

CITY OF EL PASO, TEXAS
AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM

DEPARTMENT: City Development Department
AGENDA DATE: Introduction: January 8, 2013
Regular: January 15, 2013
CONTACT PERSON/PHONE: Mathew McElroy, Director City Development,
541-4193
DISTRICT(S) AFFECTED: 3, 8

SUBJECT:

Discussion and Action on an Ordinance approving the Final Project Plan and Final Reinvestment Zone Financing Plan for Tax increment Reinvestment Zone Number Six, City of El Paso, Texas (Districts 3, 8)
[City Development Department, Mathew McElroy, (915) 541-4193]

BACKGROUND/DISCUSSION:

Pursuant to Ordinance No. 017793, adopted May 29, 2012, the City created Tax Increment Reinvestment Zone Number Six (TIRZ No. 6).

The Tax Increment Financing Act, Chapter 311 of the Texas Property Tax Code, provides the statutory authority for municipalities to create a Tax Increment Reinvestment Zone (Reinvestment Zone). Municipalities that create Reinvestment Zones have several requirements. Attached for your consideration are the Final Project Plan and Final Reinvestment Zone Financing Plan for Tax Increment Reinvestment Zone Number Six.

Several factors necessitate that a final set of plans be developed:

1. New property valuation figures and projections were updated as part of the completion of the Economic Feasibility Study.
2. The final plans based on the preliminary plans need to be adopted by the Board and City Council to be in full compliance with the statutory requirements.

The Final Project Plan and Final Reinvestment Zone Financing Plan document is formatted to track state law requirements directly.

The Tax Increment Reinvestment Zone Number Six Board voted unanimously to recommend approval of the final plans at their last meeting on November 29, 2012. They are an advisory body to the City Council therefore approval of the document by Council is required. Items included in this information packet are:

1. Chapter 311. Tax Increment Financing Act (relevant state code)
2. Final Project Plan and Final Reinvestment Zone Financing Plan
3. PowerPoint Presentation to be presented at the LRC meeting

PRIOR COUNCIL ACTION:

Yes, the Preliminary Project Plan and Final Reinvestment Zone Financing Plan for Tax increment Reinvestment Zone Number Six, City of El Paso was introduced to Council on May 22, 2012.

AMOUNT AND SOURCE OF FUNDING:

N/A

BOARD/COMMISSION ACTION:

Tax Increment Reinvestment Zone No. 6 Board unanimously approved the Final Project Plan and Final Reinvestment Zone Financing Plan for Tax Increment Reinvestment Zone No. 6 on November 29, 2012.

*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) _____ **FINANCE:** (if required) _____

DEPARTMENT HEAD: _____ 

(Example: If RCA is initiated by Purchasing, client department should sign also).

Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA:

CITY MANAGER: _____ **DATE:** _____

ORDINANCE NO. _____

**AN ORDINANCE APPROVING THE FINAL PROJECT PLAN
AND FINAL REINVESTMENT ZONE FINANCING PLAN FOR
TAX INCREMENT REINVESTMENT ZONE NUMBER SIX, CITY
OF EL PASO, TEXAS.**

WHEREAS, by City of El Paso Ordinance No. 017793, adopted May 29, 2012, the City created Tax Increment Reinvestment Zone Number Six, City of El Paso, Texas (the "Zone") for the purposes of development of a noncontiguous subset of the approximate 440 acres of land included in the Medical Center of the Americas (MCA) Master Plan Area; and

WHEREAS, the Board of Directors of Tax Increment Reinvestment Zone Number Six on November 29, 2012, adopted the Final Project Plan and Final Reinvestment Zone Financing Plan attached hereto and incorporated herein for the development of Tax Increment Reinvestment Zone Number Six; and

WHEREAS, Section 311.011(d) of the Tax Increment Financing Act, Chapter 311, Texas Tax Code, requires that the City Council approve by ordinance the Final Project Plan and Final Reinvestment Zone Financing Plan after its adoption by the Board of Directors for the Zone; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Ordinance is passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF
THE CITY OF EL PASO:**

Section 1. That the statements set forth in the recitals of this Ordinance are declared to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That the Final Project Plan and the Final Reinvestment Zone Financing Plan attached hereto and incorporated herein for Tax Increment Reinvestment Zone Number Six, City of El Paso, Texas, are hereby determined to be feasible and in conformity with the City's master plan and said plans are hereby approved.

Section 3. That the City Clerk is directed to provide copies of the Final Project Plan and Final Reinvestment Zone Financing Plan to each taxing unit levying ad valorem taxes in the Zone.

ORDINANCE NO. _____

Section 4. That this Ordinance shall be in full force and effect upon the date of its passage by City Council.

PASSED, APPROVED AND ADOPTED this ___ day of _____, 2013.

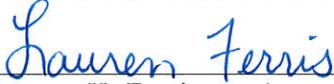
CITY OF EL PASO

John F. Cook
Mayor

ATTEST:

Richard Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Lauren K. Ferris
Assistant City Attorney

APPROVED AS TO CONTENT:



Mathew McElroy, Director
City Development Department

FINAL PROJECT PLAN AND
FINAL REINVESTMENT ZONE
FINANCING PLAN

REINVESTMENT ZONE NUMBER SIX
CITY OF EL PASO, TEXAS

MEDICAL CENTER OF THE AMERICAS
REDEVELOPMENT

2012

APPROVED: _____

Amended:



Final Project and Financing Plan

Medical Center of the Americas Tax Increment Reinvestment Zone Number Six

Section 1: Executive Summary

On May 29, 2012, the City Council of the CITY OF EL PASO, TEXAS (the "City") passed and approved Ordinance No. 017793 which created TAX INCREMENT REINVESTMENT ZONE NUMBER SIX, CITY OF EL PASO, TEXAS (the "Zone") to enable the redevelopment of a noncontiguous subset of the approximate 440 acres of land included in the Medical Center of the Americas (MCA) Master Plan Area (the "Project"). Specifically, the noncontiguous redevelopment Zone consists of 67.01 acres of institutional and City owned land located within the MCA Master Plan Area. Both the MCA Master Plan Area and the Zone contained therein are located south of Interstate 10 Highway, north and west of Paisano Drive, and east of Boone Street, and are currently anchored by the University Medical Center of El Paso and the Paul L. Foster School of Medicine at Texas Tech University Health Sciences Center at El Paso.

The Project will be implemented in accordance with the City's Medical Center of the Americas Master Plan prepared by LBL Architects/Camden Group in August 2008 (the "MCA Master Plan") and adopted by City Council as a study area plan to be incorporated into the City's comprehensive plan, "Plan El Paso", and the year 2025 General Land Use Map on October 21, 2008 through Ordinance No. 017014 and subsequently amended by Ordinance No. 017592 on June 21, 2011. Further, on June 21, 2011, through Ordinance No. 017589, all MCA Master Plan Area properties were zoned under consideration to SmartCode Zone (SCZ); as such, the Project will be implemented in compliance with SCZ. Finally, the proposed Zone will be established pursuant to the provisions of the Tax Increment Financing (TIF) Act, Chapter 311, Texas Tax Code, as amended (the "Act").

The Zone will be created for a duration of (30) years, enduring through calendar year 2042. Proposed public infrastructure improvements eligible for tax increment financing provided by the Zone include street improvements, streetscaping, open space improvements, and other

public improvements including renovation of the City's Health Department, construction of Fire Station 5, and Sun Metro mass transit improvements, among others. Developers incurring eligible public improvement and enhancement costs will be reimbursed by the Zone's TIF fund to the extent tax increment revenue from increased property values and for-profit leasehold estates are generated. The City plans to contribute 100% of its tax increment revenue generated in the Zone; at this time, no other taxing authorities are expected to participate, although other jurisdictions may subsequently choose to participate following the creation of the Zone.

The purpose of the Zone is to enable the creation of an integrated campus of facilities that will position the Medical Center of the Americas (MCA) as the premier center of health delivery, education, and research for the region's diverse and international population. Further, the Project and its associated redevelopment efforts, detailed in later sections of this report, will create the demographic and employment basis that will serve as a catalyst for additional commercial and industrial developments within the City's MCA area. A vibrant MCA area is consequently expected to enhance economic opportunities city-wide.

