

**Tax Increment Reinvestment Zone Number Twelve,
City of Fort Worth, Texas
(East Berry Renaissance TIF)**

Project Plan and Financing Plan

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I. TAX INCREMENT FINANCING OVERVIEW

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Tax increment financing (“TIF”) is a tool Texas local governments use to finance public improvements within a defined area. These improvements are intended to promote development or redevelopment in the defined area and surrounding areas. The primary statute governing tax increment financing is codified in Chapter 311 of the Texas Tax Code (the “Tax Code”). Chapter 311 is often referred to as the Tax Increment Financing Act and it allows municipalities to create “reinvestment zones” within which various public improvements can be undertaken.

A municipality makes an area eligible for tax increment financing by designating a reinvestment zone. Essentially, for the City to initiate the designation of an area as a reinvestment zone, the area must 1) substantially arrest or impair the sound growth of the municipality creating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition; or 2) be predominately open and, because of obsolete platting, deterioration of structure or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality; or 3) be in a federally assisted new community located in the municipality or adjacent to such property.

At the time an area is designated a reinvestment zone for tax increment financing, the existing total appraised value of real property in the zone is identified and designated as the “base value.” All taxing units that levy taxes in the zone during the life of the TIF will continue to receive the tax revenues derived from the “base value.”

As new development is added to the tax rolls within the TIF area, total assessed valuations rise. This rise in new value is measured annually and is called the “captured appraised value”. The taxes that are collected by the participating taxing jurisdictions on the incremental increase between the original “base value” and the current year’s “captured appraised value” is the “tax increment”. Each taxing unit choosing to participate in the TIF will agree to deposit a portion or all of the taxes generated from the “tax increment” into a TIF fund administered by a TIF Board that is appointed by the local taxing units.

The TIF Board uses the tax increment to make public improvements in the area to attract private development that would not otherwise occur or that may not occur until at a much later date. Additionally, the TIF Board may enter into development agreements to participate in new development or redevelopment.

The TIF District ends on the earlier of 1) the termination date contained in the ordinance establishing the zone or 2) the date on which all project cost have been paid in full. Any revenues remaining in the TIF fund after the dissolution of the TIF are returned pro rata to each participating taxing unit.

II. THE PROJECT PLAN

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Acknowledging Fort Worth's continued economic growth, the City Council of the City of Fort Worth has made the revitalization and renaissance of the southeast area of paramount importance. In general, the TIF Plans contemplate that prospective developers of properties within the TIF may fund portions of public infrastructure associated with development opportunities utilizing financial support from the TIF Board through development agreements that provide for reimbursement of eligible expenses for these developments. It is also anticipated that the TIF Board may undertake certain public improvement projects once sufficient tax increment is available in an effort to further enhance the area, thereby making it more attractive to new development and redevelopment.

The East Berry Renaissance TIF represents an important opportunity to support viable economic redevelopment in southeast Fort Worth. The area encompassed by the TIF has been in a general state of economic decline with very little new private investment taking place in the past twenty-five years. In order to support new and denser development in the future, the basic infrastructure in the area must be upgraded because most of the existing water, sewer, and storm drainage systems were constructed more than fifty years ago.

