

**Exhibit B**

**City of Austin  
Seaholm Redevelopment Project  
Tax Increment Financing Reinvestment Zone No. 18**

**Final  
Project Plan and Reinvestment Zone Financing Plan**

**March 2009  
Amended May 2012**

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## **I. Executive Summary**

The City of Austin created Tax Increment Financing Reinvestment Zone No. 18 (the “TIF”) to finance the construction of public improvements for the Seaholm Redevelopment Project (the “Project”). The original boundaries of the TIF Zone were: on the west Seaholm Drive from Third Street south to Cesar Chavez Street; on the south Cesar Chavez Street from the planned West Avenue west to Seaholm Drive; on the east West Avenue from Cesar Chavez Street north to Third Street; and on the north Third Street between Seaholm Drive and West Avenue. Exhibit 1 depicts revised geographic boundaries for the TIF Reinvestment Zone No. 18.

In accordance with State law, the project plan and financing plan were prepared to describe the Project and associated financing using dedicated tax increment revenue from the City of Austin as the sole taxing unit participating in the TIF. In accordance with State law, the project plan and financing plan may be amended by the City Council by ordinance and recommendation from the board of directors of the zone at any time. The amended project plan and financing plan has been reviewed by the TIF Board and City Council and is found to be economically feasible. This project and financing plan, along with its exhibits, is intended to supersede and control over the prior final project and financing plan adopted by the City in 2009. This project plan and financing plan is being amended for the following reasons:

- Boundary change which increases the geographic area of the TIF zone
- Increase in projected tax revenue
- Increase in project costs
- Increase in debt to be incurred
- Modification of term

The Seaholm Power Plant is a circa 1950 Art Deco industrial building, designed by the renowned national engineering firm, Burns and McDonnell. The name Seaholm pays homage to Walter Seaholm, Austin’s fourth City Manager and a former utility director. Seaholm Power Plant served for many years as Austin’s primary electrical generation facility and ceased generating power in 1989. In 1996, the Austin City Council authorized the environmental remediation of the Seaholm Power Plant with a view to its eventual adaptive reuse as “a unique and exceptional cultural facility in Downtown Austin.” In 1997, the Seaholm Reuse Planning Committee, made up of interested community representatives, led a public polling process to determine the best use or uses for the power plant structures. The Committee’s 1998 report recommended preserving the facility for a multi-use public attraction developed through a public-private partnership. A master plan for the district was also recommended to address issues of parking, transit, and pedestrian and bicycle linkages. In the summer of 2000, ROMA Design Group was commissioned by the City to prepare a Seaholm District Master Plan. The purpose of the master plan was to establish an appropriate context for the redevelopment and reuse of the Seaholm Power Plant site as a successful mixed-use public attraction.

On August 27, 2004, the City issued a request for qualifications for an entity to redevelop the Seaholm Power Plant site. On April 28, 2005, Seaholm Power Development, LLC (SPD) was

selected by the City Council from a pool of respondents as the master developer. On November 14, 2005, the City and SPD entered into an exclusive negotiating agreement. On April 10, 2008, the City Council authorized the negotiation and execution of a master development agreement (MDA) with SPD. The MDA was executed on June 17, 2008.

The purpose of the Project, which is to be partially financed through the TIF, is to provide for the redevelopment of the historically significant Seaholm Power Plant and its immediate grounds. The site impairs the City's growth because of deteriorating structures, inadequate street layout, and unsafe conditions.

In addition to rehabilitation of the historic power plant, the Project will relocate utilities, provide for new street infrastructure to connect Cesar Chavez Street and Third Street, and provide for the development of an office building and a multi-unit residential tower. The new street infrastructure will provide access to the office building and multi-unit residential tower thereby supporting the economic viability of the Project.

To finance the public infrastructure and power plant rehabilitation components of the Project, the City formed the TIF in accordance with State law. In a tax increment reinvestment zone, one or more political subdivisions contribute up to 100% of the property tax on the increase in value of real property in the district (tax increment) as generated. Under the terms of the TIF, the City of Austin will contribute 100% of its property tax and 100% of its sales tax increment. Tax increment revenues so generated may be expended only for purposes described in the project and financing plan for the TIF. The public infrastructure and power plant rehabilitation components of the Project will be primarily funded by the issuance of debt that will be repaid from the tax increment revenues, both property taxes and sales taxes, collected during the 30-year duration of the TIF.

