

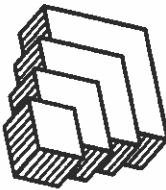
FINAL

FEASIBILITY ANALYSIS

October 2013

Tax Increment Financing Reinvestment Zone No. 1

City of Snyder, Texas



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FINANCE PLAN: EXHIBIT D—Feasibility Analysis

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FORWARD

Schrader & Cline, LLC was asked to prepare a Feasibility Analysis using tax increment financing to encourage accelerated development for Tax Increment Financing (TIF) Reinvestment Zone No. 1 in the City of Snyder, Texas. The area of the City within the boundary of the TIF needs public infrastructure projects that will provide a stimulus for new development.

Section I summarizes the history of Snyder and discusses the current situation.

Section II details the tax increment analysis.

Section III contains exhibits.

The following projections of development and tax revenues are subject to change. As underlying conditions in the national and regional economy change, the pace and value of new development projected for the TIF area may shift. Future property tax rates are particularly difficult to predict given their dependence on changes in the tax base, the mix of taxes levied and the various jurisdictions' overall fiscal and budgetary policies. Thus, the projected tax increments are subject to change. The analysis of future tax increment funds is dependent on a series of projections, assumptions, and other inputs. As a result, the report should be reviewed in totality.

Neither this report nor its conclusions may be referred to or included in any prospectus or part of any offering made in connection with private syndication of equity, sale of bonds, sale of securities or sale of participation interests to the public without express written approval.



Schrader & Cline, LLC

Addison, Texas

September 2013

SECTION I: HISTORY/CURRENT SITUATION

HISTORY

Snyder had its beginnings in 1878 when a buffalo hunter and trader, William Henry (Pete) Snyder, operated a trading post to sell items to buffalo hunters and settlers. Soon, a colony of buffalo-hide dwellings grew up around it. In 1882, Snyder drew up a town plan. In 1884, when Scurry County was organized, Snyder's settlement was chosen as the county seat. Snyder remained a farming and ranching community until 1948 when oil was discovered on the Canyon Reef formation north of town. Within a year the population jumped from around 4,000 to over 12,000. The boom was over by late 1951 and the population stabilized at around 11,000 and it has generally remained at that level since. The 2010 population was 11,202.

CURRENT SITUATION

With essentially no growth in the last 50 – 60 years, it is obvious the City of Snyder is in need of some type of stimulus that will bring new commercial development to the City resulting in new employees and residents that, in turn, will stimulate residential development. In addition, it is anticipated that the Cline shale activity will create the need for new development. One method that could help provide a stimulus for new development is through the use of a Tax Increment Financing (TIF) Reinvestment Zone which would utilize a portion of the real property tax revenue generated by the new private development as a funding source for public infrastructure. Section II of this Feasibility Analysis will provide details of this method of funding.

In developing the boundary of the proposed TIF, it was assumed that the area to the south (both in the City and the ETJ) would be the first to develop and would be of higher value. Excess TIF funds anticipated to be created in the southern area could then be used in the northern area to upgrade public infrastructure which would stimulate redevelopment.

SECTION II: TAX INCREMENT ANALYSIS

This section documents the detailed analysis and inputs used to generate the tax increment revenue estimates. Tax Increment Financing involves:

- Designating an eligible redevelopment area as a tax increment financing reinvestment zone;
- Soliciting participation of other taxing jurisdictions;
- Setting the assessment base at the level of the most recent assessment; and
- Placing designated tax revenues generated by the increase in assessed value in a tax increment fund for funding public improvements.

Thus, future tax increment revenues depend on four elements:

- The timing and added value of new development;
- Appreciation of existing land and improvements;
- The loss of value from any existing improvements demolished to make way for new development; and
- Future tax rates and the percentage of participation of each taxing jurisdiction.