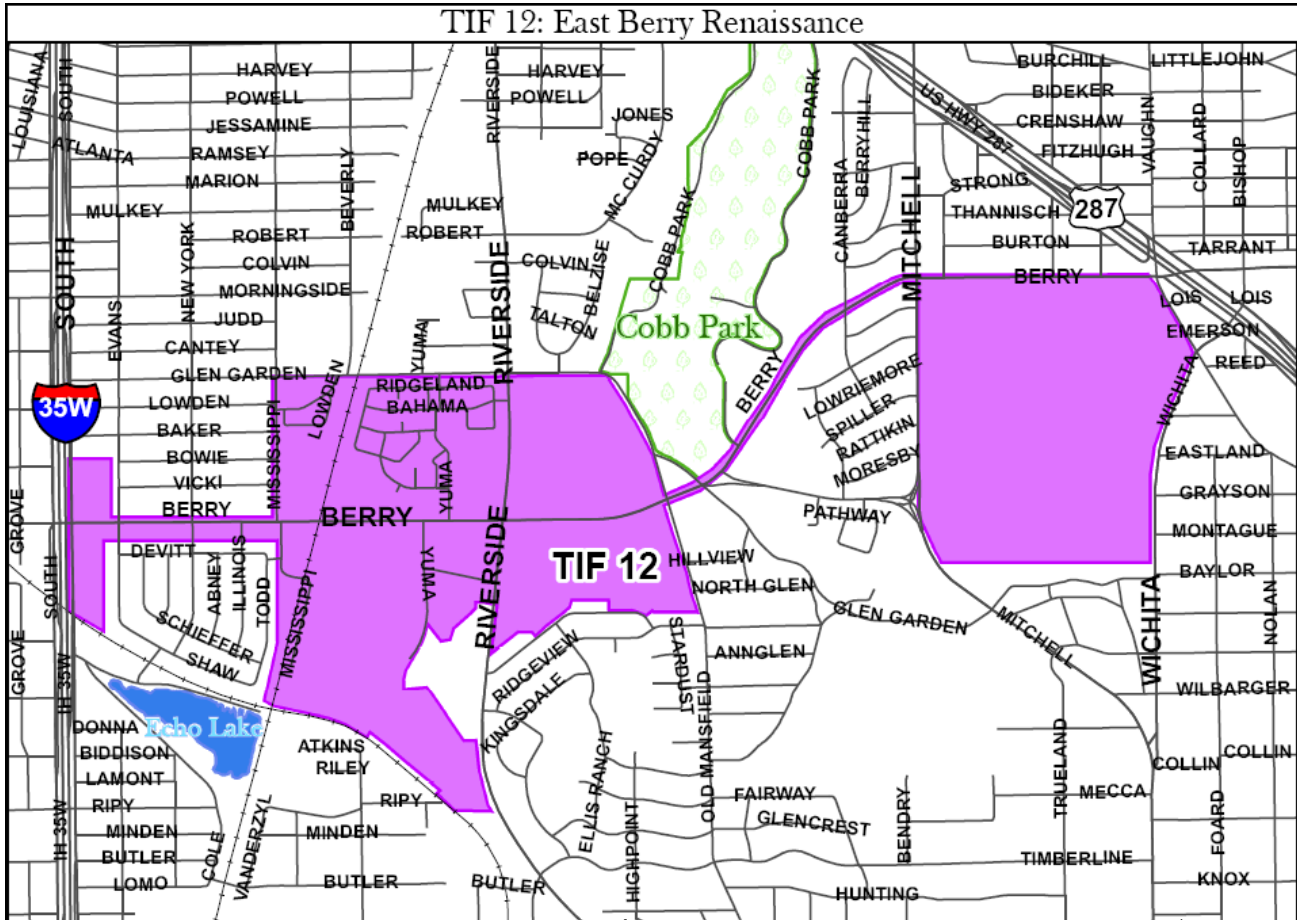
A. DESCRIPTION OF THE ZONE

The reinvestment zone outlined by this Project Plan and Financing Plan ("the Plans") is located in the southeast area of Fort Worth, Texas and encompasses property that is bounded by Glen Garden Drive on the northernmost boundary, State Highway 287 on the easternmost boundary, Riverside Drive east of Ripy Street on the southernmost boundary, and Interstate Highway 35 Frontage road on the westernmost boundary. This area includes major intersections such as Riverside & Berry and Berry & Mitchell and it includes the Masonic Home of Texas School property.

