

November 23, 2009



**Montecillo Development  
A Public / Private Partnership**

**between**

**The City of El Paso, Texas  
and EPT Land Communities**

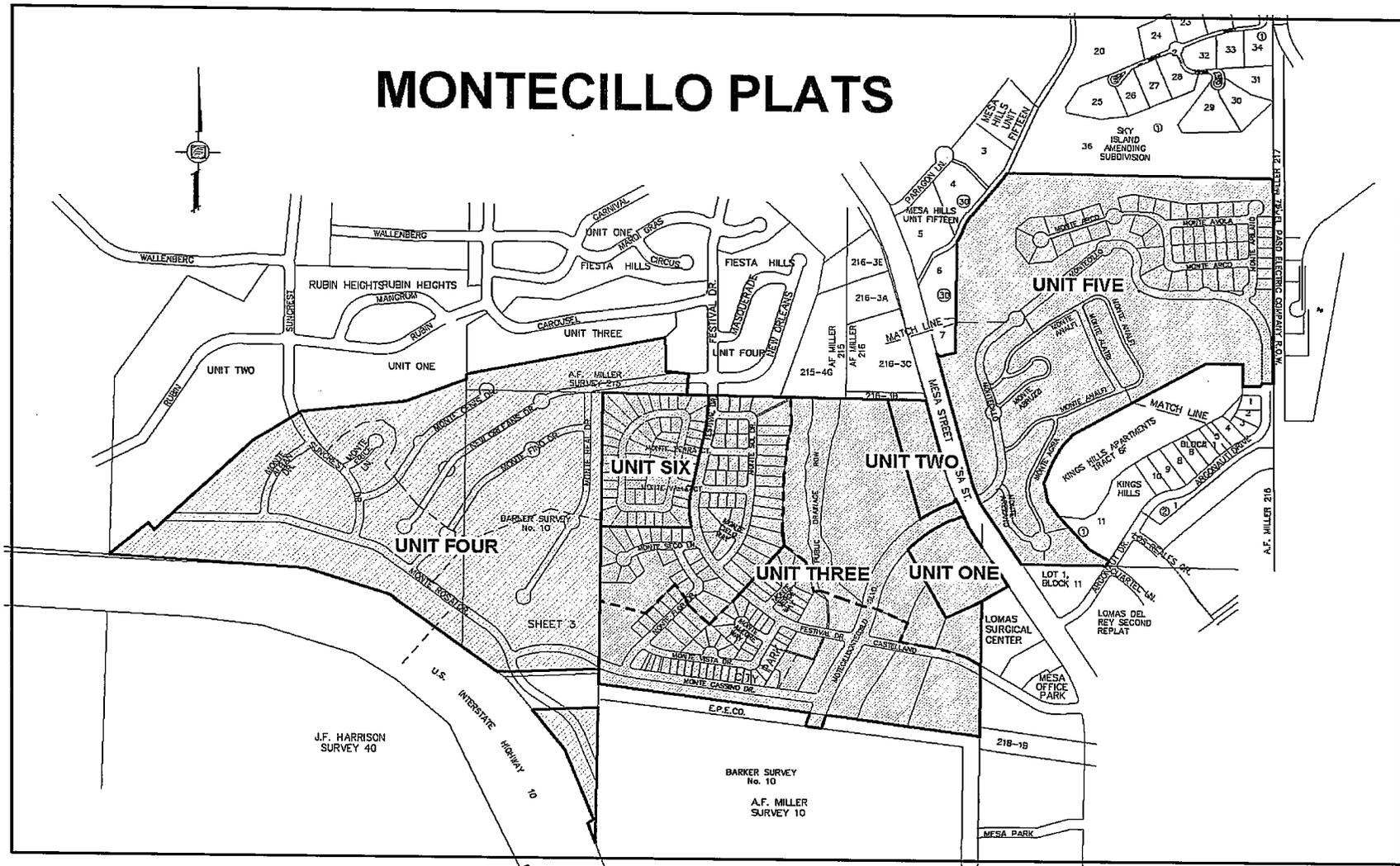
# Montecillo Project Team

- EPT Land Communities
  - Richard Aguilar
  - William Ehrlich
  - Dr. David Masel
  - Tony Conde
  - Joseph Nester
  - David Bogas
- Conrad Conde, Conde Inc.
- Kirk Wilson (Consultant)

