



TAX INCREMENT REINVESTMENT ZONE NUMBER ONE MEETING

**January 25, 2024
5:30 PM**

1. Call to Order and Roll Call

2. Citizen Comments

Texas Government Code, Sec. 551.007 requires that a governmental body must allow each member of the public who desires to address the body regarding an item on the agenda the opportunity to do so before or during the body's consideration of the item. The "Citizens Comments" portion of the meeting meets the requirements of this law and is the public's opportunity to speak on any item on the agenda. Those who wish to speak are requested to fill out a public comment form and will have three (3) minutes to speak unless additional time has been requested.

3. Approval of Minutes from the June 10, 2021, Meeting.

4. Items for Action

A. Appoint Officer of the TIRZ Board: Vice Chair

5. TIRZ 1 Financial Update: FY23

6. Items for Discussion

A. Review Adopted Project and Financing Plan, project costs identified, and discussion of potential amendment and restatement of the plan to allow additional projects.

7. Request for Future Agenda Items

8. Adjournment

Posted: January 22, 2024
5:00 PM
N. Smith

This meeting will be conducted in accordance with the Americans with Disabilities Act. Requests for sign interpretive services will be available with at least 72-hour notice prior to the meeting. To make arrangements for these services, please call the City Secretary's Office at 903-935-4446.

MINUTES OF THE REGULAR MEETING OF THE
TAX INCREMENT REINVESTMENT ZONE (TIRZ) BOARD
THURSDAY, JUNE 10, 2021
5:30 PM

Fabio Angell, Community & Economic Development Director called the Regular meeting to order in the Council Chambers, City Hall at 5:30 p.m.

PRESENT:

COUNCIL MEMBERS:

Marvin Bonner, District 1	Leo Morris, District 2
Jennifer Truelove, District 3	Vernia Calhoun, District 5
Amanda Abraham, District 6	Micah Fenton, District 7

ABSENT: Amy Ware, District 4 (Excused)

ADMINISTRATIVE STAFF PRESENT:

Mark Rohr, City Manager
Scott Rectenwald, Acting City Attorney
Nikki Smith, City Secretary/Payroll Accountant
Randy Pritchard, Support Services Superintendent
Fabio Angell, Community & Economic Development Director

1. **CITIZEN COMMENTS**

Steven McFarland, 1 Wingwood Ter., stated he was thankful for the progress of the Tax Increment Reinvestment Zone.

APPROVE BYLAWS OF TIRZ BOARD

2. **CONSIDER APPROVAL OF BYLAWS OF THE TAX INCREMENT REINVESTMENT ZONE BOARD (TIRZ).**

Fabio Angell provided the Bylaws of the Tax Increment Reinvestment Zone Board (TIRZ). Fabio Angell highlighted important aspects of the bylaws and asked for approval.

Board member Abraham made a motion to approve the Bylaws of the Tax Increment Reinvestment Zone Board (TIRZ) as amended. Board member Truelove seconded the motion, which passed with a vote of 6:0.

APPOINT OFFICERS OF THE BOARD: CHAIR, VICE CHAIR

3. **CONSIDER APPOINTMENT OF THE CHAIR FOR THE TIRZ BOARD.**

Board member Calhoun nominated board member Morris for the position of Chair for the TIRZ Board. Board member Abraham seconded the nomination, which passed with a vote of 6:0.

4. **CONSIDER APPOINTMENT OF THE VICE CHAIR FOR THE TIRZ BOARD.**

Board member Bonner nominated board member Fenton for the position of Vice Chair for the TIRZ Board. Board member Calhoun seconded the nomination, which passed with a vote of 6:0.

RESOLUTION

5. CONSIDER APPROVAL OF A RESOLUTION OF THE BOARD OR DIRECTORS OF REINVESTMENT ZONE NUMBER ONE, CITY OF MARSHALL, TEXAS ADOPTING A PROJECT PLAN AND FINANCING PLAN FOR THE ZONE, AND PROVIDING AN EFFECTIVE DATE.

Chairman Morris asked for approval of a resolution of the Board of Directors of Reinvestment Zone Number One, City of Marshall, Texas adopting a Project Plan and Financing Plan for the Zone, and providing an effect date.

Board member Abraham made a motion to approve a resolution of the Board of Directors of Reinvestment Zone Number One, City of Marshall, Texas adopting a Project Plan and Financing Plan for the Zone, and providing an effect date. Board member Calhoun seconded the motion, which passed with a vote of 6:0.

6. **ADJOURNMENT**

Board member Abraham made a motion for adjournment. Board member Fenton seconded the motion, which passed with a vote of 6:0.

APPROVED:

**Chair of the Tax Increment
Reinvestment Zone Board**

ATTEST:

Secretary

Resolution: TIRZ R-21-01

Staff Report



Appoint Officer of the TIRZ Board: Vice Chair (Item 4.A.)	
Board Meeting: January 25, 2023	Document: None

STAFF RECOMMENDATION

Consider the appointment of the Mayor Pro Tem as Vice Chair of the Tax Increment Reinvestment Zone Number One Board of Directors.

TIRZ 1 Board of Directors

On September 14, 2023, City Council approved needed appointments to the TIRZ 1 Board of Directors, including a member to serve as Chair, as detailed in the table below.

Place	Board Member	Term End Date
1	Council Member Marvin Bonner	8/1/2024
2	Council Member Leo Morris	8/1/2025
3	Council Member Jennifer Truelove	8/1/2024
4, Chair*	Mayor Amy Ware	8/1/2024
5	Council Member Reba Godfrey	8/1/2024
6	Mayor Pro-Tem Amanda Abraham	8/1/2025
7	Council Member Micah Fenton	8/1/2024

Board members serve two-year terms which shall be staggered. Each year, the City Council shall appoint a member to serve as the Chair of the Board for a one-year term. Mayor Amy Ware currently serves as Chair of the Board with a term ending on August 1, 2024.

Per the bylaws, the Board may elect a Vice Chair to preside in the absence of the Chair. Staff recommends appointing Mayor Pro Tem Amanda Abraham as Vice Chair.

ADDITIONAL INFORMATION

Attached: None.
Under separate cover: None.
Available in the City Secretary's Office: None.