Assessment policies in Scurry County generally set building assessments at 100 percent of fair market value, which are typically comparable to construction costs for new construction. Assessed values are established as of January 1 of the tax year. Thus, development in 2013 goes on the tax rolls for the Tax Year 2014. In this analysis, to be conservative, no increase on existing land and improvements and new development after completion has been included. In addition, only a portion of taxes from increases in real property values are directed to the TIF Fund. All taxes from the base real property tax value and all taxes from existing and new business personal property continue to flow to each taxing jurisdiction.

The total year 2013 taxable value of real property within the TIF boundary was \$28,927,036. For purposes of this tax increment analysis, the initial tax base for the Tax

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Increment Fund is assumed to be \$28,927,036. Taxes on this amount will continue to flow to each taxing jurisdiction during the 30-year life of the TIF.

The TIF Fund generated by the incremental real property value of new Phase I development shown in Exhibit G, which also includes the contribution provided by each taxing jurisdiction, is calculated by multiplying the incremental assessed value by the portion of the property tax rates of participating taxing jurisdictions.

Fiscal Year 2012 tax rate used:

<u>JURISDICTION</u>	<u>TAX RATE/\$100 OF TAXABLE VALUE</u>	<u>% APPLIED TO TIF FUND</u>	<u>UTILIZED TAX RATE</u>
City of Snyder	\$0.4445	65	\$0.288925

Over the 30-year life of the TIF, it is conservatively assumed that the tax rates will remain constant. Taxes generated on tax year 2013 values as of January 1, 2013 are due and collected at the beginning of 2014.

Based on this analysis, establishment of the TIF is expected to provide TIF Fund income of \$17,238,000 (Exhibit F) over the next 30 years which will adequately fund the projects total of \$15,250,000 (Exhibit C). Including Business Personal Property (BPP) income (Exhibit G) the City and TIF Fund will share income as follows:

<u>INCOME</u>	<u>CITY \$</u>	<u>TIF FUND \$</u>
Real Property	9,282,000	17,238,000
BPP	4,072,000	-
TOTAL	13,354,000	17,238,000
	(43.7%)	(56.3%)

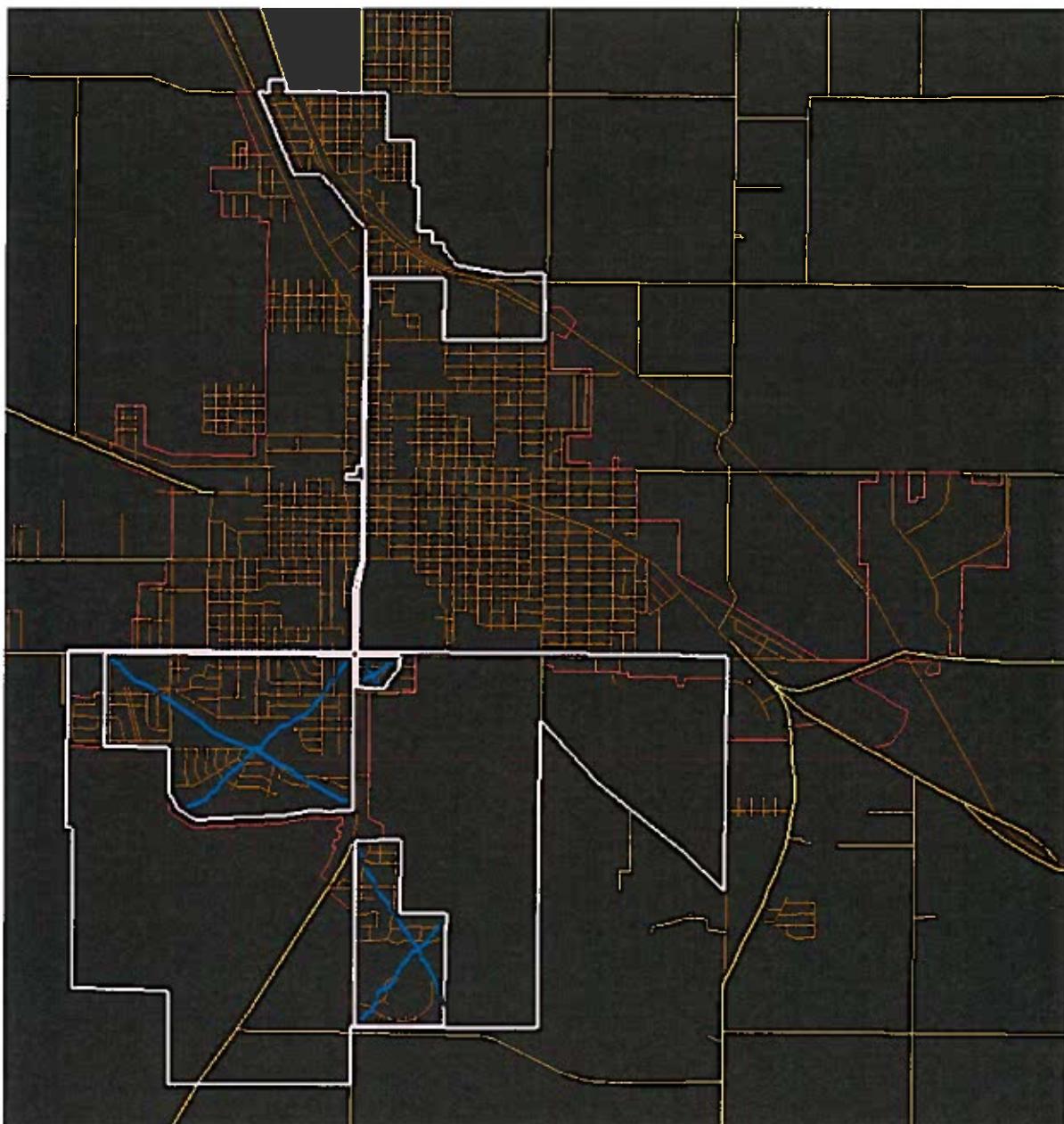
In addition, the City will also receive all sales tax income from the new retail projects within the TIF boundary.