# EPT Land Communities

- Have developed over 500 acres in El Paso including:
  - Sandstone Ranch Estates
  - Las Palmas Replat A
  - Painted Dunes
  - Heritage Farms (partnership)
- Own and/or manage over 7,500 multifamily units in El Paso and over 3,200 in Dallas

# Montecillo Location Map



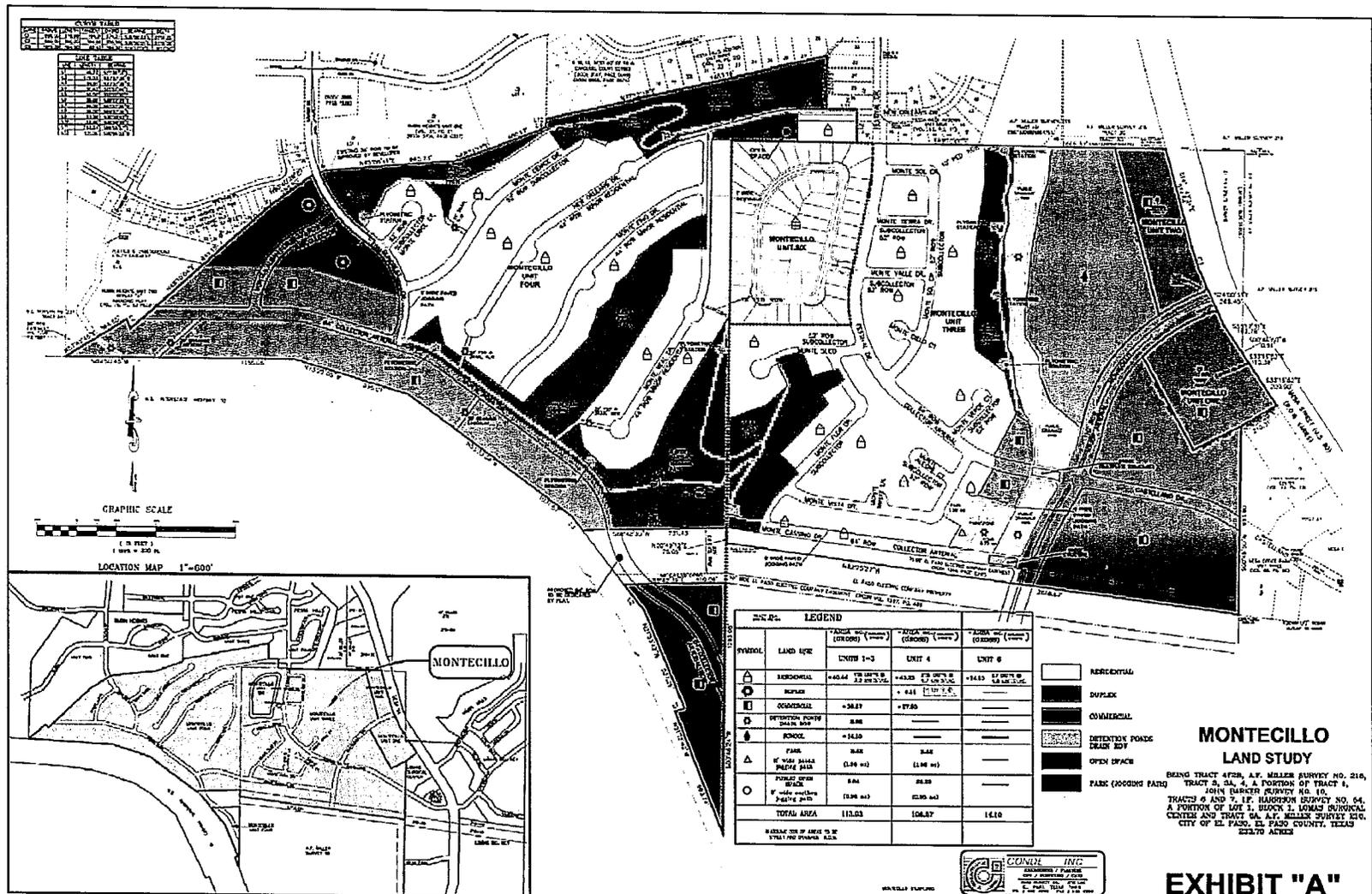
# Project Overview – Introduction

- Montecillo has grown from a 126 acre to a now 315+ acre infill development in the heart of west El Paso (see location map pg. 4)
- Currently, Montecillo is divided into 6 Units
- It is dissected by N. Mesa and bordered by I-10 on the West, the Wal-Mart property on the South, San Clemente on the far East, and by Fiesta Hills on the North.
- It will connect Festival to Castellano as well as introduce a major arterial (Montecillo Blvd) that will eventually connect N. Mesa to Executive Center Blvd (via Wal-Mart property)
- It will preserve the natural state of the main arroyo traversing it from North to South
- It will have its own lift station and direct sewer line (in place) to the NWSTP
- It has a 15 Acre EPISD site for an intermediary school (already purchased)
- Its topography provides changes in elevations up to 300 +/- feet from highest point to lowest point