## **II. Project Plan**

### **A. Introduction**

This section describes the project plan for the TIF and the Project, in the City of Austin, Texas, as required by Chapter 311 of the Texas Tax Code. The purpose of the TIF is to finance the construction of public improvements at and adjacent to the Project site.

The City of Austin will be solely responsible for managing the MDA for the Project, and administering the TIF, which is located on the Southwestern edge of the downtown area of Austin, Texas. It is anticipated that the investment in private development will benefit the City financially and will also benefit Austin citizens through the creation of jobs and recreational amenities.

The Project represents a very important opportunity for the City to redevelop publicly-owned land and will spur economic development within the Southwest quadrant of downtown. Recently, several residential development projects have been located in Southwest Downtown. Development within the Reinvestment Zone area has lagged in comparison to Southwest Downtown and other sections of the City. The Project will:

- Enhance and contribute to Downtown Austin and the Seaholm District
- Complement and enhance Lady Bird Lake, Shoal Creek and Sand Beach Reserve
- Incorporate sustainability, green building and alternative energy
- Provide a positive economic and financial impact to the City
- Enable the development of a central rail transit hub

Once complete, the Project site will feature a mix of uses, including retail shops, residential units, office space, special event space, and an outdoor terrace that overlooks Lady Bird Lake.

### **Seaholm Power Plant**

The centerpiece of the Project is the historic preservation of the Seaholm Power Plant. The building is a 136,000 square foot iconic structure that has more than 110,000 square feet of useable floor space. The building features a turbine hall that measures 110 by 235 feet with a ceiling that is 65 feet high. Once renovated, the building will house an event center, office, retail, and restaurant uses. Part of the renovation includes creating a dynamic entrance on the west end of the building.

### **Street Infrastructure**

The Project's street infrastructure will create a link between Cesar Chavez Street and Third Street. New street infrastructure includes the construction of Seaholm Drive to the west of the Project site and West Avenue to the east of the Project site. Seaholm Drive will lead to the drop off area for the entry point into the power plant building and will serve as an entry to the garage that will serve the Project from below the plaza. West Avenue is to the east of the Project site and will also connect Cesar Chavez and Third Street. West Avenue will intersect with the planned 2<sup>nd</sup> Street extension, connecting both the new Central Library and future redevelopment

on the Green Water Treatment Plant site. With the connection to 2<sup>nd</sup> Street, the Project will be the west anchor for residential and retail development occurring within the 2<sup>nd</sup> Street area. West Avenue is planned to be designed as a “festival street”, a street that utilizes streetscape features to create a street that can easily be converted to public and pedestrian friendly use on weekends or for special events.

#### Plaza

Aside from providing enhanced streetscapes, the Project will provide open space for pedestrians traversing the Seaholm District. An inner plaza will be at the center of the Project and is designed for events, retail, and restaurant activity. The plaza will link the renovated Seaholm Power Plant to the office building and residential tower. The pedestrian-friendly plaza will provide connections from the Green Water Treatment Plant redevelopment and new Central Library to the proposed Seaholm Intermodal Station located just west of the Project. With its parkland enhancement and anticipated economic development stimulus, the Project will promote tourism by convention center visitors and other visitors. The Project will incorporate a portion of the Lance Armstrong Bikeway and connections to the Pfluger Bridge Extension and planned Bowie Underpass. There will possibly be a stop for the proposed Urban Rail at the plaza near West Avenue and Third Street.

#### Bowie Underpass

Completion of the Bowie Underpass and the Union Pacific Railroad (UPRR) Bridge span replacement will provide a safe passage and alternative transportation choice for bicyclists and pedestrians across the barrier formed by the UPRR. The Bowie Underpass will connect users to the proposed Seaholm Lone Star Rail/Urban Rail transfer station. This project will also replace the northernmost span of the existing UPRR Lady Bird Lake Bridge, which is located over the newly constructed 2<sup>nd</sup> Street, with a new ballasted deck as required by UPRR. Negotiations with UPRR resulted in the addition of the bridge span replacement. In order to construct the underpass while maintaining rail service, the rail line will be slightly realigned within the existing right of way from the north end of the bridge over Lady Bird Lake to Lamar. This realignment requires the bridge span replacement and underpass to be constructed concurrently and all elements of the project to be designed together.

### **B. Adopted Zoning Ordinance, Use and Site Development Regulations, and Conditional Overlay, and Plans of the Municipality**

All project construction is anticipated to adhere to existing design and building criteria and regulations. Currently, there are no proposed changes to City ordinances, master plans or building codes. The zoning for the original and amended TIF Zone is consistent with the Seaholm District Master Plan. All zoning information is available at the City’s Planning and Development Review Department.