FINANCE PLAN: EXHIBIT D—Feasibility Analysis

SECTION III: EXHIBITS

CITY OF SNYDER
TAX INCREMENT FINANCING REINVESTMENT ZONE No. 1

BOUNDARY MAP



**CITY OF SNYDER
TAX INCREMENT FINANCING REINVESTMENT ZONE No. 1**

BOUNDARY DESCRIPTION

Beginning at the intersection of the east ROW of N. Post Road and the city limits boundary, the POINT OF BEGINNING;

THENCE, following the city limits boundary east, north, east, south parallel to U.S. Hwy 84, east, south, east, south, east, south, then southeasterly parallel to U.S. Hwy 84, east, south, southeasterly, then southwesterly across U.S. Hwy 84, then northwesterly parallel to U.S. Hwy 84 to the west ROW of Avenue E;

THENCE, south along the west ROW of Avenue E to the north ROW of 13th Street;

THENCE, west along the north ROW of 13th Street to the west ROW of Avenue M;

THENCE, north along the west ROW of Avenue M to the north ROW of 8th Street;

THENCE, west along the north ROW of 8th Street to the east ROW of College Avenue;

THENCE, south along the east ROW of College Avenue to the north ROW of 37th Street;

THENCE, east along the north ROW of 37th Street to the west ROW of Brick Plant Road;

THENCE, south along the west ROW of Brick Plant Road to the southeast corner of the W. Gardner Tract 19690;

THENCE, northwest along the southerly property line of the W. Gardner Tract 19690 to the southeast corner of the Katol Investments Tract 19691;

THENCE, northwest along the southerly property line of the Katol Investments Tract 19691 and Tract 19711 to the northwest corner of a City of Snyder Tract 19733;

THENCE, south along the west property line of the City of Snyder Tract 19733 continuing south along the west property lines of M. Bostic Tract 135574, B. Voss Tract 169336, B. Voss Tract 169332, Calley Tract 19696 To the southeast corner of Calley Tract 19928;