STAFF CONTACT

Alex Anne Agnor
Director of Economic Development & Strategic Initiatives
903-935-4526
agnor.alex@marshalltexas.net

Staff Report



TIRZ 1 Financial Update (Item 5.)	
Board Meeting: January 25, 2023	Document: None

TIRZ 1 TAX INCREMENT FUND

Ordinance No. O-21-12 created and established a Tax Increment Fund for the Zone. Funds in the Tax Increment Fund shall be used to pay project costs that benefit the Zone, in accordance with Chapter 311. The tax increment of the City shall be deposited into the Tax Increment Fund. In addition, all revenues from the sale of any tax increment bonds and notes, revenues from the sale of any property in furtherance of the tax increment project and financing plan, and other revenues to be dedicated to and used in the Zone shall be deposited in the Tax Increment Fund from which money will be disbursed to TIRZ project costs or to satisfy claims of tax increment bonds or notes issued for the TIRZ.

FINANCIAL ANALYSIS

TIRZ 1 FINANCIALS: FY23							
TIRZ Year	Tax Year	Fiscal Year	Taxable Value	Taxable Value Increment	Tax Rate	City Participation Rate	TIRZ Increment Payment
Base	2021	2022	30,764,484	-	0.567160	-	-
1	2022	2023	32,769,806	2,005,322	0.565201	100%	11,334.10
TIRZ One Other Revenue							
Sale of Real Property in Furtherance of the TIRZ: FY23							300,000.00
FY23 TIRZ 1 FUND TOTAL:							311,334.10

TIRZ 1 PROJECTIONS: FY24							
TIRZ Year	Tax Year	Fiscal Year	Taxable Value	Taxable Value Increment	Tax Rate	City Participation Rate	TIRZ Increment Payment
2	2023	2024	37,606,918	6,842,434	0.565201	100%	38,673.51
FY24 PROJECTED INCREMENT*:							38,673.51
PROJECTED TIRZ 1 FUND BALANCE – FYE 12/31/2024**							350,007.61

* FY24 increment calculation based on Tax Year 2023 Certified Taxable Values provided by HCAD.

** Assuming no TIRZ project expenditures in FY24.

STAFF CONTACT

Alex Anne Agnor
 Director of Economic Development & Strategic Initiatives
 903-935-4526
agnor.alex@marshalltexas.net

Staff Report



TIRZ 1 Project & Financing Plan Discussion (Item 6.A.)	
Board Meeting: January 25, 2023	Document: Project & Financing Plan

PRIOR BOARD OR COUNCIL ACTION

On May 13, 2021, a public hearing was held relative to the designation and creation of Tax Reinvestment Zone Number One and its benefits to the City and to property in the Zone. Interested persons were allowed to speak for or against the designation and creation of the Zone, the boundaries of the Zone, and the concept of tax increment financing, and owners of property in the Zone were given reasonable time to protest the inclusion of their property in the Zone.

On May 27, 2021, City Council approved Ordinance No. O-21-12 designating a geographic area of the City as Tax Increment Reinvestment Zone Number One; setting the boundaries of the Zone; creating a Board of Directors for the Zone; establishing a tax increment fund for the Zone; making findings related the creation of the Zone; and providing for immediate effectiveness and a termination date of the Zone.

On June 10, 2021, the Board of Directors of Tax Increment Reinvestment Zone Number One approved Resolution No. TIRZ R-21-01 adopting the Project and Financing Plan for the Zone. Later on June 10, 2021, City Council approved Ordinance No. O-21-13 adopting the Project and Financing Plan for the Zone.

On October 12, 2023, City Council approved Ordinance No. O-23-20 extending the term of Tax Increment Reinvestment Zone Number One from April 30, 2031, to December 31, 2036, and amending Ordinance No. O-21-12 relative to findings related to the creation of the Zone.

TIRZ 1 PROJECT AND FINANCING PLAN

The adopted Project and Financing Plan (PFP) proposed certain infrastructure projects to support cohesive redevelopment, as detailed in the table below.

ITEM	Proposed Activity	ESTIMATED TIF's PROJECT COSTS
1	Phase 1. First Block (Projected Year 4) Overall enhancement of downtown including streetscape, lighting, trees, safety, and other aesthetic features	\$400,000
2	Phase 2. Second Block (Projected Year 5) Overall enhancement of downtown including streetscape, lighting, trees, safety, and other aesthetic features	\$400,000
3	Phase 3. Third Block (Projected Year 6) Overall enhancement of downtown including streetscape, lighting, trees, safety, and other aesthetic features	\$400,000
4	Phase 4. Fourth Block (Projected Year 7) Overall enhancement of New Town's Marshall Lofts area including streetscape, lighting, trees, safety, and other aesthetic features (e.g. painting, façade, neighborhood improvements)	\$400,000
5	Maintenance, Upkeep & Administration (Years 2-15) \$32,500 x 13	\$390,000
6	Marketing Costs (Years 2-15) \$5,000 x 13	\$65,000
	TOTAL ESTIMATED PROJECT COSTS:	\$ 2,055,000

OTHER ALLOWABLE PROJECT EXPENDITURES SUBJECT TO PLAN AMENDMENT

The Project and Financing Plan includes the following list of public improvements that could be included or proposed for financing through the TIF Fund pursuant to plan amendments:

- Additional Maintenance and Upkeep
- Additional Administrative and other operational costs
- Sidewalks, raised cross walks, pedestrian ramps,
- Crossing systems, hike and bike trails and facilities
- Curb and gutter
- Roadways, asphalt paving & grading
- ADA compliant pedestrian ramps and facilities
- Water Main Loops, water system improvements
- Force Main & Other Sewer Lines
- Utility line relocations/installs/replacement
- Drainage Improvements
- Streetscape fixtures, water fountains, pedestrian signals
- Streetscape furniture
- Street lights/electrical
- Landscaping, works of art
- Plazas, squares, pedestrian malls, and other public spaces
- Parks & outdoor concert/performance sites
- Signage
- Parking

Following the presentation, staff will seek direction from the Board regarding additional projects within the Zone and provide information on an amendment and restatement of the plan should the Board want to proceed.

ADDITIONAL INFORMATION

Attached:	TIRZ 1 Project and Financing Plan
Under separate cover:	None.
Available in the City Secretary’s Office:	None.