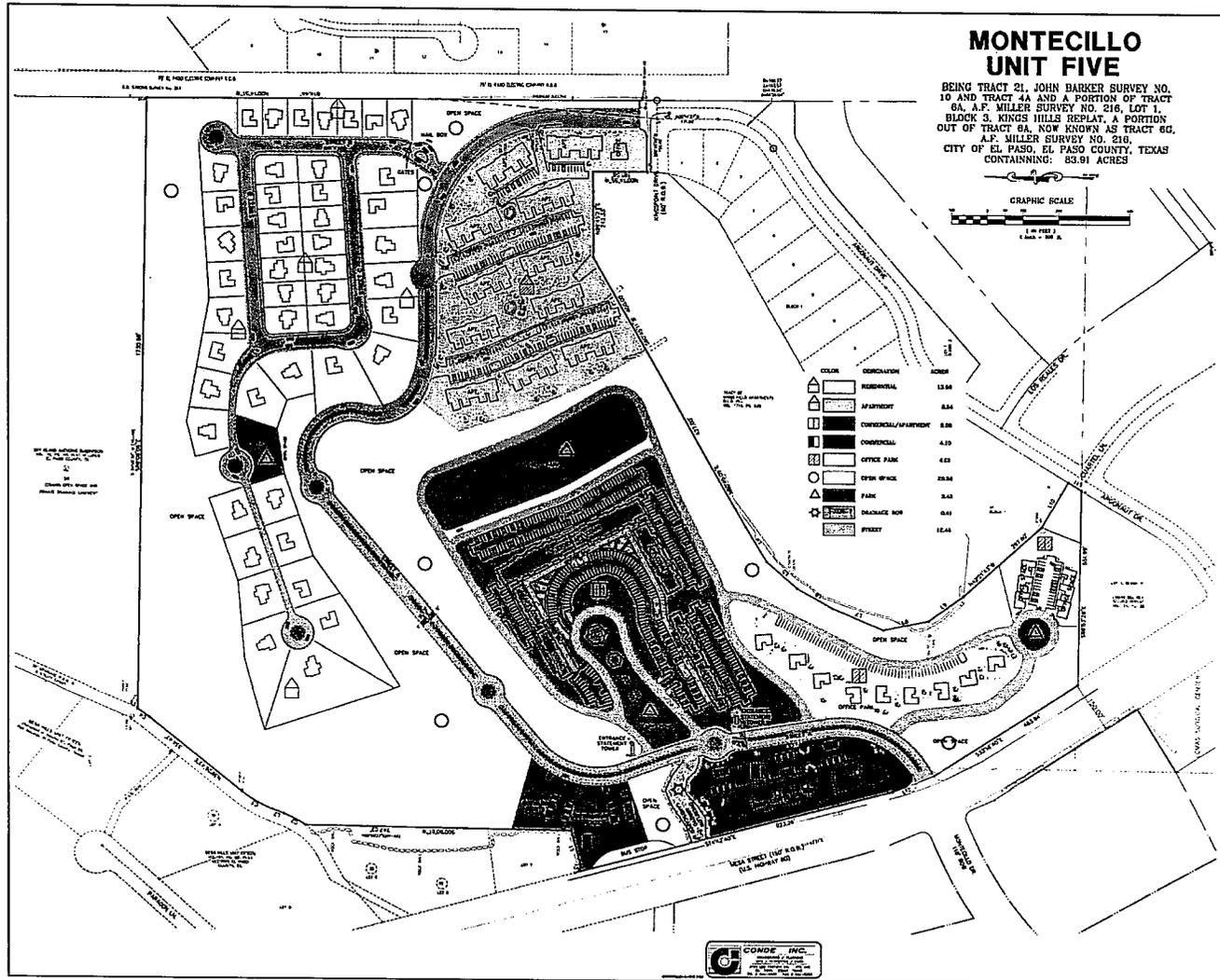
# Project Overview – Current Plan

- Currently, Montecillo Units 1, 2, and 3 have been platted and improvement plans have been accepted by the City of El Paso (see plan pg. 7)
- Units 4 and 5 have been conceptually designed but not formally presented to the City of El Paso (see plan pg. 8)
- Development of Units 1, 2, and 3 was underway but has been stopped
- The accepted and proposed plans for all units include:
  - 48.3 acres designated as commercial land
  - 350 lots for single family, detached
  - 234 units of multifamily
  - 10.3 acres of park (minimum requirement)
  - 65 acres of open space (not yet accepted by City)
  - 5.4 miles of trails and exercise stations (Plyometric) that were cancelled by City
  - \$ 395 approx million Assessed Valuation projected at Build-Out