THENCE, west along the south property line of Calley Tract 19928 to the southwest corner of Calley Tract 19928 continuing west along the north ROW of FM 2763 crossing SH 350 to the west ROW of SH 350;

THENCE, southwesterly along the west ROW of SH 350 to the southeast corner of the J. Cavender Tract 20559;

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THENCE, west along the south property line of the J. Cavender Tract 20559, to its southwest corner;

THENCE, north along the west property line of the J. Cavender Tract 20559 to the southeast corner of the J. Cavender Tract 20746;

THENCE, west along the south property line of the J. Cavender Tract 20746 to the southwest corner of the J. Cavender Tract 20746;

THENCE, north along the west property line of the J. Cavender Tract 20746 continuing north along the west property lines of J. Cavender Tract 20756, and Scurry County Tract 20758 to the southeast corner of the Scurry County Tract 178041;

THENCE, west along the south property line of the Scurry County Tract 178041 to the east property line of the Scurry County Airport;

THENCE, northerly along the east property line of the Scurry County Airport, crossing 37th Street to the north ROW of 37th Street;

THENCE, east along the north ROW of 37th Street to the west ROW of College Avenue;

THENCE, north along the west ROW of College Avenue to the south ROW of 24th Street;

THENCE, west along the south ROW of 24th Street to the east ROW of Avenue T;

THENCE, north along the east ROW of Avenue T to the southwest corner of Scurry County Tract 11143;

THENCE, east along the south property line of Scurry County Tract 11143 to its southeast corner;

THENCE, north along the east property line of Scurry County Tract 11143, crossing 23rd Street to the north ROW of 23rd Street;

THENCE, east along the north ROW of 23rd Street to the west ROW of College Avenue;

THENCE, north along the west ROW of College Avenue to the southerly ROW of US Highway 84;

THENCE, northwesterly along the southerly ROW of U.S. Highway 84 to the south ROW of Parks Avenue;

THENCE, west along the south ROW of Parks Avenue to the east ROW of N. Old Post Road;

THENCE, northwesterly along the east ROW of N. Old Post Road to the city limits boundary, and the POINT OF BEGINNING and containing an area of approximately 4221 acres.

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SAVE AND EXCEPT No. 1

Beginning at the intersection of the west ROW of College Avenue and the south ROW of 37th Street, the POINT OF BEGINNING;

THENCE, south along the west ROW of College Avenue to the south ROW of Houston Parkway;

THENCE, west along the south ROW of Houston Parkway and continuing along the west ROW as Houston Parkway becomes Houston Avenue to the south boundary of Park Place Addition;

THENCE, west and north along the south and west boundaries of Park Place Addition to the south ROW of 37th Street;

THENCE, east along the south ROW of 37th Street to the west ROW of College Avenue and the POINT OF BEGINNING and containing an area of approximately 664.04 acres.

SAVE AND EXCEPT No. 2

Beginning at the intersection of the east ROW of College Avenue and the north ROW of 51st Street, the POINT OF BEGINNING;

THENCE, east along the north ROW of 51st Street continuing along the north ROW of Elgen Blvd. to the city limits line;

THENCE, south, east and south along the city limits line to the north ROW of FM 2763;

THENCE, west along the north ROW of FM 2763 to the east ROW of College Avenue;

THENCE, north along the east ROW of College Avenue to the north ROW of 51st Street and the POINT OF BEGINNING and containing an area of approximately 250.54 acres.

SAVE AND EXCEPT No. 3

Beginning at the intersection of the east ROW of College Avenue and the south ROW of 37th Street, the POINT OF BEGINNING;

THENCE, east along the south ROW of 37th Street to the west ROW of Muriel Drive;

THENCE, southwesterly along the west ROW of Muriel Drive to the north ROW of 40th Street;

THENCE, west along the north ROW of 40th Street to the east ROW of College Avenue;

THENCE, north along the east ROW of College Avenue to the south ROW of 37th Street and the POINT OF BEGINNING and containing an area of approximately 22.81 acres resulting in an area of approximately 3,479 acres in Tax Increment Financing Reinvestment Zone No. 1.