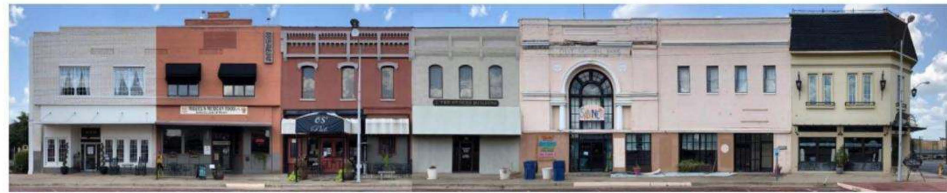
STAFF CONTACT

Alex Anne Agnor
Director of Economic Development & Strategic Initiatives
903-935-4526
agnor.alex@marshalltexas.net



Houston Street Streetscape Improvements:

- Expanded sidewalk with brick accents
- Historic style pedestrian lights with hanging flower baskets
- Variety of seating options
- Shade umbrellas
- Trees and plantings
- Flower pots



EAST HOUSTON STREET STOREFRONT STREETScape

Downtown

Tax Increment Reinvestment Zone, City of Marshall, Texas

Preliminary Project & Financing Plan

Table of Contents

Introduction	pg. 3
Definitions & List of Exhibits	pg. 2
The Zone, Maps	pg. 4
Map of Zone	pg. 4
Description and Maps	pg. 5
Project Overview and Project Costs	pg.8
Table 1 – COSTS: Proposed Public Improvements & Other Expenditures	
Finance Plan & Economic Feasibility	pg. 13
Schedule A “Projected Increment Revenue”	pg. 14
List of Exhibits	pg. 16
Exhibit A ... Development Assumptions & Summary	
Exhibit B ... Existing Zoning Uses of TIF	
Exhibit C ... Feasibility Report	

May 13rd, 2021

INTRODUCTION

Authority and Purpose. The City of Marshall, Texas, a Texas home-rule municipality (the “City”), has the authority under Chapter 311, Texas Tax Code, as amended (the “Act”) to designate a contiguous or noncontiguous geographic area within the corporate limits or extraterritorial jurisdiction (“ETJ”) of the City as a tax increment reinvestment zone to promote development or redevelopment of the area. The City Council (the “City Council”) may create such a zone upon determining that development or redevelopment would not occur solely through private investment in the reasonable foreseeable future, that the zone is feasible, and that creation of the zone is in the best interest of the City and the property in the zone.

The City has created its Tax Increment Reinvest Zone (the “Zone”) as described in this Project and Financing Plan (the “Plan”). The purpose of the Zone is to facilitate development and redevelopment of public improvements by financing the costs of public works, public improvements including maintenance and upkeep programs, and other redevelopment projects benefiting the Zone.

There continues to be a need for economic incentives to attract development and redevelopment in the Zone for the purpose of providing long-term economic benefits including increased real property values, increased sales and use tax, and increased job opportunities for residents of the City. This Plan is intended as a guide for the City to implement the public works, public improvements, programs and other redevelopment projects so that the Zone will be developed and redeveloped to take full advantage of the opportunity to bring to the City a substantially increased tax base and job opportunities for its citizens.

Ultimately, the goal for the Zone is to encourage the development and redevelopment of downtown Marshall and adjoining areas into a mixed use, pedestrian oriented-environment consistent with the goals of the City’s Downtown Redevelopment Plan and the City’s Mobilize Marshall Strategic Plan.

Throughout this Plan, the following definitions are used. Capitalized terms not defined herein have the definitions assigned in the Act.

"*Captured Appraised Value*" means the total taxable value of all real property taxable by the City located in the Zone for each year less the Tax Increment Base.

"*Tax Increment*" for a taxing unit participating in the Zone means (i) the amount of property taxes levied and assessed by the unit for that year on the captured appraised value of real property taxable by the unit and located in the Zone or (ii) the amount of property taxes levied and collected by the unit for that year on the captured appraised value of real property taxable by the unit and located in the Zone.

"*Tax Increment Base*" for a taxing unit participating in the Zone means the total taxable value of all real property taxable by the unit and located in the Zone for the base tax year 2021.

"*Zone Securities*" means bonds, notes, certificates of obligation, or any other evidence of indebtedness authorized to be issued by the City, whether or not secured by revenues in the Tax Increment Fund, issued to fund Project Costs.

THE ZONE

Eligibility Requirements for the Zone. The Zone is eligible under the Act to be designated as a tax increment reinvestment zone because property within the Zone substantially impairs or arrests the sound growth of the commercial city center because of its challenges to development with a deterioration of structures and a lack of site improvements, a need for redevelopment (e.g. streetscape, lighting, paving, curb and gutter, landscaping, etc.), a substantial number of substandard structures, the predominance of defective or inadequate sidewalks or street layout and grading, and some conditions that endanger life or property by fire or other cause.

Additionally, no more than 30 percent of the property in the Zone, excluding property that is publicly owned, is "used for residential purposes", as defined in the Act and total appraised value of taxable real property in the Zone does not exceed 50 percent of the total appraised value of taxable real property in the City. The City has not previously created any other tax increment reinvestment zone nor any other special taxing districts or industrial districts.

Zone Boundaries.

The Zone includes approximately 156.65 acres and is generally enclosed within the following boundaries:

Beginning at the intersection of Alamo Boulevard and Grand Avenue

West to Grove Street

South to Houston Street

Southwest along Houston Street approximately 1740 feet

South approximately 459 feet to Whetstone Street

Easterly along Whetstone Street to College Street

North to Bowie Street

East to Grove Street

South to Travis Street

East to Alamo Boulevard

North to beginning point

Contributions to the Zone. The City is the only taxing unit participating in the Zone, unless an additional taxing unit becomes a participant in the future. The City will contribute 100 percent of its tax rate increment attributable to the increased taxable value of existing and new development in the Zone into a tax increment fund created by the City and segregated from all other funds of the City (the “TIF Fund”). The TIF Fund shall be used to pay the costs of public works, public improvements, maintenance and upkeep, and other projects and programs benefiting the Zone. The TIRZ Board will also make recommendations to the City Council concerning any development and reimbursement agreement (“TIF Reimbursement Agreement”).