### **C. Seaholm District Master Plan**

In June 2000 ROMA Design Group was commissioned by the City to prepare the Seaholm District Master Plan, generally bounded by 5<sup>th</sup> Street on the north, San Antonio Street on the east, Lady Bird Lake on the south and Lamar Boulevard on the west. The purpose of the master



plan is to establish an appropriate context for the redevelopment and reuse of Seaholm as a successful mixed-use public attraction (Exhibit 3).

Key goals of the master plan are:

- Preserve and reuse the historic structures on the site and in the surrounding district
- Ensure adequate parking for the future major public attraction that can be developed in close proximity to the facility
- Preserve and enhance the open space character of the Sand Beach Reserve
- Achieve an appropriate balance between pedestrian, transit, bicycle and automobile transportation, recognizing that the district is an important hub of pedestrian, bicycle and transit systems entering into the downtown area
- Explore the potential for redevelopment of public and privately owned properties in the district

**D. List of Estimated Non-Project Costs**

The City anticipates investing \$10.2 million in a parking garage within the TIF Zone to support the Project. Parking revenue will be used to finance these public parking spaces.

**E. Statement of Method of Relocating Persons to be Displaced as a Result of Implementing the Project**

No persons will be displaced as a result of the construction or implementation of the Project.

### III. Reinvestment Zone Financing Plan

The City of Austin will contribute 100% of its tax increment, both property tax and sales tax, to the TIF. This section describes the financing plan for the TIF and the Project.

#### A. List of Estimated Project Costs of the Zone

The total estimated development cost of the Project is \$123.0million (in July 2012 dollars). The Project will include an office building, multi-unit residential tower, plaza, terrace, rehabilitation of the Seaholm Power Plant, and construction of two roadways running north to south on the east and west side of the Seaholm Power Plant site.

The following table itemizes the estimated Project and non-Project costs (in millions). The Project is expected to incur bond financing costs but these costs have not been included in the list below.

**Table 1: Project and Non-Project Costs (in millions)**

Project Costs				
Project Component	Developer Funded	City of Austin		Total Costs
		TIF Funded	Water and Electric Utility CIP Funded	
Office/Retail Building	14.8			\$ 14.8
Multi-unit Residential	76.0			63.0
Power Plant Rehabilitation	19.1	4.5		23.6
Plaza	1.7	2.1		3.8
Street Work		7.0		7.0
Bowie Underpass		6.8		6.8
Utility Relocations			4.0	4.0
<b>Totals</b>	<b>\$ 111.6</b>	<b>\$ 20.4</b>	<b>\$ 4.0</b>	<b>\$ 136.0</b>

Non-Project Costs	
City-Owned Parking Garage (Anticipated to be funded by revenue bonds and sale of general fund portion of crescent property to Austin Energy)	\$10.2

#### B. Statement Listing the Kind, Number, and Location of All Proposed Public Works or Public Improvements in the Zone

The proposed public infrastructure for the Project is located throughout the TIF zone and is illustrated in Exhibit 2.



### C. Economic Feasibility Study

In April 2008, the City Council approved the negotiation and execution of the MDA with Seaholm Power Development, LLC for the redevelopment of the Seaholm Power Plant. In developing the MDA, the City contracted with Economic & Planning Systems, Inc., to conduct a financial feasibility assessment of the Project and to analyze pro forma financial statements for the Project. The revised Tax Revenue Schedule is attached as Exhibit 4 and indicates the TIF build out, property tax revenue, and sales tax revenue from the Project.

Table 2 below reflects all revenues and expenses for the City of Austin. The financial feasibility assessment indicates that revenues from the Project will be sufficient to pay for expenses.

**Table 2: Financial Feasibility (in millions)**

<b>Estimated Revenues and Expenses</b>	<b>Subtotal</b>	<b>Total</b>
<b>Estimated Revenues (Net Present Value, 2012)</b>		
Property Taxes (30 Years @ 100%)	\$18.0	
Sales Taxes (30 Years @ 100%)	\$4.5	
Water Utility CIP	\$3.6	
Electric Utility CIP	\$0.4	
<b>Total Estimated Revenues</b>		<b>\$26.5</b>
<b>Less: Estimated Expenses</b>		
Power Plant Rehabilitation	- 4.5	
Plaza	- 2.1	
Street Work	- 7.0	
Bowie Underpass	-6.8	
Utility Relocations	- 4.0	
<b>Total Estimated Expenses</b>		<b>- 24.4</b>
<b>Difference</b>		<b>\$ 2.1</b>

CIP funding from the water utility and electric utility is allocated toward utility extensions for the Project.

