is both the costs and the benefits on each taxing district. Dye and Sundberg (1998) also explore this model as they consider the spillover effects from TIF development might not be equal to all. For example, if a TIF project alters collections from sources other than property taxes, such as sales taxes, this may benefit the City, but have no impact on the School District or the County. Both the costs and the benefits of the TIF development should be considered to each taxing district as they consider their rate of participate in the TIF.

Cities should expect more than just an increase in property values from the use of a TIF. Increased employment opportunities or other benefits such as improved housing opportunities and increases in spillover revenue such as sales tax, hotel/motel tax and/or tourism are all examples of results that should be expected when choosing TIF as the method of economic development.

Garcia (2002) argues that a good TIF “should create jobs, not merely transfer them from another location; lead to value added activity and have positive economic multiplier effects on the economy and be devoted to blighted areas, not ones with substantial value.”

When assessing the costs and benefits of utilizing the TIF as an economic development tool in a particular area it is important to consider future increases in tax revenue within the TIF district, however it should not be the sole determinant in whether a TIF should be considered or deemed successful. Levitt (2008) also makes the argument for considering “spillover effects” or effects that benefit the city as a whole that can be attributed to the implementation of the TIF. This might include increases in sales tax that may be attributed to the TIF-initiated development of a new mall or retail center or the faster than projected increases in property values in areas surrounding the TIF. Man (1999) argues that “economic and population growth associated with the TIF district may generate increases in other local government revenue sources, such as local income taxes, sales taxes, and motor vehicle excise taxes.” In the case of the City of Frisco, the local school district was able to clearly define the spillover effects of TIF participation when committing to their investment of \$15 million in a \$68 million sport complex project which resulted in the savings of \$20-\$30 million in stadium construction costs and \$200,000-\$350,000 annually in ongoing maintenance and operations expenses.

CHAPTER 3: RESEARCH METHODOLOGY

This paper provides an analysis and examination of the effectiveness of a TIF using a case study method to assess and evaluate two TIRZ districts in the Dallas Fort Worth Metro area. These districts were chosen because they have unique and different characteristics and yet variables, such as economic conditions can be held constant allowing an opportunity to better evaluate the specific actions each city took within the TIF.

The purpose of this paper is to provide useful information and knowledge to public officials, city staff and property owners who are considering when, why and where regarding the use of TIFs for economic development. This study examines the differences and similarities of two municipal districts and how they have used TIFs to encourage development and revitalization to determine the effective use of the TIF process as well as reviewing what makes TIFs an effective tool for improving the economic conditions in Texas Cities?

This study will utilize surveys, secondary data and interviews with key personnel to analyze the following:

Do Texas Cities that use TIFs see an improvement in the property values compared to what would be expected without government intervention?

Scholars who analyze the use of the TIF process make a strong argument that cities who choose the TIF process, utilize the “but for” test (Dye 2006; Garcia 2002; Merriman 2011). In fact, the Tax Code in some states requires this test. Essentially, a local government must make the case that unless government intervention happens in the

form of a TIF, the area will continue to impair the development of the city. While it is not always easy to analyze what would actually happen if government intervention did not occur, the State of Texas places the burden on the local government to make projections on the actual growth of the district and how the economic development stimulated by the TIF process will affect those values. The primary research undertaken in this study provides data and analysis about the use of the TIF process in specific and current selected Texas cities.

Do Texas Cities that establish TIFs see an increase in private sector investment compared to before the establishment of the TIF?

Private sector investment that is a direct result of the TIF may not always be easy to measure. This paper looks at both qualitative and quantitative data to try to understand the impact of the TIF process on each case study city with regards to the increase of private sector development.

Do Texas Cities who use TIFs see an increase in sales tax revenues or other “spillover effects” within 10 years of project implementation?

Often the analysis of increased property values within the TIF zone is only a small picture of the impact that happens during the lifetime of the TIF zone. It is also important to look at the “spillover effects” of the TIF that may affect one or more of the taxing jurisdictions that are TIF participants. Such affects might include increases in sales taxes, hotel/motel taxes, or retail development and property taxes. While each taxing jurisdiction will benefit from the TIF differently, it is important to look at the impact each

taxing entity experiences compared to their investment in the TIF Zone. This paper examines the data obtained from both primary and secondary data from the cities selected for a case study in this paper to determine some of the spillover effects that they may be seen from the implementation of each TIRZ.

Controlling for Internal and External Validity and Bias

When looking at internal validity in these two case studies, it is important to tie the results that we are seeing in these TIF districts to the investments made by these cities in the district as part of the TIF process. In this study we are using increases in sales tax, increases in property values and increases in other revenue/taxes within the district as an indicator of success. With regards to both of these cities substantial growth in these numbers were seen within 10 years of TIF project implementation (Fort Worth in 2007, with the Tower Condominiums and Frisco as early as 2001 with the opening of Stonebriar Mall).

When constructing this case study model, it was also important to isolate as much as possible for economic factors. Thus, both case studies selected were located in the Dallas-Fort Worth Metro area of Texas.

One challenge to internal validity with regards to Frisco, Texas is the natural migration of growth that was already poised for Frisco. With the inner ring suburbs almost fully built out, new development was moving further north and Frisco was directly in the path of that development. However, without the TIF initiated mall project and infrastructure, it is doubtful that Frisco would have had the high profile status that

developers were able to use to market residential opportunities. With the development of the Mall and the surrounding retail in the TIF, Frisco quickly became known as the suburb with small schools and a community where everything was easily in reach. As the city motto so reflected in the early 2000s. Frisco is a city where you can “live, work and play.”

With regards to external validity, both of the models present opportunities to apply learning to other cities of similar structure. The City of Frisco and the City of Fort Worth each have unique characteristics and populations. What is important to a resident in a downtown urban setting will be very different from that in a suburban setting. As such, findings presented in this study are more likely to be transferable to cities of similar size, age, population characteristics and growth and development patterns.

Overview of the Data Collection Process

The data collection process included a review of literature, a collection of secondary data, including city reports and plans, as well as state and local laws and ordinances regulating the TIF process as well as the specific TIFs reviewed as case studies for this paper. In addition, data collection utilized qualitative surveys and one on one interviews with public officials and economic development staff from the two case study cities mentioned in this paper.

Secondary data analyzed for this paper, included the:

- Texas State law regulating the TIF/TIRZ development and implementation process, Title 3, Subtitle B, Chapter 311 entitled Tax Increment Financing Act;

- Texas State Comptroller Biennial Registries of Reinvestment Zones for Tax Abatements and Tax Increment Financing;
- Texas State Comptroller, “Texas Ahead” website (<http://www.texasahead.org>)
- Reinvestment Zone Number One, City of Frisco, Texas (Tax Increment Reinvestment Zone), Project Plan and Financing Plan;
- City of Frisco, Texas Popular Annual Financial Report (dated September 30, 2012)
- City of Frisco, Texas Annual Budgets for FY2014 and previous years
- City of Fort Worth, Texas Annual Budgets for FY2014 and previous years
- Frisco’s TIF is Tops, a report prepared for the International City Managers Association (ICMA)
- Plan 2023 Ten Year Strategic Action Plan for Downtown Fort Worth
- Downtown Fort Worth Strategic Action Plan (2003)
- Fort Worth, Texas TIRZ #3, Downtown TIF Project Plan and Financing Plan
- Website for the City of Frisco (<http://www.friscotexas.gov/>)
- Website for the City of Fort Worth (<http://fortworthtexas.gov/>)
- Website for Downtown Fort Worth Inc. (<http://www.dfwinc.org/>)
- Websites for individual private sector projects developed within the case study TIFs

Primary data collection included a qualitative survey distributed to the following individuals at both of the case study cities:

- Economic Development Directors and staff;

- Current and former public officials;
- Senior City staff; and
- School District personnel

Additional in person and telephone follow up interviews were conducted with a selected sampling of the above individuals who were available for additional follow on questions.

The survey that was distributed to the above individuals included questions such as:

1. Why did the City choose to utilize the TIF for economic development?
2. What do you consider were the City's goals in choosing to use the TIF?
3. Which goals, if any, goals have been achieved
4. Some cities use bonds to fund TIF projects and other us the pay as you go method only funding projects as cash is available in the TIRZ fund. In what way, if any, do you believe the method of financing impacted the results of the TIF?
5. How much of the property within the zone is privately owned (taxable) and how much is publicly owned?
6. Of the projects developed within the TIF, which do you feel was most successful and why?
7. What do you believe the TIRZ overall impact has been for the City?
8. What do you believe the TIRZ overall impact has been for other funding partners?

Finally, this paper includes data collected from the literature review as well as primary and secondary data sources to specifically to identify, assess and evaluate the following:

- What are measurements of effective TIFs?
 - a. Literature Review
 - b. Case Study Review
 - c. Primary Data and
- What characteristics do these TIFs have in common that make them effective?

CHAPTER 4: RESULTS AND FINDINGS

As part of the research process, a survey was conducted of economic development staff, city staff and public officials in the two case study cities. This chapter will review the responses to the survey as well as responses received in personal interviews conducted with these respondents.

Survey Data

1. Why did the City choose to utilize the TIF for economic development?

Fort Worth Downtown TIF

In Fort Worth, survey respondents state that the TIF was recognized by property owners as a tool that could be used to address the infrastructure projects that were identified as important in the 1993 Downtown Strategic Action plan, a process co-sponsored by Downtown Fort Worth, Inc., the City of Fort Worth, and the Fort Worth Transportation Authority.

The TIF was created after resolutions of intent to participate were received from other taxing entities, including the Fort Worth ISD, Tarrant County, Tarrant County Hospital District, Tarrant County College District (formerly Tarrant County Junior College System), and Tarrant Regional Water District (formerly Tarrant County Water Control District #1)

Frisco, Texas TIF

In face-to-face interviews, respondents stated that the TIF was a tool that staff discovered through research, initially as a way to attract a large regional shopping mall to locate on City of Frisco land, as opposed to a neighboring city. The hope was that this would be an economic engine that would spur retail growth, increase tax revenue and

support overall development for the City that at the time was small (about 16,000 people). With the creation of the TIF, the city could offer the developer support for infrastructure improvements matched with other economic development tools such as sales tax grants and tax abatements, which could be offered to the mall's private sector developers as a way to attract anchor stores for the mall.

2. What do you consider were the City's goals in choosing to use the TIF?

Fort Worth Downtown TIF

Respondents felt that the taxing jurisdictions were coming together and forging partnerships to help “create an economic development resource larger than the city could have developed independently.” Goals included building a stronger tax base for all taxing entities, by attracting additional investment and spurring redevelopment in the property of Downtown Fort Worth. The improvement goals of Downtown owners and these taxing entities included public parking and connecting systems, streetscape improvements, and historic preservation.

Frisco, Texas TIF

Respondents mentioned the desire to spur economic development and overall city growth while keeping residential property tax rates low as key goals. While unknown to school district officials at the time, the City also hoped to support the school districts desire to maintain small neighborhood schools by increasing property values and in turn increasing the tax base for all tax entities.

3. Which goals have been achieved?

Fort Worth Downtown TIF

100% of respondents' highlight the success of strengthening the residential base and the expansion of parking opportunities as two important influences in leveling the playing field between Downtown and the suburban cities for evening and weekend opportunities. The result has been a significant increase in "sales and sales tax generation."

The Downtown TIF has also been responsive to changing priorities and development patterns in the downtown area. When projects such as the public market failed to succeed, priorities were reassessed and the building was repurposed into a successful university extension that is generating income for the TIRZ.

Across the board, all respondents felt the TIRZs greatest achievements were in the areas of residential development, accessible parking for downtown patrons and historic preservation.

Frisco, Texas TIF

Respondents in face-to-face interviews felt that all of these goals had been achieved. The City of Frisco has been one of the fastest growing cities in the nation for 13 years; growth which leaders believe can be attributed to the TIF projects such as the mall and sports venue developments. Sales tax revenue has increased by almost 1000% and comprises almost 50% of the city budget, allowing the city to keep the residential property tax rates much lower than otherwise.

4. What other participating taxing entities are partners in the TIF?

100% of the respondents for each city reported the following:

Taxing Entity	Fort Worth TIF		Frisco TIF	
	Historic	Future	Historic	Future
City	100%	60%	100%	100%
ISD	100%	0%	100%	100%
County	100%	40%	100%	Limited
County College	100%	20%	100%	Limited
Regional Water District	100%	40%	NA	
Hospital District	100%	40%	NA	

Both Fort Worth and Frisco have had shifts in tax entity participation over time. For the city of Fort Worth, while the school district originally part of the TIF, effective in 2014, they will cease participation. Other entities have reduced participation levels due to the faster than expected rise in values within the TIF which is producing revenues in excess of the \$5 million annual cap and is expected to reach the \$100 million lifetime cap in year 27 instead of 30. One respondent described the shift in participation as follows: “Since these taxing entities do not benefit from sales or hotel occupancy tax, the primary benefit has been the very large increase in property tax values and tax revenues. The TIF District has created net financial gain to local governments since the first years of its existence, and substantial financial gains after 2006. Each year since then, TIF District substantially exceeded its \$5 million annual cap and has returned more than \$47 million of tax increment to the participating local governments. Although cessation of the Fort Worth Independent School District’s participation in the TIF reduced the overall tax increment by more than \$4 million per year after 2013, the TIF is still expected to generate more than \$8.5 million in tax increment in 2014 and beyond.”

With regards to Frisco, the county and the community college have also reduced participation over the years. While benefits are clear for both the City of Frisco and Frisco ISD with sales tax and hotel/motel tax revenues and sports venues, the county and community college have had limited benefits in TIF projects. One respondent specifically mentioned that the county has stepped back from participating in all TIFs as their tax rate is so low and their revenue is limited. Since counties in Texas are comprised of many cities and school districts, there is also the perception that participation in a TIF may favor one city over another.

5. What method of financing did the TIF primarily use?

100% of the respondents for each city reported the following:

Fort Worth TIF	Frisco TIF
Pay as you go financing	Debt financing

6. In what way, if any, do you believe the method of financing impacted the results of the TIF?

Pay as You Go Financing – Fort Worth Downtown TIF

All respondents felt that this type of financing provided a solid stable limit of funding that the TIF could commit to projects without depending on future value growth. Half of the respondents mentioned that “pay as you go financing” improved the underwriting positions for private sector partners in that lenders “looked at the TIF participation very favorably during their underwriting process.”

For the Fort Worth Downtown TIRZ, this method of financing has led the TIRZ board to enter into annual lease agreements, rather than outright ownership of parking garages and half of the respondents expressed concern that when the leases go away, will

the impact of free parking in the downtown area be sustainable if further funding is not available.

Debt Financing – Frisco, Texas TIF

Respondents felt that debt financing helped them have the resources to move quickly when infrastructure improvements needed to be put in place in order to meet the public commitment to private sector partners.

7. What other funding types are received into the TIF accounts annually that provide additional revenue to TIRZ?

100% of respondents for each city reported the following:

Source of Revenue	Fort Worth TIF	Frisco TIF
Sales Tax Revenue (CDC/EDC participation)	No	Yes
Lease Revenue	Yes	Yes
Parking Revenue	No	No
Vendor Fees	No	No
Interest Income	Yes	Yes

8. What percentage of annual revenue in the TIF account is made up of the “other funding types” listed above as opposed to the Captured Assessed Value from property taxes?

100% of respondents for each city reported the following:

Fort Worth TIF	Frisco TIF
Less than 25%, around 1%	About 25%

This survey question is also supported by data found within the Project Plan and the Financing Plan for each TIRZ.

9. How much of the property within the zone (TIRZ#3) is privately owned (taxable) and how much is publicly owned?

100% of respondents for each city reported the following:

Fort Worth TIF	Frisco TIF
Less than 25% publicly owned	About 60% publicly owned

With regards to Frisco, maps and appendix data found within the Project Plan and the Financing Plan for TIRZ; as well as property tax records found at Collincad.org also support this survey question.

10. Of the projects developed within the TIF, which do you feel was most successful and why?

Fort Worth Downtown TIF

Since building a strong downtown residential presence is a primary goal for the Fort Worth Downtown TIF, it was not surprising that 100% of respondents mentioned The Tower condominiums as the most successful project for the Downtown TIF. The Tower was “TIF-funded environmental remediation [project] with a parking lease. It was the first truly high-rise residential project attempted in Downtown, and it proved up the market for owner-occupied housing in the core [of Downtown].” Not only did the Tower completely sell, it led to additional townhome and condo construction in the Downtown TIF. Other important project successes mentioned by at least half of the respondents included:

- Free weekend and evening parking made possible through parking leases;

- The Ashton Hotel, a historic preservation project which has provided additional revenues in the form of local hotel occupancy taxes, sales taxes and property taxes; and
- Sundance Plaza, a dining and entertainment plaza that has become the “city living room” in Downtown Fort Worth.

Frisco, Texas TIF

In talking with both City and School District personnel, 100% of respondents stated that the Stonebriar Center Mall was the most important and successful project of the TIF. When asked why, all respondents stated that it spurred city wide economic growth served as a launching point that made all other TIF projects possible.

11. What, if any, projects were proposed, but not funded in the TIF?

Fort Worth Downtown TIF

100% of respondents cited the 3rd Street Improvements as a project that was originally proposed, but not funded within the TIF. While this project was in the original TIF plan, and the TIF Board funded a conceptual design, construction of the improvements never proceeded due to the TIF Board’s decision to provide public funding only if private property owners also provided funding.

Frisco, Texas TIF

100% of Frisco respondents could not name a particular project that was not funded due to a constraint in TIF resources, or in policy decision. As a course of practice, Frisco has used the TIF and other economic development resources at its disposal to present incentives to development opportunities that fit the goals of the TIRZ. On occasion, such developers choose to take their projects elsewhere.

12. What might have been the impact, if these project(s) above could have been funded with TIF resources?

Downtown Fort Worth TIF

All respondents to the survey felt that a better pedestrian connection between residential properties west of Henderson into the core of downtown could have been achieved if the 3rd Street Streetscape improvements could have been implemented. As one respondent stated, this project might have provided “pedestrians a pleasant means of ingress into the core from residential developments a half-mile or more away from Sundance Square.”

