



TIRZ BOARD 1 & 2 REGULAR MEETING

CITY OF BAY CITY

**Tuesday, December 21, 2021 at 4:30 PM
BOARD ROOM | 1112 7th Street**

Bay City is committed to developing and enhancing the long-term prosperity, sustainability, and health of the community.

AGENDA

CALL TO ORDER & CERTIFICATION OF QUORUM

APPROVAL OF AGENDA

PUBLIC COMMENTS

APPROVAL OF MINUTES SUMMARY OF TIRZ #1

- 1. Accept minute summary from the November 9, 2021 TIRZ #1 Board Meeting.**

APPROVAL OF MINUTES SUMMARY OF TIRZ #2

- 2. Accept minute summary from the November 9, 2021 TIRZ #2 Board Meeting.**

REGULAR ITEMS FOR DISCUSSION, CONSIDERATION AND/OR APPROVAL - TIRZ #1:

- 3. Discuss and consider the hiring of a landscape architect and approval for reimbursement in lieu of line items in the current Development Agreement. DC Dunham, SAL Holdings**

REGULAR ITEMS FOR DISCUSSION, CONSIDERATION AND/OR APPROVAL - TIRZ #2:

- 4. Consider and/or recommend approval of TIRZ #2 Final Amended Project and Financing Plan (PFP). David Pettit**
- 5. Consider and/or recommend approval of TIRZ #2 Reimbursement Agreement with Bold Fox.**

ITEMS / COMMENTS FROM BOARD MEMBERS

ADJOURNMENT

CERTIFICATION OF NOTICE

This is to certify that the above notice of a Special Called Meeting was posted on the front window of the City Hall of the City of Bay City, Texas on **Friday, December 17, 2020 before 4:30 p.m.** Any questions concerning the above items, please contact Mayor Robert K. Nelson at (979) 245-2137.

AGENDA NOTICES:

Action by Council Authorized:

The City Council may vote and/or act upon any item within this Agenda. The Council reserves the right to retire into executive session concerning any of the items listed on this Agenda, pursuant to and in accordance with Texas Government Code Section 551.071, to seek the advice of its attorney about pending or contemplated litigation, settlement offer or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas conflict with the Open Meetings Act and may invoke this right where the City Attorney, the Mayor or a majority of the Governing Body deems an executive session is necessary to allow privileged consultation between the City Attorney and the governing body, if considered necessary and legally justified under the Open Meetings Act. The City Attorney may appear in person or appear in executive session by conference call in accordance with applicable state law.

Attendance by Other Elected or Appointed Officials:

It is anticipated that members of other city board, commissions and/or committees may attend the meeting in numbers that may constitute a quorum of the other city boards, commissions and/or committees. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a meeting of the other boards, commissions and/or committees of the City, whose members may be in attendance. The members of the boards, commissions and/or committees may participate in discussions on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless such item and action is specifically provided for on an agenda for that board, commission or committee subject to the Texas Open Meetings Act.

Executive Sessions Authorized:

This agenda has been reviewed and approved by the City's legal counsel and the presence of any subject in any Executive Session portion of the agenda constitutes a written interpretation of Texas Government Code Chapter 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally discussed in the closed portion of the meeting considering available opinions of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda with the intent to meet all elements necessary to satisfy Texas Government Code Chapter 551.144(c) and the meeting is conducted by all participants in reliance on this opinion. The facility is wheelchair accessible and accessible parking spaces available. Request for accommodations or interpretive services must be made 48 hours prior to the meeting. Please contact the City Secretary's Office at 979-245-5311 or email, dholubec@cityofbaycity.org for further information.

Lillie Norris

City Secretary



CALL TO ORDER & CERTIFICATION OF QUORUM

Board meeting was called to order by the newly appointed Board Chairperson, Julie Estlinbaum at 5:00 pm.

Quorum certified:

PRESENT

Julie Estlinbaum, Board Chairperson
 Bryan Prochnow
 Craig Hlavinka
 DC Dunham
 Kent Pollard
 Samantha Denbow
 William Cornman

ABSENT

Jim Folse
 Edward "Bubba" Cook

APPROVAL OF AGENDA

Motion made by Bill Cornman to approve the agenda, Seconded by Craig Hlavinka. Voting Yea: Voting Yea: Craig Hlavinka, DC Dunham, Julie Estlinbaum, Kent Pollard, Samantha Denbow, Bill Cornman. Motion carried. Motion carried.

APPROVAL OF MINUTES SUMMARY

1. Accept minutes summary from the September 9, 2021 TIRZ #1 Board Meeting.

Motion made by Bill Cornman to approve the minutes of September 9, 2021, Seconded by DC Dunham. Voting Yea: Craig Hlavinka, DC Dunham, Julie Estlinbaum, Kent Pollard, Samantha Denbow, Bill Cornman. Motion carried.