Section 2: Final Project Plan

The Medical Center of the Americas (MCA) Tax Increment Reinvestment Zone is intended to stimulate private investment in the El Paso MCA area and facilitate the creation of an integrated campus of facilities that will position the MCA as the premier regional center of health delivery, education, and research. The full implementation of the Zone is expected to yield significant increases in tax revenues for all MCA area taxing authorities, providing substantial economic benefits and opportunities to the region. Exhibit A presents a map of the approved Zone illustrating its noncontiguous boundary and location within the larger MCA Master Plan Area.

Over the Zone's 30-year life, tax increment generated within the Zone is expected to provide financing to assist the Project. Proposed public infrastructure improvements eligible for tax increment financing provided by the Zone include street improvements, streetscaping, open space improvements, and other public improvements including renovation of the City's Health Department, construction of Fire Station 5, and Sun Metro mass transit improvements, among others. The list of eligible Project costs addressed in subsequent sections of this Final Plan should not be considered comprehensive as additional Project costs may be considered by its Board of Directors now that the Zone is designated, provided that additional proposed Projects promote development within the MCA area.

In total, the noncontiguous Zone consists of 67.01 acres of land owned by the City of El Paso, the Medical Center of the Americas Foundation or its affiliates, and the Texas Tech University Health Sciences Center at El Paso. Current and proposed land uses within the Zone are detailed more fully in the following subsections of the Final Project Plan.

EXISTING CONDITIONS AND PROPOSED USE – Section 311.011(b)(1)

The Zone in its present condition consists of 67.01 acres of noncontiguous institutional and City of El Paso owned land located within the MCA Master Plan area. Zone acreage and acreage share are classified by property owner in Table 1 below and further illustrated in Exhibit B. Narrative descriptions of existing conditions and proposed land use in the Zone are included below.

TABLE 1. Tax Increment Reinvestment Zone No. 6 Acreage by Property Owner

Property Owner	TIRZ Acreage	Percent of TIRZ Acreage
University Medical Center	29.38	43.8%
City of El Paso	20.97	31.3%
Texas Tech University	16.32	24.4%
MCAmericas Realty Inc.	0.34	0.5%
TOTALS:	67.01	100.0%

University Medical Center Owned Property

The largest proportion (or 43.8 percent) of land included in the Zone is owned by University Medical Center (UMC). UMC owned land consists primarily of two public not-for-profit hospitals including University Medical Center, formerly known as Thomason Hospital, and the El Paso Children’s Hospital. The latter of these opened its doors to the public earlier this year on February 14, 2012 and is intended to address the region’s critical need for a premier pediatric facility, while the former serves as the primary teaching hospital for the Paul L. Foster School of Medicine at Texas Tech University Health Sciences Center at El Paso. Additional land acquired by UMC and included in the Zone is presently being considered for redevelopment and use as medical offices located southwest of a proposed biomedical research and technology commercialization park.

City of El Paso Owned Property

City owned land comprises the second largest proportion of Zone acreage with nearly one-third (or 31.3 percent) of the land located within the Zone belonging to the City. Approximately half of this land, or 11.7 acres, is intended for redevelopment and use as a life sciences research center to expand biomedical research, enable technology commercialization, support new enterprise formation, and attract new biomedical firms which will serve as an initial catalyst for redevelopment within the Zone and the larger MCA Master Plan Area. Specifically, on October 18, 2011 before the Zone took effect, City Council authorized a Lease Agreement between the City and MCA Tech Park Inc., an affiliate of the MCA Foundation, for the construction and operation of life sciences research, technology commercialization and related facilities, and parking garages on the subject property adjacently located to Interstate Highway I-10 between

Revere and Euclid Streets. The remaining portion of City owned property within the Zone is located primarily east of the Paul L. Foster School of Medicine. Much of this land is currently the site of the City of El Paso's Public Health Department, which is expected to be renovated.

Texas Tech University Owned Property

Texas Tech University owned property comprises about one-quarter (or 24.4 percent) of the land located within the Zone. The majority of this land consists of the Paul L. Foster School of Medicine at the Texas Tech University Health Sciences Center at El Paso whose inaugural class was seated in August of 2009. Uniquely positioned along the U.S.-Mexico border, the urban campus differs from traditional medical schools in that its students are immersed in clinical sciences in their first year. As the Zone matures, the Paul L. Foster School of Medicine is expected to play a significant role in medical research and the provision of quality healthcare in the region.

MCAmericas Realty, Inc. Owned Property

The remaining 0.5 percent of the property that is included in the Zone is owned by MCAmericas Realty, Inc., an affiliate of the MCA Foundation, and is currently leased to the Texas Tech Health Sciences Center (TTUHSC) at El Paso. TTUHSC currently uses the property for research and other administration functions. The lease agreement is expected to continue for at least 10 years into the future.

The purpose of the Zone is to facilitate the creation of an integrated complex of medical facilities, positioning the region as a premier center for health care and biomedical research and commercialization. While substantial collaboration currently exists among the various property owners located within the Zone, as evidenced by the narrative of existing conditions above, the established Zone is expected to further strengthen these relationships and interactions. Future developments within the Zone will complement and stimulate improvements within the larger MCA Master Plan area, providing the critical demographic and employment mass needed to support area redevelopment as more fully detailed in the MCA Master Plan.

BOUNDARIES

Exhibit A presents the Zone map, illustrating the boundary of the noncontiguous Zone in relation to the larger MCA area boundary as detailed in the City's adopted MCA Master Plan. Generally the noncontiguous Zone is bounded by Alameda Avenue and El Paso Drive to the south (with one parcel located south of El Paso Drive and north of Alameda Avenue), Euclid Street to the East, the Interstate 10 Highway to the north, and Raynolds Street, the Union Pacific railway, and Radford Street to the northwest and west. Exhibit C presents a list of all included parcels by geographic ID number. The Zone is flexible in that its boundaries may be amended over the course of its lifetime should other public and/or private property owners choose to participate in the Zone.

MUNICIPAL ORDINANCES – Section 311.011(b)(2)

No changes to existing ordinances, including development ordinances or building codes, are required to implement the Plan. The Plan was developed subsequent to and in accordance with the MCA Master Plan as an addendum to "Plan El Paso", the comprehensive plan for the City. In addition to compliance with laws and procedures directly associated with the development of the Zone pursuant to the Act, the Project will comply with all local codes and ordinances, including local building codes. Currently, land located within the Zone is zoned under consideration to SCZ; however, changes to SCZ sub-zones may be necessary as the strategy for the MCA Master Plan area, and consequently the Zone, evolves over time.

NON-PROJECT COSTS – Section 311.011(b)(3)

At this time, non-project costs are estimated to total approximately \$157 million and represent expenditures within the Zone that will not be funded or reimbursed by the TIRZ (see Table 2). For example, non-project costs include the construction of an MCA research and technology commercialization building, intended to house such projects and functions as a medical research incubator, which will support the formation of new enterprises, expand existing industry, and attract new firms to the region. Non-projects costs will not be funded or reimbursed by the tax increment collected within the Zone.

TABLE 2. Estimate of Non-Project Costs

Project	Estimated Non-Project Costs
Developer Projects	
Texas Tech University Health Sciences – Gayle Greve Hunt School of Nursing Building	\$11,000,000
MCA Research and Technology Commercialization Building	\$28,000,000
Quality Foods Warehouse Improvements – Conference Center & Machine Shop	\$3,000,000
Pediatric Pavilion (Outpatient Medical Office Building)	\$40,000,000
Administrative Office	\$25,000,000
Telemedicine Resource Center	\$50,000,000
TOTAL:	\$157,000,000

RELOCATION – Section 311.011(b)(4)

The Plan anticipates no resident will need to be relocated to implement the Plan. In the event that residential properties are purchased by developers in connection with the project construction, the City will assist displaced tenants in locating alternate housing or other housing assistance.

PROPOSED PROJECTS ELIGIBLE FOR TIRZ FUNDING [RESERVED]

TABLE 3. Projects Eligible for TIRZ Funding

Project	Estimated Costs	Funding Sources
[Intentionally left blank]		
[Intentionally left blank]		
TOTAL:		

Narrative Description of Proposed Projects: [RESERVED]

Section 3: Final Reinvestment Financing Plan

Based on preliminary values provided by the El Paso Central Appraisal District, the 2012 base appraised value, before exemptions and special valuations, of properties located within the 67.01 acre Project (Exhibit A) is \$15,254,271. As indicated in Exhibit B, all properties included in the Zone are publicly or institutionally owned, and as such, are tax exempt, resulting in a taxable real property base appraisal value of \$0. Over the planned 30-year duration of the Zone, the City expects to contribute 100 percent of its portion of taxes collected on properties located within the Zone above the 2012 base collection value of \$0.