### D. Estimated Amount of Bonded Indebtedness

The estimated amount of bonded indebtedness to be incurred by the TIF is \$20.4 million.

### E. Time When Monetary Obligations are to be Incurred

Monetary obligations are to begin in late 2012.

**F. Description of the Method of Financing of All Estimated Project Costs and the Expected Sources of Revenue to Finance or Pay Project Costs Including the Percentage of Tax Increment to Be Derived from the Property Taxes of Each Taxing Unit that Levies Taxes of Real Property in the Zone**

Description of the Methods of Financing

The City of Austin is allowed, under the provisions of Section 311.015 of the Tax Increment Financing Act, to issue tax-exempt bonds or notes, the proceeds of which may be used to provide for project related costs. The City possesses the authority under Texas law to issue certificates of obligation to finance public improvements such as those described in the project plan. The City will issue debt under its own authority to finance the City's portion of the power plant rehabilitation, street improvements, and the plaza area, as outlined in the MDA with Seaholm Power Development, LLC, and the construction of the Bowie Underpass and related UPRR bridge span replacement and track realignment. When the City issues certificates of obligation to fund Project costs described in this project plan, revenues deposited to the credit of the TIF will be made available to the City for the purpose of paying debt service on the certificates of obligation.

Sources of Tax Increment Revenue

The tax increment revenues necessary to pay the Project costs are expected to come from two sources and are shown in Exhibit 4, Tax Revenue Schedule. Revenue will come from the incremental growth in property tax revenue due to new commercial and residential investment in the area adding taxable value to property in the TIF. The City of Austin is currently the only taxing entity in the appraisal jurisdiction participating in the TIF. The financing plan is based on the City of Austin contributing 100% of their collected incremental property tax revenue to the TIF. The tax rate for the City of Austin for Fiscal Year 2012 is \$0.4811 per \$100 of valuation.

Tax increment revenues are also anticipated from the increase in sales and use taxes generated in the TIF from the development of retail businesses in the area. The current sales tax rate in the City is 8 1/4% of which 1% is the City's portion. It is this 1% in sales tax receipts from retail sales in the TIF that is the second source of increment revenue. Current sales tax receipts in the TIF are \$0.

**G. The Current Appraised Value of Taxable Real Property in the Zone**

The appraised value for the original TIF Zone was \$0 because in 2008, the base year for the TIF, the property included in the TIF was City owned and was considered tax-exempt. The City intends to sell and lease the land within the TIF Zone to Seaholm Power Development, LLC as agreed to in the MDA, thereby making the property taxable. The expanded TIF Zone includes privately-owned property appraised at \$6.65 million in 2012, the base year for the additional TIF area.