A map of the boundary and the legal description of the area are contained on the following pages as well as maps of the existing uses and property values.

i. MAP OF THE BOUNDARY

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ii. LEGAL DESCRIPTION OF THE TIF

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Being a parcel of land out of, the J. Huie Survey, Abstract Number 669, the G. Hartzog Survey, Abstract Number 697, the J. Justice Survey, Abstract Number 859, the S.P. Loving Survey, Abstract Number 943, the W.R. Loving Survey, Abstract Number 948, the R.R. Ramey Survey, Abstract Number 1342, the A. Stinson Survey, Abstract Number 1413, the A. Thompson Survey, Abstract Number 1499, and the E.S. Terrell Survey, Abstract Number 1527, situated in the City of Fort Worth, Tarrant County and being more particularly described by metes and bounds as follows:

Beginning at the intersection of the East right-of-way of Interstate Highway 35W and the North right-of-way of the T&P Railroad;

Thence: with the East right-of-way of said Interstate Highway 35W, North to the Southwest corner of Lot 16, Dobbins Subdivision;

Thence: with the South line of said Dobbins Subdivision, East to the Southeast corner of Lot 9, being in the West right-of-way of Evans Avenue;

Thence: South with the West right-of-way of said Evans Avenue to the projected intersection of the South line Block 3, Morningside Terrace Addition with said West right-of-way;

Thence: East with the South line of said Block 3 to and along the South line of Block 2, Morningside Terrace Addition, to the East right-of-way of Mississippi Avenue;

Thence: with the East right-of-way of said Mississippi Avenue, North to the intersection of said East right-of-way and the South right-of-way of Glen Garden Drive.

Thence: with the South right-of-way of said Glen Garden Drive to the Southwesterly right-of-way of Old Mansfield Road;

Thence: with the Southwesterly right-of-way of said Old Mansfield Road, Southeasterly to the intersection of the Southwesterly right-of-way of said Old Mansfield Road and the Northwesterly right-of-way of East Berry Street;

Thence: with the Northwesterly and North right-of-way of said East Berry Street, Northeasterly and East to the intersection of the North right-of-way of said East Berry Street and the Southwesterly right-of-way of Vaughn Boulevard ;

Thence: Southeasterly with the Southwesterly right-of-way of said Vaughn Boulevard, and Southeasterly to the intersection of said Southwesterly right-of-way of Vaughn Street and the Northwesterly right-of-way of Wichita Street;

Thence: with the Northwesterly right-of-way of said Wichita Street, Southwesterly and South to the Southeast corner of the Masonic Home School Addition;

Thence: with the South line of said Masonic Home School Addition, West to its Southwest corner and the Easterly right-of-way of Mitchell Boulevard;

Thence: with the Westerly line of said Masonic Home School Addition and the Easterly right-of-way of said Mitchell Boulevard, Northwesterly and North to the intersection of the East right-of-way of said Mitchell Boulevard and the South right-of-way of said East Berry Street and the Northwest corner of said Masonic Home School Addition;

Thence: with the South and Southeasterly right-of-way of East Berry Street, West and Southwest to the intersection of the Southerly right-of-way of East Berry Street and the Southwesterly right-of-way of said Old Mansfield Road;

Thence: with the Southwesterly right-of-way of said Old Mansfield Road, Southeast to the Northeast corner of Block 4, O.D. Wyatt Addition;

Thence: West, Northwest, and Southwest with the North line of said Block 4 to the Northerly right-of-way of Briardale Road;

Thence: with said North right-of-way of Briardale Road, West to the Southeast corner of Block 18, Rolling Hills Addition;

Thence: with the East line of said Block 18, North to its Northeast corner;

Thence: with the North line of said Block 18, West to its Northwest corner;

Thence: with the Westerly line of said Block 18, Southwesterly to the Southwest corner of said Block 18 and the Northwesterly right-of-way of said Briardale Road;

Thence: with the Northwesterly right-of-way of said Briardale Road, Southwesterly to the East corner of Block 17, Rolling Hills Addition;

Thence: with the Northeasterly line of said Block 17, Northwesterly to its North most Northeast corner;

Thence: with the North and Northwesterly line of said Block 17, West and Southwesterly to the Northwest corner of said Block 17, the Southwest corner of a 2.54 acre tract of land out of the S.P. Loving Survey, Abstract Number 943, as conveyed to the International Association of Black Professional Fire Fighters as recorded in Volume 14013, Page 423, Deed Records, Tarrant County, Texas, and the East right-of-way of South Riverside Drive;