Existing Uses and Conditions. The Zone is located entirely within the City’s corporate limits. Current property use within the Zone include mixed-use Residential and Commercial with some light industrial being no more than 10% of total area. The area may include, a high-end retail development and compact housing development on as-needed basis, especially in areas with low build out rates. A boundary map of the Zone and existing zoning uses is provided on **Exhibit B.**

Proposed Uses. The proposed uses will be established by existing zoning in most cases, but there may be areas where revised zoning will be requested. If so, any revisions will be made through the standard process and procedures of the City.

PROPOSED CHANGES TO ORDINANCES, PLANS, CODES, RULES, AND REGULATIONS. Any changes in ordinances, plans, codes, rules and regulations which are required or requested will be made through the standard process and procedures of the City. As of May 13th, 2021, there are no known proposed changes of zoning ordinances, the City’s Comprehensive Plan, the City’s Mobilize Marshall Strategic Plan, building codes, other municipal ordinances, and subdivision rules and regulations.

RELOCATION OF DISPLACED PERSONS. Although not anticipated, in the process of development and redevelopment in the Zone, any relocation will be made through the standard process and procedures of the City.

PROJECT OVERVIEW AND PROJECT COSTS

1. Infrastructure supporting cohesive redevelopment

Tax Increment Revenues shall be made available to facilitate investment in infrastructure or other improvements allowed by law that facilitate the following potential projects. This Project and Finance Plan will be amended as may be required by law to accommodate additional uses of the tax increment revenues within the TIF zone:

- a. Projects that support infrastructure improvements and overall enhancement and aesthetic projects including sidewalks, furniture and other streetscape projects (e.g. lighting and safety features). See Table 1 below for more details.
- b. Amounts shall be allocated to include operation and maintenance costs.
- c. Acquisition of property by the private sector for parking and other economic priorities such as redevelopment and new construction projects shall be encouraged.
- d. Annual marketing costs anticipated to be \$65,000 over the term of the TIF

[Page left blank intentionally]

Table 1 – COSTS: Proposed Public Improvements & Other Expenditures (Pay-as-you-go) Schedule

ITEM	Proposed Activity	ESTIMATED TIF's PROJECT COSTS
1	Phase 1. First Block (Projected Year 4) Overall enhancement of downtown including streetscape, lighting, trees, safety, and other aesthetic features	\$400,000
2	Phase 2. Second Block (Projected Year 5) Overall enhancement of downtown including streetscape, lighting, trees, safety, and other aesthetic features	\$400,000
3	Phase 3. Third Block (Projected Year 6) Overall enhancement of downtown including streetscape, lighting, trees, safety, and other aesthetic features	\$400,000
4	Phase 4. Fourth Block (Projected Year 7) Overall enhancement of New Town's Marshall Lofts area including streetscape, lighting, trees, safety, and other aesthetic features (e.g. painting, façade, neighborhood improvements)	\$400,000
5	Maintenance, Upkeep & Administration (Years 2-15) \$32,500 x 13	\$390,000
6	Marketing Costs (Years 2-15) \$5,000 x 13	\$65,000
	<u>TOTAL ESTIMATED PROJECT COSTS:</u>	\$ 2,055,000

This Cost Table 1 summarizes the currently anticipated Project Costs to be financed within the TIRZ.

PROJECT COSTS. The total maximum "Project Costs," including Administrative Costs are \$2,055,000. Administrative, Operating & Maintenance Costs shall be paid each applicable year from the TIF Fund before any other Project Costs are paid. Project Costs for administration of the T=Zone shall be the actual direct costs paid or incurred by the City to establish and administer the Zone.

OTHER PROPOSED PUBLIC IMPROVEMENTS. The list of public works and public improvements that could be included or proposed for financing through the TIF Fund pursuant to amendments to this Plan may include:

- Additional Maintenance and Upkeep
- Additional Administrative and other operational costs
- Sidewalks, raised cross walks, pedestrian ramps,
- Crossing systems, hike and bike trails and facilities
- Curb and gutter
- Roadways, asphalt paving & grading
- ADA compliant pedestrian ramps and facilities
- Water Main Loops, water system improvements
- Force Main & Other Sewer Lines
- Utility line relocations/installs/replacement
- Drainage Improvements
- Streetscape fixtures, water fountains, pedestrian signals
- Streetscape furniture
- Street lights/electrical
- Landscaping, works of art
- Plazas, squares, pedestrian malls, and other public spaces
- Parks & outdoor concert/performance sites
- Signage
- Parking

Table 1. shows the planned projects and their associated costs at Present Value. Construction of the public improvements is scheduled to take place in phases during the term of the TIF and timed in coordination with new development and redevelopment projects in the TIRZ.

Locations of Public Improvements. The locations of the proposed public works and streetscape improvements all lie within the TIRZ and are generally located as described in Table 1 all within the proposed TIRZ whose boundaries are as shown in “Map of the Zone” (see above).

ESTIMATED TIME WHEN COSTS ARE TO BE INCURRED. Some Administrative and other Operational Costs will be incurred annually, specifically from years 2-15. It is assumed that the remainder of the Project Costs will be incurred during the life of the TIRZ. Debt can and will be considered on as-needed basis. The City reserves the right to enter into agreements with the

TIRZ board for purposes of loaning or financing projects using General Fund for reimbursement by the TIRZ board using the TIF fund.

ESTIMATED NON-PROJECT COSTS. Non-project costs are private or public expenses that are not eligible to be paid by the TIF Fund; these include public works projects that only partly benefit the Zone, and general government operating expenses unrelated to the Zone. Other non-project costs include private improvement costs paid by private development which are projected to be nearly \$65.5 million based on the Feasibility Report, a copy of which is attached as **Exhibit C**. Other non-project costs not financed by the Zone include but are not limited to:

Public improvement made within the Zone boundaries that also benefits property outside the Zone (that is, the portion of the total project costs allocated to the properties outside the Zone is a non-project cost); public improvements made outside the Zone boundaries that also benefit property within the Zone (that is, the portion of the total project costs allocated to the properties outside the Zone is a non-project cost); and, lastly, projects within the Zone as part of the project plan implementation that are paid fully or in part by impact fees, grants, special assessments or revenues other than the TIF Fund.

FINANCE PLAN & ECONOMIC FEASIBILITY.