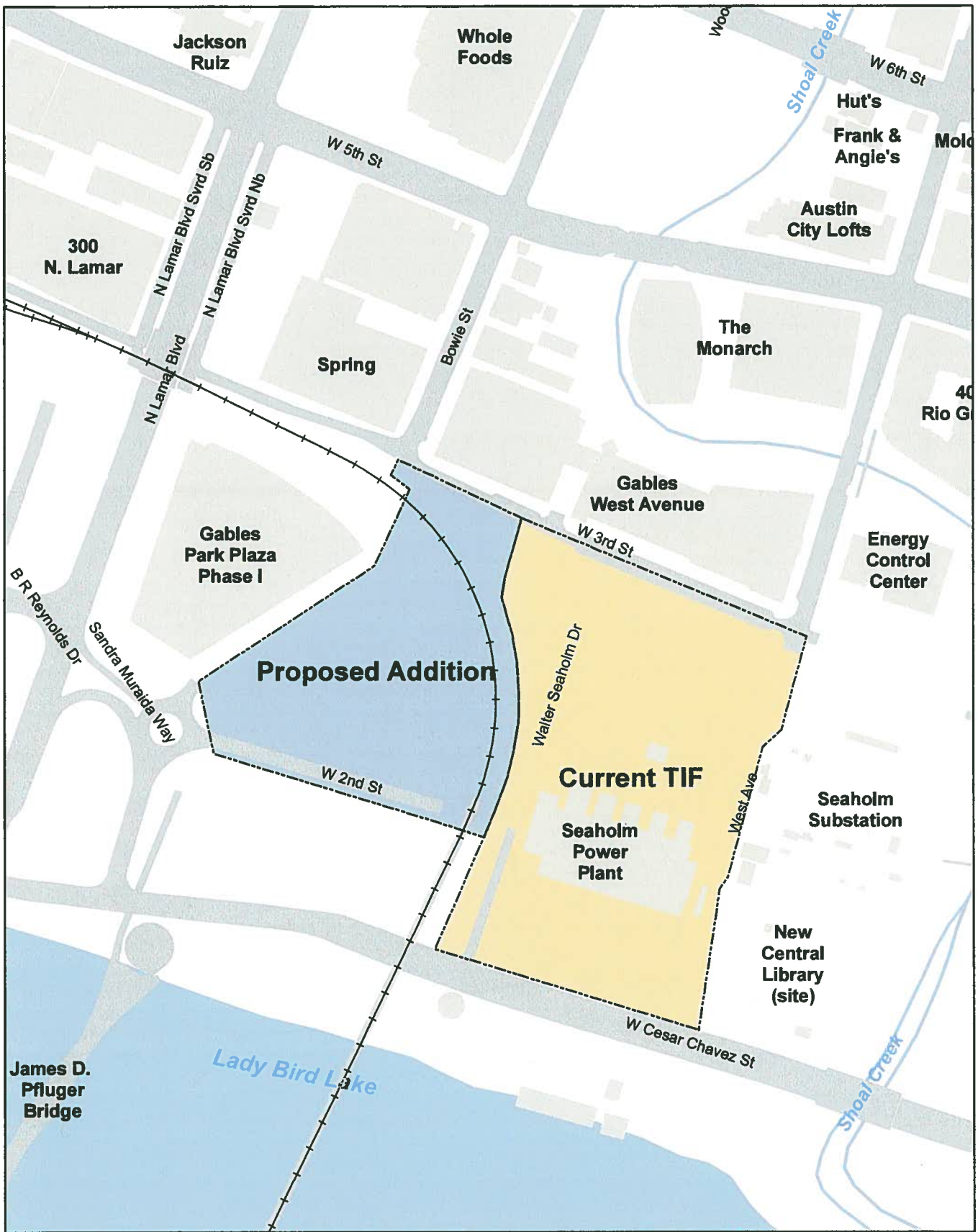
**H. The Estimated Captured Value of the TIF During Each Year of its Existence**

The estimated captured appraised value of the TIF is shown in the Tax Revenue Schedule, Exhibit 4.

**I. Duration of the Zone**

The proposed duration of the TIF Zone is 35 years. The first year of the original TIF Zone began January 1, 2008 with the TIF base valuation dated January 1, 2008. Fiscal year 2013 will be the first year the associated tax increment will be paid into the TIF. The TIF will terminate September 30, 2043, or earlier if the project has been fully implemented and all Project costs of the TIF, including any debt or interest on that debt, issued by the City in accordance with the financing plan have been paid or otherwise satisfied in full.

Exhibit 1 - Map - TIF Boundaries - Revised



# Seaholm TIF (TIF #18)





Exhibit 2  
Architectural Renderings – Seaholm Redevelopment Project



*Overall Project Aerial*



*Lower Entry to Power Plant Building*

Exhibit 2  
(continued)  
Architectural Renderings – Seaholm Redevelopment Project



*Streetscape Improvements*



*Plaza*



**Exhibit 3**  
**Seaholm District Master Plan**

[see link below]