Thence: with the East right-of-way of said South Riverside Drive and the West line of said 2.54 acre tract of land, North to the Northwest corner of said 2.54 acre tract of land;

Thence: Northwesterly to the West right-of-way of said South Riverside Drive, the Southeast corner of a 0.03 acre tract of land out said J.P. Loving Survey;

Thence: with the South line of said 0.03 acre tract of land, West to the East most corner of Lot 4, Berry Industrial Park Addition;

Thence: with the meanders of the South line of said Lot 4, Southwesterly, Westerly and Northwesterly to the West line of said Lot 4 and the East right-of-way of Yuma Street;

Thence: with the East right-of-way of said Yuma Street, South to the Southeast corner of said right-of-way and the North line of a 5.65 acre tract of land out of said J.P. Loving Survey;

Thence: with the North line of said 5.65 acre tract of land, East to the Northeast corner of a 16.50 acre tract of land out of said J.P. Loving Survey and the West corner of Block 2, River Bend Condos;

Thence: with the Northeasterly line of said 16.50 acre tract of land and the Southwesterly line of said Block 2, Southeast to the Southwest corner of said Block 2 and the Northwest corner of a 1.27 acre tract of land out of said J.P. Loving survey as conveyed to Sininian Development in Volume 16020, Page 132, Deed Records, Tarrant County, Texas;

Thence: with the South line of said Block 2 and the North line of said 1.27 acre tract of land, East to the Southeast corner of said Block 2, the Northeast corner of said 1.27 acre tract of land and the West right-of-way of said South Riverside Drive;

Thence: with the East line of said 1.27 acre tract of land, and the West right-of-way of said South Riverside Drive, Southeasterly to the Northeast corner of Block A, Grace Temple Addition;

Thence: with the North line of said Block A, West to the Northeasterly right-of-way of the T&P Railroad;

Thence: with the Northeasterly right-of-way of said T&P Railroad, Northwesterly to the intersection of the said Northeasterly right-of-way of the T&P Railroad and the West right-of-way of the International & Great Northern Railroad, and the Southeast corner of Lot 36, Block 4, Morningside Park Addition;

Thence: with the Westerly right-of-way of said International & Great Northern Railroad and the Southeasterly line of said Block 4, Morningside Park Addition, Northeasterly to the South corner of the John Randol Addition;

Thence: with the East line of said Block 4, Morningside Park Addition and the West line of said Block 2, John Randol Addition, North to the Northwest corner of said Block 2, and being in the West right-of-way of Mississippi Avenue;

Thence: with the East line of said Block 4, Morningside Addition and the West right-of-way of said Mississippi Avenue, North to the North most Northeast corner of Lot 5, said Block 4, Morningside Addition and the South right-of-way of an alley;

Thence: with the South right-of-way of said alley, West to the Northwest corner of Lot 1, Block 2, said Morningside Park Addition, and the East right-of-way of Evans Avenue;

Thence: West to the West right-of-way of said Evans Avenue, the Southeast corner of Lot 1, Block A, and the Northeast corner of Lot 1, Block 1, said Morningside Park Addition;

Thence: with the South line of said Lot 1, Block A, and the North line of said Lot 1, Block 1, West to the Northwest corner of said Lot 1, Block 1;

Thence: with the West line of said Block 1, Morningside Park Addition, South to the North right-of-way of said T&P Railroad;