13. What do you believe the TIRZ's overall impact has been for the City?

Fort Worth Downtown TIF

All respondents felt that the TIF has transformed the downtown area into a more vibrant downtown and accelerated the demand for residential opportunities in the downtown area. In addition to preserving key historic buildings it has produced strong growth in hotel, sales and property tax revenues. There is now a “growing and meaningful” dining and entertainment district all of which would not have occurred without the work of the TIF.

Frisco, Texas TIF

All respondents clearly identified the spillover effects that can easily be seen in Frisco.

- Increases in sales tax revenues from 1998-2013 of almost 1000%.
- Increases in the property value in the TIF during that same period of over 5000%.

City leaders felt the biggest impact is that the TIF projects such as the new mall and retail area as well as the sports venues, drove the population growth into the city.

Because of the structure of the TIF, city leaders were able to move quickly to develop necessary infrastructure to support the TIF projects, but also the City growth.

14. What do you believe TIRZs overall impact has been for other participating partners (ISD, County, County College District)?

Fort Worth Downtown TIF

All respondents mentioned the increase taxes bases and property revenue that will accrue to each taxing entity, “each year since 2006, the TIF District substantially exceeded its \$5 million annual cap and has returned more than \$47 million of tax increment to the participating local governments.” Half of the respondents also mentioned the spillover affects of the revitalization efforts that are happening in adjoining neighborhoods due to the revitalized downtown area. Specifically, one of the senior economic development leaders for Downtown Fort Worth mentioned: “Although it cannot be empirically proven, a line could well be drawn between downtown’s dramatic success since the TIF was created and the historic redevelopment momentum on 7th Street and the Near South Side. In addition, the 800 acre Trinity River Vision project is also made possible by the positive economic pressures and momentum being generated in downtown.”

Frisco, Texas TIF

Both City and School District staff felt that one of the strongest benefits of the TIF has been the benefit to the Frisco ISD. While all taxing entities benefit greatly from the annual property value growth rate in the TIF (about 21% per year over the life of the

TIF). The school district on two separate occasions has been able to save \$20-\$30 million by sharing the public recreation facilities developed in the TIF rather than building their own facilities. In doing this, not only do they save the taxpayers capital costs, but the cost of facility maintenance, operations and capital upkeep saves the district the annually an additional \$200,000-\$350,000 per stadium.

15. What changes in the State Statute, if any, would make the use of TIF resources more effective in your community?

Only one respondent suggested that the State consider evaluating changes to the State Statute. Their recommendations included:

- Consider allowing cities that are involved regional transportation authorities to have an additional ½ sales tax or full cent tax which might allow them to be more effective with TIFs, especially those using the debt service model of financing.
- Reevaluate the change to the 1999 TIF law, which penalized schools in the school funding formula who participate in TIFs. Since it is clear in TIFs like the City of Frisco that schools can benefit from TIF projects, saving taxpayers millions of dollars, participation in a TIF by a school district should at least be “revenue neutral.”

Figure 1: Key Finding and Analysis of Data

TIF Characteristics	Fort Worth (3 and 3A through 2012)	Frisco TIRZ#1 (through 2012)
Year Established	Dec. 1995	Feb. 1997
Term	Dec. 2025	Dec. 2038
Base Value	\$217.9 Million (279 acres) \$780,979 per acre	\$16.1 Million (1203 acres) \$13,383 per acre
Current Value (2012)	\$897.3 Million (407 acres) \$2,463,816 per acre	\$923.6 Million (2494 acres) \$370,328 per acre
Captured Value (2012)	\$574.9 Million	\$907.5 Million
Per acre value increase	\$1,682,837 (215%)	356,945 per acre (2667%)
Financing Method	Pay as you go	Debt Service
Projected Value at 3% growth for the life of TIF	\$535,329,690	\$53,373,894
Current value of original TIF (original land x current value per acre)	\$687,404,750 (about 6.5% average growth per year to date)	\$445,504,584 (about 21% average growth per year to date)
Increase in Total Value	178%	5636%
Type of Development	Downtown Revitalization	New Undeveloped Land
Participating Entities	City, ISD, College, County	City, ISD, College, County
Major Projects		
Project #1	The Tower (residential)	Stonebriar Center area (private retail)
Project #2	The Ashton Hotel (private commercial)	Ballpark (public)
Project #3	UTA Fort Worth Center (educational)	Pizza Hut Park (public)
Privately Owned Property	More than 75%	Less than 40%
Origination	Petitioned by Property Owners	City-initiated
Management	Downtown Fort Worth Inc.	City of Frisco
Sources of Income	Tax Revenue, Interest Income	Tax Revenue, Interest Income, Contributions from CDC and EDC, Lease Revenue, Hotel/Motel Tax
Spillover effects	Hotel Motel Tax, increased downtown residential	Sales Tax, reduced school expenses
City Sales Tax Revenue 1998	65,000,000	2,265,000
City Sales Tax Revenue 2012	108,000,000	24,489,084
Growth rate in Sales Tax	66%	981%
Current Debt	None	\$138.3 Million

Key Findings

As proposed, this paper will review the primary and secondary data to understand if these two districts were an effective use of the TIF process?

Do Texas Cities that use TIFs see an improvement in the property values compared to before the investment?

Fort Worth TIRZ#3 and Frisco TIRZ#1 started with very different property uses. Fort Worth was an established city with a downtown that needed revitalization and modernization for today and beyond. A primary goal for Downtown Fort Worth was to create a vibrant, accessible downtown area around the clock, which for this TIRZ meant building a strong residential base in the downtown core. Since Fort Worth was working with already developed and densely zoned sites, the land had a higher per acre starting value at the creation of the TIF (\$780,979 compared to Frisco's undeveloped land at \$13,383), yet the Fort Worth TIRZ #3 has still produced a property value growth of around 200% in 18 years (much of this value acceleration occurred after 2006). Fort Worth TIRZ #3 boasts an average yearly growth of about 6.5%.

The City of Frisco TIRZ #1 has also shown remarkable success in raising the property values in the TIF district. Since its inception in 1997, through 2012, the Captured value in the TIF was \$907.5 Million, an increase in value of more than 5000% and an average growth of 21% per year. Assuming a standard 3% property growth rate without the use of the TIF, both of these cities have been successful in using the TIF to improve the property values within the TIF boundaries.

Do Texas Cities that establish TIFs see an increase in private sector investment compared to before the establishment of the TIF?

In survey responses and interviews, both Cities cited the TIF as a tool that was able to increase private sector investment in the City. For the City of Frisco, the original purpose for the creation of TIRZ #1 was to attract a million square foot shopping mall into the City, by providing infrastructure development support in the form of roads and water systems. The City succeeded and with the opening of this mall in 2001, an additional million square feet of retail space soon followed in the Center at Preston Ridge as well as numerous restaurants to support the crowds of shoppers. With the opening of the Ballpark and the Soccer complex, more than a dozen hotels followed to support the crowds of tourists who traveled to Frisco for sporting events.

The City of Fort Worth TIRZ #3 has also seen initial support for a project result in strong private sector investment in the TIRZ and the surrounding neighborhoods. With the investment of an environmental remediation grant and parking garage leases in The Tower condominiums, a residential market was established that outperformed the projections significantly and led to the construction of an additional 600 condominium and town homes. Leaders also believe that investment in residential development has led to a “redevelopment momentum” in the neighborhood adjoining TIF. With the free evening and weekend parking provided by TIF funded leases, leaders state they are seeing a more vibrant downtown and a growth in the dining and entertainment district as well as increases in revenues from hotel/motel taxes and sales taxes also brought in by the entertainment district as well as the convention center tourism.

Do Texas Cities who use TIFs see an increase in sales tax revenues within 10 years of project implementation?

In survey responses leaders of the Fort Worth TIRZ #3 cited increases in sales and hotel/motel taxes as a major success of the TIRZ. While Fort Worth is a smaller district than the City of Frisco, according to the City of Fort Worth FY2012 CAFR, over the past ten years the City of Fort Worth sale tax collection grew from \$72M in 2003 to the anticipated amount of \$108M in 2012. This represents a 50% growth over the last ten years.

For the City of Frisco it is hard to attribute a certain percentage of sales tax revenues directly to the TIF. Since 1998, two years before the opening of the mall the first TIF funded project, sales tax revenues in the City of Frisco have grown by almost 1000% percent and today comprise almost 50% of the city's annual budget. Since most of the retail in Frisco has developed post-1998, it can be reasonably estimated that about 95% of these retail establishments were attracted to develop in Frisco because of TIF funded projects. Therefore, whether the sales tax increases are directly related to the mall, or whether they are spillover effects from the impact of the mall on the city, it is fair to say that almost all of the sales tax revenue increase can be tied into the impact of the TIF projects.

One interesting finding that relates back to increases in sales tax was an approach that the City of Frisco has taken throughout the life of their TIF. Due to the retail focus of their TIF, Frisco has taken the approach of using their TIF as “one tool of many on the economic development tool belt,” when it comes to attracting additional retail into the

City, public officials and city leaders often create a package that combines the TIF resources with other incentives such as a Section 380 sales tax grants or other forms of tax abatements that are allowed by State Law. It is often a combination of these incentives that bring strong retail into Frisco, further advancing their sales tax revenue growth.

CHAPTER 5: POLICY RECOMMENDATIONS AND CONCLUSION

In searching the Internet, very little can be found for local leaders in Texas with regards to training and education on the implementation of Tax Increment Financing Districts. While the State does collect data on TIFs which have been initiated within the State, it appears that little is done with this information other than to assure compliance with Chapter 311 of the Texas Tax Code.

Non-profit industry organizations such as the Texas Economic Development Council and Council of Development Finance Agencies offer policy papers and an occasional webinars regarding TIFs, however there are little training opportunities available to public officials and staff, especially of smaller cities in Texas, where the TIF could benefit with economic development and growth.

The State of Texas assumes responsibility for collecting data and assuring compliance with Section 311 of the State Tax Code regarding TIRZ. On September 1, 1997, the State Comptroller assumed responsibility for the state's Central Registry of Reinvestment, which was formerly with the office of the Texas Department of Economic Development. While this information is compiled into the Biennial Registry of Tax Increment Reinvestment Zones, little more is available other than the city reports.

Yet in analyzing Tax Increment Reinvestment Zones in the State of Texas, there is much to be said for the benefit the State receives from the success of these zones. In these two case studies alone, the State of Texas has benefitted greatly from the sales tax revenue increase that both zones have been able to produce. Annual sales tax revenues of \$25 billion makes up almost 30% of the budget for the State of Texas, however little is

being done regarding training cities how to effectively use an economic development tool that could greatly increase sales tax revenues in the State of Texas.

Policy Recommendations

As a result of the findings presented in this paper, the following are policy recommendations for the State of Texas:

1. *By the Spring of 2015, the State Comptroller's office should work with the Texas Department of Economic Development to construct case studies of ten TIFs within that can serve as models for cities under 50,000 who are considering using TIFs to launch development. These case studies should represent a comprehensive use of the TIF tool in the State of Texas including such characteristics as:*
 - Type of Financing
 - Various Development Goals
 - Successes and Failures of the TIF
 - Types of Land Use
 - Types of Private Sector Partners
 - Regional Economic Development Goals
 - Various Taxing Entity Participation
2. *By the Fall of 2014, The State should initiate discussions regarding the benefits of allowing counties to initiate TIFs as a regional economic development tool, or at a minimum create an input process for counties or regional councils of government.*

In the desire to create the best tax base possible for a city, it has become common in Texas for cities to develop a TIF in order to compete with a neighboring city for the ideal private sector partner(s) that will bring the greatest amount of financial benefit to the city with regards to taxes, jobs and other economic benefits. While this can be beneficial to regional development, without alignment with regional planning, it may actually act against regional planning goals. At a minimum some input from the regional council of governments or the county(s) should be obtained prior to the development of a city initiated TIF.

3. *By the Spring of 2016, the State should complete a financial analysis of the impact of TIFs at the State level, with a consideration on State Tax code changes that might support TIF Partners and the State of Texas.*

The State of Texas benefits greatly from the success of its cities, especially with regards to sales tax revenues. To the extent that it can understand the impact of successful TIFs at the state level and in turn create training opportunities that build capacity in cities to generate results, the State will be stronger financially. One important consideration for the success of TIFs in the State of Texas is the participation of school districts. While school district equalization policy is important, the state should consider evaluating its policy regarding how it calculates the state funding formula for those school districts, which participate in TIFs that benefit both economic growth in the city, and save taxpayer funding for the schools.

As a result of the findings presented in this paper, the following are policy recommendations for local policymakers who uses TIF or are considering using TIFs:

1. *“Begin with the end in mind” – Steven Covey*

TIFs often start with the intention of solving a particular economic challenge whether that is to spur new development or economic revitalization, but rarely do the policymakers who implement the TIFs consider how they will sustain the TIF projects once the TIF is dissolved and the captured taxes are returned to the general revenue of each partner taxing entity. For cities like the City of Frisco where the partner taxing entities are deeply intertwined in sharing facilities, it will require strong long-term relationships and agreements to preserve the benefits each taxing entity currently receives. For the cities of Fort Worth and Frisco, they should begin planning now for how the TIF projects and successes will be maintained going forward when the TIF reaches the end of its life. For cities creating new TIFs, local leaders should outline as part of their project plan, specifically how projects funded with taxpayer resources will be preserved and continue to produce results for the city long after the TIF structure is gone.

2. *Consider how TIFs can recover financial benefits when TIF projects succeed*

Often a TIF will invest resources in a private project to ensure its financial success, knowing that it is a key project that may be critical to the financial success of the TIF district as a whole. In projects, such as retail or hotel/motel related, success easily translates back into a direct benefit to the city through an increase in sales tax revenues or hotel/motel taxes. For residential projects, it can be seen through property value

increases, as Downtown Fort Worth saw in 2007 with an 86% one year increase in property values when the Tower Condominiums reached completion. But Andy Taft, President of Downtown Fort Worth, Inc. also suggests cities consider the importance of “clawback provisions that would allow the TIF to share in the upside if a project significantly outperforms it’s proforma.” While a TIF Board may invest a significant amount in an especially important project, they should consider the balance of using public resources to balance private sector success as future economic development incentive packages are created.

3. *Analyze the effectiveness of the TIF against the goals of all participating taxing entities.*

As seen throughout this paper, each taxing entity benefits differently from the TIF relationship. While all will benefit from the increase in property values, the amount of tax revenue that must be set aside by each entity to make a TIF successful varies greatly. For school districts, with the highest property tax rates and little or no other sources of revenue, the amount of tax revenue forgone is the greatest. For counties or smaller entities such as hospital districts with lower tax rates, this amount of revenue will be much smaller. For Texas cities, the creator and manger of the TIF, the benefits of increased sales tax revenue and hotel/motel tax revenues will be the greatest.

Often taxing entities will enter the TIF with little thought regarding how they will benefit from their investment in the TIF other than improvement within the TIF district, however, if this is the case, there may be a temptation to reduce their participation in the TIF prior to the end of the TIF term. This may leave the TIF with reduced resources and

the inability to implement proposed projects or implement the project plan goals. It may also require other taxing entities contribute a greater share to cover the losses of the departing partner.

As a part of the project plan development cities should clearly define how each taxing entity will benefit from the implementation of TIF projects. For the City of Frisco and Frisco ISD, it is clear how the creation of public recreation facilities saved the taxpayers millions of dollars and allowed both entities to keep their tax rates low. Defining these expectations upfront may help taxing entities see the benefits of participating in a TIF even when budgets are tight.

Conclusion

The purpose of this paper was to evaluate the use of Tax Increment Financing in Texas cities to determine if TIFs were an effective economic development tool for improving the economic conditions in Texas Cities. Specifically, the study centered on what constitutes key measurements of effective TIFs and what characteristics do these TIFs have in common that make them effective. In measuring the effectiveness of the TIF in the cities of Downtown Fort Worth and Frisco, Texas both TIFs showed marked increases in sales tax revenue, property values and other revenues such as hotel/motel tax within 10 years of TIF project implementation.

This study also presented and compared a variety of methodologies that TIFs can use to implement the TIF projects outlined in their project and financing plan. While both of these cities are located in the Dallas-Fort Worth metro area, their reasons for using TIFs and the methods employed in implementing their TIF projects were very

different. This provided the opportunity to compare and contrast their methods and results; illustrating lessons that can be applied to similar cities within the state of Texas.

TIFs may be difficult to understand and communicate to citizens and they can bring with them concerns about providing subsidies for expenses that might otherwise be covered by the private sector. However, if properly and effectively used TIFs can be a powerful tool that brings economic strength to a city or a specific area of the city, giving city leaders financial stability and the flexibility to keep property taxes low and provide a higher quality of life for its citizens.