Sources of City contributed incremental tax revenues include those taxes collected on for-profit leasehold estates, as well as those collected on taxable properties located within the Zone. Although the Zone does not currently include taxable properties, the City intends to contribute 100 percent of its portion of incremental taxes collected on future non-exempt properties resulting from the prospective sale of publicly owned land to private developers/entities. The incremental revenue collected from these sources will contribute to financing Zone project costs, including public improvements and infrastructure enhancements.

Additionally, as the Zone and its surrounding areas develop, property owners whose properties are not currently included in the Zone may choose to participate, thereby further increasing fund revenue available for financing Zone project costs. By opting to join the Zone, the property owner guarantees that the City's portion of the incremental property tax revenue collected on said property is devoted to financing public enhancements and infrastructure improvements within the property's area (i.e. within the Zone).

Presently, it is anticipated that the City will be the sole participating taxing jurisdiction in the Zone. However, following the designation of the Zone, other taxing authorities, such as El Paso County, El Paso Independent School District, El Paso Community College, and University Medical Center, may choose to contribute some percentage of their unit's portion of collected tax revenue above the 2012 base collection value of \$0. Contributions from these jurisdictions will be applied to financing Zone project costs.

ESTIMATED PROJECT COSTS – Section 311.011(c)(1)

Eligible Project Costs include public improvements such as enhancements to streets and approaches, drainage, sewer, water, sidewalks, street lights, in addition to other costs associated with construction of public improvements, rehabilitation costs, financing costs, and administrative costs. A list of current estimated Project Costs is set forth in Table 4; this list should be considered preliminary and may be revised with the approval of the now designated Zone’s Board of Directors. At this time, total Zone Project Costs are estimated at \$5,780,000. Eligible Project Costs incurred by developers will be reimbursed by the Zone’s tax increment fund to the extent the tax increment revenue is generated. The City plans to contribute 100 percent of its tax increment revenue; at this time, no other taxing authorities are expected to participate, although other jurisdictions may choose to participate with the approval of the now designated Zone’s Board.

TABLE 4. Estimate of Project Costs

Improvements	Project Scope	Estimated Costs
City of El Paso Health Department Renovation	Renovation of clinic area, relocate food handlers function and add parking to the facility.	\$1,500,000
Fire Station 5	Construction of FS 513, combining FS 5 and FS 13.	\$3,500,000
Alameda Rapid Transit System (RTS)	Improvements consisting of landscaping, illumination and sidewalk upgrades, as well as the installation of two RTS stations.	\$780,000
TOTAL:		\$5,780,000

While it is understood that time and circumstances may affect the costs of individual projects causing them to rise or fall and that the costs outlined in this Plan are expressed in 2012 dollars requiring adjustments to reflect actual costs, it is also understood that the Zone Board, the City, and developers will make every effort to ensure that Zone Project Costs are reasonable. Further, every public project will be subject to the oversight of the Zone Board and the City; such oversight will consist of advance review of the appropriateness, timing, scale and scope of the proposed project. The Zone Board and the City will ensure compliance with all laws on competitive bidding, and City staff will review all Project Costs before any are eligible for

reimbursement. In addition to those Project Costs set forth in Table 4, categories of eligible Project Costs are listed in Section 311.002(1) of the Texas Tax Code. When appropriate and practicable, reimbursement of the following Project Costs will be considered:

1. Capital Expenses related to demolition, environmental abatement and remediation including site work and fill necessary to prepare sites and existing structures for new use;
2. Land Costs associated with property formally conveyed to the public in conjunction with the implementation of a project otherwise eligible for reimbursement may also be eligible for reimbursement, and the City and the Zone may establish procedures for determining the eligibility for reimbursement of such costs;
3. Matching Funds may be contributed in support of local, state, federal or other capital improvements programs that benefit the project and region;
4. Streetscape, gateways, parks and community facilities that enhance or serve the existing or future development, including but not limited to lighting, walks, landscaping, street furniture, greenbelts, paths, parks, outdoor pavilions, arts space and recreational/sports facilities;
5. Professional Fees incurred for architectural, planning, engineering, legal, landscape architecture, financial, marketing, public relations, management, leasing, bookkeeping, tax roll verification, environmental, archaeological, and other services and advice to the project;
6. Financing Costs related to developer interest and financing interest, if any; legal fees; underwriter fees, if any; brokerage charges; premium and fees paid for loans, if any; credit enhancement fees, if any; and notes, bonds, or other instruments of credit issued to pay for Project Costs, if any.

KIND, NUMBER, AND LOCATION OF ZONE IMPROVEMENTS – Section 311.011(c)(2)

Table 4 reflects the various types of TIRZ improvements that will be eligible for reimbursement, as known at the time of the preparation of this Plan. Over the life of this Plan, improvements listed in the Project Costs may be determined to be eligible for reimbursement.

ECONOMIC FEASIBILITY – Section 311.011(c)(3)

An economic feasibility study was produced for the Zone and is adopted as part of this document as Exhibit D attached hereto. Exhibit D is the report entitled “Tax Increment Reinvestment Zone Feasibility Study”.

ESTIMATE OF BONDED INDEBTEDNESS TO BE INCURRED – Section 311.011(c)(4)

No bonded indebtedness is contemplated at this time. Funding for qualified eligible public improvements and qualified interest on funds advanced by the Developer(s) will occur through reimbursement payments made on an annual basis, as determined by the terms and conditions of agreements between the City and the Developer(s). However, the City reserves the right from time to time during the duration of the Zone to issue tax-exempt bonds ("Bonds") payable from tax increment revenue. The future issuance of Bonds is at the City's sole and absolute discretion and would be preceded by an amendment to the Final Reinvestment Zone Financing Plan and approved by City Council.

ESTIMATE OF TIME WHEN MONETARY OBLIGATIONS ARE TO BE INCURRED – Section 311.011(c)(5)

The City and Zone will incur monetary obligations as the stream of tax revenue allow. Developers will be reimbursed only after completion, inspection and acceptance by the City of eligible public improvements and infrastructure enhancements or as detailed in agreements between the City and the Developer(s). Administrative costs and costs related to the creation and organization of the Zone may be paid from tax increment revenue or bond proceeds, if issued. Administrative costs advanced by a developer are eligible for reimbursement from tax increment proceeds or bond proceeds.

METHODS OF FINANCING AND SOURCES OF REVENUE – Section 311.011(c)(6)

The City will participate with 100 percent of its ad valorem tax increment revenue for the full life of the Zone and none of its sales tax revenue. No other taxing jurisdiction is anticipated to participate. Project Costs will be paid from tax increment revenue as available or by the issuance

of bonds, if the City so elects and amends the Final Reinvestment Financing Plan.

CURRENT APPRAISED VALUE – Section 311.011(c)(7)

The total 2012 appraised value, before exemptions and special valuations, of properties located in the Zone is \$15,254,271 based upon the El Paso Central Appraisal District 2012 preliminary roll. After exemptions and special valuations, the base appraisal value of properties located within the boundaries of the Zone is \$0.

ESTIMATED CAPTURED APPRAISED VALUE – Section 311.011(c)(8)

The estimated captured appraised value of properties located in the Zone is \$0; however, the captured appraised value is expected to increase over time with the execution of for-profit leasehold agreements on properties located within the Zone, as well as with the potential future sale of City-owned property to private developers/entities. Captured appraised value may also increase as seen in Section 3 of Exhibit D.

DURATION OF ZONE – Section 311.011(c)(9)

Ordinance No. 017793 approved on May 29, 2012 provides that “the Zone shall take effect immediately upon the passage of this Ordinance, pursuant to Section 311.044(a)(3) of the Act, and continue until its termination date of December 31, 2042 (the “Termination Date”), unless otherwise terminated earlier as a result of payment in full of all project costs, and the interest accrued on those costs, or as authorized or permitted by law.” Thus, the Zone will endure for 30 years, lasting through calendar year 2042.