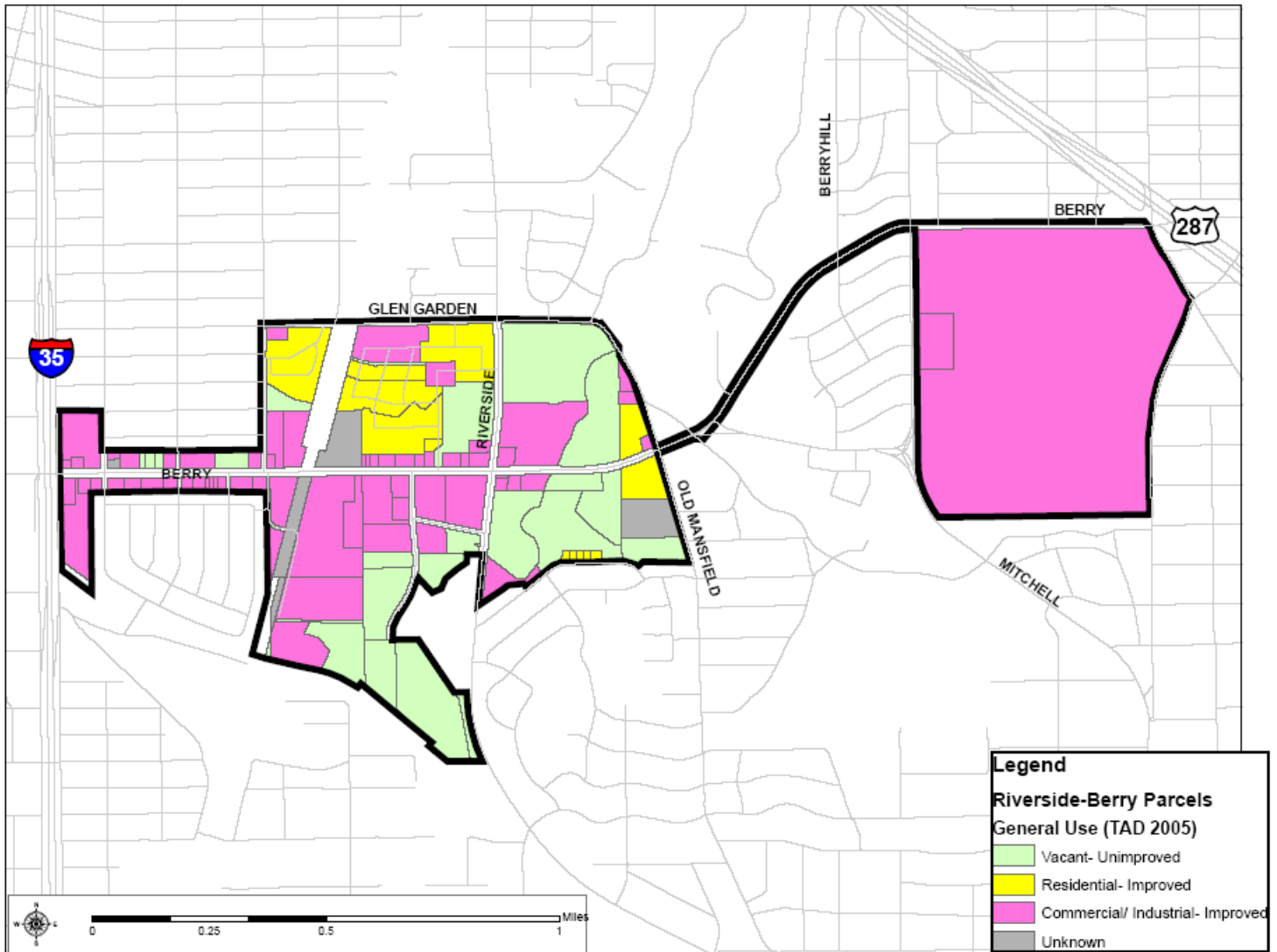
Thence: with the North right-of-way of said T&P Railroad, Northwesterly to the place of beginning, and containing some 3,970 acres of land.