For purposes of this Plan, economic feasibility has been evaluated by City staff for the Zone. A copy of the report is attached as **Exhibit C**. This report constitutes the "economic feasibility report" required by Section 311.011, Texas Tax Code. This evaluation focuses only on "direct" financial benefits (i.e., tax revenues only from new development in the TIRZ, no value increases from existing development nor value increases from new development after its completion) and does not take into consideration the "multiplier effect" that will result from new development that occurs outside the TIRZ, including increases in taxable sales volume.

The Feasibility Report and Finance Plan use a set of key assumptions for new development and redevelopment which make the overall project economically feasible, especially as all Project Costs are paid only from tax increment revenues accumulated in the TIF fund and as they become available.

Further, economic indicators point to acceleration in development in the region after the pandemic and by extension within the ZONE, as well. We believe the estimates of appraised values as a result of projected redevelopment and new construction projects in the Zone represent a conservative approach when evaluating the debt payment requirements for the Zone.

This report assumes a 2021 taxable value of \$30,988,393 as a ‘base’ and an annual growth of 1.5% in appraised values of the Zone during the TIF’s 15-year term. The report also makes the following assumptions as far as potential redevelopment and new construction projects (nearly \$68.9 million) toward buildout of the Zone as shows in **Exhibit A (i.e. Table 2)**. These are:

- New Commercial, Retail or Office Space in the Zone—192,292 square feet with a projected value of approximately \$33 million.
- New Redevelopment/Retrofit Space in the Zone—475,000 square feet with a projected value of approximately \$35 million.

During the term of the Zone, the increase in value of new development that occurs in the Zone (which would not have occurred but for the Zone) will generate approximately \$6,107,926 million for the TIF Fund in tax revenue over its 15-year term.

Lastly, the financial model in the City’s Feasibility Report calculated a Net Present Value (NPV) for the City’s TIF of approximately \$ 3,910,101. This present value of the benefits exceeds the Present Value of overall costs (\$ 2,055,000) incurred by the TIF over its 15-year term. As a result, the City’s TIF district will generate a NET positive cash flow of approximately \$1,855,101, even at a relatively “modest” property value growth rate of 1.5% per annum, post pandemic.

This satisfies the **“financial viability”** criterion for TIF district. A high risk-adjusted discount rate of 5% is used in order to calculate the lowest possible present value today of all future cash flows during the TIF’s 15-year period. This is a very conservative approach, even post pandemic.

Based on the foregoing, the feasibility of the Zone has been demonstrated.

ESTIMATED BONDED INDEBTEDNESS The City currently anticipates paying Project Costs or reimbursing a developer for qualified Project Costs solely from tax increment revenues on an annual basis. No bond indebtedness is anticipated to be incurred for the Zone, at this time. If initial Project Costs are not advanced by a Developer or property owner, the City or the Marshall EDC (i.e. MEDCO) may consider issuing zone securities and utilizing tax increment funds for either direct repayment to the City (or MEDCO), or to cover debt service so long as TIF funds are available.

FINANCING & EXPECTED SOURCES OF REVENUE

1. About the time when costs or monetary obligations are to be incurred

When payment of costs or reimbursements of costs are to be made is a function of the availability of the tax increment revenues. **Schedule A** of the Feasibility Report is a projection of tax increment revenues which are available and expected to be available in the future to pay or reimburse the TIF Fund for Project Costs on a year to year basis (see Table 1).

2. About Financing, Expected Sources of Revenue

Following is a description of the methods of financing all estimated project costs and the expected sources of revenue (tax increment) to finance or pay for Project Costs.

METHOD OF FINANCING. TIRZ Project Costs will be paid directly for site improvements, as described in Table 1 above. That is, Project Costs will be paid solely from tax increment revenues of the TIRZ, as they are realized by the TIRZ and deposited into the TIF Fund.

SOURCES OF TAX INCREMENT REVENUE. The tax increment revenue necessary to pay the TIRZ Project Costs is expected to come from increased property values in the Zone. **Schedule A** (next page) displays the projected assessed valuations resulting from increases in value, using the most conservative of three (3) development scenarios. That is, a 1.5% growth rate for appraised values in the Zone. These new tax increment revenues will be used to pay for Project Costs.

[Page left blank intentionally]

Schedule A. "Projected Increment Revenue"

	1	2	3	4	5	6	7
City Tax Rate 0.0054216 NPV Project Costs = \$2,055,000							
TIF Year	Calendar Year	Taxable Valuation (*)	Percent Increase	Taxable Value Increment	Projected Tax Increment	Cumulative Projected Tax Increment	
0	2020	\$30,988,393	1.50%	\$0	\$0	\$0	
1	2021	\$31,453,219	1.50%	\$464,826	\$2,520	\$2,520	
2	2022	\$41,045,324	1.50%	\$10,056,931	\$54,525	\$57,045	
3	2023	\$80,569,453	1.50%	\$49,581,060	\$268,809	\$325,853	
4	2024	\$95,549,571	1.50%	\$64,561,178	\$350,025	\$675,878	
5	2025	\$109,207,892	1.50%	\$78,219,499	\$424,075	\$1,099,953	
6	2026	\$115,259,602	1.50%	\$84,271,209	\$456,885	\$1,556,838	
7	2027	\$116,988,496	1.50%	\$86,000,103	\$466,258	\$2,023,096	
8	2028	\$118,743,323	1.50%	\$87,754,930	\$475,772	\$2,498,868	
9	2029	\$120,524,473	1.50%	\$89,536,080	\$485,429	\$2,984,297	
10	2030	\$122,332,340	1.50%	\$91,343,947	\$495,230	\$3,479,527	
11	2031	\$124,167,325	1.50%	\$93,178,932	\$505,179	\$3,984,706	
12	2032	\$126,029,835	1.50%	\$95,041,442	\$515,277	\$4,499,983	
13	2033	\$127,920,283	1.50%	\$96,931,890	\$525,526	\$5,025,509	
14	2034	\$129,839,087	1.50%	\$98,850,694	\$535,929	\$5,561,438	
15	2035	\$131,786,673	1.50%	\$100,798,280	\$546,488	\$6,107,926	

Source: Feasibility Report. Scenario 1 at 1.5% growth rate. Most conservative projection.

Assumptions:
 Estimated Years: 15
 City Tax Rate: \$.54216

Schedule A: The Taxable Valuation column (3) does not reflect a 1.5% annual growth as it also includes projected increases in appraised values from assumed redevelopment and new construction projects during the 15-year term of the TIF.