# Site Plan – Units 1 to 4



# Site Plan – Unit 5



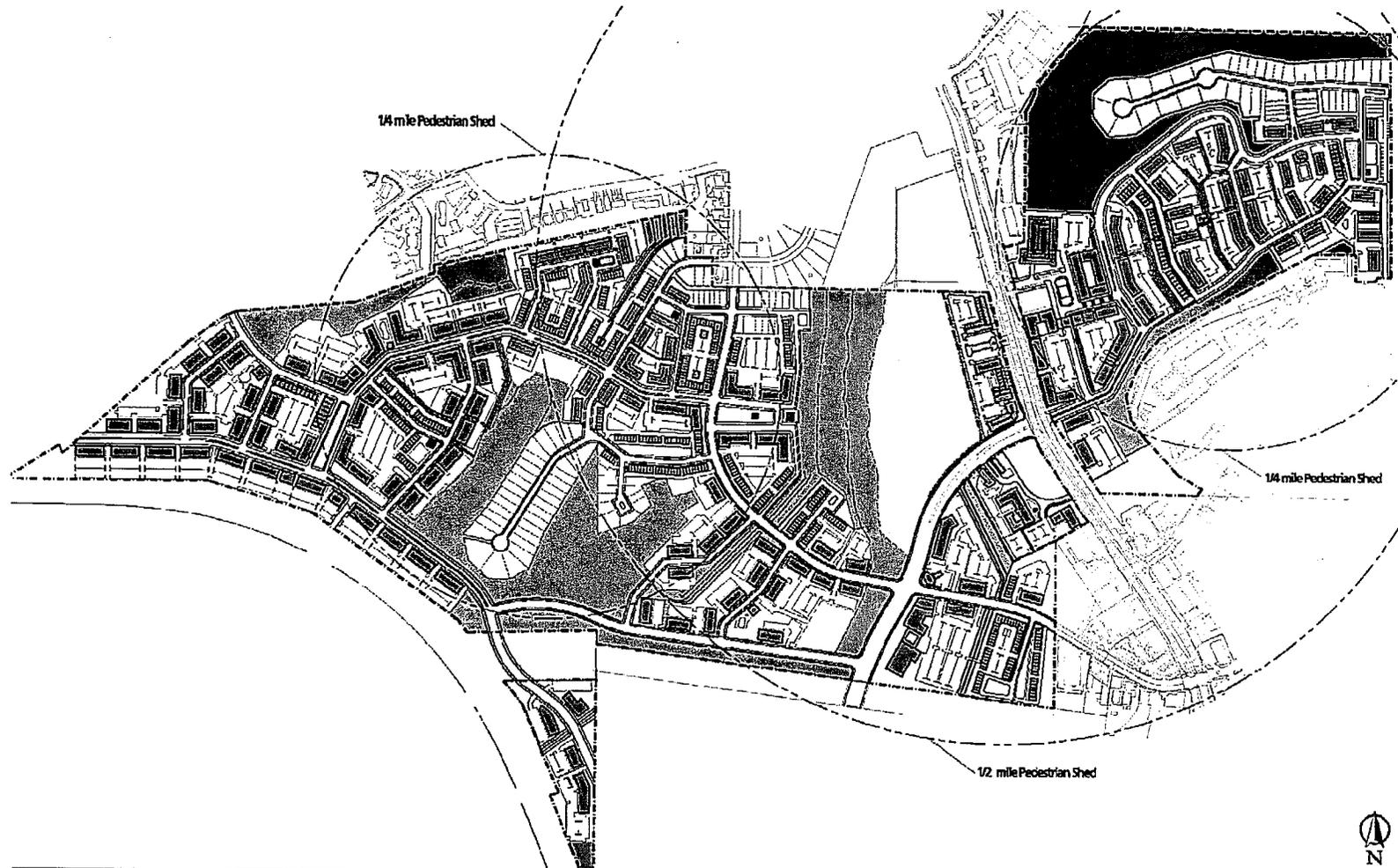
# Project Overview – Potential Plan Under Smart Code

- EPT was invited by City of El Paso to participate in a “Smart Growth” workshop at which Placemakers (the company that co-developed the smart code) took a close look at Montecillo as a whole
- Placemakers made interesting suggestions proposing how Montecillo would look under the smart code design principles
- EPT hired Placemakers to further investigate the possibility of converting the entire development to a true smart code development
- EPT also hired Humphreys & Partners Architects, LP, one of the largest design houses of high-rise, mid-rise, mix use, senior, affordable housing in the US based in Dallas, TX, to work with Placemakers for the actual building designs that could be used throughout Montecillo
- The end result of what could be accomplished is:

# Project Overview – Potential Plan Under Smart Code

- Over 4.3 million SF of total vertical improvements comprising:
  - **2,595 Multi-family Units** (vs. 294)
  - 117 Single-family Units (lots) (vs. 350)
  - 379 Townhomes (vs. 21)
  - 294,200 SF of retail space (vs. 48.3 acres))
  - 695,000 SF of office space
- Also, under Smart Code development it will include:
  - 80 acres of open space (walking/biking trails?)
  - At least 5% of total space of “green” space for parks, town centers and community space (i.e., civic building, church, fire station, museum, small school, etc.)
  - Self-sufficient neighborhoods (live, eat, shop, work, and study in one place concept)
  - Pedestrian-friendly neighborhoods and interconnectivity
  - **BRT station and shared-use parking garage**
- For a total projected market value of **\$621 million** at build-out (vs. 40% less approx)