Note: This exhibit prepared under 22 TAC § 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interest in real property except those rights and interest implied by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

East Berry Corridor TIF
CFW/DOE/Survey Division
File No. 52656001

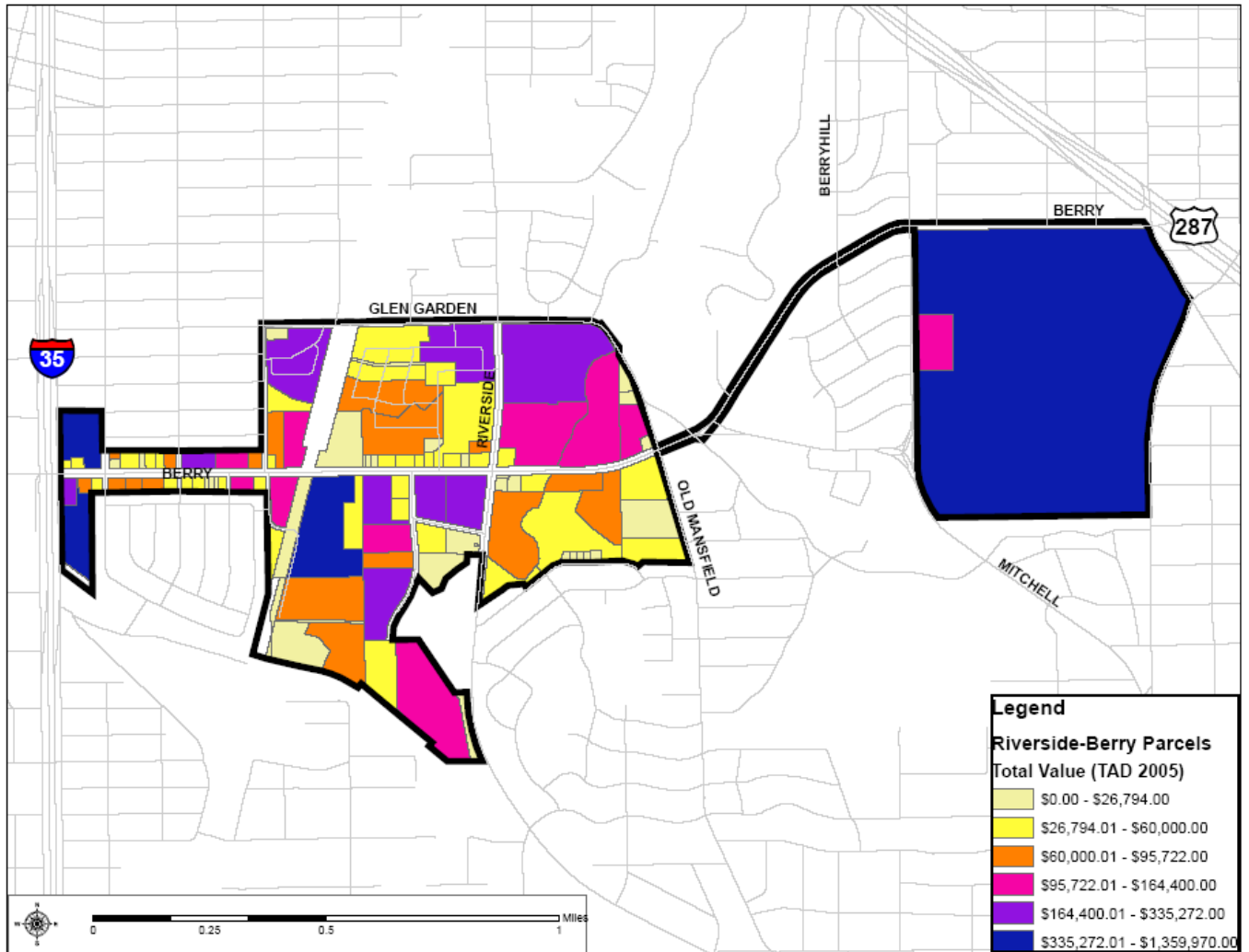
iii. MAP OF EXISTING USES

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iv. MAP OF PROPERTY VALUES

iv. MAP OF PROPERTY VALUES



B. PROPOSED CHANGES TO CURRENT ORDINANCES AND CODES

There are currently no proposed changes to zoning ordinances, building codes, nor any other municipal ordinances relating to the TIF that would affect the anticipated implementation of the Plans by the Board.