PROPOSED PROJECTS [RESERVED]

TABLE 5. Proposed Projects

Project	Project Expenses for Public Improvements
[Intentionally left blank]	
[Intentionally left blank]	
TOTAL:	

EXHIBITS LIST

EXHIBIT A – Tax Increment Reinvestment Zone Number Six – Boundary

EXHIBIT B – Tax Increment Reinvestment Zone Number Six – Property Owners

EXHIBIT C – Parcels Included in Tax Increment Reinvestment Zone Number Six (by PID Number)

EXHIBIT D – Economic Feasibility Study

Exhibit B. Tax Increment Reinvestment Zone No. Six - Property Owners

Legend

 PROPOSED TIRZ NO. SIX

TIRZ No. Six Properties

PROPERTY OWNER

 CITY OF EL PASO

 MCAMERICAS REALTY INC

 TEXAS TECH UNIVERSITY

 UNIVERSITY MEDICAL CENTER

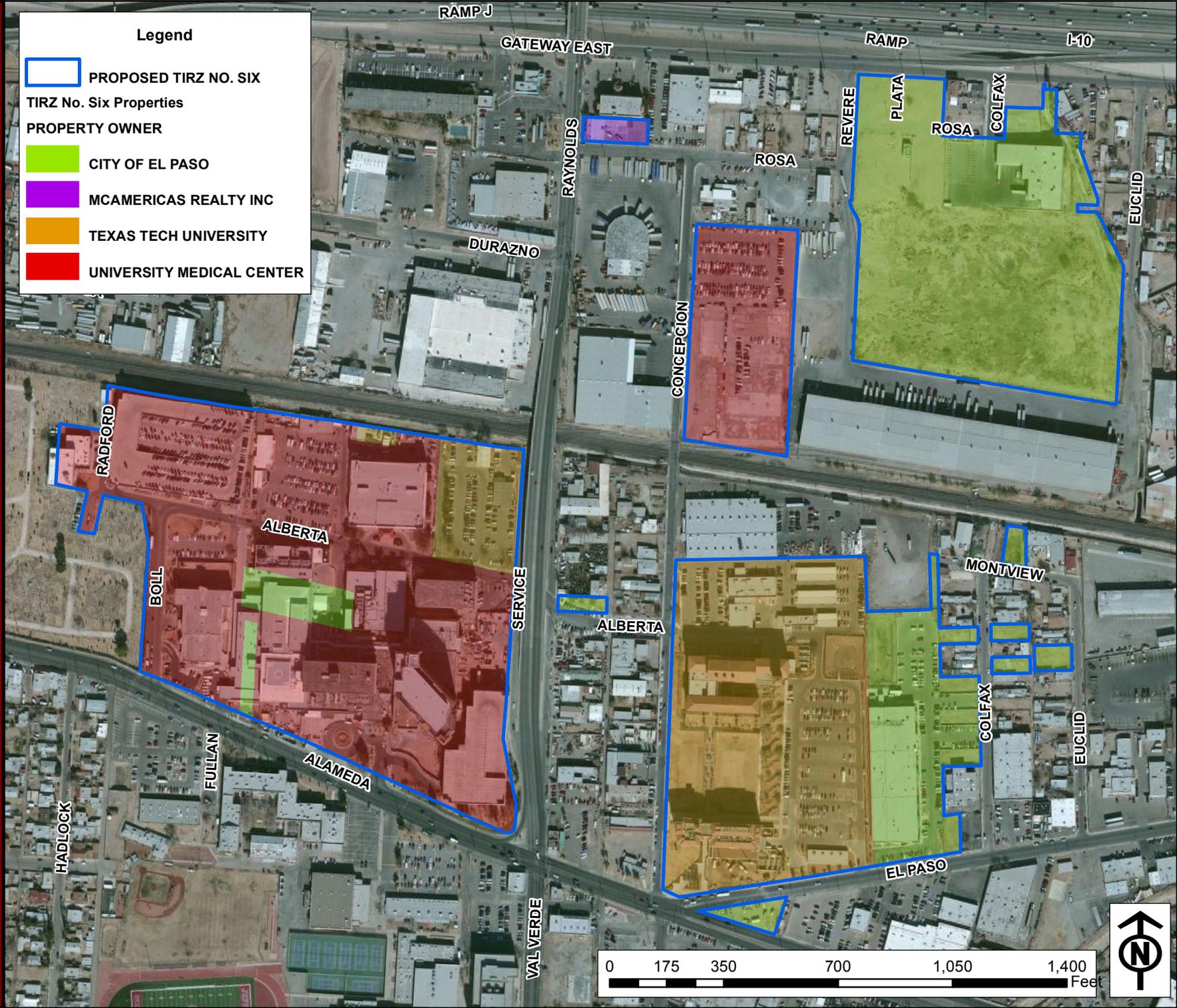


EXHIBIT C – PARCELS INCLUDED IN TAX INCREMENT
REINVESTMENT ZONE, NUMBER SIX (BY PID NUMBER)

B72499902100100	T55699900407600	T55699900904600
B72499902101700	T55699900409100	T55699900905100
B72499902105500	T55699900500100	T55699900905600
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H04299900101900	T55699900600100	T55699900906600
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H04299900103100	T55699900700100	T55699900907600
H04299900103200	T55699900700500	T55699900908100
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T55699900401600	T55699900902600	X011999000B4900
T55699900403100	T55699900903100	X011999000B5500
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T55699900406100	T55699900904100	X011999000C1725

City of El Paso, Texas

Medical Center of the Americas



Tax Increment Reinvestment Zone Feasibility Study

November 20, 2012



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Tax Increment Reinvestment Zone Number Six Feasibility Study

INTRODUCTION

Tax Increment Finance (TIF) is a widely used public financing tool intended to facilitate and promote local economic development through the reinvestment of captured or projected incremental tax revenues collected on properties located within a designated TIF zone back into that zone. In Texas, the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code provides local governments with the enabling legislation for this invaluable public financing mechanism. Under Chapter 311, a TIF is generally created by first establishing its geographic boundaries, followed by assessing the current or base year property tax value and finally, determining the feasibility of such a zone by projecting incremental tax revenues over the life of the district given current and expected market conditions.

The City of El Paso, Texas presently possesses one active Tax Increment Reinvestment Zone (TIRZ), known as TIRZ Number Five, which generally encompasses the Downtown area. TIRZ Number Five has been part of a larger City strategy to redevelop and increase the value of the City's urban core through the reinvestment of Downtown incremental property tax revenues via such programs as the largely successful Façade Improvement Program, as well as the recently completed Cavalry Man Pocket Park and the Street Wayfinding Program currently being developed. Following its sunset in 2036, properties located within the TIRZ Number Five will be returned, in full, to tax rolls, and any increase in assessed value due to inclusion in the Zone will ultimately represent increased tax revenue for the City as a whole.



A second TIRZ was recently designated on May 29, 2012 by Ordinance No. 017793. This Zone, known as TIRZ Number Six encompasses an approximately 67 acre noncontiguous subset of publically and institutionally owned properties located within a larger 440 acre area more generally described as the Medical Center of the Americas. This area and its designated TIRZ are currently anchored by University Medical Center, the El Paso Children’s Hospital, and the Paul L. Foster School of Medicine. Similar to TIRZ Number Six, the designation of this second Zone is part of a larger area vision to establish the City of El Paso, and the greater Paso del Norte region, as a leading center of health delivery, education, and research, leveraging the area’s unique population composition, which includes sizeable military and bi-national cohorts.

Over the last decade and a half, an extensive public-private effort has been undertaken to transform this vision to reality. As a local government, the City of El Paso through Council action has taken a number of critical steps needed to facilitate and support private and institutional efforts to build a robust health sciences and biomedical industry cluster in the region. Notably, in 2008, the City’s 1999 Comprehensive Plan, *The Plan for El Paso*, was amended to include the Medical Center of the Americas (MCA) as a special study area, incorporating its master plan as the guiding policy document for future development in the region.

The geographic boundary of the MCA study area was subsequently expanded in 2011 to include approximately 440 acres of land, all of which was concurrently rezoned from conventional zoning to SmartCode Zone (SCZ). An SCZ classification encourages and enables high-density, mixed-use redevelopment, thereby promoting community self-sustainability anchored by a significant employment center. An incentive policy intended to assist Smart Growth development in the area was recently adopted by the City Council earlier this year, which provides property owners and developers a number of rebates on the City’s portion of property and sales and use taxes, as well development fee waivers.