References

- Arvidson, E., Hissong, R., & Cole, R. L. (2001). Tax increment financing in Texas: Survey and assessment. *Tax increment financing and economic development: Uses, structures, and impacts*, 155-178.
- Bartels, C. E., & Hall, J. L. (2012). Exploring Management Practice Variation in Tax Increment Financing Districts Toward an Administrative Theory of Performance. *Economic Development Quarterly*, 26(1), 13-33.
- Buss, T. F. (2001). The effect of state tax incentives on economic growth and firm location decisions: An overview of the literature. *Economic Development Quarterly*, 15(1), 90-105.
- Byrne, P. F. (2006). Determinants of property value growth for tax increment financing districts. *Economic Development Quarterly*, 20(4), 317-329.
- Chapman, Jeffery I. (1998). Tax Increment Financing as a Tool of Redevelopment. *Local Government Tax and Land Use Policies in the United States*. Helen Ladd. Ed., 188-189
- Davis, D. (1989). Tax increment financing. *Public Budgeting & Finance*, 9(1), 63-73.
- Dye, R., Merriman, D., Dye, R. F., & Merriman, D. F. (2006). Tax Increment Financing (Land Lines Article).
- Dye, R. F., & Merriman, D. F. (2000). The effects of tax increment financing on economic development. *Journal of Urban Economics*, 47(2), 306-328.
- Dye, R. F., & Merriman, D. F. (2003). 2. The effect of tax increment financing on land use. *The property tax, land use, and land use regulation*, 37.
- Dye, R. F., & Sundberg, J. O. (1998). A model of tax increment financing adoption incentives. *Growth and Change*, 29(1), 90-110.
- Ewoh, A. I. (2007). Public-Private Partnerships in a Texas Municipality The Case of the City of Houston Tax Increment Reinvestment Zones. *Public Works Management & Policy*, 12(1), 359-369.
- Garcia, Joel. (2002). A case study review of Tax Increment Financing for the Greater El Paso Chamber of Commerce. *University of Pennsylvania*.
- Hissong, R. (2003). The efficacy of local economic development incentives. *Financing economic development in the 21st century*, 131-144.
- International City Management Association (ICMA). (2006). Frisco's TIF is TOPs.

Johnson, C. L., & Kritz, K. (2001). A review of state tax increment financing laws. *Tax increment financing and economic development: Uses, structures, and impact*, 31-69.

Johnson, C. L., & Man, J. Y. (Eds.). (2001). *Tax increment financing and economic development: Uses, structures, and impacts*. SUNY Press.

Lawrence, D. B., & Stephenson, S. C. (1995). The economics and politics of Tax Increment Financing. *Growth & Change*, 26(1), 105.

Leavitt, W. M., Morris, J. C., & Lombard, J. R. (2008). Developing Infrastructure Through the Use of Tax Increment Financing The Case of the Virginia Beach Town Center Project. *Public Works Management & Policy*, 13(2), 92-99.

Man, J. Y. (1999). The impact of tax increment financing programs on local economic development. *JOURNAL OF PUBLIC BUDGETING ACCOUNTING AND FINANCIAL MANAGEMENT*, 11, 417-430.

Man, J. Y., & Rosentraub, M. S. (1998). Tax increment financing: Municipal adoption and effects on property value growth. *Public Finance Review*, 26(6), 523-547.

Merriman, D. (2002). Tax increment financing and economic development: Uses, structures, and impact.

Merriman, D. F., Skidmore, M. L., & Kashian, R. D. (2011). Do tax increment finance districts stimulate growth in real estate values, *Real Estate Economics*, 39(2), 221-250.

Quinones, Ben, (1993), Facing up to Tax Increment Financing. *Economic Development & Law Center Report*, April.

Royse, Mark (1992). Advantages and Disadvantages of Tax Increment Financing. *Economic Development Review* 10 (Spring).

Scott, B. S. (2013). *Factors that Influence the Size of Tax Increment Financing Districts in Texas* (Doctoral dissertation, Texas State University).

Sereleas, Lolita (1998). The ABCs of TIF. *American Planning Association*, July 1998

Sullivan, G. L., Johnson, S. A., & Soden, D. L. (2002). Tax increment financing (TIF) best practices study.

Appendix A

Downtown Fort Worth TIRZ#3

Project and Financing Plan

Appendix B

City of Frisco, Texas TIRZ #1

Project and Financing Plan

**Tax Increment Reinvestment Zone Number Three
City of Fort Worth, Texas
(Downtown TIF)**

Amended Project and Financing Plans

September 16, 2013

I. Background and Introduction

Tax increment financing (TIF) is an economic development tool authorized by Chapter 311 of the Texas Tax Code by which local governments can publicly finance needed structural and infrastructure improvements in order to promote new development or redevelopment within a defined area called a reinvestment zone. TIF districts may be established by municipalities or counties as long as an area meets certain conditions, as set forth in Exhibit “A.”

A TIF district allows for the tax increment generated from appreciating property values within the area to be dedicated to public improvements within the same area. At the time an area is designated as a reinvestment zone, the existing total taxable value of real property in the zone is identified and designated as the “base value”. As the total assessed value of property within a TIF district increases over time, an increase in the taxes collected from the additional value is captured and placed into a special fund, which is used to finance public improvements; only taxes collected from the increased taxable value within the TIF district are placed into the special fund. All other taxes collected from the base value continue to flow to the local taxing entities within the district. The difference between total property value and base value is the property value increment. Taxes collected on that difference in value is the “tax increment.”

Participating taxing entities may deposit all, a predetermined portion, or none of the incremental taxes in a designated TIF district fund for the purpose of financing the planning, design, construction, or acquisition of public improvements within the TIF district. All taxing units that levy taxes within the zone will continue to receive tax revenues derived from the base value, whether or not the taxing jurisdiction chooses to participate in the TIF.

TIF districts have a set term. The TIF district will end on the earlier of (1) the termination date included in the ordinance that established the zone; or (2) the date on which all project costs have been paid in full. Any revenues remaining in the TIF district fund after the dissolution of the TIF will be returned to each participating taxing unit in a pro rata fashion.

Each TIF district is overseen by a Board of Directors composed of five to 15 members appointed by the local taxing jurisdictions. Since Tax Increment Reinvestment Zone Number Three (the Downtown TIF) was created due to a petition submitted to the City of Fort Worth by the owners of property constituting at least 50 percent of the appraised value of the property in the area, the TIF Board’s composition is mandated by state law. The state representative and state senator representing the area may each make an appointment to the Board. Each participating taxing jurisdiction may appoint one member, and any remaining seats up to nine are filled by appointments made by the Fort Worth City Council. The TIF board of directors oversees improvements to the area and may choose to dedicate TIF district funds to reimburse developers for public improvements.

At the time of publication, the City of Fort Worth has eleven active TIF districts: Speedway, Downtown, Southside, Riverfront, North Tarrant Parkway, Lancaster, Trinity River Vision, Lone Star, East Berry Renaissance, Woodhaven, and Trinity Lakes.

II. Project Plan

Boundary Description, Existing Uses, and Proposed Uses

The Zone was created on December 15, 1995 by the Fort Worth City Council in order to attract investment and redevelopment of property in downtown Fort Worth. The area covers just over 400 acres and is generally bounded to the north by the Trinity River, east by the Burlington Northern Santa Fe Railroad (BNSF), south by Lancaster Avenue, Calhoun Street 7th Street, Burnett Street, and 3rd Street, and west by Henderson Street and Weatherford Street. A map of the TIF district and a legal description of the property can be found in Exhibits “B” and “C,” respectively.

The Zone is composed of a variety of uses, including office space (public and private), residential (rental apartments and owner-occupied and tenant-occupied condominiums and townhomes), retail, educational, and religious. The Downtown has developed into the City’s premier mixed-use district, where thousands of employees, residents, tourists and other visitors spend their time, energy and money. The TIF District is enhanced by proximity to several recently renovated public parks, including the Fort Worth Water Gardens, Burnett Park and General Worth Square. The TIF district also benefits from its inclusion in Fort Worth Public Improvement District Number One, a \$2 million annual effort that provides maintenance, security, marketing and research services to Downtown. A map of the existing uses of the Zone can be found in Exhibit “D.”

Downtown is the oldest neighborhood in Fort Worth, encompassing the site of the original Army outpost and Pioneer’s Rest Cemetery. The area sits atop the bluffs of the Trinity River and extends southward towards Lancaster Avenue. Although much of the topography is favorable to development, much of the underground infrastructure is outdated and undersized for modern development requirements. Public right-of-way improvements vary in quality and are particularly poor in part of the core and several outlying areas. Additionally, surface parking still occupies a large part of the area within the Zone. While development standards and design guidelines have improved the public spaces around newer developments, including parking facilities, many corridors and parking lots still have challenging streetscapes that detract from the pedestrian experience.

Creation of the TIF district was a recommendation of the 1993 Downtown Strategic Action Plan, a document sponsored and adopted by Downtown Fort Worth, Inc., the City of Fort Worth, and the Fort Worth Transportation Authority. The plan resulted from a two-year process that involved substantial input and review from citizens, government officials, and Downtown stakeholders. The plan guides center city growth and development and helps ensure that Downtown reflects Fort Worth’s unique culture, warmth, character and values.

Community leaders realized that Downtown is critical to the overall economic health and image of greater Fort Worth. The Downtown Plan envisioned that a TIF district would be needed to finance several major Downtown projects including public parking and connecting systems, streetscape improvements, and historic preservation.

The Plan recognized that these public infrastructure investments would be needed in order for Downtown to succeed in attracting private investment. The costs of the required infrastructure exceeded the City’s normal funding amounts and the improvements were needed in advance of the City’s normal funding cycle. While private financing was available for creation of the Tandy Outlet Mall, expansion of the Sundance Square retail area, and construction of the new Bass

Performance Hall, infrastructure in the form of parking facilities, pedestrian connections, and subway system upgrades was seen as crucial to the success of these private investments.

Over time, some of the original TIF projects were completed and others were made moot by changing development patterns and priorities in downtown. For example, the Tandy subway system was decommissioned when RadioShack Corporation moved its headquarters to a new location and sold the Tandy Center complex. The Fort Worth Transportation Authority with funding assistance from Public Improvement District Number One, implemented a trolley circulator that provides the north-south connecting system envisioned in the original TIF plan. The Santa Fe Freight House was leased in order to build a public market, but has since been repurposed as classrooms and offices of the UTA Fort Worth Center. Various streetscape and infrastructure improvements have been made through the TIF District, but this work is ongoing and infrastructure needs still exist throughout Downtown.

The 2003 update of the Downtown Strategic Action Plan recognized the major investments that had taken place over the preceding decade, much of it owing to projects undertaken with TIF support. The Downtown TIF has been instrumental in historic preservation (the Ashton Hotel); streetscape improvements (Cassidy Corner, Pecan Place, Chase Bank, Trinity Bluff); creation of a public market, then a higher education center (Santa Fe Freight House—UTA Fort Worth Center); environmental remediation (The Tower); and garage leases for free public parking supporting Bass Hall, the Central Library and Downtown's retail establishments, restaurants, and arts and entertainment venues.

The TIF Board of Directors appointed an Advisory Committee to receive a consulting study executed by the Leland Group in 2006 and make recommendations on updating the Downtown TIF Project and Financing Plan. The Advisory Committee's recommendations built on the TIF's successes and reflect the priorities contained in the 2003 Downtown Strategic Action Plan. The inclusion of affordable housing in the TIF Project Plan was recommended by the TIF Board and adopted by City Council in April 2012. This change resulted in the TIF's participation in the redevelopment of Hunter Plaza, a planned mixed-income project operated by the Fort Worth Housing Authority.

Plan 2023, the new Downtown Strategic Action Plan, also contained recommendations relevant to the objectives of the Downtown TIF. Beyond ongoing infrastructure and transportation needs, the Plan also identifies needed park improvements, greater residential density and new primary and secondary schools that will result in greater vitality in Downtown.

Purpose and Results of the Downtown TIF

The Downtown TIF's successes thus far can be evaluated against the original TIF Project Plan's stated purposes.

The goal of attracting investment and redevelopment that would not occur without TIF-financed infrastructure is exemplified by The Tower and numerous subsequent for-sale residential developments; revitalization of the Tandy Center, now City Place; the Chase Bank office building, parking garage and retail; the historic renovated Ashton Hotel; the UTA Fort Worth Center; and enhanced streetscape throughout the Trinity Bluff area of Downtown.

Use of tax increment to fund required public infrastructure is represented by the 2,826 free evening and weekend parking spaces available to the general public, in addition to daytime,

Bass Hall patron and Central Library patron parking; streetscape improvements in the Downtown core, Pecan Place and Trinity Bluff areas; utility relocation in Trinity Bluff; and environmental remediation at the Tower.

The goal of generating new anchors for Downtown to create redevelopment momentum and tax base that survives the TIF is exemplified by the strong office and residential markets, and specifically by City Place, the Tower, Trinity Bluff, and the strengthened retail core.

The TIF District has created net financial gain to local governments since the first years of its existence, and substantial financial gains after 2006. Each year since then, TIF District substantially exceeded its \$5 million annual cap and has returned more than \$47 million of tax increment to the participating local governments. Although cessation of the Fort Worth Independent School District's participation in the TIF reduced the overall tax increment by more than \$4 million per year after 2013, the TIF is still expected to generate more than \$8.5 million in tax increment in 2014 and beyond.

To capture the "metropolitan visitor," more tourists and conventions, the TIF has been used to support free evening and weekend parking, making Downtown a regional destination. In addition, the clear success of Bass Hall and the Ashton Hotel were made possible in part by TIF participation.

By 2010, the TIF had helped Downtown exceed the goal of having 1% of Fort Worth's residential inventory (3,172 of the city's total 295,283 housing units) and had created a quality urban environment capable of attracting a competitive share of corporate office, government office and other commercial developments. The impressive growth of restaurant and retail sales in Sundance Square, aided by TIF parking leases, is a testament to Downtown's vitality and its enhanced role in our city's quality of life.

Proposed Zoning Changes

The majority of the Zone is located within the City's Central Business District Zoning classification as depicted in Exhibit "E." Development within this area is subject to review by the City's Downtown Design Review Board.

Future zoning changes are anticipated for property within the Zone currently zoned Medium Industrial. Over time, many of these properties are likely to be rezoned Central Business District as industrial uses are phased out and property owners realize the benefits of high-density mixed-use zoning.

Relocation Method for Displaced Persons

It is anticipated that no persons shall be displaced as a result of implementing these Project and Financing Plans.

III. Financing Plan

Project Descriptions, Estimated Project Costs, and Administration

This amended and restated Downtown TIF project plan retains projects from the current plan and adds several new projects as described below. Tax increment deposits from local governments shall be subject to a \$5 million annual cap and a lifetime cap of \$100 million.

1. **Historic preservation** through façade leases in order to preserve and rehabilitate historic buildings and spur new development such as the Ashton Hotel° (\$850,000) and the Jett and Land Title Buildings (\$1,276,000);
2. **Environmental remediation** to remove asbestos and support new construction, such as the redevelopment of The Tower° into condominiums and office space (\$2,887,520);
3. **Utility relocation and removal** for public infrastructure improvements at the site of the Marriott Hotel° (\$206,864);
4. **Streetscape improvements** to create a pedestrian friendly environment, such as:
 - a. Cassidy Corner° (\$57,292)
 - b. Chase Bank° (\$285,242)
 - c. Pecan Place° (\$207,000)
 - d. Trinity Bluff° (\$1,255,792)
 - e. Oliver's Grocery Store° (\$97,486)
 - f. Third Street°, also includes wayfinding planning (\$113,011)
 - g. Hunter Plaza (\$400,000 – proposed);
5. **Santa Fe Freight House** lease, operations, and improvements (\$5,104,096);
6. **Sundance Square** streetscape, traffic improvements, and the construction of three new mixed-use buildings and a plaza (\$9,724,000);
7. **Parking garage leases** to accommodate parking needs for downtown visitors during evenings and weekends, such as:
 - a. Bass Hall (\$6,858,896)
 - b. City Center (\$2,164,469)
 - c. City Place (\$11,058,387)
 - d. Chase Bank (\$9,148,798)
 - e. Tarrant County Family Law Center (\$3,712,425)
 - f. The Tower (\$9,685,925)
 - g. Insurance of garages and marketing for free-parking options (\$527,996)
8. **Affordable housing** incentives to encourage the development of quality, affordable, and accessible housing units, including the redevelopment of Hunter Plaza (\$8,000,000);
9. **Residential density and parking*** incentives to generate significant new tax increment from high rise development in the downtown core (\$9,000,000);
10. **Infrastructure and transportation improvements*** to address the critical infrastructure needs and ease transit accessibility on downtown corridors and sites such as Main Street, Commerce Street, Trinity Bluff, Heritage Plaza, and Paddock Park (\$12,150,000);
11. **Retail façade improvement matching grants*** to help improve historic buildings' facades that would encourage a more appealing streetscape and shopping experience (\$300,000); and
12. **School for Science, Technology, Engineering, and Math (STEM)*** to support the development of a public school to enhance downtown's educational offerings as well as residential appeal (\$1,000,000);

13. **Signage*** to support and direct vehicular and pedestrian traffic (\$150,000); and
14. **TIF District Administration** for management and planning (\$4,811,767).

° Denotes completed projects; * Denotes new projects

The Zone is administered by Downtown Fort Worth, Inc., a 501(c) (6) nonprofit corporation, with assistance from the City of Fort Worth Housing and Economic Development Department. Development is guided by the objectives in the Downtown Fort Worth Strategic Action Plan as revised every 10 years and adopted by the Fort Worth City Council as part of the City's Comprehensive Plan.

Economic Feasibility Statement, Projections, and Methods of Financing

City staff has determined that the Project and Financing Plan is economically feasible per the tax increment financing projections included in Exhibit "F". It is anticipated the City of Fort Worth, Tarrant County, Tarrant County College District, Tarrant County Hospital District, and the Tarrant Regional Water District will continue to participate in the TIF district in order to have TIF funds available for TIF Project reimbursement. These financial projections also show the TIF Project Costs are reimbursable over the course of the term as the total increment generated exceeds the total TIF Project Costs.

The TIF district Board of Directors will approve eligible TIF Project Costs on a case-by-case basis. Approved TIF Project Costs will be reimbursable to the developer upon completion, as set forth in each Development Agreement.

Bond Indebtedness

No bond indebtedness is expected to be incurred with respect to any of the project improvements.

Estimated Timeframe

TIF projects are expected to be completed during the lifetime of the Zone. It is not anticipated the Zone's term will be extended.

Current Taxable Values

The base value (1995) of property in the Zone is \$217,893,395 (TIF 3) and \$104,547,242 (TIF 3A) for a total base value of \$322,440,637. The current value of property in the zone is \$687,404,750 (TIF 3) and \$209,877,987 (TIF 3A) for a total current value of \$897,282,737. The Zone has grown by 178 percent since its creation in 1995.