# Site Plan w/ Smart Code

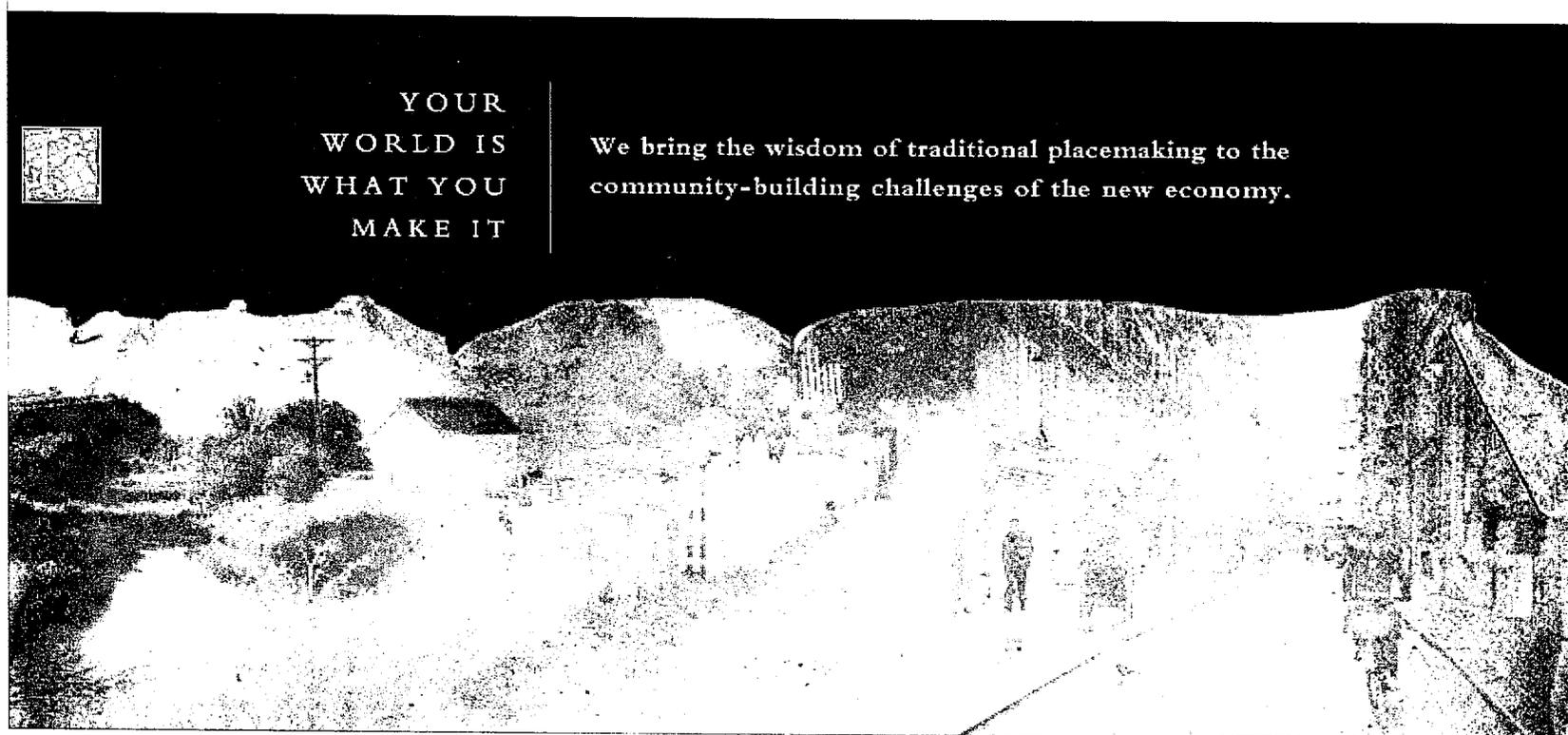


**MONTECILLO** El Paso, Texas  
SMARTCODE DEVELOPMENT STUDY: VERSION 08-25-09  
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OVERALL ILLUSTRATIVE PLAN  
Scale 1"=500'