With regard to public finance, the City of El Paso has additionally committed substantial funds to invest in the area over the course of the next several decades. In 2011, the Impact Fund Incentive Policy was adopted with the intention that 75 percent of annual funds collected from the El Paso Electric franchise fee would be dedicated to further the vision and goals associated



with the Medical Center of the Americas. Earlier this year, a 380 Agreement between the City of El Paso and the Medical Center of the Americas Foundation, a 501(c)(3) non-profit group dedicated to the advancement of MCA area growth and development, was executed and lays out a detailed plan for Impact Fund grant dispersal over the next 20 years. Over the life of the Agreement, it is estimated that the MCA Foundation will receive approximately \$60 million in grant payments from this fund.

The designation of TIRZ Number Six in the MCA area provides yet another invaluable public finance tool that could be used to drive economic development within the City and the larger Paso del Norte region. Specifically, rather than necessitating an increase in property tax rates or a reliance on tax-exempt bonds, designation of the MCA TIF district allows the local government to funnel future incremental property tax revenues resulting from MCA area growth and inflation into various public improvement projects within the district. Ultimately, TIRZ Number Six provides an opportunity to strategically channel finite public finance dollars into a geographic area that is expected to be instrumental in the development of an industry niche that will, in turn, attract and retain quality jobs and business with unprecedented regional secondary and tertiary effects.

It is important to note that, while the designation of TIRZ Number Six may serve to provide a financing source for various public improvement projects within the MCA area which will successively encourage and support development that might not otherwise occur, its overarching and perhaps more impactful purpose is its use as a public policy tool that aides in directing the flow of development and strengthens existing public-private efforts to further community and regional vision. With this goal in mind, and in accordance with the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, the following report seeks to assess the feasibility of TIRZ Number Six as a tax increment finance tool.

The analysis presented in the following sections of this paper seeks to understand current and future market conditions to evaluate the types of projects which may have success within the area, as well as to forecast the assessed value of land within the Zone's boundaries over the life of the TIRZ. All projections are based on a number of assumptions, some of which include project cost estimation, projected start and completion dates, among others. Finally, given the distinctive nature of TIRZ Number Six, particularly with

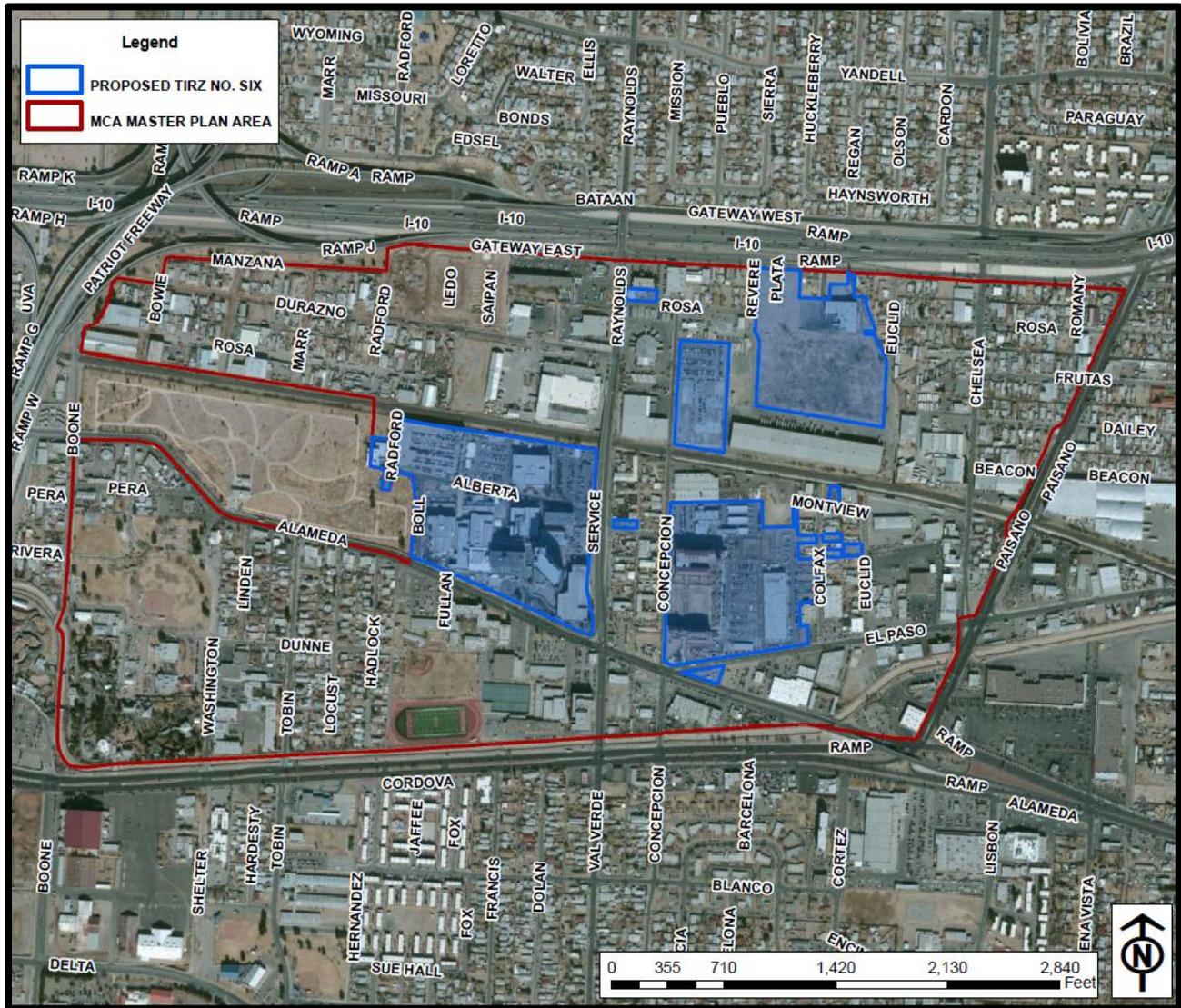


regard to the limited diversity of its current property tax base, and consistent with its project and financing plan, it is assumed that project financing is undertaken on a strictly “pay-as-you-go” basis. In other words, this report assumes that no TIF backed bonds will be issued over the life of the Zone; rather projects will be financed only as funds are accrued.

To this end, the following report is intended to present the viability of the Zone and demonstrate how current and future economic conditions will impact the flow of revenues ultimately used to support the larger area vision for the establishment of a regional health delivery, education, and research center anchored by the Medical Center of the Americas and its integrated campus of facilities. See Figure 1 for an illustration of the boundaries of TIRZ Number Six and its location within the larger MCA area.



Figure 1. Tax Increment Reinvestment Zone Number Six Boundary



Section 1: REQUIREMENTS

Under the Tax Increment Reinvestment Zone Act, Chapter 311 of the Texas Tax Code, the designation of a Tax Increment Reinvestment Zone may be City-initiated if the present condition of properties proposed for inclusion in the Zone constitutes “an economic or social liability” that considerably hinders healthy growth within the City.

In accordance with this requirement, the TIRZ Number Six designating ordinance identifies the predominance of a defective or inadequate sidewalk or street layout; faulty lot layout in relation to size, adequacy, accessibility, or usefulness; and the deterioration of site or other improvements as grounds for the establishment of the Zone. Further justification for designation of the Zone, is evidenced by predominately open or undeveloped property and obsolete platting, deterioration of structures or site improvements, among other factors that further burden healthy growth within the City. Specifically, examples of underutilized properties located within the Zone, include surface parking lots and several vacant sites.

The deficiency of the area’s current economic and social conditions is further underscored by its 100 percent inclusion in either a federally assisted Empowerment Zone or State designated Enterprise Zone.

Beyond demonstrating that the current conditions of the Zone significantly impair City growth, Chapter 311 of the Texas Tax

Code requires that each of the following two provisions be met before the Zone may be designated:

- 1) No more than 30 percent of the property in the proposed zone, excluding publicly owned land may be used for residential purposes.
- 2) The total appraised value of taxable real property in the proposed zone and in existing reinvestment zones may not exceed 25 percent of the total appraised value of taxable real property in the City.