EXHIBIT C

CITY OF SNYDER
TAX INCREMENT FINANCING REINVESTMENT ZONE
No. 1

PUBLIC INFRASTRUCTURE PROJECTS

<u>PROJECT</u>	<u>ESTIMATED COST, \$K</u>
ROADWAYS (including associated storm sewer)	5,000
UTILITIES (water, sanitary sewer)	5,000
OTHER *	5,000
ADMINISTRATION	250
TOTAL	15,250

*Examples of other projects typically, but not necessarily, within a public right-of-way or public easement: landscaping, traffic signal, environmental remediation, façade improvements, etc.

EXHIBIT D

CITY OF SNYDER
TAX INCREMENT FINANCING REINVESTMENT ZONE No. 1
PRIVATE DEVELOPMENT ASSUMPTIONS

EARLY DEVELOPMENT ASSUMPTIONS

<u>PROJECT</u>	<u>VALUE, \$M</u>	<u>DATE ON TAX ROLLS</u>
Walmart	10.0	2014
Multi-Family Projects (2)	12.0	2015, 2016
Hotel (2)	10.0	2015, 2016
Allsup's (2)	4.0	2014, 2015
Stripes	2.0	2015
Retail (2)	2.0	2014, 2016
Restaurants (2)	4.0	2014, 2016
SF Residential (50 un.)	7.5	2015, 2016
SF Residential (20 un.)	6.0	2015, 2016
Office	<u>2.0</u>	2016
TOTAL	59.5	

LATER DEVELOPMENT ASSUMPTIONS (2017 – 2042)

<u>PROJECT</u>	<u>VALUE, \$M</u>
Retail (\$4M each 5 years)	20.0
MF Residential @ \$100K/un (100 un/yr for 2 yrs, 50 un/yr for 5 yrs, 25 un/yr for remainder)	92.5
SF Residential @ \$200K/un (50 un/yr for 2 yrs, 25 un/yr for 5 yrs, 10 un/yr for remainder)	83.0
Office (\$3M/yr beginning 2017)	<u>78.0</u>
TOTAL	273.5

EXHIBIT E

CITY OF SNYDER
TAX INCREMENT FINANCING REINVESTMENT ZONE No. 1

PRIVATE DEVELOPMENT VALUES, \$M

<u>YEAR</u>	<u>RETAIL</u>	<u>HOTEL</u>	<u>MF</u>	<u>SF</u>	<u>OFF</u>	<u>TOTAL</u>
2013	---	---	---	---	---	---
2014	15.0	---	---	---	---	15.0
2015	4.0	5.0	6.0	6.75	---	21.75
2016	3.0	5.0	6.0	6.75	2.0	22.75
2017	---	---	10.0	10.0	3.0	23.0
2018	---	---	10.0	10.0	3.0	23.0
2019	4.0	---	5.0	5.0	3.0	17.0
2020	---	---	5.0	5.0	3.0	13.0
2021	---	---	5.0	5.0	3.0	13.0
2022	---	---	5.0	5.0	3.0	13.0
2023	---	---	5.0	5.0	3.0	13.0
2024	4.0	---	2.5	2.0	3.0	11.5
2025	---	---	2.5	2.0	3.0	7.5
2026	---	---	2.5	2.0	3.0	7.5
2027	---	---	2.5	2.0	3.0	7.5
2028	---	---	2.5	2.0	3.0	7.5
2029	4.0	---	2.5	2.0	3.0	11.5
2030	---	---	2.5	2.0	3.0	7.5
2031	---	---	2.5	2.0	3.0	7.5
2032	---	---	2.5	2.0	3.0	7.5
2033	---	---	2.5	2.0	3.0	7.5
2034	4.0	---	2.5	2.0	3.0	11.5
2035	---	---	2.5	2.0	3.0	7.5
2036	---	---	2.5	2.0	3.0	7.5
2037	---	---	2.5	2.0	3.0	7.5
2038	---	---	2.5	2.0	3.0	7.5
2039	4.0	---	2.5	2.0	3.0	11.5
2040	---	---	2.5	2.0	3.0	7.5
2041	---	---	2.5	2.0	3.0	7.5
2042	---	---	<u>2.5</u>	<u>2.0</u>	<u>3.0</u>	<u>7.5</u>
TOTAL	42.0	10.0	104.5	96.5	80.0	333.0