# About PlaceMakers...

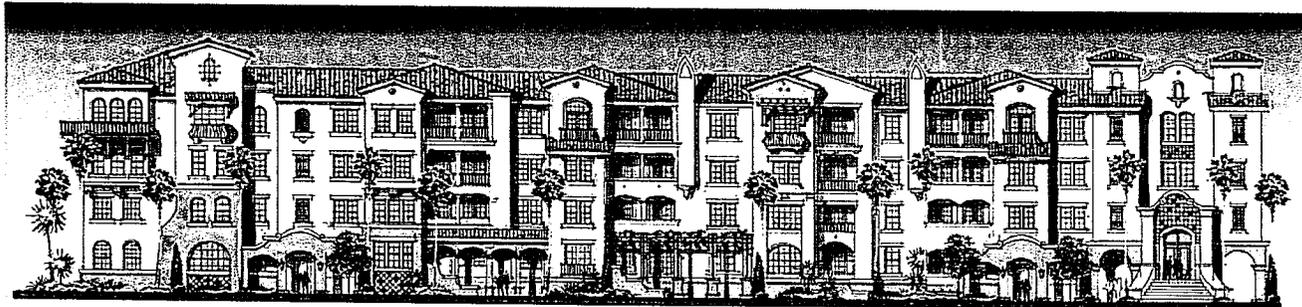
- [www.placemakers.com](http://www.placemakers.com)
- Co-developed accepted City of El Paso smart code



# About Humphreys...

- [www.humphreys.com](http://www.humphreys.com)
- Humphreys & Partners Architects, L.P. is an Architectural and Urban Design, Master Planning and Land Planning firm engaged in the design of high-rise, mid-rise, mixed-use, luxury, senior, affordable, military and student housing - both rental and for sale - in markets across the country
- Eight U.S. offices employing over 125 people
- Awards:
  - 2009 — Pillars of the Industry  
Winner—Best High-Rise Condominium Community  
The Carlyle, Minneapolis, MN
  - 2009 — Pillars of the Industry  
Winner—Best Adaptive Reuse of a Condominium Community (from non-residential product to a condo community) Century Plaza, Phoenix, AZ
  - 2009 — McSam Awards (Home Builders Association of Greater Dallas)  
Best Multi Family Rental Community  
Villas of Hillcrest – Dallas, TX  
Section 8 Public Housing
  - 2009 — McSam Awards (Home Builders Association of Greater Dallas)  
Best Architectural Design for a Townhome or Condominium with a Sales Price Under \$300,000  
Lake Park Estates – Dallas, TX

# Proposed Buildings along Mesa



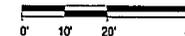
BUILDING 2 -FRONT



BUILDING 1, 3, 4 -SIDE

## CHARACTER ELEVATIONS

SCALE: 3/32"=1'-0" (24"x36" SHEET)



**A404**

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# Proposed Mix Use Buildings



BUILDING ELEVATION 1



BUILDING ELEVATION 2

CHARACTER ELEVATIONS

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# Thomas Kirk Wilson

- Consulting firm based in Dallas, Texas
- Represents 31 investments Groups in Public/Private Development Partnerships in Texas, Oklahoma, and Louisiana
- Former Experience:
  - County Judge of Denton County
  - BOD Texas Toll way Authority
  - County Commissioner, Denton County

# Incentives are needed to make this Project a Reality

- Montecillo is comprised of various tracts that are planned to produce a high quality Master Planned Community
- Each component may finance differently as phases and projects are undertaken by the Developer
- Clearly Governmental Incentives will be needed in order to undertake this Smart Growth project
- A variety of tools can be used to construct a public/private partnership that makes Montecillo a reality.

# Montecillo Development Summary

## Proposed Public / Private Partnership

- Developer is responsible for all infrastructure and improvement costs
- Current economic conditions have severely limited the access to capital for construction
- Utilization of a combination of the following funding programs:
  - Tax Increment Reinvestment Zone-
  - Municipal Management District
  - Public Improvement District
  - New Markets Tax
  - Section 108 Guaranteed Loan
  - Recovery Zone Facility Bonds
  - HUD 221(d)(4)

# TIRZ

- Tax Increment Reinvestment Zone (TIRZ)
  - Allow the creation of a TIRZ that will help finance eligible improvements within Montecillo development
  - Incremental property tax revenues (above base value) will be deposited into a fund that will be used for public improvements within the area.
  - This tool simply allows the participating governmental subdivisions to participate with the Developer in making the long term capital decisions for Montecillo
  - Tax Increment Reinvestment Zones are used throughout Texas on large scale projects, medium range projects and revitalization projects.
  - The Zones are established in high profile new development proposals such as Glory Park in Arlington that will be located near the Cowboys Stadium
  - Economically challenged zones in South Dallas are slated for redevelopment with plans for the Red Bird Mall area utilizing a Zone
  - Redevelopment of large areas of a City such as in Southern Downtown Houston gain from the use of these Zones as well.