Both conditions are satisfactorily met. Specifically, land uses within TIRZ Number Six are restricted to medical, office, and education uses, while remaining land is either vacant or reserved for parking. Additionally all land presently included in the Zone is property tax exempt, a fact that will be further explored in subsequent sections of the report. As a result, designation of the Zone has no impact on the current value of taxable real property located in existing Zones, and the second condition is met.



Section 2: TIRZ BOUNDARY

Tax Increment Reinvestment Zone Number Six comprises approximately 67 acres of noncontiguous property located within the larger 440 acre Medical Center of the Americas study area included in the City's Comprehensive Plan, *Plan El Paso*. The boundary was determined with careful consideration for the overall objective for the region, using the MCA Master Plan as the guiding policy document.

The subset of MCA area land included in the Zone comprises those sites most likely to experience potential redevelopment in the near future. These sites are exclusively owned by University Medical Center, the City of El Paso, Texas Tech University, and MCAmericas Realty Inc.

Most notable among these sites is a nearly 12 acre vacant site owned by the City and located adjacent to Interstate Highway I-10 between Revere and Euclid Streets. The site is slated for redevelopment in the near future and is intended to house an 80,000 square foot life sciences research and technology commercialization building, expected to serve as a catalyst for a longer term development strategy to expand biomedical research, enable technology commercialization, support new enterprise formation, and attract new biomedical firms to the MCA area and the larger Paso del Norte Region.

Other significant redevelopment projects planned for the area include the Texas Tech University Health Sciences - Gayle Greve Hunt School of Nursing, the Telemedicine Resource Center, and the Pediatric Pavilion. As redevelopment within the Zone proceeds, it is expected to attract new business, jobs, and residents to the region. In total, currently planned non-project redevelopment projects are expected to total approximately \$157 million, while presently planned projects eligible to receive financing from the tax increment fund are estimated to total approximately \$5.8 million. See the Final Project and Financing Plan for additional detail regarding planned projects.

Per Chapter 311 of the Texas Tax Code, the Zone boundary as it currently exists may be amended over the course of its life to include additional properties. A benefit of this provision is that property owners, whether individual residents or private developers, may later elect to join the Zone as the consequences of redevelopment become more evident. Further, over time, increased public understanding regarding the benefits of tax increment financing may have the effect of increasing support for and voluntary participation in the Zone. Expansion of the Zone's boundary would have the effect of increasing the value of funds available for reinvestment within the area.



Section 3: PROJECTED INCREMENT

Evaluation of the economic feasibility of the Zone requires estimating the amount of increment that is expected to be generated over the life of the Zone. Given the unique nature of the TIRZ Number Six, no issuance of debt is envisaged at this time. Rather, the primary assumption underlying the following projections and conclusions is that the Zone will be structured strictly on a “pay-as-you-go” basis, and therefore, may be considered economically feasible so long as total tax increment collected does not exceed total project costs.

With this first assumption in mind, four scenarios have been generated to illustrate a realistic range of outcomes possible given the present structure and boundary of the Zone. Key variables such as inflation/property appreciation rate, level of new property developed, and values associated with new development are adjusted to produce the scalable projections.

Before enumerating each of the scenarios and its associated unique set of assumptions, it is important to identify the taxable real property base appraisal value of the zone. According to preliminary values provided by the El Paso Central Appraisal District, the Zone, designated earlier this year, has a 2012 total base appraised value before exemptions and special valuations of \$15,254,271. However, all properties included in the Zone are publicly or institutionally owned, and as such, are property tax exempt, resulting in a taxable real property base appraisal value of

\$0. Therefore any increment generated over and above \$0 may be used to fund public projects within the Zone.

Further, it is commonly assumed across all scenarios that over the planned 30-year duration of the Zone, the City expects to contribute 100 percent of its portion of incremental property taxes collected in the Zone to the tax increment fund. Moreover, it is conservatively assumed that the City property tax rate is held constant over the life of the term at its current 2012 value of \$0.658404 per \$100.

Additionally, while it is reasonable to expect that as the Zone and its benefits are realized and as redevelopment within the area attracts new business, jobs, and residents, the boundary of the Zone may expand to include properties that are not tax exempt, the possibility of such an expansion is not explored by this analysis. Rather, each of the following scenarios assumes that the boundaries of TIRZ Number Six remain unchanged throughout the duration of the Zone.

Finally, as previously noted, the Zone’s boundary includes those sites that are most likely to experience significant redevelopment within the near future. Of the potential projects planned for the area, new construction of the life sciences research and technology commercialization building within the current boundaries of the Zone is a near certainty. Specifically, a 2011 lease



agreement approved by City Council between the City and MCA Tech Park, Inc., a 501(c)(3) non-profit affiliate of the MCA Foundation, allows for the redevelopment and use of 12 acres of vacant city-owned land for the construction and operation of this building. Additionally, construction of this same building is a condition of the substantial 380 Agreement between the City and the MCA Foundation.

As a result, all scenarios assume that construction of what is expected to serve as the anchor for a regional biomedical and technology center will occur. The cost of the 80,000 square foot building is projected to cost approximately \$28 million, while the project start date is slated for 2014 and its completion date is expected to occur within 36 months from the commencement of construction. Based on this information, it is uniformly assumed across all scenarios that new construction of the building will result in a \$28 million increase in assessed property values above the Zone's base assessed value, an increase that is proportionately phased over its three-year construction period beginning in 2014.

Given that the lessee of the city-owned land intended to be the site of the research and technology park anchor building is a 501(c)(3) non-profit group, leasehold improvements to the tax-exempt land may or may not be subject to property taxes. As a result, while all of the following scenarios assume an increase in assessed property value over and above the base value due to construction of the building, whether that

increase is ultimately captured in the tax increment varies with each scenario, thereby providing a range of potential fund projection outcomes.

The four scalable scenarios developed for this analysis are as follows:

- 1) **Scenario 1: Low** - The low scenario accounts for expected increases in property valuation due to appreciation and general economic conditions that would likely be present regardless of whether the reinvestment zone had been designated or not. A standard three percent annual inflationary rate is applied to proxy valuation increases due to such factors. While development of the life sciences research and technology commercialization building is expected to occur, the low scenario assumes that the building receives a tax exempt status, and further that all other properties located within the Zone also maintain their tax exempt status.
- 2) **Scenario 2: Medium-Low** - Like the first scenario, an inflation rate of three percent annually is applied to property values and the research and technology commercialization building is assumed to remain tax exempt. Where this scenario differs from the first is in its assumption that at least a portion of City-owned land located within the Zone is sold to a developer, and as such, no longer tax exempt. Given the significant growth expected to occur in the area, particularly with respect to the health



care industry, in addition to the currently limited availability of office space within the Zone and its surrounding area, it is assumed that this land will be developed to house medical offices. Specifically, Scenario 2 assumes new construction of 40,000 square feet of office space at an estimated rate of \$250 per square foot. The project is phased over a two-year period, beginning in 2015. All other properties within the Zone are assumed to remain property tax exempt.

- 3) **Scenario 3: Medium-High** - In this Scenario, it is assumed that the \$28 million research and technology commercialization building to be constructed on City-owned property within the Zone does not receive tax-exempt status, and is thereby subject to property taxes and eligible for capture in the increment fund. An annual inflationary increase of three percent is additionally applied.
- 4) **Scenario 4: High** - This final scenario represents tax increment projections at the high end of the spectrum. Specifically, the same parameters for the footprint and cost of new office development assumed in Scenario 2 are applied, as is the assumption that research and technology commercialization building does not receive tax-exempt status. Finally, like all previous scenarios, an inflation rate of three percent annually is assumed.

The following paragraphs summarize findings from Tables 1 through 4 which detail aggregate annual tax increment projections based on the assumptions listed above.

Table 1 illustrates that, although the aggregate assessed value of properties located within the Zone is projected to increase over time, due to both inflation and the construction of the life sciences research and technology commercialization building, the TIRZ fund will not experience growth because all properties within the Zone remain property tax exempt. As a result, under this scenario, funds will be unavailable for financing project costs over the life of the Zone.