Term

The term of the Zone began on January 1, 1995 and will expire on December 31, 2025, beginning with the tax increment calculated by the 1995 tax appraisal and ending with the tax increment calculated by the 2025 tax appraisal.

IV. Exhibits [To Immediately Follow]

- A. Criteria for Reinvestment Zone
- B. Boundary Map
- C. Legal Description
- D. Map of Existing Uses
- E. Map of Current Zoning
- F. TIF District Financial Projections

Exhibit “A”

[Information on following page]

Sec. 311.005. CRITERIA FOR REINVESTMENT ZONE.

- a) To be designated as a reinvestment zone, an area must:
 - 1) Substantially arrest or impair the sound growth of the municipality or county designating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:
 - A) A substantial number of substandard, slum, deteriorated, or deteriorating structures;
 - B) The predominance of defective or inadequate sidewalk or street layout;
 - C) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
 - D) Unsanitary or unsafe conditions;
 - E) The deterioration of site or other improvements;
 - F) Tax or special assessment delinquency exceeding the fair value of the land;
 - G) Defective or unusual conditions of title;
 - H) Conditions that endanger life or property by fire or other cause; or
 - I) Structures, other than single-family residential structures, less than 10 percent of the square footage of which has been used for commercial, industrial, or residential purposes during the preceding 12 years, if the municipality has a population of 100,000 or more;
 - 2) Be predominantly open or undeveloped and, because of obsolete platting, deterioration of structures or site improvements, or other factors substantially impair or arrest the sound growth of the municipality or county;
 - 3) Be in a federally assisted new community located in the municipality or county or in an area immediately adjacent to a federally assisted new community; or
 - 4) Be an area described in a petition requesting that the area be designated as a reinvestment zone, if the petition is submitted to the governing body of the municipality or county by the owners of property constituting at least 50 percent of the appraised value of the property in the area according to the most recent certified appraisal roll for the county in which the area is located.
- a-1) Notwithstanding Subsection (a), if the proposed project plan for a potential zone includes the use of land in the zone in connection with the operation of an existing or proposed regional commuter or mass transit rail system, or for a structure or facility that is necessary, useful, or beneficial to such a regional rail system, the governing body of a municipality may designate an area as a reinvestment zone.

In this Section, "federally assisted new community" means a federally assisted area that has received or will receive assistance in the form of loan guarantees under Title X of the National Housing Act, if a portion of the federally assisted area has received grants under Section 107(a)(1) of the Housing and Community Development Act of 1974.

Exhibit “B”

[Information on following page]

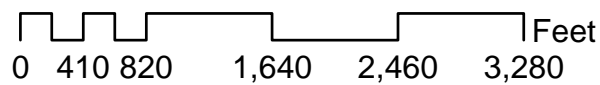
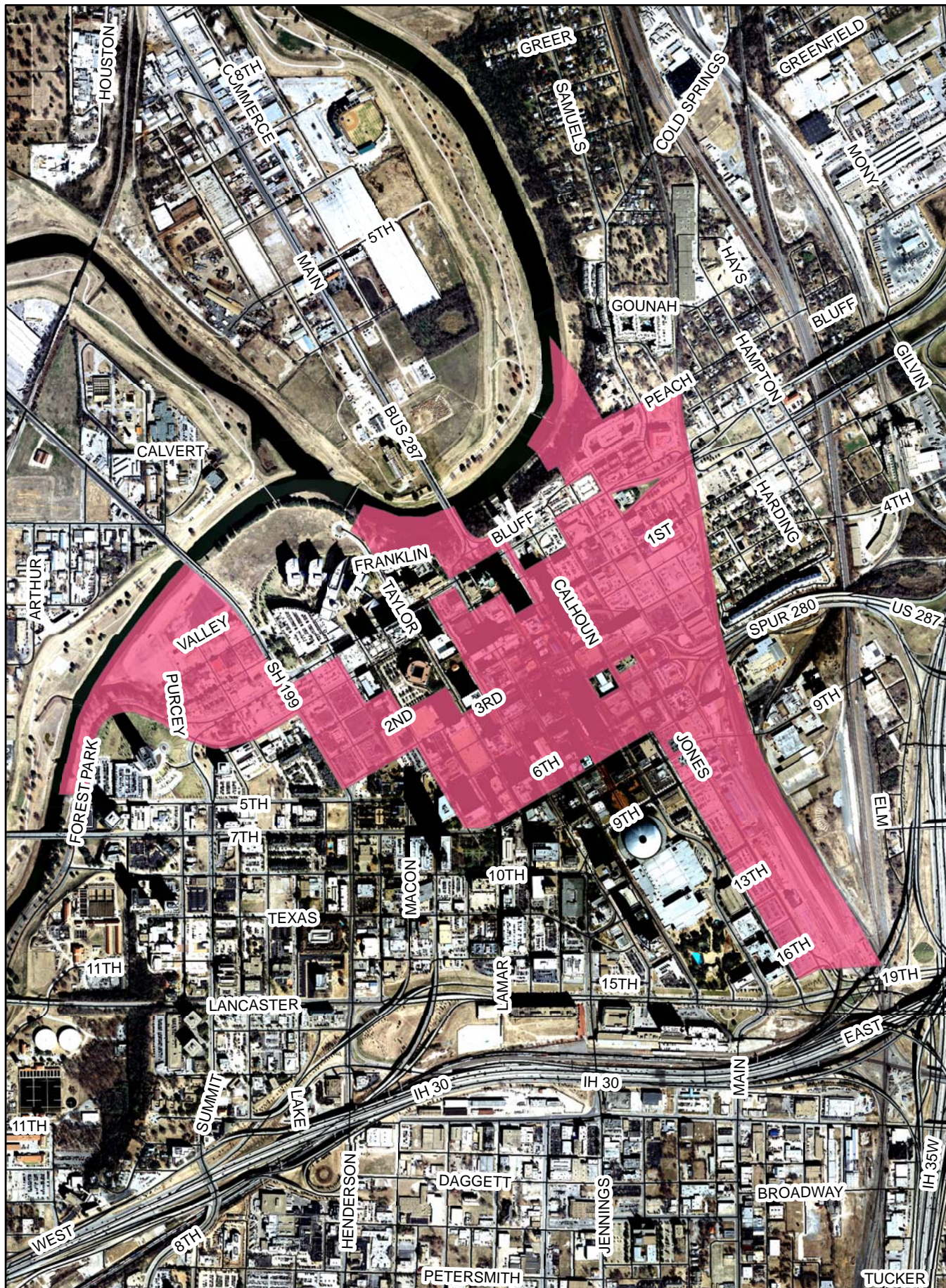


Exhibit “C”

[Information on following page]

Legal Description, Part 1

Beginning at a point of the intersection of a projection of the south ROW line of 3rd Street and the west ROW line of Henderson Street, thence

Northwesterly along the west ROW line of Henderson Street to a point where said line intersects with the south ROW line of Weatherford Street, thence

Southwesterly along the south ROW line of Weatherford Street and what would be a projection of the said south line to a point where the projection of said line intersects with the west ROW line of Penn Street, thence

Northwesterly along the west ROW line of Penn Street which transitions to the south ROW line of Forest Park Boulevard (where Forest Park Boulevard curves into Weatherford Street and Belknap Street), thence

Following the same Forest Park Boulevard ROW line as it curves to westerly, then to southwesterly to a point where said line intersects with the north ROW line of 5th Street, thence

Due west along a due west projection of the north ROW line of 5th Street to a point where this due west line intersects with the centerline of the Clear Fork of the Trinity River, thence

Following the centerline of the Clear Fork of the Trinity River northeasterly to a point of intersection with centerline of the west ROW line of Henderson Street, thence

Southeasterly along the west ROW line of Henderson Street to a point where said line intersects with the south ROW line of Belknap Street, thence

Northeasterly along the south ROW line of Belknap Street to a point where said line intersects with the east ROW line of Cherry Street, thence

Southeasterly along the east ROW line of Cherry Street to a point where said line intersects with the south ROW line of Weatherford Street, thence

Northeasterly along the south ROW line of Weatherford Street to a point where said line intersects with the east ROW line of Taylor Street, thence

Southeasterly along the east ROW of Taylor Street to a point where said line intersects with the north ROW line of 3rd Street, thence

Northeasterly along the north ROW line of 3rd Street to a point where said line intersects with the west ROW line of Throckmorton Street, thence

Northwesterly along the west ROW line of Throckmorton Street to a point where said line intersects with the south ROW line of Belknap Street, thence

Northeasterly along the south ROW line of Belknap Street to a point where said line intersects with the west ROW line of Houston Street, thence

Southeasterly along the west ROW line of Houston Street to a point where said line intersects with the south ROW line of Weatherford Street, thence

Northeasterly along the south ROW line of Weatherford Street to a point where said line intersects with the west ROW line of Commerce Street, thence

Northwesterly along the west ROW line of Commerce Street to a point where said line intersects with the north ROW line of Belknap Street, thence

Southwesterly along the north ROW line of Belknap Street to a point where said line intersects with the west ROW line of Houston Street, thence

Northwesterly along the west ROW line of Houston Street to a point where said line intersects with the south ROW line of Franklin Street, thence

Westerly along the south ROW line of Franklin Street to a point where said line intersects with the east ROW line of Taylor Street, thence

Northwesterly along the east ROW line of Taylor Street to a point where said line intersects with the centerline of the West Fork of the Trinity River at the projection of the east ROW line of Taylor St., thence

Southeasterly, then easterly, and then northeasterly along the centerline of the West Fork of the Trinity River to a point of intersection with the projection of the north ROW line of Cummings Street (Cummings Street turns westward as depicted on the TAD tax maps), thence

Easterly along the said projection and north ROW line of Cummings Street to a point where said line turns southeasterly along the east ROW line of Cummings Street, thence

Southeasterly along the east ROW line of Cummings Street to a point where said line intersects with what would be the projection of the north ROW line of Peach Street, thence

Northeasterly along the north ROW line of Peach Street to a point where said line intersects with the east ROW line of the Burlington Northern Santa Fe Railroad, thence

South-southeasterly along the east ROW line of the Burlington Northern Santa Fe Railroad to a point of intersects with the north ROW line of Lancaster Avenue, thence

West along the north ROW line of Lancaster Avenue to a point where said line intersects with the east ROW line of Calhoun Street, thence

Northwesterly along the east ROW line of Calhoun Street to a point where said line intersects with the north ROW line of 7th Street, thence

Southwesterly along the north ROW line of 7th Street to a point where said line intersects with the west ROW line of Burnett Street, thence

Northwesterly along the west ROW line of Burnett Street to a point where said line intersects with the south ROW line of 3rd Street, thence

Southwesterly along the south ROW line of 3rd Street to a point where said line intersects with the west ROW line of Henderson Street which is the point of beginning.

Legal Description, Part 2

The boundaries of the Zone cut out the following land descriptions:

Tarrant County College Acquisition Area

Beginning at a point which is the intersection of the north ROW line of Weatherford Street and the east ROW line of Commerce Street in Downtown Fort Worth, Tarrant County Texas, thence

Easterly along the north ROW line of Weatherford Street where said line intersects with the west ROW of Jones Street, thence

Northerly along the west ROW line of Jones Street where said line intersects with the north ROW of Belknap Street, thence

Easterly along the north ROW line of Belknap Street where said line intersects with the west ROW of Pecan Street, thence

Northerly along the west ROW line of Pecan Street where said line intersects with the south ROW of Bluff Street, thence

Easterly along the south ROW line of Bluff Street where said line intersects with the east Lot Line of Lot #1320-5-10, thence

Northerly along the east Lot Line of Lot #1320-5-10 where said line intersects with the south lot line of Land 600 Block Lot #15A, thence

Westerly along the south lot line of Land 600 Block Lot #15A where said line intersects with west lot line of Land 600 Addition Block Lot 15A, thence

Northerly along the west lot line of Land 600 Addition Block Lot 15A where said line intersects with the center line of the Trinity River, thence

Westerly along the center line of the Trinity River where said line intersects with the east ROW line of Main Street, thence

Southerly along the east ROW line of Main Street where said line intersects with the north ROW line of Franklin Street, thence

Easterly along the north ROW line of Franklin Street where said line intersects with the east ROW line of Commerce Street, thence

Southerly along the east ROW line of Commerce Street where said line intersects with the north ROW line of Weatherford Street, which is the point of beginning.

Tandy Tech Center

Beginning at a point which is the intersection of the south ROW line of Weatherford Street and the east ROW line of Cherry Street in Downtown Fort Worth, Tarrant County Texas, thence

Southerly along the east ROW line of Cherry Street where said line intersects with the north ROW of 1st Street, thence

Easterly along the north ROW line of 1st Street where said line intersects with the east ROW of Burnett Street, thence

Southerly along the east ROW line of Burnett Street where said line intersects with the north ROW of 2nd Street, thence

Easterly along the north ROW line of 2nd Street where said line intersects with the west ROW of Taylor Street, thence

Northerly along the west ROW line Taylor Street where said line intersects with the south ROW of Weatherford Street, thence

Westerly along the south ROW line of Weatherford Street where said line intersects with the east ROW of Cherry Street, which is the point of beginning.

Transport Life Building (714 N. Main Street)

The entirety of Lots 9, 10, 11, and 12 of Block 108 in Downtown Fort Worth, Tarrant County, Texas.

Legal Description, Part 3

The boundaries of the Zone added the following land descriptions:

Beginning at a point of the intersection of the east ROW line of Cummings Street and south ROW line of Peach Street, thence

Easterly along the south ROW line of Peach Street to a point where said line intersects with the east property line of Block 124, Lot 9A of the Fort Worth Original Addition, thence

Northerly from the east property line of Block 124, 9A of the Fort Worth Original Addition to a point where said line intersects with the north ROW line of Peach Street and the east ROW line of Samuels Avenue, thence

Westerly from the east ROW line of Samuels Avenue to a point where said line intersects the southeast Property Line of Block 1, Lot 5R of the Cummings-Boaz Addition, thence

Westerly along the south property line of Block 1, Lot 5R of the Cummings-Boaz Addition to a point where said line intersects the east property line of Lot 18B of the Cummings Addition, thence

Northerly along the east property line of Lot 18B of the Cummings Addition to a point where said line intersects the north property line of Lot 18B of the Cummings Addition, thence

Westerly along the north property line of Lot 18B to a point where said line intersects the east property line of Lot 4A of the Cummings Addition, thence

Northerly along the east property line of Lot 4A of the Cummings Addition to a point where said line intersects the north property line of Lot 4A of the Cummings Addition, thence

Westerly along the north property line of Lot 4A to a point where said line intersects the east ROW line of Cummings Avenue, thence

Southerly along the east ROW line of Cummings Avenue to a point where said line intersects with south ROW line of Peach Street, which is the point of beginning.

Exhibit “D”

[Information on following page]