This Plan is based on a contribution rate (and current tax rates which are subject to change) shown from the City.

Table No. 3 The City is the only Participating Jurisdiction		
Taxing Jurisdiction	2020 Tax Rate (1)	% Dedicated
City of Marshall	\$0.54216	100%

(1) 2020 Tax Rate for purposes of illustration only. Tax Rate will be levied from year to year by the City and will vary.

TOTAL TAXABLE VALUE. The current total appraised value of taxable real property in the Zone as of January 1, 2020 is approximately \$ 30 million. It is estimated that upon expiration of the term of the Zone in fifteen (15) years, the total appraised value of taxable real property in the Zone will be approximately \$ 131 million.

ESTIMATED CAPTURED APPRAISED VALUE TAXABLE BY THE CITY. The captured taxable value of the Zone—taxable by the City for a year is the total taxable value of the Zone for that year less the tax increment base of the Zone. The Tax Increment Base of the Zone is the total taxable value of the Zone for the year in which the Zone was designated. The estimated captured appraised value of the Zone during each year of existence is shown in Schedule A. The cumulative captured taxable value of the TIF’s lifespan of fifteen (15) years is approximately \$ 100 million.

DURATION OF THE ZONE. The term of the Zone commences on June 1st, 2021 and will continue until the earlier to occur of: (1) May 31st, 2036 or (2) the date on which all Project Costs, bonds (if any), and other zone securities or obligations (if any) have been paid in full.

EXHIBIT A

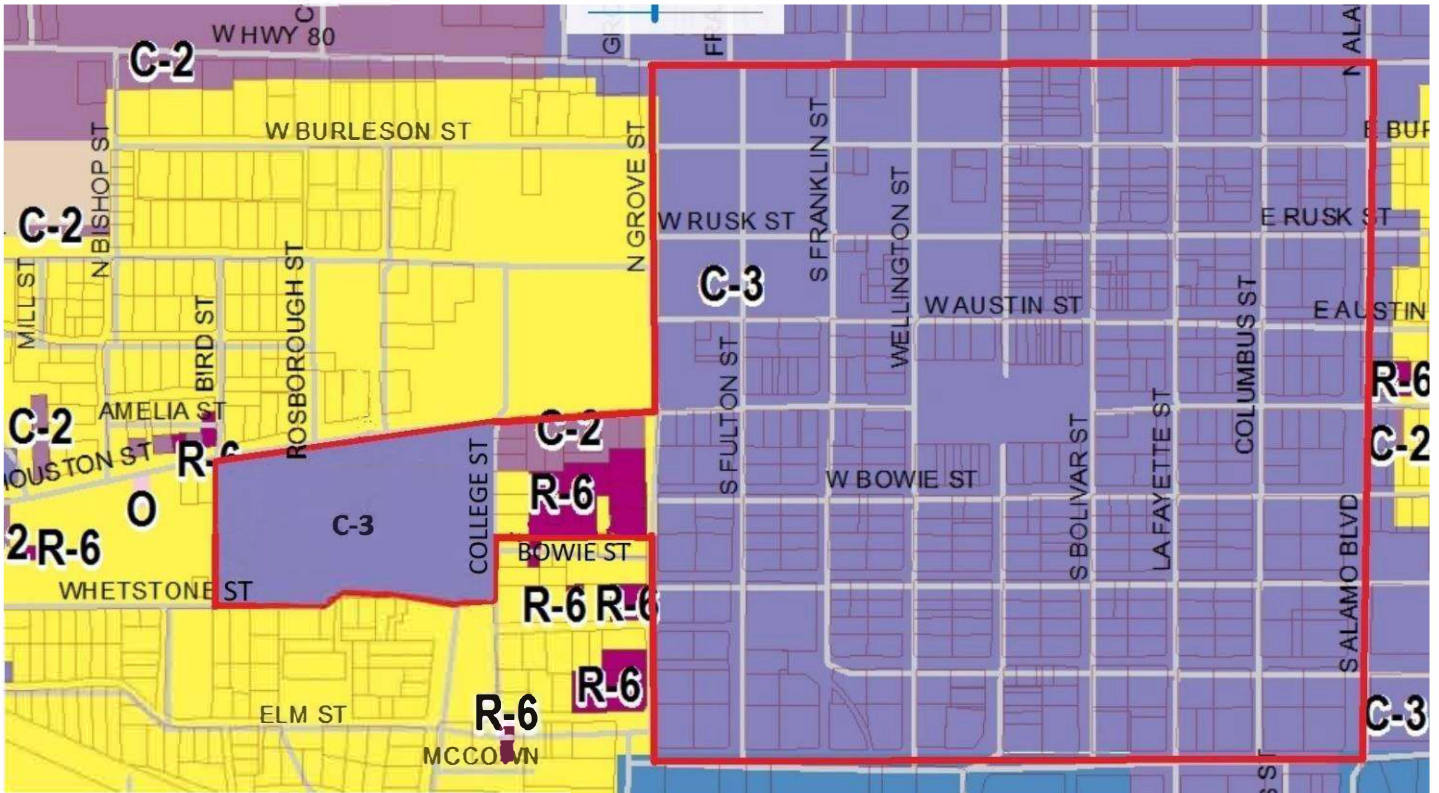
Assumed Redevelopment /New Construction Projects

	1	2	3	4	5	6	7
TABLE 2.			TOTAL SF Available	SF Available (Leasable Space)	Total SF Available	SF Available (Vacant Land)	Total SF Available
PROJECT 1.	Bell Buckle	Year 3				44,754	44,754
		Year 4		146,000	146,000		
PROJECT 2.	Capital One	Year3		28,812	28,812		
						28,800	28800
PROJECT 3.	Swepco	year 5				42,034	
		year 6				37,723	79,757
PROJECT 4.	City	year2	61,974			19,832	
		year3				19,832	
						21,071	60,735
PROJECT 5.	Hist District	year 2	170,000				
		year 3			45,000		
		year 4			55,000		
		year 5			70,000	170,000	
PROJECT 6.	* M. Lofts	year 2	129,240	25,848	0		
		year 3			103,392	129,240	
			SubTotal SF Available		474,052		214,046
						Total SF Available	688,098

* Pending. Add SF to account for new building

Projected New Development		\$33,391,101
Projected Redevelopment	\$35,553,900.00	
Projected TOTAL New Investment		\$68,945,001

