

Exhibit "A"

Project and Financing Plan

For

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

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);
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.

Economic Development Program Grants (Chapter 380 Agreements)

The Board is authorized to enter into economic development program grants pursuant to Chapter 380 of the Texas Local Government Code ("Chapter 380 Agreements") for projects located within the boundaries of the TIF as authorized by and in accordance with Section 311.010(h) of the Texas Tax Code, if one of the following two criteria is met:

- The Chapter 380 Agreement supports a project that will utilize Federal and/or State historic tax credits and the financing of the project is demonstrated to be contingent on the use of those credits; or
- The Chapter 380 Agreement supports a project that is located on a property owned by any of the taxing entities participating in the TIF.

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