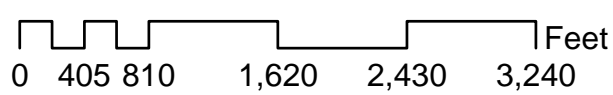
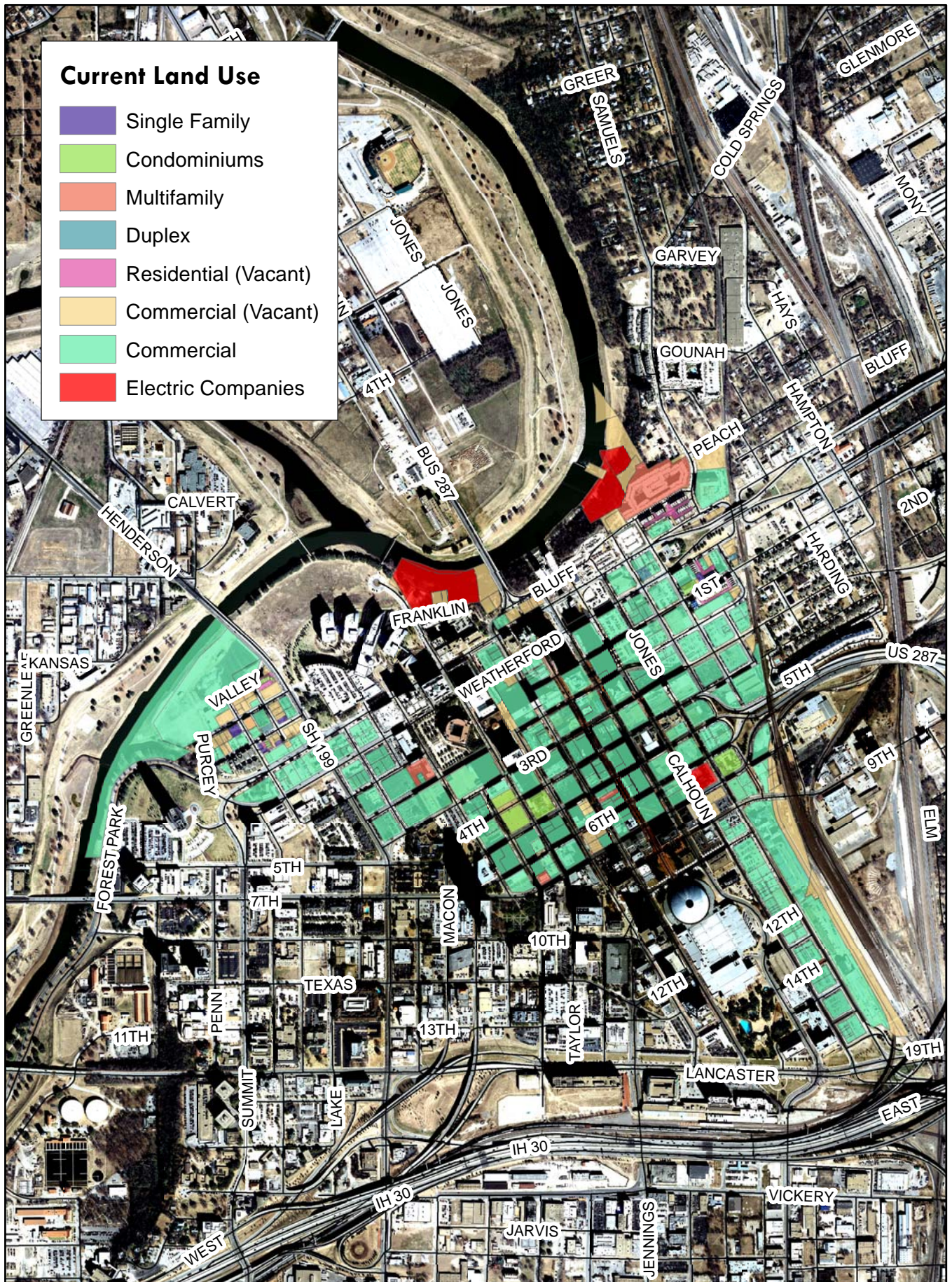
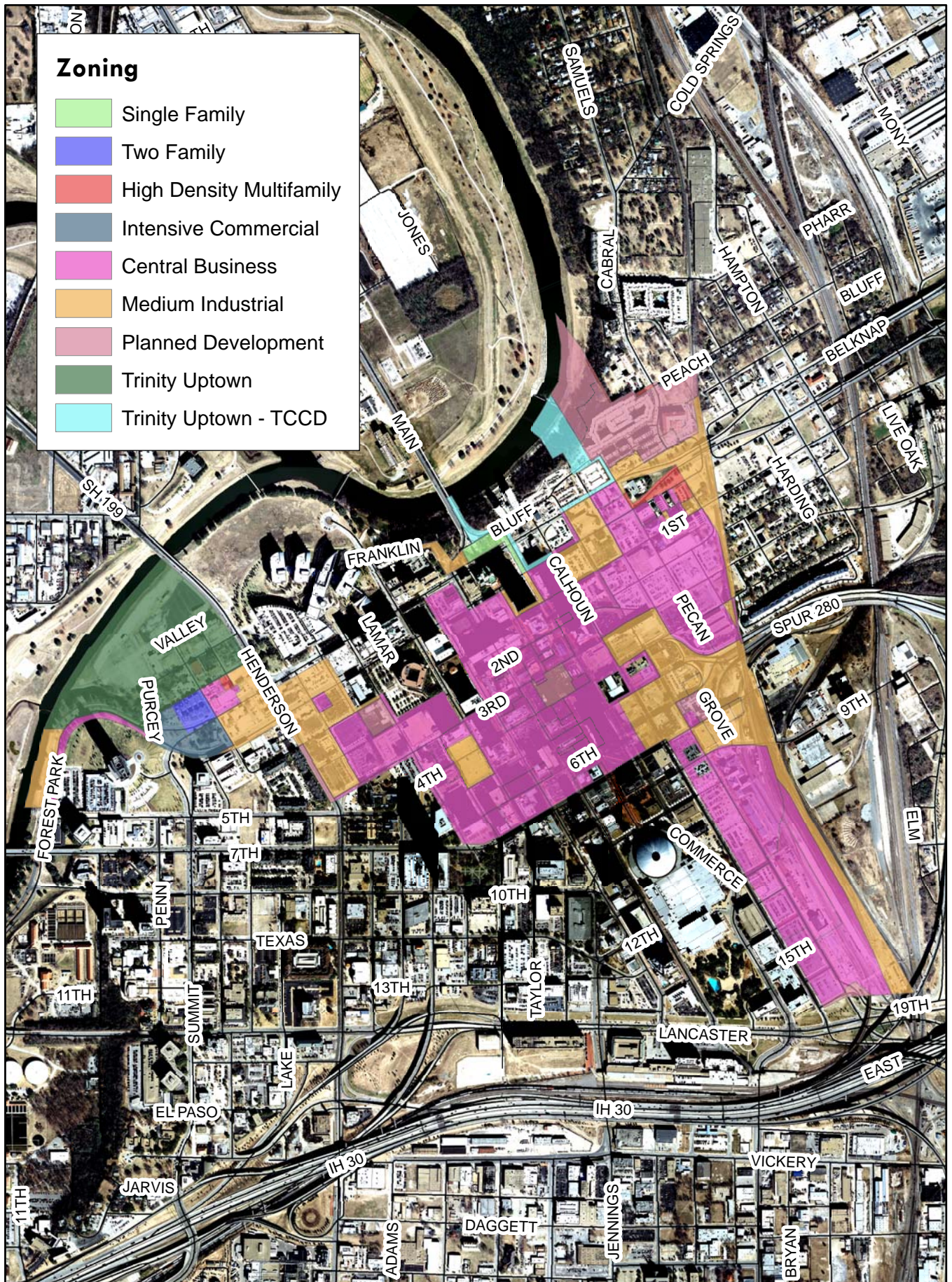


Exhibit “E”

[Information on following page]



Zoning

- Single Family
- Two Family
- High Density Multifamily
- Intensive Commercial
- Central Business
- Medium Industrial
- Planned Development
- Trinity Uptown
- Trinity Uptown - TCCD

0 385 770 1,540 2,310 3,080 Feet



Exhibit “F”

[Information on following page]

TIF INCREMENT PROJECTIONS

Projected Annual Property Tax Growth Rate1.0%

Taxable Value	Tax Year																← Actuals
	Base	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
TIF # 3	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City	297,834,061	304,077,343	319,218,799	306,901,157	329,129,474	356,762,872	346,695,075	366,857,961	352,215,453	353,133,568	368,460,116	686,199,375	680,349,123	768,979,334	730,865,428	670,286,387	678,658,869
Hospital District	298,806,225	305,049,507	320,190,965	307,873,320	331,958,839	358,296,715	348,408,388	369,795,473	355,422,045	355,962,457	398,370,621	617,102,339	611,419,571	704,671,542	667,633,813	597,082,929	611,823,280
College	310,889,712	317,132,990	332,274,458	319,956,811	344,365,077	370,702,953	361,051,173	381,801,641	358,346,429	355,962,457	398,377,621	696,298,946	689,081,976	783,218,641	766,787,100	684,703,727	692,728,722
Water District	310,882,712	317,181,759	332,267,467	319,949,806	344,365,077	370,702,953	348,381,768	369,512,633	358,339,429	355,962,457	398,370,621	696,291,946	689,074,976	783,218,641	766,787,100	684,700,227	692,725,222
County	298,806,225	305,049,508	320,190,961	307,873,319	331,958,839	358,296,715	348,408,388	369,795,473	355,422,045	355,962,457	398,370,621	617,102,069	611,419,571	704,671,542	667,557,069	597,082,929	611,837,811
School District	298,806,980	305,050,262	320,191,718	307,874,076	331,904,919	358,257,795	361,051,173	381,801,641	355,144,785	355,689,067	398,280,721	695,157,081	687,835,347	782,020,838	765,515,515	683,451,227	691,468,922
Percent Change from Prior Year (City)		2.10%	4.98%	-3.86%	7.24%	8.40%	-2.82%	5.82%	-3.99%	0.26%	4.34%	86.23%	-0.85%	13.03%	-4.96%	-8.29%	1.25%

TIF # 3A	Base																
City							104,547,242	124,349,187	118,437,298	121,160,398	133,879,386	195,168,029	211,633,063	235,050,083	226,570,751	199,416,182	207,152,432
Hospital District							104,547,242	124,349,187	118,437,298	121,160,398	134,014,386	195,170,029	211,634,063	235,320,083	227,555,774	200,567,446	208,363,786
College							113,601,388	124,349,187	127,491,444	130,214,544	143,584,947	208,768,498	230,334,063	249,152,375	240,555,774	209,205,243	218,740,986
Water District							113,601,388	124,349,187	127,491,444	130,214,544	143,584,947	208,768,498	230,334,063	249,152,375	240,555,774	209,205,243	218,740,986
County							104,547,242	124,349,187	118,437,298	121,160,398	134,014,386	195,170,029	211,634,063	235,320,083	227,555,774	200,567,446	208,363,786
Percent Change from Prior Year (City)								18.94%	-4.75%	2.30%	10.50%	45.78%	8.44%	11.06%	-3.61%	-11.99%	3.88%

TIF Revenues (Participation Rates in 2014)																	
City (60%)	-	59,311	196,740	81,377	276,964	515,159	393,338	699,359	1,047,007	1,078,504	1,556,125	1,916,984	1,942,637	1,949,127	1,948,102	1,936,405	1,933,021
Hospital District (40%)	-	14,614	50,055	21,223	77,600	139,124	108,175	192,520	290,187	297,870	464,139	524,712	523,483	519,532	519,259	516,141	515,239
College (20%)	-	3,604	12,337	9,648	35,621	63,590	49,772	115,355	159,056	159,528	275,153	310,685	316,684	314,505	313,679	311,727	336,798
Water District (40%)	-	1,249	4,239	1,797	6,637	11,953	9,356	16,554	22,823	22,893	39,482	44,581	45,442	45,594	45,570	45,296	45,217
County (40%)	-	16,534	56,634	24,013	87,800	163,324	126,991	225,739	335,926	344,819	416,379	605,188	605,512	601,836	601,519	597,908	596,863
Fort Worth ISD (0%)	-	90,840	311,148	134,646	501,434	974,770	757,933	1,191,956	1,809,004	948,489	1,551,935	1,597,850	1,566,243	1,569,407	1,571,871	1,592,523	1,572,862
TOTAL INCREMENT TO TIF DISTRICT	-	186,151	631,153	272,706	986,057	1,867,921	1,445,564	2,441,482	3,664,004	2,852,102	4,303,213	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

Interest Generated	-	-	24,150	32,329	32,196	51,858	114,065	3,789	55,355	16,999	33,656	81,801	173,699	126,788	88,494	76,785	77,244
TOTAL REVENUE TO TIF DISTRICT	-	186,151	655,303	305,034	1,018,253	1,919,779	1,559,629	2,445,271	3,719,359	2,869,101	4,336,868	5,081,801	5,173,699	5,126,788	5,088,494	5,076,785	5,077,244

Tax Increment Retained by Local Governments																	
City	-	-	-	-	-	-	-	-	-	-	-	2,889,786	2,926,944	3,878,457	3,481,109	2,742,684	2,883,798
Hospital District	-	-	-	-	-	-	-	-	-	-	-	626,049	627,675	885,632	783,803	564,632	616,894
College	-	-	-	-	-	-	-	-	-	-	-	470,563	484,564	634,413	598,788	444,410	507,742
Water District	-	-	-	-	-	-	-	-	-	-	-	67,522	69,531	91,972	86,990	64,576	68,168
County	-	-	-	-	-	-	-	-	-	-	-	722,065	726,031	1,025,932	907,769	654,080	714,660
FW ISD	-	-	-	-	-	-	-	-	-	-	-	2,498,251	2,443,442	3,245,565	3,101,980	2,379,678	2,467,891
TOTAL TAX INCREMENT RETAINED BY GOVTS.	-	-	-	-	-	-	-	-	-	-	-	7,274,237	7,278,187	9,761,971	8,960,439	6,850,060	7,259,152

TOTAL TAX INCREMENT OVER LIFE OF THE TIF	186,151	631,153	272,706	986,057	1,867,921	1,445,564	2,441,482	3,664,004	2,852,102	4,303,213	12,274,237	12,278,187	14,761,971	13,960,439	11,850,060	12,259,152
--	---------	---------	---------	---------	-----------	-----------	-----------	-----------	-----------	-----------	------------	------------	------------	------------	------------	------------

Projects																	
1. Historic Preservation	-	-	-	-	-	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	-	-
2. Environmental remediation	-	-	-	-	-	-	-	-	-	2,887,520	-	-	-	-	-	-	-
3. Utility Relocation and Removal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	206,864
4. Streetscape Improvements	-	-	-	-	4,442	57,292	7,555	136,254	154,822	-	59,425	147,575	1,125,828	166,730	58,415	-	97,486
5. Santa Fe Freight House	-	-	-	-	-	-	1,578,265	886,568	581,597	488,346	886,042	216,430	56,612	164,660	220,815	24,480	(31,511)
6. Sundance Square Plaza Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Parking Garage Leases	-	-	-	153,243	416,266	413,062	407,053	1,449,673	1,372,542	1,221,500	2,318,300	2,381,065	3,047,248	3,207,427	3,397,594	3,664,183	3,745,551
8. Affordable Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Residential Density and Parking Incentive	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Infrastructure and Transportation Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11. Retail Façade Improvement Matching Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12. Science, Technology, Engineering & Math School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13. Signage																	
14. TIF District Administration, Management, Planning	-	-	-	501,823	145,070	145,640	175,406	176,382	171,802	193,117	140,535	156,559	158,056	174,971	180,099	172,172	169,003
TOTAL PROJECT COSTS	-	-	-	655,067	565,778	700,994	2,253,278	2,733,878	2,365,763	4,875,484	3,489,302	2,986,629	4,472,744	3,798,788	3,941,922	3,860,835	4,187,393

Net TIF Cash Flow	-	186,151	655,303	(350,032)	452,475	1,218,785	(693,649)	(288,607)	1,353,596	(2,006,383)	847,566	2,095,172	700,956	1,327,999	1,146,572	1,215,950	889,851
-------------------	---	---------	---------	-----------	---------	-----------	-----------	-----------	-----------	-------------	---------	-----------	---------	-----------	-----------	-----------	---------

FUND BALANCE	-	186,151	841,455	491,422	943,898	2,162,683	1,469,033	1,180,426	2,534,022	527,639	1,375,206	3,470,378	4,171,334	5,499,333	6,645,905	7,861,855	8,751,706
--------------	---	---------	---------	---------	---------	-----------	-----------	-----------	-----------	---------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

Less County & Hospital District Receivables	\$180,846
Current Year (2013)	

TIF INCREMENT PROJECTIONS

Projected Annual Property Tax Growth Rate

Taxable Value	Current Year	Projected →										TOTALS
	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	
TIF # 3	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
City	687,404,750	694,278,798	705,221,585	732,273,801	739,596,539	746,992,505	754,462,430	762,007,054	769,627,125	777,323,396	785,096,630	
Hospital District	624,998,195	631,248,177	641,560,659	667,976,265	728,656,028	735,942,588	743,302,014	750,735,034	758,242,385	765,824,808	773,483,057	
College	701,073,676	708,084,413	719,165,257	746,356,909	753,820,479	761,358,683	768,972,270	776,661,993	784,428,613	792,272,899	800,195,628	
Water District	701,070,176	708,080,878	719,161,687	746,353,303	753,816,836	761,355,005	768,968,555	776,658,240	784,424,823	792,269,071	800,191,762	
County	625,013,072	631,263,203	641,575,835	667,991,593	728,671,509	735,958,224	743,317,806	750,750,984	758,258,494	765,841,079	773,499,490	
School District	699,708,232	706,705,314	717,772,367	744,950,091	752,399,592	759,923,588	767,522,824	775,198,052	782,950,033	790,779,533	798,687,328	
Percent Change from Prior Year (City)	1.29%	1.00%	1.58%	3.84%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
TIF # 3A												
City	209,877,987	211,976,767	214,096,535	216,237,500	218,399,875	220,583,874	222,789,712	225,017,609	227,267,786	229,540,463	231,835,868	
Hospital District	211,133,260	213,244,593	215,377,039	217,530,809	219,706,117	221,903,178	224,122,210	226,363,432	228,627,066	230,913,337	233,222,470	
College	223,235,260	225,467,613	227,722,289	229,999,512	232,299,507	234,622,502	236,968,727	239,338,414	241,731,798	244,149,116	246,590,607	
Water District	223,235,260	225,467,613	227,722,289	229,999,512	232,299,507	234,622,502	236,968,727	239,338,414	241,731,798	244,149,116	246,590,607	
County	211,133,260	213,244,593	215,377,039	217,530,809	219,706,117	221,903,178	224,122,210	226,363,432	228,627,066	230,913,337	233,222,470	
Percent Change from Prior Year (City)	1.32%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
TIF Revenues (Participation Rates in 2014)												
City (60%)	2,777,343	2,994,971	3,061,981	3,211,743	3,260,401	3,309,546	3,359,183	3,409,316	3,444,118	3,443,988	2,647,145	52,449,895
Hospital District (40%)	667,649	475,010	486,355	512,398	569,696	578,341	587,073	595,892	602,032	602,065	464,887	10,915,273
College (20%)	289,562	175,487	179,460	188,240	191,149	194,087	197,055	200,052	202,150	202,197	156,154	4,963,335
Water District (40%)	65,472	47,120	48,187	50,545	51,326	52,115	52,912	53,716	54,280	54,292	41,929	980,577
County (40%)	773,437	550,276	563,418	593,588	659,963	669,978	680,093	690,309	697,421	697,459	538,547	12,521,474
Fort Worth ISD (0%)	426,537	-	-	-	-	-	-	-	-	-	-	18,169,446
TOTAL INCREMENT TO TIF DISTRICT	5,000,000	4,242,865	4,339,402	4,556,514	4,732,535	4,804,068	4,876,315	4,949,285	5,000,000	5,000,000	3,848,663	100,000,000
Interest Generated	43,759	-	-	-	-	-	-	-	-	-	-	1,032,966
TOTAL REVENUE TO TIF DISTRICT	5,043,759	4,242,865	4,339,402	4,556,514	4,732,535	4,804,068	4,876,315	4,949,285	5,000,000	5,000,000	3,848,663	101,032,966
Tax Increment Retained by Local Governments												-
City	2,137,557	1,996,647	2,041,321	2,141,162	2,173,601	2,206,364	2,239,455	2,272,877	2,322,466	2,407,831	3,290,760	44,032,821
Hospital District	500,821	712,515	729,532	768,598	854,544	867,512	880,610	893,838	909,966	932,424	1,092,316	13,247,362
College	574,104	701,949	717,841	752,961	764,597	776,349	788,219	800,207	813,245	828,485	889,966	11,548,402
Water District	50,480	70,681	72,281	75,817	76,989	78,172	79,367	80,574	82,043	84,083	98,519	1,297,766
County	580,179	825,414	845,127	890,382	989,944	1,004,967	1,020,139	1,035,463	1,054,147	1,080,163	1,265,389	15,341,852
FW ISD	3,684,661	-	-	-	-	-	-	-	-	-	-	19,821,468
TOTAL TAX INCREMENT RETAINED BY GOVTS.	7,527,804	4,307,206	4,406,103	4,628,919	4,859,675	4,933,364	5,007,790	5,082,960	5,181,867	5,332,985	6,636,951	105,289,670
TOTAL TAX INCREMENT OVER LIFE OF THE TIF	12,527,804	8,550,071	8,745,505	9,185,433	9,592,211	9,737,432	9,884,105	10,032,245	10,181,867	10,332,985	10,485,614	205,289,670
Projects												
1. Historic Preservation	-	1,276,000	-	-	-	-	-	-	-	-	-	2,126,000
2. Environmental remediation	-	-	-	-	-	-	-	-	-	-	-	2,887,520
3. Utility Relocation and Removal	-	-	-	-	-	-	-	-	-	-	-	206,864
4. Streetscape Improvements	-	400,000	-	-	-	-	-	-	-	-	-	2,415,824
5. Santa Fe Freight House	(39,082)	(45,567)	(39,800)	(43,093)	199,333	-	-	-	-	-	-	5,104,096
6. Sundance Square Plaza Improvements	-	5,974,000	2,000,000	1,750,000	-	-	-	-	-	-	-	9,724,000
7. Parking Garage Leases	3,507,597	3,591,554	2,777,259	2,412,607	1,847,879	1,825,292	-	-	-	-	-	43,156,895
8. Affordable Housing	-	1,000,000	-	-	1,000,000	-	1,000,000	1,000,000	2,000,000	1,000,000	1,000,000	8,000,000
9. Residential Density and Parking Incentive	-	-	-	-	-	3,000,000	3,000,000	3,000,000	-	-	-	9,000,000
10. Infrastructure and Transportation Improvements	-	-	-	100,000	1,000,000	-	400,000	750,000	2,800,000	3,900,000	3,200,000	12,150,000
11. Retail Façade Improvement Matching Grants	-	-	300,000	-	-	-	-	-	-	-	-	300,000
12. Science, Technology, Engineering & Math School	-	-	-	500,000	500,000	-	-	-	-	-	-	1,000,000
13. Signage	-	150,000	-	-	-	-	-	-	-	-	-	150,000
14. TIF District Administration, Management, Planning	170,316	197,115	192,728	198,510	204,466	210,600	216,918	223,425	230,128	237,032	69,895	4,811,767
TOTAL PROJECT COSTS	3,638,832	12,543,102	5,230,187	4,918,024	4,751,677	5,035,892	4,616,918	4,973,425	5,030,128	5,137,032	4,269,895	101,032,966
Net TIF Cash Flow	1,404,927	(8,300,238)	(890,785)	(361,510)	(19,142)	(231,824)	259,397	(24,140)	(30,128)	(137,032)	(421,232)	
FUND BALANCE	10,156,633	1,856,395	965,610	604,100	584,958	353,134	612,531	588,391	558,263	421,232	0	
Less County & Hospital District Receivables												
Current Year (2013)												