Similarly, Table 2 indicates that the aggregate assessed value of properties located within the Zone will experience significant growth over time, once again due to inflation as well as new development, which, in addition to the life sciences research and technology commercialization building, includes construction of office space. However, in contrast to Scenario 1, the second scenario assumes that the latter of these new developments is property tax-exempt, providing a source of funds to finance public improvement projects within the reinvestment zone. Although the tax increment yield under this scenario is modest, it nonetheless may prove useful as a gap financing tool for larger projects including street beautification and the construction of smaller pocket parks.



Table 3 illustrates the tax increment collected on the City’s portion of property taxes under the assumptions associated with Scenario 3. Despite slightly lower assessed values when compared to those projected under Scenario 2 due to the assumption that development of tax-exempt office space will not occur, Scenario 3 forecasts a significantly higher yield in collected increment available for use in financing public improvement projects.

implementation of Tax Increment Reinvestment Zone Number Six is feasible.

As illustrated by Table 4, Scenario 4, which assumes construction of the life sciences research and technology commercialization building and additional office space within the Zone, both of which will be subject to property tax, provides the highest forecasts of the scenarios presented in this analysis. Under this final scenario, tax increment collected on the city’s portion of property taxes reaches over \$600 thousand in the final year of the Zone’s life, a sizeable dollar value to be reinvested into a relatively small area.

To briefly conclude, projections provided in this analysis seek to accurately describe a range of likely outcomes associated with TIRZ Number Six implementation. While these are forecasts, and subject to change should influencing factors be altered, such as the boundary of the Zone, they nonetheless provide useful information as planning for the type and scope of future projects eligible for funding within the Zone begins. Further, the projections presented in this report indicate that so long as the Zone is structured on a “pay-as-you-go” basis and project costs do not exceed the tax increment available for financing such costs,



Table 1. Scenario 1 Projected Value - Low

Year	Assessed Value	Incremental Taxable Value	City Tax Increment
2012	\$15,254,271	\$0	\$0
2013	\$15,711,899	\$0	\$0
2014	\$26,084,989	\$0	\$0
2015	\$37,066,324	\$0	\$0
2016	\$48,683,063	\$0	\$0
2017	\$50,143,555	\$0	\$0
2018	\$51,647,862	\$0	\$0
2019	\$53,197,297	\$0	\$0
2020	\$54,793,216	\$0	\$0
2021	\$56,437,013	\$0	\$0
2022	\$58,130,123	\$0	\$0
2023	\$59,874,027	\$0	\$0
2024	\$61,670,248	\$0	\$0
2025	\$63,520,355	\$0	\$0
2026	\$65,425,966	\$0	\$0
2027	\$67,388,745	\$0	\$0
2028	\$69,410,407	\$0	\$0
2029	\$71,492,719	\$0	\$0
2030	\$73,637,501	\$0	\$0
2031	\$75,846,626	\$0	\$0
2032	\$78,122,025	\$0	\$0
2033	\$80,465,686	\$0	\$0
2034	\$82,879,656	\$0	\$0
2035	\$85,366,046	\$0	\$0
2036	\$87,927,027	\$0	\$0
2037	\$90,564,838	\$0	\$0
2038	\$93,281,783	\$0	\$0
2039	\$96,080,237	\$0	\$0
2040	\$98,962,644	\$0	\$0
2041	\$101,931,523	\$0	\$0
2042	\$104,989,469	\$0	\$0

Table 2. Scenario 2 - Medium-Low

Year	Assessed Value	Incremental Taxable Value	City Tax Increment
2012	\$15,254,271	\$0	\$0
2013	\$15,711,899	\$0	\$0
2014	\$26,084,989	\$0	\$0
2015	\$42,529,959	\$5,463,635	\$35,973
2016	\$59,938,151	\$11,255,088	\$74,104
2017	\$61,736,296	\$11,592,741	\$76,327
2018	\$63,588,385	\$11,940,523	\$78,617
2019	\$65,496,036	\$12,298,739	\$80,975
2020	\$67,460,917	\$12,667,701	\$83,405
2021	\$69,484,745	\$13,047,732	\$85,907
2022	\$71,569,287	\$13,439,164	\$88,484
2023	\$73,716,366	\$13,842,339	\$91,139
2024	\$75,927,857	\$14,257,609	\$93,873
2025	\$78,205,692	\$14,685,337	\$96,689
2026	\$80,551,863	\$15,125,897	\$99,590
2027	\$82,968,419	\$15,579,674	\$102,577
2028	\$85,457,472	\$16,047,064	\$105,655
2029	\$88,021,196	\$16,528,476	\$108,824
2030	\$90,661,832	\$17,024,331	\$112,089
2031	\$93,381,687	\$17,535,061	\$115,452
2032	\$96,183,137	\$18,061,112	\$118,915
2033	\$99,068,631	\$18,602,946	\$122,483
2034	\$102,040,690	\$19,161,034	\$126,157
2035	\$105,101,911	\$19,735,865	\$129,942
2036	\$108,254,968	\$20,327,941	\$133,840
2037	\$111,502,617	\$20,937,779	\$137,855
2038	\$114,847,696	\$21,565,913	\$141,991
2039	\$118,293,127	\$22,212,890	\$146,251
2040	\$121,841,920	\$22,879,277	\$150,638
2041	\$125,497,178	\$23,565,655	\$155,157
2042	\$129,262,093	\$24,272,625	\$159,812



Table 3. Scenario 3 – Medium-High

Year	Assessed Value	Incremental Taxable Value	City Tax Increment
2012	\$15,254,271	\$0	\$0
2013	\$15,711,899	\$0	\$0
2014	\$26,084,989	\$9,901,733	\$65,193
2015	\$37,066,324	\$20,397,571	\$134,298
2016	\$48,683,063	\$31,514,247	\$207,491
2017	\$50,143,555	\$32,459,674	\$213,716
2018	\$51,647,862	\$33,433,464	\$220,127
2019	\$53,197,297	\$34,436,468	\$226,731
2020	\$54,793,216	\$35,469,562	\$233,533
2021	\$56,437,013	\$36,533,649	\$240,539
2022	\$58,130,123	\$37,629,659	\$247,755
2023	\$59,874,027	\$38,758,548	\$255,188
2024	\$61,670,248	\$39,921,305	\$262,843
2025	\$63,520,355	\$41,118,944	\$270,729
2026	\$65,425,966	\$42,352,512	\$278,851
2027	\$67,388,745	\$43,623,088	\$287,216
2028	\$69,410,407	\$44,931,780	\$295,833
2029	\$71,492,719	\$46,279,734	\$304,708
2030	\$73,637,501	\$47,668,126	\$313,849
2031	\$75,846,626	\$49,098,169	\$323,264
2032	\$78,122,025	\$50,571,115	\$332,962
2033	\$80,465,686	\$52,088,248	\$342,951
2034	\$82,879,656	\$53,650,895	\$353,240
2035	\$85,366,046	\$55,260,422	\$363,837
2036	\$87,927,027	\$56,918,235	\$374,752
2037	\$90,564,838	\$58,625,782	\$385,994
2038	\$93,281,783	\$60,384,555	\$397,574
2039	\$96,080,237	\$62,196,092	\$409,502
2040	\$98,962,644	\$64,061,975	\$421,787
2041	\$101,931,523	\$65,983,834	\$434,440
2042	\$104,989,469	\$67,963,349	\$447,473