C. ESTIMATED NON-PROJECT COSTS

Non-project costs are not expected to be incurred within the TIF.

D. METHOD OF RELOCATING DISPLACED PERSONS

No person shall be displaced as a result of implementing the Plans.

III. THE FINANCING PLAN

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A. ECONOMIC FEASIBILITY OF THE ZONE

i. Increased Tax Base

The following economic impact analysis is based on known development plans within the TIF district and the opportunities that exist to capture tax increment due to the low appraised values in the area.

The success of any TIF Zone is predicated on the increase in value of the appraised real property so that tax increment may be captured. This tax increment can then be used to make infrastructure improvements in an effort to promote further growth. With that in mind, initiating this TIF Zone in 2006 is important since private investment planned for the area is currently underway. Specifically, the Sierra Vista residential development planned at the northwest corner of the intersection of East Berry and Riverside Drive can serve as a catalyst that both initiates the redevelopment of the area and helps ensure the success of the TIF Zone in the early years. Along with this single family housing project, numerous development opportunities have come to the forefront including the potential development of the Masonic Home of Texas School property, which includes approximately 200-acres of prime green space within the core of the central city.

With the designation of the 604-acre TIF, it is anticipated that the area within and surrounding the TIF will experience a substantial increase in value as the project improvements are completed and the planned developments build out. Potential development is expected to include commercial, retail, restaurants, entertainment, and residential uses. These new developments should have a greater impact on the overall increase in taxable real property within the Zone than typically found in other areas of Fort Worth. A comparison of land values per acre in a comparable area of the City of Fort Worth in which a TIF Zone has been created, illustrates the potential for a dramatic increase in existing property values due to the depressed existing values. The area for the TIF shows that the average value per acre of real property is under \$50,000 while the average value per acre of the Southside TIF (generally bounded by Interstate Highway 30 on the north, Evans Avenue on the east, Allen on the south, and Forest Park on the west) when created in 1997 was over \$140,000. Because of the overall depressed existing values in the area, it is surmised that new investment made in the area will increase the value of existing properties at a faster rate than the typical rate of inflation, which means an even greater opportunity for the TIF Zone to be successful.

It is estimated that the area in the Zone will experience significant development during the 20-year period in which the TIF Zone is in place with the potential for TIF Increment to exceed \$30 million if all taxing entities choose to participate by designating 100% of their tax increment. Although prohibited from participating in the TIF, it is anticipated that the Fort Worth Independent School District could receive an estimated \$39.2 million in tax revenue over the 20-year period.

ii. Increased Retail and Commercial Business

Based on current land uses and potential investment, the TIF will develop with approximately 110 acres of the developable area becoming new or redeveloped retail and commercial business.

iii. Employment Opportunities

In addition to the jobs created during construction of the project improvements, it is expected that the future development of the Zone resulting from the private project improvements will generate a wide variety of additional employment opportunities.

B. PROPOSED PROJECTS AND IMPROVEMENTS

The redevelopment within the East Berry Renaissance TIF will consist of a combination of public improvements and private investments projects. These improvements will provide a “foundation for development” to encourage and support the long-term public needs of the neighborhood and secure mixed-use economic growth opportunities in southeast Fort Worth.

i. Initial Improvements

The initial improvements contemplated in the East Berry Renaissance TIF include public infrastructure (e.g. water, sewer, drainage, roads, sidewalks, etc) associated with mixed-use development. In addition, demolition, environmental remediation, and all expenses allowable under the Tax Increment Financing Act are contemplated as needed for areas of the TIF Zone identified as ripe for new or redevelopment. The improvements undertaken by the TIF will be associated with the projects listed below:

- East Berry Corridor Improvements – Street, traffic, utility, drainage and other public infrastructure projects on East Berry Street from IH-35 to Highway 287
- Public Infrastructure such as water, sewer, drainage, roads, sidewalks, etc. associated with the following development projects
 - Sierra Vista Phase II – Commercial and Retail Developments planned for the northeast corner of Riverside and Berry
 - Masonic Home of Texas School property – Development of this site once sold to a private investment group, which is expected in 2006.
 - Sierra Vista Phase III – Commercial and Retail Development planned on the southwest corner of Riverside and Berry
- Berry Street Gateway Enhancements - Street, traffic, utility, drainage and other public infrastructure projects at the gateways of the TIF at IH-35 and at Highway 287
- Administrative Expenses

ii. Future Improvements

There are no future projects contemplated during the term of the TIF. However, the City Council reserves the right to consider amendments to the project plan if subsequent projects are identified by the TIF Board as appropriate and eligible for tax increment funding.

C. TAX INCREMENT REVENUE PROJECTIONS

i. Bonded Indebtedness

No bonded indebtedness is expected to be incurred with respect to any of the project improvements.

ii. Projection of Revenues

This section outlines the estimated Zone tax increment. The Zone Tax increment will depend on many factors, including (a) the base value of real property in the Zone subject to property tax; (b) captured appraised value; (c) annual growth of the Zone's taxable real property (which largely depends on private growth within the Zone); (d) participation by tax units; (e) tax rates; (f) collection rates; and (g) the term of the Zone. Each of these factors is discussed in turn.

(a) Taxable Appraised Value for 2006 (the Base Value). Table 1 sets forth the total taxable appraised value of property in the Zone (estimated to be \$30,154,930), which is anticipated to be the Zone's base value.

(b) Captured Appraised Value. Table 1 sets forth the estimated total appraised value of property in the Zone over the life of the TIF (estimated to be approximately \$212,474,746 in year 2026).

(c) Expected Annual Growth of the Zone's Taxable Real Property. The estimated captured appraised value (thus reflecting estimated growth of real property taxable values) of the Zone for each year of its existence and the estimated tax increment to be generated annually in total and from each taxing entity is outlined on Table 1.

(d) Participation by Tax Units. Although each taxing entity has not agreed to a specific level of participation, the financial projections set forth in the Plans anticipates that the City of Fort Worth, Tarrant County, the Tarrant County Hospital District, Tarrant County College, and Tarrant Regional Water District will participate in the Zone, by contributing one hundred percent (100%) of their tax increment with respect to the Zone.

(e) Projected Tax Rates. Property tax rates are assumed to remain constant.

(f) Projected Collection Rates. The Plans assumes a one hundred percent (100%) collection rate.

(g) Term of the Zone. The term of the Zone will be 21 years, expiring on December 31, 2027, beginning with that Zone tax increment generated by the 2007 tax appraisal and ending with that Zone tax increment generated by the 2026 tax appraisal.

iii. Estimated Payment of Project Costs

Based on the assumptions and estimates set forth in the information above, it is expected that the Zone tax increment will be sufficient to pay in full all project costs (including interest).

**IV. SUMMARY OF PROJECT COSTS
AND FINANCING**

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A. Anticipated TIF Projects

• East Berry Corridor Improvements*	\$ 7,500,000
• Public Infrastructure associated with	
○ Sierra Vista Phase Retail/Commercial (Northeast Corner)*	\$ 4,200,000
○ Masonic Home of Texas Property Redevelopment*	\$ 5,200,000
○ Sierra Vista Phase Retail/Commercial (Southwest Corner)*	\$ 1,000,000
• Berry Street Gateway Enhancements*	\$ 1,700,000
• Administrative Expenses	<u>\$ 500,000</u>
TOTAL PROJECT COSTS	\$20,100,000

B. Anticipated TIF Revenues

• City of Fort Worth	\$19,260,657
• Tarrant County	\$ 6,471,944
• Tarrant County Hospital District	\$ 5,590,738
• Tarrant County College District	\$ 3,310,310
• Tarrant Regional Water District	<u>\$ 475,005</u>
TOTAL REVENUE	\$35,108,655

* Project costs assume interest associated with reimbursement for public improvements.

V. TABLES