EXHIBIT “C”

**PROJECT PLAN OF THE REINVESTMENT ZONE NUMBER ONE
CITY OF FRISCO, TEXAS**

(see attached)



PROGRESS IN MOTION

**REINVESTMENT ZONE NUMBER ONE,
CITY OF FRISCO, TEXAS
(TAX INCREMENT REINVESTMENT ZONE)**

PROJECT PLAN

Adopted:

February 24, 1997

Amended - December 19, 2000

Amended – December 16, 2003

Amended – January 4, 2005

Amended – December 5, 2005

Amended – February 19, 2008

Amended-December 1, 2009

Pending 2012 Amendment

Frisco Tax Increment Reinvestment Zone Project Description

The City of Frisco will establish Reinvestment Zone Number One, City of Frisco, Texas (Tax Increment Reinvestment Zone) (FTIRZ) for the purpose of dedicating the incremental tax revenue generated, as outlined in the Financing Plan, within the zone to a comprehensive Project Plan. The following is a short narrative description of the project.

The FTIRZ will consist of approximately 2,056.12 acres made up of private and publicly held property, including various sections of road rights of way. The 2000 Amendment to the boundaries of the FTIRZ added approximately 305 acres to the original area of the FTIRZ. The 2003 Amendment of the FTIRZ added approximately 459 acres to the amended area of the FTIRZ. The 2005 Amendment added approximately 488.25 additional acres to the Zone. The 2008 Amendment added approximately 56.91 additional acres to the Zone. The 2009 Amendment added 2.2362 additional acres to the zone. **The proposed 2012 amendment will add 488.246 acres to the zone.** The FTIRZ is more specifically defined by the description contained in Exhibits A and B to City of Frisco Ordinance number 97-02-17 which is included in this plan document as Attachment 1 to the Project Plan. The boundaries as enlarged by the 2000 Amendment to the FTIRZ are described in Map A-1 attached to Ordinance 97-02-17 amended by Ordinance 00-12-22. The boundaries as enlarged by Ordinance Number 03-12-101 (the 2003 Amendment) to the FTIRZ are described in Map A-2 and also attached to Ordinance 97-02-17. The boundaries as enlarged by Ordinance Number 05-01-03 (the 2005 Amendment) to the FTIRZ are described in Map A-3 and attached to the original Ordinance. The boundaries as enlarged by Ordinance Number 08-02-27 (the 2008 Amendment) to the FTIRZ are described in Map A-4 and attached to the original Ordinance. **The boundaries as enlarged by Amendment VI, Ordinance Number 09-12-68 are described in Map A-5. The proposed Amendment VII would enlarge the boundaries described in Map A-6.** The private property portion of the FTIRZ is generally bounded on the South by SH121, on the East by Preston Road (SH289), on the West by the Dallas Parkway, and on the North (approximately) by Warren Parkway. This property is the revenue generating portion of the FTIRZ. This portion of the FTIRZ is made up of property currently owned by several land owners, including a ±130 acre regional mall site owned by General Growth Properties which has been developed as a ±1.6 million square foot shopping center. At the time of the fiscal year **2012** Amendment to the FTIRZ boundaries, approximately 90% of the private property had been developed or is currently under development, and the total Captured Value is **\$907,471,729.**

The tax revenue generated within this FTIRZ will be used for public facilities and infrastructure development such as public roads, signalization and water and sewer system expansion and enhancement in and around the revenue generating portion of the FTIRZ described above. The City, as part of an economic development package with GGP and Gaylord agreed to provide for the construction of infrastructure improvements in the area included in the FTIRZ and these improvements are being paid for with FTIRZ revenues. FTIRZ revenues will be used to make other public facilities and infrastructure improvements that will enhance the development of the FTIRZ, the City, and Collin County as a whole. These improvements include participating in

continuation of North Dallas Parkway from FM720 to SH380, Preston Road improvements and the construction of new North-South and East-West roads. The FTIRZ will also provide for facility expansion to both Collin County Community College (Preston Ridge Campus) and to the Frisco Independent School District by including their property in the FTIRZ and including these qualifying projects in the Project Plan. City of Frisco Ordinance Number 01-11-88 amended the Project and Financing Plan to include a public multi-use sports and entertainment complex, the 2000 Amendment, the 2003 Amendment, the 2005 Amendment, the 2008 Amendment, **the 2009 amendment and the 2012 amendment** each enlarged the boundaries of the FTIRZ with publicly-owned property and each added General Account and Educational Account projects to the Project Plan for the overall benefit of the FTIRZ, the FISC and for the City of Frisco. The 2nd 2005 Amendment added as an appropriate use of funds the maintenance and operations of the CCCCD Technology Center, a previously approved project, to the Project Plan and the Financing Plan. The 2nd 2005 Amendment did not change the boundaries of the existing zone.

As one can see the plan for the FTIRZ is to capture the great incremental tax revenue potential from a high growth, high value area that can then be applied to targeted projects that will enhance the development of the FTIRZ and benefit the City of Frisco, Frisco Independent School District, Collin County Community College District and Collin County. The Project Plan and Financial Plan follow.

PROJECT PLAN

FRISCO TAX INCREMENT REINVESTMENT ZONE #1

As set forth in Section 311.001 in the Tax Increment Financing Act of the Tax Code, the Project Plan for Reinvestment Zone Number One, City of Frisco, Texas (Tax Increment Reinvestment Zone) (FTIRZ) must include the following elements:

1. **A map showing existing uses and conditions of real property in the FTIRZ and a map showing proposed improvements to and proposed uses of the property.**

Property contained within the FTIRZ is open, undeveloped land with no existing infrastructure or improvements which negates the need for a map showing uses and conditions of real property.

Phase I - The maps showing the Phase I improvements are included as part of this report with each map showing different improvements to be carried out as part of the project. The content of the maps are as follows:

- | | | |
|-----|--------|---|
| Map | 1 of 6 | - Boundaries of the FTIRZ (Areas in red indicate tracks to be added to the FTIRZ once annexed in accordance with Section 311.011 of the Tax Code) |
| Map | 2 of 6 | - Road, water and sewer system plan |
| Map | 3 of 6 | - Detail of water system improvements |
| Map | 4 of 6 | - Detail of sewer system improvements |
| Map | 5 of 6 | - Signalization plan |
| Map | 6 of 6 | - Master plan for the revenue generating portion of the FTIRZ showing proposed uses of the property |
| Map | A-1 | - Boundaries of FTIRZ as amended by City of Frisco Ordinance 00-12-22 |
| Map | A-2 | - Boundaries of FTIRZ as amended by City of Frisco Ordinance 03-12-101 |

Map	A-3	- Boundaries of the FTIRZ as amended by City of Frisco Ordinance 05-01-03
Map	A-4	- Boundaries of the FTIRZ as amended by City of Frisco Ordinance 08-02-27
Map	A-5	- Boundaries of the FTIRZ as amended by the City of Frisco Ordinance 09-12-68
Map	A-6	- Boundaries of the FTIRZ as amended by the 2012 Amendment by City of Frisco Ordinance.

Phase II -

Below is a listing of the Phase II improvements along with a Tract No. which may be cross referenced on Map 1 of 6 of this report.

<u>Street Improvements</u>	<u>Tract No.</u>
Ohio Drive (Warren Pkwy to SH121)	N (North\South)
Warren Parkway (Ohio to SH289)	N (East\West)
Tollway (FM720 to SH380)	G
Parkwood (Northern Portion)	K(a), (b), (c)
Main Street (FM720/SH289 to TR)	H
Preston Road (SH121 to FM720)	I
SH121 (SH289 to TR)	O

<u>Facilities (Recreation\Educational)</u>	<u>Tract No.</u>
Recreation Center (High School Site)	B
CCCCD Technology Center, including maintenance and operations	L

Phase III

Additional Facilities as approved by City of Frisco Ordinance 01-11-88 and as shown on Map A-1.

<u>Facilities (Recreational/Educational)</u>	<u>Tract No.</u>
Double A Minor League Baseball Park	1P1
Hockey Arena including approximately 3500 seats on main ice area and one additional NHL size ice area	1P1
Parking for public facilities	1P1
Gymnastics facility	1P1

Additional Infrastructure Improvements as approved by City of Frisco Ordinance 01-11-88 and as shown on Map A-1.

Infrastructure improvements supporting Frisco Sports Complex (Including streets, drainage, and utilities)	1P1
--	-----

Additional Land Purchases as approved by City of Frisco Ordinance 01-11-88 and as shown on Map A-1.

Land Purchase for Frisco Sports Complex (28 Acres)	1P1
--	-----

Phase IV

Additional Public Facilities as approved by City of Frisco and as shown on Maps A-2 and A-3.

Public Facilities

Major League Soccer Stadium with 20,000 seats

17 Regional Soccer Tournament Fields with Public Access

Parking to support the Soccer Complex

Convention Center located within the existing boundaries of the FTIRZ #1.

Public entry features associated with and located within the FTIRZ #1.

Office/classroom building for use by the Collin County Community College District and associated parking.

Additional Infrastructure Improvements as approved by City of Frisco and as shown on Maps A-2 and A-3.

Infrastructure

Infrastructure Improvements supporting Frisco Soccer Complex

(Streets, drainage, and utilities)

Storm water retention/detention area located at the north east corner of SH 121 and the Dallas North Tollway supporting the drainage of the FTIRZ #1 area.

Additional Land Purchases as approved by City of Frisco and as shown on Maps A-2 and A-3.

Land Purchases

Land for Frisco Soccer Complex (144 acres)

Land for storm water retention/detention area located at the north east corner of SH 121 and the Dallas North Tollway supporting the drainage of the FTIRZ #1 area.

Land for Collin County Community College District administrative offices and classroom space and associated parking.

Phase V

Additional Public Facilities as approved by City of Frisco and as shown on Map A-4.

Expansion of the arena with 1,500 seats

Parking to support the Arena and Office Complex

Parking to support the Frisco Junction Complex and Soccer Complex

Cultural Arts and Science Center

Phase VI

Additional Public Facilities as approved by City of Frisco and as shown on Map A-5.

Infrastructure improvements for the Museum of the American Railroad

Maintenance and Operations of the Superdome Facility

Land Acquisition for the Frisco Junction Complex

Additional Improvements to the Hockey Arena

Phase VII

Additional Public Facilities as approved by City of Frisco and as shown on Map A-6.

Recreational facility known as the Fieldhouse USA

P-1

Electronic Signage on the east side of the Arena

Educational Facilities -

Below is list of educational facility projects to be constructed within the FTIRZ which may be cross referenced on Map 1 of 6 of this report by the indicated Tract No.

Phase I

<u>Facilities (Educational)</u>	<u>Tract No.</u>
Elementary\Middle School	E
High School Expansion	B

Additional Educational Facilities as approved by City of Frisco Ordinance No. 00-12-22 (The 2000 Amendment) and as shown on Map A-1.

Phase II

<u>Facilities (Educational)</u>	<u>Tract No.</u>
Administration Building site (2 nd Phase)	E6
High School Site	E9
Middle School Site	E8
High School Site	E10

Phase III

Additional Educational Facilities approved by 2003 Amendment and as shown on Map A-2

<u>Facilities (Educational)</u>	<u>Tract No.</u>
Griffen Middle School Site	E1
Pioneer Heritage Middle School Site	E2
Middle School Site/High School Site	E3
Fisher Elementary	E4
Sparks Elementary	E5
Elementary School Site	E6
Elementary School Site	E7
High School Site	E8

Additional Educational Facilities approved by 2012 Amendment and as shown on Map A-6

Phase VII

<u>Facilities (Educational)</u>	<u>Tract No.</u>
Allen Elementary School	E5
Corbell Elementary School	E4
Phillips Elementary School	E2
Purefoy Elementary School	E3
Stafford Middle School	E1
Liberty High School	E9
Roach Middle School	E6
Vandeventer Middle School	E10
Elementary School Site (Independence N of Main)	E8
Middle School Site (Independence N of Main)	E8
High School #7 (Independence N of Main)	E7

2. **Proposed changes of zoning ordinances, the master plan of the municipality, building codes and other municipal ordinances.**

At this time, the City does not foresee any changes to zoning ordinances, the master

plan, building codes or other municipal ordinances as a result of the creation of this Tax Increment Reinvestment Zone.

3. **A list of estimated non-project costs.**

Non-project costs within the FTIRZ are those development costs not paid by the FTIRZ.

Phase I Non-Project Related Costs

City of Frisco	\$ 2,350,000	Warren Parkway, Water and Sewer Lines, Elevated Storage Tank
County	\$ 1,000,000	Warren Parkway
Frisco Independent School District	\$ 150,000	Land Value\High School Site
Collin County Community College District	\$ 1,150,000	Land Value, Technology Center
Gaylord	\$ 7,000,000	(Portion above City or FTIRZ responsibility on streets) Warren Parkway, Mall Drive, Parkwood, Traffic Signals, Water Features, Park
GGP	\$50,000,000	Mall, Onsite Utilities, Parking
Private Sources	\$ 1,000,000	CCCCD Recreation\Education Facility

Phase III Non-Project Related Costs

Estimated Annual Contribution

Frisco Community Development Corporation	\$500,000
Frisco Economic Development Corporation	\$500,000
Frisco Hotel/Motel Tax Fund	\$500,000
Southwest Sports Group	\$1,500,000
Gymnastics Center Lease	\$200,000
John Q. Hammons Hotels	\$500,000

Phase IV Non-Project Related Costs

Estimated Debt Service Support

Frisco Community Development Corporation	\$5,000,000
Frisco Economic Development Corporation	\$5,000,000
Hunt Sports Group	\$10,000,000

Phase V Non-Project Related Costs

Estimated Debt Service Support

Hicks Sports Group, LLC	\$ 7,000,000
-------------------------	--------------

Phase VI Non-Project Related Costs

Estimated Contribution

Museum of the American Railroad	\$ 1,000,000
---------------------------------	--------------

Phase VII Non-Project Related Costs

Estimated Contribution

Sport Village USA	\$5,100,000
-------------------	-------------

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

There are no existing residences or businesses that will be displaced in the reinvestment zone.

A detailed list of the projects proposed for the FTIRZ and their costs is included in the Financing Plan.