# MMD

## Municipal Management District

- Allow the creation of a MMD that will help finance eligible improvements within Montecillo development
- The Municipal Management District could be created through several processes. However, the powers of the District will vary depending on how it is created.
- MMD could assess the property for maintenance and operations of recreational facilities within the district
- Critical to the Developer is having the ability to finance needed eligible public improvements at the right time.
- Several Municipal Management Districts were created in the State Legislature in the last Session.
- These MMDs were generally empowered with necessary tools to bring quality developments to the areas where they were established.
- Assessment and Tax Based Financings using the Value within the District could be a great tool for the Public/Private Partnership at Montecillo.

# MMD Discussion Continued

- The City retains power and authority in the MMD unlike a Municipal Utility District (MUD), Water Control and Improvement District (WCID) or some other commonly used Districts.
- The Developer does not gain the power of independence from the City with an MMD. The City is the final decision maker consistent with its agreements with the Developer.
- The City of Arlington supported and successfully passed the legislative creation with Developer support of “VERIDIAN” which is a Municipal Management District that will contain a Large Master Planned Community in a new development area.
- The City of Dallas supported and successfully passed the legislative creation with Developer of 3 Municipal Management Districts last Legislative Session in South Dallas.
- The City of Corpus Christi supported and successfully passed with Developer support the Corpus Christi MMD for use at Packary Pointe.
- An MMD for a portion of Montecillo could be used as a successful component of the public/private partnership.

# Public Improvement District

- The Public Improvement District (PID) could be used by the City to finance public improvements in Montecillo.
- The PID zone could be assessed with a proper Levy to finance water, sewer, drainage, roadways and certain eligible costs related to other public improvements.
- Many cities have utilized PIDs for Supplemental Services such as security, maintenance and operations or other allowable annually used tasks.
- Other Cities have chosen to use PIDs to actually finance public improvements.
- A good example Trophy Club, Texas.
- “The Highlands at Trophy Club” is located in Trophy Club Public Improvement District.
- The Highlands is a +/-1500 lot Master Planned Community that in December of 2007 was levied by the PID and successfully financed \$27.8M in Public Improvements using the credit of the value of the Land in the PID.
- The Debt is only guaranteed by the Assessment of the Property.
- This tool could be used in conjunction with others on Montecillo.

# New Market Tax Credits

- The Developer is considering using “New Market Tax Credits” for a portion or portions of Montecillo.
- Currently the Castellano Section located in Montecillo West is contemplated to be financed using New Market Tax Credits as a component of the finance.
- These credits are available in certain qualifying census tracts.
- Montecillo is located in a qualifying census tract.

# Public/Private Partnership

- In short, the Montecillo Development seeks to secure a Public/Private partnership that uses the available tools to produce a high quality development that will serve as the leading example for future infill developments.

# Summary

- “Win – Win” for City and Developer
- Promotes Smart Growth Development Inside City Limits
- Provides Over 2,595 Multi-Family Units for BRAC Expansion
- Mixed Use Development with Office, Retail and Residential
- Sun Metro Transfer Station & Shared-use Garage Building
- Transit Interconnectivity and “Walkability”
- Civic Space for Public Use (civic building, fire station, church, library, museum, etc.)
- Job Creation
- Extensive Open Space
- Walking/jogging/biking trails?
- Developer to provide economic incentives for neighborhood businesses to promote economic development
- Discounted use of neighborhood services for residents
- A Beautiful and Unique Infill Development that will set the example for future projects