FINANCE PLAN: EXHIBIT D—Feasibility Analysis

EXHIBIT F

CITY OF SNYDER
TAX INCREMENT FINANCING REINVESTMENT ZONE No. 1

TAX INCREMENT FUND

<u>YEAR</u>	<u>DEV'L. \$M</u>	<u>CUM DEV'L. \$M</u>	<u>TIF FUND. \$K</u>
2013	---	---	---
2014	15.0	15.0	---
2015	21.75	36.75	43.3
2016	22.75	59.5	106.2
2017	23.0	82.5	171.9
2018	23.0	105.5	238.4
2019	17.0	122.5	304.8
2020	13.0	135.5	353.9
2021	13.0	148.5	391.5
2022	13.0	161.5	429.1
2023	13.0	174.5	466.6
2024	11.5	186.0	504.2
2025	7.5	193.5	537.4
2026	7.5	201.0	559.1
2027	7.5	208.5	580.7
2028	7.5	216.0	602.4
2029	11.5	227.5	624.1
2030	7.5	235.0	657.3
2031	7.5	242.5	679.0
2032	7.5	250.0	700.6
2033	7.5	257.5	722.3
2034	11.5	269.0	744.0
2035	7.5	276.5	777.2
2036	7.5	284.0	798.9
2037	7.5	291.5	820.5
2038	7.5	299.0	842.2
2039	11.5	310.5	863.9
2040	7.5	318.0	897.1
2041	7.5	325.5	918.8
2042	7.5	333.0	940.5
<u>2043</u>	<u>---</u>	<u>---</u>	<u>962.1</u>
TOTAL	333.0	333.0	17,238.0

*Based on 65% of 2012 City tax rate of \$0.4445/\$100 valuation

FINANCE PLAN: EXHIBIT D—Feasibility Analysis

EXHIBIT G

**CITY OF SNYDER
TAX INCREMENT FINANCING REINVESTMENT ZONE No. 1**

CITY BPP INCOME

<u>YEAR</u>	<u>CUM COMM DEV'L VALUE, \$M</u>	<u>CUM. COMM BPP VALUE, \$M*</u>	<u>BPP INCOME @ \$0.4445/\$100. \$K</u>
2013	---	---	---
2014	15.0	6.0	---
2015	24.0	9.6	27
2016	34.0	13.6	43
2017	37.0	14.8	60
2018	40.0	16.0	66
2019	47.0	18.8	71
2020	50.0	20.0	84
2021	53.0	21.2	89
2022	56.0	22.4	94
2023	59.0	23.6	100
2024	66.0	26.4	105
2025	69.0	27.6	117
2026	72.0	28.8	123
2027	75.0	30.0	128
2028	78.0	31.2	133
2029	85.0	34.0	139
2030	88.0	35.2	151
2031	91.0	36.4	156
2032	94.0	37.6	162
2033	97.0	38.8	167
2034	104.0	41.6	172
2035	107.0	42.8	185
2036	110.0	44.0	190
2037	113.0	45.2	196
2038	116.0	46.4	201
2039	123.0	49.2	206
2040	126.0	50.4	219
2041	129.0	51.6	224
2042	132.0	52.8	229
<u>2043</u>	<u>—</u>	<u>—</u>	<u>235</u>
TOTAL	132.0	52.8	4,072

*Based on 2012 Commercial BPP value as a % of Commercial Real Property value = \$27,129,177/\$62,055,142 = 43.7%. To be conservative, assume only 40%.