EXHIBIT B



MARSHALL ZONING DISTRICTS

FOR REPRINTS OR DIGITAL FILES, CONTACT ETCOR GIS AT (562) 214-4444 OR EMAIL GIS@ETCOR.COM



- | | | | |
|------------------|-----|-----|------------------------|
| DISTRICTS | I-1 | R-1 | |
| A-E | I-2 | R-2 | MARSHALL CITY BOUNDARY |
| C-2 | MF | R-3 | PARCELS |
| C-3 | MH | R-4 | ROADS |
| C-6 | O | R-6 | |
| H | PD | | |
- A-E AGRICULTURE AND ESTATE
 - C-1 RESTRICTED BUSINESS
 - C-2 RETAIL BUSINESS
 - C-3 GENERAL BUSINESS
 - H HISTORIC

- H HISTORIC
- I-1 LIGHT INDUSTRY
- I-2 HEAVY INDUSTRY
- MF MULTIFAMILY RESIDENTIAL
- MH MOBILE HOME AND RECREATIONAL VEHICLE
- O OFFICE
- PD PLANNED DEVELOPMENT
- R-1 SINGLE FAMILY DETACHED RESIDENTIAL
- R-2 SINGLE FAMILY DETACHED RESIDENTIAL
- R-3 SINGLE FAMILY DETACHED RESIDENTIAL



EXHIBIT C

Feasibility Report Attached

EXHIBIT C - Feasibility Report



*CITY OF MARSHALL
Community & Economic Development
Fabio Angell, Director*

Date: 4/5/2021
To: MARK ROHR, CITY MANAGER
Re: CASH FLOW FORECAST FOR PROPOSED TIF ZONE (INTERNAL DOCUMENT)

- FINAL -

City staff completed three (3) scenarios of annual City taxes generated in the area where a tax increment financing ("TIF") program is being proposed by the City. A fourth scenario that did not include such TIF program was unnecessary. That is, 15-year projections of appraised values in the proposed TIF area would yield negative growth rates based on previous 10-year trends in the area of minus 4%.

On the other hand, the most conservative forecast (i.e. 1.5% growth rate) models annual municipal tax flow with creation of a TIF program to stimulate private sector investment and complete public improvements in key areas of the TIF zone.

The following assumptions are made:

- A TIF zone is created pursuant to Texas law in 2021 for a term of 10 years, with boundaries conforming to the accompanying map. For ten years, 100% of City real property tax on the increased value of real property starting in 2021 flows to a TIF fund. Real property tax on the 2021 "base" value never flows to the TIF fund, nor does any business personal property tax, sales tax or any other municipal tax.
- Real property tax dedicated to the TIF fund is used to facilitate development of the zone, whether by reimbursing expenses for public improvements or paying debt service on bond for land acquisition and /or public improvements. The later, however, is not anticipated. That is, no bond indebtedness is anticipated to be incurred for the Zone. TIRZ Project Costs will be paid directly for site improvements, as described in Table 1 above. That is, Project Costs will be paid solely from tax increment revenues of the TIRZ, as they are realized by the TIRZ and deposited into the TIF Fund.
- A large sample section of the proposed TIF area was surveyed by city staff, or about 29%. That is, 20 city blocks surveyed of nearly 70 in the proposed Zone.

It was found that a total of approximately 690,000 SF of space was either vacant or available for new construction and redevelopment projects in the Zone.

- Based on this square footage available, It is assumed that approximately \$68 million in private sector investments can be generated over the course of the TIF's 15-year term, as follows:
 1. New Commercial, Retail or Office Space in the Zone—214,000 square feet with a projected value of approximately \$33 million.
 2. New Redevelopment/Retrofit Space in the Zone—474,000 square feet with a projected value of approximately \$35 million.
- Using these anticipated projects, three (3) development scenarios are included according to types, volumes and timing over the course of 15 years. One scenario assumes a rate increase of 1.5% in appraised values over and above the "base" appraised value at the start of the TIF (or Year 0). A second one assumes a rate increase of 2.25%, and a third one assumes a rate of increase of 3.5%.
- In all scenarios, taxable value assumptions per square foot of added floor or leasable area are identical.

With realization of these development assumptions, constant property and sales tax rates and moderate average annual inflation (even post pandemic), the most conservative TIF scenario (i.e. 1.5% growth rate) would produce approximately \$ 144 million in total appraised value of taxable real property in the Zone to be used for tax increment financing during the TIF's term of fifteen (15) years.

The preceding forecasts of municipal revenue are expressed in nominal dollars but also in regard for the time value of money. That is, the Net Present Value (NPV) of the TIF is calculated to be **\$ 4.17 million**, after total project costs of about **\$2,050,000** are factored in and incorporated to the financial models using three (3) separate scenarios, as cited above. This is to say that when tax revenues are discounted at municipal interest rates for TIFs of, say, 5%, the forecasts are greater than without the TIF zone.

In general, the TIF zone will generate a positive cash flow at a relatively low property value growth rate of 1.5% per annum, and even more substantial positive cash flows across two (2) additional scenarios, as explained above.

The main implication of this analysis is:

If all or part of the stream of cash flowing to the hypothetical TIF fund were applied to public improvements in order to generate the anticipated new construction and redevelopment projects causing taxable property values to increase as assumed, the City would benefit financially.

Revised development plans and changing market conditions may impact these scenarios pro formas.

Tax increment financing programs may apply cash received by a TIF fund to (1) reimbursement of developer expenditures for specified public improvements or (2) debt service on cash advanced by bonds or loans of City funds. There is ordinarily no market for bonds secured by TIF fund revenue alone until the taxable value within the TIF zone has risen sufficiently to support debt service payments. Consequently, tax increment financing typically requires (1) a developer to pay expenses for TIF project costs in exchange for a contract awarding reimbursement (with or without interest) for such costs as cash is received by the TIF fund or (2) a secondary source (municipal general fund, economic development fund, special district with demonstrated power to tax, etc.) to pay debt service if and when cash in the TIF fund is insufficient. At any rate, no bond indebtedness is anticipated to be incurred for the Zone.