<ftp://ftp.ci.austin.tx.us/npzd/website/planning/seaholmdraft.htm>

**Exhibit 4**  
**Project Tax Revenue Schedule**

Fiscal Year Ending	Estimated New Assessed Value on Tax Roll by Fiscal Year [1,2]						Estimated City Revenues by Fiscal Year by Source		
	Seaholm Low-Rise Office	Seaholm High-Rise Apts	Seaholm Power Plant	Seaholm Total AV	Gables Total AV	TIF #18 Total AV	Property Tax at 0.4611	Sales and Use Taxes [3]	TIF Area Total
2013	7,235,366	24,830,588	13,503,750	45,569,704	15,935,269	61,504,973	295,900	0	295,900
2014	14,470,732	49,661,176	27,007,500	91,139,408	31,870,537	123,009,945	591,801	0	591,801
2015	21,706,098	74,491,764	40,517,251	136,709,112	47,805,806	184,514,918	887,701	233,612	1,121,314
2016	22,248,750	76,354,058	42,764,032	140,126,840	49,000,951	189,127,791	909,894	240,802	1,150,696
2017	22,916,213	78,644,680	42,769,753	144,330,645	50,470,980	194,801,625	937,191	247,801	1,184,992
2018	23,603,699	81,004,020	44,052,846	148,660,564	51,985,109	200,645,674	965,306	255,216	1,220,522
2019	24,317,810	83,434,141	45,374,431	153,120,381	53,544,662	206,665,044	994,266	262,853	1,257,118
2020	25,041,164	85,937,165	46,735,664	157,713,993	55,151,002	212,864,995	1,024,093	270,718	1,294,811
2021	25,792,389	88,515,280	48,137,734	162,445,413	56,805,532	219,250,945	1,054,816	278,819	1,333,635
2022	26,566,171	91,170,738	49,581,866	167,318,775	58,509,688	225,828,473	1,086,461	287,162	1,373,622
2023	27,363,156	93,905,860	51,089,322	172,358,338	60,284,989	232,603,327	1,119,055	295,755	1,414,809
2024	28,184,051	96,723,036	52,601,401	177,508,488	62,072,939	239,581,427	1,152,626	304,605	1,457,231
2025	29,029,572	99,624,727	54,179,443	182,833,743	63,935,127	246,768,870	1,187,205	313,720	1,500,925
2026	29,890,460	102,613,469	55,804,827	188,318,755	65,653,181	254,171,936	1,222,821	323,108	1,545,929
2027	30,797,473	105,691,873	57,478,972	193,968,318	67,828,776	261,797,094	1,259,506	332,777	1,592,283
2028	31,721,398	108,662,629	59,203,941	199,787,967	69,663,640	269,451,607	1,297,291	342,735	1,640,026
2029	32,673,039	112,128,508	60,979,441	205,780,988	71,959,549	277,740,537	1,336,210	352,992	1,689,202
2030	33,653,231	115,492,363	62,808,924	211,954,418	74,118,335	286,072,753	1,376,286	363,556	1,739,852
2031	34,662,828	118,957,134	64,693,089	218,313,051	76,341,885	294,654,936	1,417,585	374,436	1,792,021
2032	35,702,712	122,525,846	66,633,882	224,862,442	78,632,142	303,494,584	1,460,112	385,641	1,845,754
2033	36,773,794	126,201,624	68,632,868	231,608,315	80,991,106	312,599,422	1,503,916	397,183	1,901,098
2034	37,877,008	129,987,672	70,691,885	238,556,565	83,420,639	321,977,404	1,549,033	409,069	1,958,103
2035	39,013,318	133,887,303	72,812,841	245,713,262	85,923,465	331,636,726	1,595,504	421,312	2,016,816
2036	40,183,717	137,903,922	74,997,021	253,084,660	88,501,169	341,586,828	1,643,369	433,921	2,077,290
2037	41,389,229	142,041,039	77,246,931	260,677,199	91,156,204	351,833,403	1,692,671	446,908	2,139,578
2038	42,630,906	146,302,270	79,564,339	268,497,515	93,890,890	362,388,405	1,743,451	460,283	2,203,734
2039	43,909,833	150,691,339	81,951,269	276,552,441	96,707,616	373,260,057	1,795,754	474,059	2,269,813
2040	45,227,128	155,212,079	84,409,808	284,849,014	99,608,945	384,457,859	1,849,627	488,247	2,337,874
2041	46,583,942	159,868,441	86,942,102	293,394,485	102,597,110	395,991,595	1,905,116	502,861	2,407,976
2042	47,981,460	164,684,494	89,550,365	302,196,319	105,675,023	407,871,343	1,962,269	517,911	2,480,180
2043	49,420,904	169,604,429	92,236,876	311,262,209	108,845,274	420,107,483	2,021,137	533,413	2,554,550
Total TIF Revenues							40,837,983	10,551,273	51,389,256
NPV at 3.0% discount rate							17,948,644	4,524,798	22,473,342

[1] Once stabilization is reached, assumes value increase at 3.0% per year

[2] Assessed Value at stabilization (2016) subtracts the current assessed value of the site (\$5.65M) to yield the net incremental value.

[3] Sales and Use Tax includes City's 1.0% share of retail sales taxes from Seaholm and Gables retail areas, as well as parking tax at 1.0% of daily and hourly parking fees at the Seaholm garage.