Table 4. Scenario 4 –High

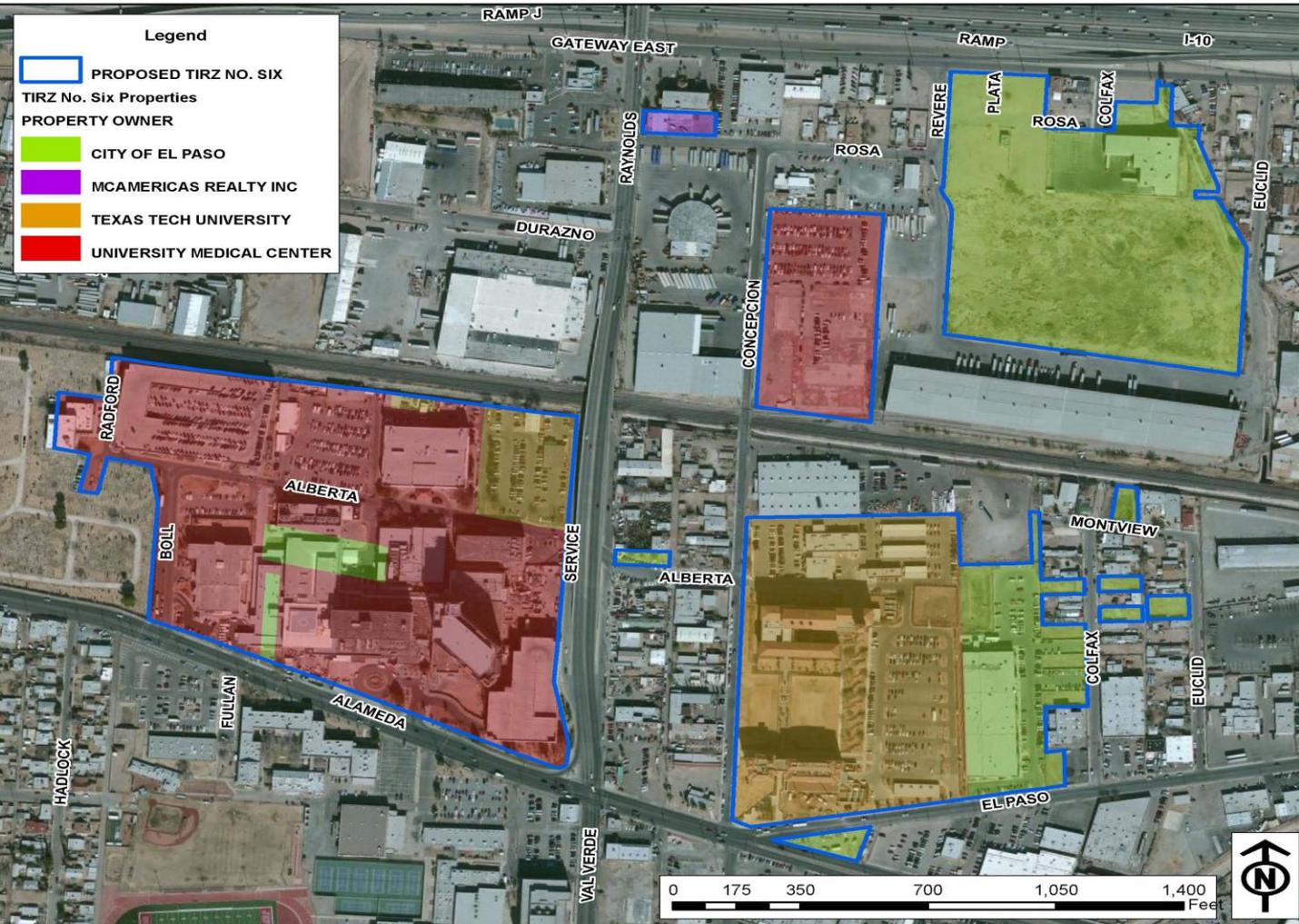
Year	Assessed Value	Incremental Taxable Value	City Tax Increment
2012	\$15,254,271	\$0	\$0
2013	\$15,711,899	\$0	\$0
2014	\$26,084,989	\$9,901,733	\$65,193
2015	\$42,529,959	\$25,861,206	\$170,271
2016	\$59,938,151	\$42,769,335	\$281,595
2017	\$61,736,296	\$44,052,415	\$290,043
2018	\$63,588,385	\$45,373,987	\$298,744
2019	\$65,496,036	\$46,735,207	\$307,706
2020	\$67,460,917	\$48,137,263	\$316,938
2021	\$69,484,745	\$49,581,381	\$326,446
2022	\$71,569,287	\$51,068,822	\$336,239
2023	\$73,716,366	\$52,600,887	\$346,326
2024	\$75,927,857	\$54,178,914	\$356,716
2025	\$78,205,692	\$55,804,281	\$367,418
2026	\$80,551,863	\$57,478,410	\$378,440
2027	\$82,968,419	\$59,202,762	\$389,793
2028	\$85,457,472	\$60,978,845	\$401,487
2029	\$88,021,196	\$62,808,210	\$413,532
2030	\$90,661,832	\$64,692,456	\$425,938
2031	\$93,381,687	\$66,633,230	\$438,716
2032	\$96,183,137	\$68,632,227	\$451,877
2033	\$99,068,631	\$70,691,194	\$465,434
2034	\$102,040,690	\$72,811,930	\$479,397
2035	\$105,101,911	\$74,996,287	\$493,779
2036	\$108,254,968	\$77,246,176	\$508,592
2037	\$111,502,617	\$79,563,561	\$523,850
2038	\$114,847,696	\$81,950,468	\$539,565
2039	\$118,293,127	\$84,408,982	\$555,752
2040	\$121,841,920	\$86,941,252	\$572,425
2041	\$125,497,178	\$89,549,489	\$589,597
2042	\$129,262,093	\$92,235,974	\$607,285





Final Project Plan and Final Reinvestment Zone Financing Plan for TIRZ 6 January 15, 2013

Exhibit B. Tax Increment Reinvestment Zone No. Six - Property Owners





City Council Actions

06/21/2011

- Adopted Ordinance No. 017589 which changed zoning in Medical Center of the Americas (MCA) Master Plan Area to Smart Code Zone (SCZ).

10/18/2011

- Expressed intent to create Tax Increment Reinvestment Zone Number Six within MCA.

05/29/2012

- Adopted Ordinance No. 017793 designating Tax Increment Reinvestment Zone Number 6 and the creation of its Board of Directors.
- Presented Preliminary Project Plan and Preliminary Reinvestment Zone Financing Plan

01/15/2012

- Consideration to approve Final Project Plan and Final Reinvestment Zone Financing Plan



Final Project Plan

Property Owners

Property Owner	TIRZ Acreage	Percent of TIRZ Acreage
University Medical Center	29.38	43.8%
City of El Paso	20.97	31.3%
Texas Tech University	16.32	24.4%
MCAmericas Realty Inc.	0.34	0.5%
TOTALS:	67.01	100.0%



Final Project Plan

Non-Project Costs

Project	Estimated Non-Project Costs
Developer Projects	
Texas Tech University Health Sciences – Gayle Greve Hunt School of Nursing Building	\$11,000,000
MCA Research and Technology Commercialization Building	\$28,000,000
Quality Foods Warehouse Improvements – Conference Center & Machine Shop	\$3,000,000
Pediatric Pavilion (Outpatient Medical Office Building)	\$40,000,000
Administrative Office	\$25,000,000
Telemedicine Resource Center	\$50,000,000
TOTAL:	\$157,000,000



Final Reinvestment Financing Plan

Eligible Project Costs

Improvements	Project Scope	Estimated Costs
City of El Paso Health Department Renovation	Renovation of clinic area, relocate food handlers function and add parking to the facility.	\$1,500,000
Fire Station 5	Construction of FS 513, combining FS 5 and FS 13.	\$3,500,000
Alameda Rapid Transit System (RTS)	Improvements consisting of landscaping, illumination and sidewalk upgrades, as well as the installation of two RTS stations.	\$780,000
TOTAL:		\$5,780,000



Final Reinvestment Financing Plan

Other Eligible Categories

- Capital expenses
- Land costs
- Matching funds
- Streetscape, gateways, parks, and community facilities
- Professional fees
- Financing Costs



Final Reinvestment Financing Plan

Funding and Financing

- No bonded indebtedness is contemplated at this time.
- The City and Zone will incur monetary obligations as the stream of tax revenue allow.
- The City will participate with 100 percent of its ad valorem tax increment revenue for the full life of the Zone.



Final Reinvestment Financing Plan

Appraised Value

- The total 2012 appraised value, before exemptions and special valuations, of properties located in the Zone is \$15,254,271.
- Estimated captured appraised value of properties located in the Zone is \$0.
- The Zone was created for a duration of (30) years, enduring through calendar year 2042.



Tax Increment Reinvestment Zone Economic Feasibility Study

Findings

- Meets Chapter 311 of the Texas Tax Code Requirements.
- Potential for growth of the Zone as Property owners, whether individual residents or private developers, may later elect to join the Zone.
- Economic Feasibility Study demonstrates the economic feasibility of the Zone so long as total tax increment collected does not exceed total project costs.



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Implementation

- Stimulate private investment
- Facilitate public improvements
- Improve the tax base
- Reverse blight within the district
- Create an economic asset that will benefit the district and the entire community.



Thank you for your time.

Questions?