[Page left blank intentionally]

Schedule A

Projected Assessed Valuations

Scenario 1. 1.5% growth rate assumed (Most Conservative)

1	2	3	4	5	6	7
City Tax Rate		0.0054216	NPV Project Costs = \$2,055,000			
TIF Year	Calendar Year	Taxable Valuation (*)	Percent Increase	Taxable Value Increment	Projected Tax Increment	Cumulative Projected Tax Increment
0	2020	\$30,988,393	1.50%	\$0	\$0	\$0
1	2021	\$31,453,219	1.50%	\$464,826	\$2,520	\$2,520
2	2022	\$41,045,324	1.50%	\$10,056,931	\$54,525	\$57,045
3	2023	\$80,569,453	1.50%	\$49,581,060	\$268,809	\$325,853
4	2024	\$95,549,571	1.50%	\$64,561,178	\$350,025	\$675,878
5	2025	\$109,207,892	1.50%	\$78,219,499	\$424,075	\$1,099,953
6	2026	\$115,259,602	1.50%	\$84,271,209	\$456,885	\$1,556,838
7	2027	\$116,988,496	1.50%	\$86,000,103	\$466,258	\$2,023,096
8	2028	\$118,743,323	1.50%	\$87,754,930	\$475,772	\$2,498,868
9	2029	\$120,524,473	1.50%	\$89,536,080	\$485,429	\$2,984,297
10	2030	\$122,332,340	1.50%	\$91,343,947	\$495,230	\$3,479,527
11	2031	\$124,167,325	1.50%	\$93,178,932	\$505,179	\$3,984,706
12	2032	\$126,029,835	1.50%	\$95,041,442	\$515,277	\$4,499,983
13	2033	\$127,920,283	1.50%	\$96,931,890	\$525,526	\$5,025,509
14	2034	\$129,839,087	1.50%	\$98,850,694	\$535,929	\$5,561,438
15	2035	\$131,786,673	1.50%	\$100,798,280	\$546,488	\$6,107,926

(*) The Taxable Valuation column (3) does not reflect a 1.5% annual growth as it also includes projected increases in appraised values from assumed redevelopment and new construction projects during the 15-year term of the TIF.

Schedule B

Projected Assessed Valuations

Scenario 2. 2.25% growth rate assumed (Post-Pandemic Moderate Growth)

1	2	3	4	5	6	7
City Tax Rate		0.0054216	NPV Project Costs = \$2,055,000			
TIF Year	Calendar Year	Taxable Valuation	Percent Increase	Taxable Value Increment	Projected Revenue	Cumulative Projected Revenue
0	2020	\$30,988,393	2.25%	\$0	\$0	\$0
1	2021	\$31,685,632	2.25%	\$697,239	\$3,780	\$3,780
2	2022	\$41,518,865	2.25%	\$10,530,472	\$57,092	\$60,872
3	2023	\$81,361,489	2.25%	\$50,373,096	\$273,103	\$333,975
4	2024	\$96,963,698	2.25%	\$65,975,305	\$357,692	\$691,667
5	2025	\$111,370,460	2.25%	\$80,382,067	\$435,799	\$1,127,466
6	2026	\$118,289,886	2.25%	\$87,301,493	\$473,314	\$1,600,780
7	2027	\$120,951,408	2.25%	\$89,963,015	\$487,743	\$2,088,523
8	2028	\$123,672,815	2.25%	\$92,684,422	\$502,498	\$2,591,021
9	2029	\$126,455,453	2.25%	\$95,467,060	\$517,584	\$3,108,605
10	2030	\$129,300,701	2.25%	\$98,312,308	\$533,010	\$3,641,615
11	2031	\$132,209,967	2.25%	\$101,221,574	\$548,783	\$4,190,398
12	2032	\$135,184,691	2.25%	\$104,196,298	\$564,911	\$4,755,309
13	2033	\$138,226,347	2.25%	\$107,237,954	\$581,401	\$5,336,710
14	2034	\$141,336,439	2.25%	\$110,348,046	\$598,263	\$5,934,973
15	2035	\$144,516,509	2.25%	\$113,528,116	\$615,504	\$6,550,477

(*) The Taxable Valuation column (3) does not reflect a 2.25% annual growth as it also includes projected increases in appraised values from assumed redevelopment and new construction projects during the 15-year term of the TIF.

Schedule C

Projected Assessed Valuations

Scenario 3. 3.5% growth rate assumed (Post-Pandemic High Growth)

1	2	3	4	5	6	7
City Tax Rate		0.0054216	NPV Project Costs = \$2,055,000			
TIF Year	Calendar Year	Taxable Valuation	Percent Increase	Taxable Value Increment	Projected Revenue	Cumulative Projected Revenue
0	2020	\$30,988,393	3.50%	\$0	\$0	\$0
1	2021	\$32,072,987	3.50%	\$1,084,594	\$5,880	\$5,880
2	2022	\$42,315,848	3.50%	\$11,327,455	\$61,413	\$67,293
3	2023	\$82,705,352	3.50%	\$51,716,959	\$280,389	\$347,682
4	2024	\$99,371,615	3.50%	\$68,383,222	\$370,746	\$718,428
5	2025	\$115,074,700	3.50%	\$84,086,307	\$455,882	\$1,174,311
6	2026	\$123,515,905	3.50%	\$92,527,512	\$501,647	\$1,675,958
7	2027	\$127,838,962	3.50%	\$96,850,569	\$525,085	\$2,201,043
8	2028	\$132,313,325	3.50%	\$101,324,932	\$549,343	\$2,750,386
9	2029	\$136,944,292	3.50%	\$105,955,899	\$574,451	\$3,324,837
10	2030	\$141,737,342	3.50%	\$110,748,949	\$600,437	\$3,925,273
11	2031	\$146,698,149	3.50%	\$115,709,756	\$627,332	\$4,552,605
12	2032	\$151,832,584	3.50%	\$120,844,191	\$655,169	\$5,207,774
13	2033	\$157,146,725	3.50%	\$126,158,332	\$683,980	\$5,891,754
14	2034	\$162,646,860	3.50%	\$131,658,467	\$713,800	\$6,605,554
15	2035	\$168,339,500	3.50%	\$137,351,107	\$744,663	\$7,350,216

(*) The Taxable Valuation column (3) does not reflect a 3.5% annual growth as it also includes projected increases in appraised values from assumed redevelopment and new construction projects during the 15-year term of the TIF.