EXHIBIT “D”

**FINANCING PLAN OF THE REINVESTMENT ZONE NUMBER ONE
CITY OF FRISCO, TEXAS**

(see attached)



PROGRESS IN MOTION

**REINVESTMENT ZONE NUMBER ONE,
CITY OF FRISCO, TEXAS
(TAX INCREMENT REINVESTMENT ZONE)**

FINANCING PLAN

Adopted:

February 24, 1997

Amended December 19, 2000

Amended – December 16, 2003

Amended – January 4, 2005

Amended – December 5, 2005

Amended – February 19, 2008

Amended-December 1, 2009

Pending 2012 Amendment

FRISCO TAX INCREMENT REINVESTMENT ZONE #1

As set forth in Section 311.011 in the Tax Increment Financing Act of the Tax Code, the Financing Plan for Reinvestment Zone Number One, City of Frisco, Texas (Tax Increment Reinvestment Zone) (FTIRZ) must include the following elements:

1. **A detailed list describing the estimated project costs of the FTIRZ, including administrative expenses; and,**
2. **A statement listing the kind, number and location of all proposed public works or public improvements in the FTIRZ.**

- The following is intended to address both of these requirements. -

The proposed public improvements in the FTIRZ fall into four general categories; streets (including storm water drainage), water system, sanitary sewer system, and public facilities. The estimated costs of each item and a brief description of each project follows:

The items described below for Phase I were funded by the issuance of debt obligations of the City as described in section 6 below, the debt service on which is a project cost of the FTIRZ. The annual debt service payments on such debt obligations are set forth in Attachment 1 hereto.

Phase I -

This phase began immediately with the creation of the FTIRZ. Not all project costs for projects being carried out within the FTIRZ will be funded by FTIRZ tax revenues. The City and Gaylord Properties, Inc. ("Gaylord") agreed to enter into an agreement on certain improvements to be made within the FTIRZ which are on property currently owned by Gaylord. The agreement placed a cap on the amount the City agreed would be contributed for the cost of constructing these specific improvements with Gaylord being responsible for any cost above the cap. These projects are listed below, and are marked by an asterisk (*), indicating the amount that will be paid from FTIRZ tax revenues. The costs above what the City agreed would be contributed toward these projects has been included in the Project Plan under item 3, listing estimated non-project costs. Additionally, some of the public projects that occurred in conjunction with Phase I Project Plan projects, which are shown on the maps in the Project Plan, will be wholly funded by the City or by joint venture with Collin County ("County") and Collin County Community College District ("CCCCD").

Street Improvements

Warren Parkway (6 Lane - SH289 to TR)

*Mall Drive (6 Lane - SH289 to TR)

*Parkwood (6 Lane - Southern Portion)

*Traffic Signals

**Amount and
Funding Sources**

City-County-Gaylord

\$2,160,000\FTIRZ

\$1,848,000\FTIRZ

\$ 488,000\FTIRZ

The proposed street projects are for the construction of public access roads and include the landscaping, irrigation and lighting of these roads.

Water and Sanitary Sewer Improvements

*Water Lines

Sewer Lines

Elevated Water Storage Tank

**Amount and
Funding Sources**

\$ 714,700\FTIRZ

City

City

The water system plays an integral part in the area's public water system network and will provide service within the zone through a looped system. The looped system is connected to an 18" water transmission line along Preston Road (SH289) and is also tied into a 16" transmission line along Parkwood Drive which is connected to a 2 million gallon elevated storage tank. The interconnection of the looped system and the surrounding transmission network provides an element of safety through redundancy by allowing segments of the transmission lines to be valved off in case of emergencies while continuing to provide adequate service for fire protection and potable uses through the cross connected network. The public sanitary sewer system will service the mall, adjacent parcels and undeveloped land in the area.

Facilities (Recreation\Educational)

CCCCD Improvement(s)

**Amount and
Funding Sources**

\$2,500,000\FTIRZ

The City and CCCCCD have participated in several joint ventures for the purpose of creating recreational and educational opportunities on property that is now within the FTIRZ. They have constructed a 14 acre sports complex and a recreation center\natatorium. These facilities are being jointly used by both entities for public recreation and formal classes taught by the college. The funds indicated above were used to construct another joint recreation\educational facility within the FTIRZ in the area labeled as Tract L (College Campus) on Map 1 of 6 in Project Plan. The City and CCCCCD may seek funding from private sources to pay a portion of the costs or to enhance the facility.

Total Phase I FTIRZ**Project Construction & Acquisition Cost**

\$ 7,710,700\FTIRZ

Phase II -

The projects outlined in this section will be funded as revenues within the FTIRZ are sufficient to pay for such projects. The tentative timetable for these projects is five to ten years. As in Phase I, some of the projects listed will be jointly funded by both FTIRZ

and either private or other public funding sources as shown in section 3 of the Project Plan. Phase II projects are to be funded on an as available basis, and are not intended to take funding priority over any additional projects that may be added in the future.

Street Improvements

Ohio Drive (Warren Pkwy to SH121)	\$1,450,000
Warren Parkway (Ohio to SH289)	\$ 600,000
Tollway (SH 121 to SH380)	\$5,000,000
Parkwood (Northern Portion)	\$2,000,000
Main Street (FM720/Coit Road to TR)	\$5,000,000
Preston Road (SH121 to FM720)	\$5,000,000
SH121 (SH289 to TR)	\$2,980,878

The proposed street projects are for the construction of public access roads and include the landscaping, irrigation and lighting of these roads.

Facilities (Recreation/Educational)

Recreation Center (High School Site)	\$3,500,000
CCCCD Technology Center	\$900,000
CCCCD Technology Center Maintenance & Operations	\$6,400,000

As stated earlier, the City and CCCCCD have participated in several joint ventures for the purpose of creating recreational and educational opportunities on the CCCCCD campus that is located within the FTIRZ. The City has participated in joint ventures with the Frisco Independent School District ("FISD") as well.

Under this plan the FTIRZ will participate in the construction of a facility on FISD property within the FTIRZ. This will be a facility designed for educational recreation programming by the FISD and for public recreation use. Additionally, the FTIRZ will participate in the construction, maintenance and operations of a Technology Center for educational purposes on the college campus within the FTIRZ. This center will be designed for educational instruction in various high technology areas. The Technology Center construction, maintenance and operations will be funded upon the Captured Assess Valuation ("CAV") within the FTIRZ reaching \$350,000,000 subject to the FTIRZ Board of Directors approval. Annual funding of the maintenance and operations of the Technology Center in the amount of two hundred thousand dollars (\$200,000) is subject to the continued participation of the CCCCCD in the Zone at a rate which generates revenue from the CCCCCD participation payment to the TIF not less than the annual maintenance and operation funding.

The projects added to the Project Plan and Financing Plan by the 2000 Amendment are not intended to be fully funded by the Zone. Zone funding, however may be used as an additional or gap funding mechanism in the case of shortfall upon the approval of the FTIRZ Board of Directors.

Project Construction and Acquisition Costs	\$17,130,878
Maintenance & Operation Costs	\$ 6,400,000
Total Phase II FTIRZ Costs	\$23,530,878

Phase III-

The proposed public improvements in the FTIRZ Phase III fall into three general categories; public infrastructure improvements (including streets, storm water drainage, water system, and sewer system improvements), land purchase, and public recreational facilities. The estimated costs of each item and a brief description of each project follows.

Phase III projects began immediately with the approval of the 2000 Amendment to the FTIRZ. Not all project costs for the Phase III projects being carried out in the FTIRZ will be funded by FTIRZ tax revenues.

The items described below for Phase III will be funded by the issuance of debt obligations of the City as described in section 6 below, the debt service on which is a project cost of the FTIRZ. The estimated annual debt service payments on such debt obligations are set forth in Attachment 2 hereto.

The City of Frisco, Frisco Economic Development Corporation and Frisco Community Development Corporation are funding partners, along with private developers, for the Phase III projects, as reflected by development agreements with the FTIRZ Board of Directors. The agreements place a cap on the amount the FTIRZ and other public funding partners are to pay for these specific public improvements, with the private developers being responsible for any cost above the cap. The projects and amounts to be funded from the FTIRZ are outlined below:

Infrastructure Improvements

Amount funded by FTIRZ/Total Project Cost

Infrastructure improvements supporting Frisco Sports Complex (Streets, Drainage, and Utilities)	\$2,025,000/\$4,500,000
--	-------------------------

Land Purchase

Amount funded by FTIRZ/Total Project Cost

Land Purchase for Frisco Sports Complex (28 Acres)	\$3,825,000/\$8,500,000
--	-------------------------

Public Recreational Facilities

Amount funded by FTIRZ/Total Project Cost

Double A Minor League Ballpark	\$9,900,000/\$22,000,000
Hockey Arena including approximately 3,500 seats, one main ice arena, and one additional NHL size ice arena	\$9,000,000/\$20,000,000
Parking for Public Facilities	\$4,500,000/\$10,000,000
Gymnastics Facility	\$900,000/2,000,000

Total Phase III FTIRZ/Total Project Costs

\$30,150,000/\$67,000,000

Phase IV

The proposed public improvements in the FTIRZ Phase IV fall into three general categories; public infrastructure improvements (including streets, storm water drainage, water system, and sewer system improvements), land purchase, and public recreational

facilities. The estimated costs of each item and a brief description of each project follows.

Phase IV projects began immediately with the approval of the 2003 Amendment to the FTIRZ. Not all project costs for the Phase IV projects being carried out in the FTIRZ will be funded by FTIRZ tax revenues.

The items described below for Phase IV will be funded by the issuance of debt obligations of the City as described in section 6 below, the debt service on which is a project cost of the FTIRZ. The estimated annual debt service payments on such debt obligations are set forth in Attachment 2 hereto.

The City of Frisco, Frisco Economic Development Corporation and Frisco Community Development Corporation, are funding partners, along with private developers, for the Phase IV projects, as reflected by development agreements with the FTIRZ Board of Directors. In addition, the proposed Participation Agreement with Collin County will increase the participation amount for the County from the current 50% to a maximum of 80% four years from now, adjusted to pay for an amount equal to the amount necessary to fund the annual debt service payments for \$20,000,000. The agreements place a cap on the amount the FTIRZ and other public funding partners are to pay for these specific public improvements, with the private developers being responsible for any cost above the cap.

The City of Frisco and the Collin County Community College District may partner to develop an administrative office and classroom building within the Zone that will provide existing and prospective businesses within the Zone unique training and partnering opportunities. The Zone may fund up to a total of \$7,000,000 for the purchase of land and/or for development of the building and associated parking. It is not intended that the Zone fund over \$7,000,000 for the entire project. The projects and amounts to be funded from the FTIRZ are outlined below:

Infrastructure Improvements

Amount funded by FTIRZ/Total Project Cost

Infrastructure improvements supporting Frisco Soccer Complex (Streets, Drainage, and Utilities)	\$2,380,000/\$3,400,000
Storm water retention/detention area improvements located at The north east corner of SH 121 and the Dallas North Tollway, Supporting drainage of the FTIRZ #1 area.	\$100,000/\$100,000

Land Purchase

Amount funded by FTIRZ/Total Project Cost

Land Purchase for Frisco Soccer Complex (144 acres)	\$13,020,000/\$18,600,000
Land for storm water retention/detention area located at the North east corner of SH 121 and the Dallas North Tollway and supporting drainage for the FTIRZ #1 area.	\$300,000/\$300,000
Land for Collin County Community College District Admin. Offices, classrooms, and associated parking.	\$7,000,000/\$7,000,000

Public Recreational Facilities

	<u>Amount funded by FTIRZ/Total Project Cost</u>
Major League Soccer Stadium with 20,000 seats	\$24,500,000/\$35,000,000
17 Tournament Soccer Fields with public access	\$3,500,000/\$5,000,000
Parking to support the complex	\$2,100,000/\$3,000,000
Municipal Convention Center and parking garage	\$10,000,000/\$28,000,000
Public entry feature(s) within Zone	\$600,000/\$600,000
Office/classroom building for use by the CCCCCD and parking	\$7,000,000/\$7,000,000
Total Phase IV FTIRZ/Total Project Costs	\$70,500,000/\$108,000,000

Phase V

The proposed public improvements in the FTIRZ Phase V fall into three general categories; public infrastructure improvements (including streets, storm water drainage, water system, and sewer system improvements), parking structures, and facilities which include a public cultural arts and science center and expansion of a public recreational facility. The estimated costs of each item and a brief description of each project are seen below:

Phase V projects are projected to be done in two stages; first stage began immediately with the approval of the 2008 Amendment to the FTIRZ. Stage one includes the expansion of the Stars Arena and the construction of an additional parking structure. The second parking structure and the Cultural Arts and Science Center will move forward with design and additional debt will be sold at a later date. Not all project costs for the Phase V projects being carried out in the FTIRZ will be funded by FTIRZ tax revenues.

The items described below for Phase V will be funded by the issuance of debt obligations of the City as described in section 6 below, the debt service on which is a project cost of the FTIRZ. The estimated annual debt service payments on such debt obligations are set forth in Attachment 2 hereto.

The City of Frisco and the Frisco Independent School District are funding partners, along with private developers, for the Phase V projects, as reflected by development agreements with the FTIRZ Board of Directors. The agreements place a cap on the amount the FTIRZ and other public funding partners are to pay for these specific public improvements, with the private developers being responsible for any cost above the cap. The projects and amounts to be funded from the FTIRZ are outlined below:

Public Recreational Facilities

	<u>Amount funded by FTIRZ/Total Project Cost</u>
Expansion of arena with 1,500 additional seats	\$ 23,000,000/\$23,000,000
Parking to support the arena and office complex	3,500,000/\$13,000,000
Parking to support the Frisco Junction Complex	6,000,000/\$10,000,000
Cultural Arts and Science Center	7,000,000/\$12,000,000
Total Phase V FTIRZ/Total Project Costs	\$39,500,000/\$58,000,000

Phase VI

The proposed public improvements in the FTIRZ Phase VI fall into three general categories; public infrastructure improvements (including streets, storm water drainage, water system, and sewer system improvements, site work), land acquisition and facilities which includes additional improvements for the expansion of a public recreational facility.

The estimated costs of each item and a brief description of each project are seen below:

Phase VI projects include land acquisition for the Frisco Junction Complex. This public land is being included in the FTIRZ to energize development and redevelopment in the downtown corridor. The maintenance and operations of the Superdome facility (a FTIRZ project funded in Phase I) will continue to enhance the area surrounding the CCCCD campus. Annual funding of maintenance and operations of the recreation\educational facility in the amount of one hundred thousand dollars (\$100,000) will be funded from FTIRZ revenues. The additional improvements to the Hockey Arena will allow for a broader spectrum of events to be held in the facility. The infrastructure for the site of the Museum of the American Railroad will allow for the relocation of this organizations collection to Frisco and will generate further economic activity in the area.

Phase VI projects are projected to begin immediately with the approval of the 2010 Amendment to the FTIRZ. Not all project costs for the Phase VI projects being carried out in the FTIRZ will be funded by FTIRZ tax revenues.

The City of Frisco, Frisco Community Development Corporation and the Hotel/Motel Fund are funding partners, along with private developers, for the Phase VI projects, as reflected by development agreements with the City of Frisco. The agreements place a cap on the amount the FTIRZ and other public funding partners are to pay for these specific public improvements, with the private developers being responsible for any cost above the cap.

Facilities (Recreational/Educational)

	<u>Amount funded by FTIRZ/Total Project Cost</u>
Additional Cost for the Expansion of arena	\$500,000/\$500,000
CCCCD Improvements - Maintenance & Operation Costs	\$2,900,000/\$2,900,000

Infrastructure Improvements

	<u>Amount funded by FTIRZ/Total Project Cost</u>
Infrastructure improvements supporting MAR (Streets, Drainage, and Utilities)	\$500,000/\$2,000,000

Land Purchase

	<u>Amount funded by FTIRZ/Total Project Cost</u>
Land Purchase for Frisco Junction Complex (2.24 acres)	\$430,000/\$430,000

Total Phase VI FTIRZ/Total Project Costs	\$4,330,000/\$5,830,000
---	--------------------------------

Phase VII-

The proposed public improvements in the FTIRZ Phase VII fall into two general categories; educational facilities and public recreational facilities. The estimated costs of each item and a brief description of each project follows:

Phase VII projects are projected to begin immediately with the approval of the 2012 Amendment to the FTIRZ. Not all project costs for the Phase VII projects being carried out in the FTIRZ will be funded by FTIRZ tax revenues.

<u>Public Recreational Facilities</u>	<u>Amount funded by FTIRZ/Total Project Cost</u>
Fieldhouse USA	\$12,500,000/\$17,600,000
Electronic Signage	\$1,500,000/\$1,500,000
Total Phase VII FTIRZ/Total Project Costs	\$14,000,000/\$19,100,000

Educational Facilities -

The projects outlined in this section will be funded as revenues within the Educational Account of the FTIRZ are sufficient to pay for such projects. The tentative timetable for these projects is five to fifteen years. Below is a list of educational facility projects to be constructed within the FTIRZ.

Phase I Facilities (Educational)

Elementary\Middle School	\$8,000,000
High School Expansion	\$8,000,000

Additional Educational Facilities as approved by 2000 Amendment and as
shown on Map A-1

Phase II Amended Facilities (Educational)

Administration Building site (2 nd Phase)	\$3,500,000
High School Site	\$48,000,000
Middle School Site	\$22,000,000
High School Site	\$55,000,000

Additional Educational Facilities as approved by the 2003 Amendment and as
shown on Map A-2

Phase III Amended Facilities (Educational)

Elementary School Sites (4)	\$49,000,000
Middle School Sites (3)	\$66,000,000
High School Sites (2)	\$ 107,000,000

**Additional Educational Facilities as approved by 2012 Amendment and as shown
on Map A-6**

Phase VII Amended Facilities (Educational)

Allen Elementary School (15.263 Acres)	\$13,000,000
Corbell Elementary School (9.174 Acres)	\$12,000,000
Phillips Elementary School (12.52 Acres)	\$12,500,000
Purefoy Elementary School (8.754 Acres)	\$12,000,000
Stafford Middle School (21.4 Acres)	\$23,000,000
Liberty High School (66.325 Acres)	\$65,000,000
Roach Middle School (24.799 Acres)	\$23,000,000
Vandeventer Middle School (20 Acres)	\$24,000,000
Elementary School-Independence (30.738)	\$13,000,000
Middle School-Independence (included with elem. school)	\$25,000,000
High School #7-Independence (87.909 Acres)	\$75,000,000

Total Educational Facilities

Project Construction and Acquisition Costs

\$ 664,000,000

3. An economic feasibility study.

An economic feasibility analysis was completed and is included as Attachment 2. This analysis takes a more aggressive approach to the projected growth in the CAV within the FTIRZ than does item 8 below. This is due to the fact that all indicators point to acceleration in development in the region and specifically within the tax revenue generating portion of the FTIRZ. A less aggressive schedule was used in item 8 below in order to be as conservative as possible and project a worst case scenario when evaluating the debt payment requirements for the FTIRZ.

A review of the economic feasibility study was performed at the time Amendments #1 and #2 were approved. The original economic feasibility study shows that there is excess capacity within the Educational Account which will support additional projects. In addition, the actual Captured Assessed Value for the FTIRZ is outperforming the assumed Captured Assessed Value used in the Economic Feasibility study. Finally, the original Economic Feasibility study assumed a 25% City tax abatement for the real property owned by General Growth Properties. This agreement was amended and that tax abatement was replaced by a Section 380 Sales Tax Grant, allowing the City to contribute to the Tax Increment Fund at a full 100%. **This Section 380 Sales Tax Grant is now paid in full.** In addition, several of the proposed Phase II Projects have been funded through City of Frisco General Fund and G.O. bond fund money.

4. The estimated amount of bonded indebtedness to be incurred.

The total principal amount issued for the project construction and acquisition costs in Phase I is \$7,710,700 with an additional estimated \$714,300 in issuance costs and capitalized interest. The total indebtedness for Phase I is \$8,425,000.

The total estimated principal amount to be issued for the project construction and acquisition costs in Phase II is \$19,500,000 with an additional estimated \$1,000,000 in issuance costs, including capitalized interest. The total indebtedness for Phase II is estimated at \$20,500,000. This debt has not been issued.

The total estimated principal amount to be issued for the project construction and acquisition costs in Phase III is \$67,000,000 with an additional estimated \$1,000,000 in issuance costs and capitalized interest. The total indebtedness for Phase III is \$68,000,000.

The total estimated principal amount to be issued for the project construction and acquisition costs in Phase IV is \$73,000,000 with an additional estimated \$1,000,000 in issuance costs and capitalized interest. The total indebtedness for Phase IV is estimated at \$74,000,000.

The total estimated principal amount to be issued for the project construction and acquisition costs in Phase V is \$58,500,000 with an additional estimated \$1,000,000 in issuance costs and capitalized interest. The total indebtedness for Phase V is estimated at \$59,500,000.

There is no debt issuance proposed for Phase VI.

The total estimated principal amount issued for the project construction and acquisition costs in Phase VII is \$12,500,000 which included issuance costs. The signage will be paid from cash reserves. The Educational Facilities are funded with other financing instruments.

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

The City issued in May of 1997 Certificates of Obligations for the Phase I projects in the amount described in Item 4 above. Phase II and Educational Facilities costs requiring monetary obligations will begin as described in sections 2 and 3 above and in Attachment 2 herein.

Phase III Projects were funded from a debt obligation of the City issued in 2001 in the amount described in Item 4 above. Phase IV Projects were funded from a debt obligation of the City issued in 2003 in the amount described in Item 4 above. Phase V Projects were partially funded from a debt obligation of the City issued in February 2008 and an additional sale in November 2009.

Phase VI Projects in the amounts described above will be paid from cash reserves in the FTIRZ and other funding sources.

Phase VII Projects were partially funded from a debt obligation of the City issued in 2008 in the amount described in Item 4 above.

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 property taxes of each taxing unit on real property in the FTIRZ.

All project construction and acquisition costs for Phases I, III, IV, V and VII for which the FTIRZ will be responsible for funding will be financed through the issuance of Certificates of Obligation by the City. In order to take advantage of lower borrowing costs, the Certificates of Obligation will be secured by a general ad-valorem pledge of the City, and may be additionally secured by other revenue sources of the City, including

FTIRZ revenues. FTIRZ revenues are to be used and are dedicated and pledged to pay the Certificates of Obligation as project costs of the FTIRZ.

Phase II and Educational Facilities will be funded with the issuance of tax increment revenue bonds or other debt instruments. If applicable law in effect at the time of such funding permits the costs of such projects may be paid from the FTIRZ fund.

Phase VI projects will be paid with FTIRZ cash reserves and other contributions from the Frisco Community Development Corporation, the Frisco Hotel/Motel Fund and our partners, which include the Museum of the American Railroad and other private developers.

The project costs described above, as well as any debt service on obligations issued to fund said costs, including any debt issued to refund said obligations, shall be project costs of the zone. These costs will be paid by revenues derived from real property taxes captured by the FTIRZ. The City of Frisco, the Collin County Community College District and the Frisco independent School District are all participating at 100% in the FTIRZ. Collin County's participation in the FTIRZ was at 50% until 2007, when by agreement it was increased to a maximum of 80%, adjusted annually to pay for an amount equal to the amount necessary to fund the annual debt service payments for \$20,000,000.

Phase VII projects, including any debt issued, will be paid with FTIRZ revenues from the City and the Fisd.

7. The current total appraised value of the taxable real property in the FTIRZ.

The total appraised value of the taxable property in the FTIRZ in 1997, at the time of its creation was \$16,126,133.

At the time of the 2012 Amendment, the captured value of real property in the FTIRZ was \$907,471,729. The FTIRZ did see a decrease in value in 2010; however the 2011 assessed value is showing a small increase.

8. The estimated captured appraised value of the FTIRZ during each year of its existence.

A less aggressive schedule was used in this item than in item 3 above in order to be as conservative as possible and project a worst case scenario when evaluating the debt load for the City and the FTIRZ. The original assessed value of the FTIRZ assumed an annual growth in the appraised value of 2%. This was less than the historic annual growth of 3% in assessed values for malls in Collin County since 1991 and far less than the 8.7% this area had seen in added property value in the last few years prior to creation of the FTIRZ. Under this scenario the estimated captured appraised value of the improvements in the FTIRZ per year is listed below. The actual captured value far exceeds the original estimates of the total appraised value. The revenue generating portion of the FTIRZ is almost built out. There is on-going construction and a small amount of vacant land remaining.

Year	Original Estimated Appraised Value	Actual Captured Value
1998	50,000,000	8,810,822
1999	100,000,000	59,810,642
2000	137,500,000	205,329,418
2001	150,000,000	352,548,590
2002	150,000,000	479,407,767
2003	152,000,000	529,353,085
2004	155,040,000	579,993,614
2005	158,140,800	634,973,261
2006	161,303,616	718,969,683
2007	164,529,688	830,866,416
2008	167,820,282	939,239,425
2009	171,176,688	968,278,962
2010	174,600,221	900,065,473
2011	178,092,226	907,471,729
2012	181,654,070	
2013	185,287,152	
2014	188,992,895	
2015	192,772,753	
2016	196,628,208	
2017	200,560,772	
2018	204,571,987	
2019	208,663,427	
2020	212,836,696	
2021	217,093,430	
2022	221,435,298	
2023	225,864,004	
2024	230,381,284	
2025	234,988,910	
2026	239,688,688	
2027	244,482,462	
2028	249,372,111	
2029	254,359,553	
2030	259,446,744	
2031	264,635,679	
2032	269,928,393	
2033	275,326,961	
2034	280,833,500	
2035	286,450,170	
2036	292,179,173	
2037	298,022,757	
2038	303,983,212	

9. The duration of the FTIRZ.

The FTIRZ was created on February 19, 1997. The termination of the FTIRZ is set as either December 31, 2038, or the date when all project costs are paid and all debt is retired, whichever comes first.

EXHIBIT "A"

**City of Frisco
Collin County
Texas**

Tax Increment Reinvestment Zone Property Description and Acreage

TRACT LABEL	DESCRIPTION OF PROPERTY	AREA (ACRES)	
A	Gaylord Property\General Growth (Mall Site, etc.)	±718.0067	
B	High School Area on Parkwood Blvd.	±66.8820	
C	City Park on Parkwood Blvd.	Combined w/ Above	
D	City Park on Hillcrest Road	±3.7	
E	School Site on Hillcrest/Preston Vineyard Drive	±9.542	
F	North Dallas Toll Road SH121 North to FM720	±167.79	
}			{36.16}
G	North Dallas Toll Road FM720 North to US380	±183.61	
H	FM720 (Main Street, etc.)	±22.66	
	SH289 West to Toll Road		
I	SH289 (Preston Road)	±77.25	
	SH121 North to FM 720		
J	Lebanon Road - 400 feet East of SH289	±9.047	
	West to crossing SH289 to Toll Road		{7.123}
K(a)	Combination of 5th and Parkwood to FM720 Northern Portion	±3.31	
K(b)	Parkwood Blvd.-Intersect with S. 5th St. to Lebanon Rd.-Center Portion	±17.99	
	SH121 North to FM720		
K□	Parkwood Blvd.-From Lebanon Rd. to Opubco Property Line-Southern Portion Outside Opubco {Entire Tract to be added once annexed}	±{12.854}	
L	Collin County Community College Area on Wade Blvd.	±111.643	
M	Wade Blvd. SH289 East to College Parkway	±9.52	
N	Warren Parkway - SH289 to Ohio Drive/Ohio Drive - Warren Parkway to SH121	±11.70	
O	SH121 - North Dallas Toll Road to SH289	±10.15	
Total Acreage in TIRZ:		±1,203.03	

EXHIBIT "A-2"

City of Frisco
Collin County
Texas

**Additional Tax Increment Reinvestment Zone
Property Description and Acreage
All Tract Numbers Refer to Map A-1**

TRACT LABEL	DESCRIPTION OF PROPERTY	
E6	Administrative Building, Phase II, 6942 Maple Road	±72.677
E8	Middle School at King's Ridge Road	±30.606
E9	High School at Coit and Rolater Road	±76.477
E10	High School at Eldorado Parkway	±60.545
F7	County Road from (Administration Bldg.) 6942 Maple Road to FM 720	±2.374
F9	Spur 33 Road from Preston Road to King's Ridge Road	±6.829
F10	Coit Road from School at Rolater Road to FM 720, FM 720 from Coit Road to King's Ridge Road, King's Ridge Road from School at King's Ridge Road to FM 720	±44.811
F11	Coit Road from FM 720 to Eldorado Parkway and Eldorado Parkway from Coit Road to High School at Eldorado Parkway	±11.407
<hr/> Total Acreage in Amendment		±305.699

EXHIBIT "A-3"

City of Frisco Collin County Texas and Denton County Texas

Additional Tax Increment Reinvestment Zone Property Description and Acreage All Tract Numbers Refer to Map A-3

TRACT LABEL	DESCRIPTION OF PROPERTY	AREA (ACRES)
P1	Frisco Soccer Complex Site	±123.712
R1	ROW of Teel Road from Lebanon Road to Stewart Creek Road	±8.713
R2	ROW of Stewart Creek Road from Teel Road to Midnight Moon Drive	±3.196
R3	ROW of Trails Parkway from Main Street to Old Orchard Road and the ROW of Old Orchard Road from Trails Parkway to La Mesa Drive	±3.792
R4	ROW of Twin Falls Drive from Main Street to High Shoals Drive and ROW of Idlewild Drive west of Twin Falls Drive	±7.231
R5	ROW of El Dorado Parkway from Dallas Parkway to North Ridge Drive	±29.901
R7	ROW of Main Street from Dallas Parkway to Twin Falls Drive	±34.281
R8	ROW of Lebanon Road from Dallas Parkway to Teel Road	±41.898
R9	ROW of High Shoals Drive to Palisades Drive	±1.860
R10	ROW of Grayhawk Boulevard from Main to Swan Lake Drive; ROW of Swan Lake Drive from Grayhawk Boulevard to East Talon Drive; ROW of Spirit Falls Drive from East Talon Drive to Roadster Drive.	±5.075
E1	Griffin Middle School Site - 3703 El Dorado Parkway	±41.429
E2	Pioneer Heritage Middle School Site - 1649 High Shoals Drive	±23.990
E3	Middle School/High School Site Stewart Creek Road and 4 th Army Memorial Road	±25.378
E4	Fisher Elementary – 2500 Old Orchard Drive	±10.000
E5	Sparks Elementary – 8500 Wade Blvd	±8.000
E6	Elementary School Site – Lone Star Ranch	±8.000
E7	Boals Elementary School Site	±8.801
E8	High School Site – Dallas Parkway and Legacy Drive	±102.989
Total Acreage in Amendment		±488.246

EXHIBIT "A-4"

City of Frisco Collin County Texas

Proposed Additional Tax Increment Reinvestment Zone Property Description and Acreage All Tract Numbers Refer to Map A-4

TRACT LABEL	DESCRIPTION OF PROPERTY	AREA (ACRES)
P1	Northwest corner-Main Street and BNSF (Grain silos)	±2.170
P2	6410 Main Street (grain silos)	±0.458
P3	8940 John W Elliot (metal building and white brick building)	±1.5713
P4	Southwest corner of Main Street and the BNSF railway crossing (Greensmith)	±1.5277
P5	Northwest corner-old Main Street and John W Elliot	±0.8116
P7	8760 John W Elliott (red brick building)	±0.124
P8	8721 Railroad Ave. and 8741 Railroad Ave.	±0.45
P9	8554 Railroad Ave.	±1.692
P10	Property along the BNSF railroad	±5.46
P11	Moore Street (Senior Center location)	±3.636
P12	Parcel east of Beal Aerospace building	±12.346
P13	Frisco City Hall/Library site	±5.426
P14	Old Library location	±1.3537
P15	Frisco Square Plaza	±1.6799
R2	ROW – Frisco Square Blvd. (Library to John W Elliott)	±1.2420
R3	ROW – Page Street (Library to John W Elliott)	±0.6480
R4	ROW – Roadways within FSMD (Coleman, Frisco Square Blvd., Page, Church Library, Burnham, Moore, Gordon, Clarkson, Goodhue, Cotton Gin Road, Short	±16.2389
R5	ROW – Main Street/John W Elliot (Mahard Feed Mill)	±0.0735
Total Acreage in Amendment		±56.9086

EXHIBIT "A-5"

City of Frisco
Collin County Texas

Proposed Additional Tax Increment Reinvestment Zone
Property Description and Acreage
All Tract Numbers Refer to Map A-5

TRACT LABEL	DESCRIPTION OF PROPERTY	AREA (ACRES)
P1	O'Neal Tract 1	±0.260
P2	O'Neal Tract 2	±0.177
P3	O'Neal Tract 3	±0.224
P4	O'Neal Tract 4	±0.103
P5	John W Elliott Dr – Block 101	±1.4722
<hr/> Total Acreage in Amendment		±2.2362
Total Acreage After Additional {Annexation}:		±2,056.1198

EXHIBIT "A-6"

City of Frisco Collin County Texas and Denton County Texas

Additional Tax Increment Reinvestment Zone Property Description and Acreage All Tract Numbers Refer to Map A-6

TRACT LABEL	DESCRIPTION OF PROPERTY	AREA (ACRES)
P1	Fieldhouse USA Site	±10.554
R1	ROW of Teel Parkway from Stafford Middle School to Main Street and	±40.089
	ROW of Panther Creek Parkway from Teel Parkway to Adeline Drive	
R2	ROW of The Trails Parkway from Teel Parkway to Crockett Drive and	±8.231
	ROW of Smotherman Road from The Trails Parkway to Corbell Elementary	
R3	ROW of Legacy Drive from Main Street to Allen Elementary	±30.527
R4	ROW of John W. Elliott Drive from Main Street to Sports Village Road and	±6.386
	ROW of Technology Drive from John W. Elliott Drive to Frisco Street	
R5	ROW of Independence Parkway from Lebanon Road to Northern City Limit and	±42.404
	ROW of Eldorado Parkway from Independence Parkway to Heritage High School	
R6	ROW of Rolater Road from Independence Parkway to Liberty High School	±2.843
E1	Stafford Middle School Site – 2288 Little River Drive	±21.400
E2	Phillips Elementary School Site – 2285 Little River Drive	±12.520
E3	Purefoy Elementary School Site – 11880 Teel Parkway	±8.754
E4	Corbell Elementary School Site – 11095 Monarch Drive	±9.174
E5	Allen Elementary School Site – 5800 Legacy Drive	±15.263
E6	Roach Middle School Site – 12499 Independence Parkway	±24.799
E7	High School #7 Site – Independence Parkway, North of Main Street	±87.909
E8	Elementary School/Middle School Site - Independence Pkwy, North of Main Street	±30.738
E9	Liberty High School Site – 15250 Rolater Road	±66.325
E10	Vandeventer Middle School Site – 6075 Independence Pkwy	±20.000
Total Acreage in Amendment		±437.916
Total Acreage in TIRZ#1 after amendment		±2,494.04

Attachment I
Frisco Tax Increment Refinancing Zone #1
Detail of Debt Obligations Outstanding

Phase I

1997	City of Frisco Certificates of Obligations (Tax exempt)	Refunded
1997	City of Frisco Certificates of Obligations (Taxable)	\$ 960,000

Phase III

2001A	City of Frisco Certificates of Obligations (Tax exempt)	Refunded
2001B	City of Frisco Certificates of Obligations (Taxable)	\$16,354,964

Phase IV

2003A	City of Frisco Certificates of Obligations (Tax exempt)	\$ 4,035,000
2003B	City of Frisco Certificates of Obligations (Taxable)	\$ 9,925,000
2005	City of Frisco General Obligation Refunding Bonds (Tax exempt)	\$ 3,344,905
2007	City of Frisco General Obligation Refunding Bonds (Tax exempt)	\$21,500,000

Phase V

2008A	City of Frisco Certificates of Obligations (Tax exempt)	\$27,475,000
2008B	City of Frisco Certificates of Obligations (Taxable)	\$20,235,000
2009	City of Frisco Certificates of Obligations (Tax exempt)	\$ 3,810,000
2009	City of Frisco General Obligation Refunding Bonds (Tax exempt)	\$ 1,230,000
2011	City of Frisco General Obligation Refunding Bonds (Tax exempt)	\$29,425,000

Note: Debt obligations continue through 2033. These obligations are paid through a combination of FTIRZ revenues and lease payments.