PUBLIC COMMENTS

There were no public comments.

REGULAR ITEMS FOR DISCUSSION, CONSIDERATION AND/OR APPROVAL:

2. Discuss, consider, and/or approve appointment of Vice Chair.



Julie Estlinbaum, Board Chair, stated that Bill Bell had resigned and she has been appointed Board Chair by City Council, leaving the Vice Chair vacant. Bill Cornman made a motion to appoint DC Dunham as Vice Chair, seconded by Craig Hlavinka. Voting Yea: Craig Hlavinka, DC Dunham, Julie Estlinbaum, Kent Pollard, Samantha Denbow, Bill Cornman. Motion carried.

3. Report ~ Discuss, consider and/or approve the Tax Increment Fund for TIRZ #1 Financial Report as of September 30, 2021, including current balance, disbursements, and the amount of any receivables.

Scotty Jones, Bay City Finance Director, reviewed the revenue and expenditures. Motion made by Bill Cornman to approve the Financial Report, Seconded by Craig Hlavinka. Craig Hlavinka, DC Dunham, Julie Estlinbaum, Kent Pollard, Samantha Denbow, Bill Cornman. Motion carried.

4. Discuss, consider, and/or approve the Sal Holdings, LLC (Developer's) request for reimbursement for public improvements under the terms of the approved development agreement for Phase II.

DC Dunham, representing Sal Holdings, reported that work was completed on enclosing the ditch and the box culvert, providing more open green space.

Motion made by Craig Hlavinka to approve the reimbursement of \$13,976.38, Seconded by Samantha Denbow. Craig Hlavinka, DC Dunham, Julie Estlinbaum, Kent Pollard, Samantha Denbow, Bill Cornman. Motion carried.

5. Presentation ~ Receive and/or discuss an update of the Citizen Committee findings.

DC Dunham, representing Sal Holdings, stated that the City has applied for a grant for the bridge, so they are waiting on that. A committee was put together to get input from those that live and work in the area. Tina Israel, Main Street Manager, has put together the committee and they have had two meetings. They would like a sculpture contest for the green space. Walking trails are on hold due to the bridge. Alyssa Dibbern, City Engineer Tech, is to check on FEMA issues on stabilization of bank of creek. The committee created a sub-committee for art and sculptures and are working on rules. They need to know how much money can they get from TIRZ. Bill Cornman



Minutes

TIRZ Board 1 Regular Meeting

November 09, 2021

stated that if the City is doing the bridge and park, then the agreement will need to be revised. Craig Hlavinka asked who will maintain, and DC replied the TIRZ or City.

ITEMS / COMMENTS FROM BOARD MEMBERS

Julie Estlinbaum set next meeting to be held on February 10th at 4:30 pm.

ADJOURNMENT

Motion made by Samantha Denbow to adjourn, Seconded by Kent Pollard. Craig Hlavinka, DC Dunham, Julie Estlinbaum, Kent Pollard, Samantha Denbow, Bryan Prochnow, Bill Cornman. Motion carried and the board adjourned at 5:25 pm.

PASSED AND APPROVED, this ____ day of _____, 2022.

JULIE ESTLINBAUM.; BOARD CHAIR

TIRZ BOARD #1

JEANNA THOMPSON

CITY SECRETARY



CALL TO ORDER & CERTIFICATION OF QUORUM

Board meeting was called to order by the Board Chair Julie Estlinbaum at 6:00 pm

Approval of Agenda

Motion made by William Cornman to approve the agenda, Seconded by Kent Pollard. Voting Yea: Julie Estlinbaum, DC Dunham, William Cornman, Samantha Denbow, Craig Hlavinka, Kent Pollard, Bryan Prochnow. Motion carried.

Approval of Minutes Summary

1. Accept minutes summary from the September 9, 2021 TIRZ #2 Board Meeting.

Motion made by William Cornman to approve the minutes summary of September 9, 2021, Seconded by DC Dunham. Voting Yea: Julie Estlinbaum, DC Dunham, William Cornman, Samantha Denbow, Craig Hlavinka, Kent Pollard, Bryan Prochnow. Motion carried.

PUBLIC COMMENTS

There were no comments.

REGULAR ITEMS FOR DISCUSSION, CONSIDERATION AND/OR APPROVAL:

2. Discuss, consider, and/or approve appointment of Vice Chair.

Motion made by William Cornman to appoint DC Dunham as Vice Chair, Seconded by Bryan Prochnow. Voting Yea: Julie Estlinbaum, DC Dunham, William Cornman, Samantha Denbow, Craig Hlavinka, Kent Pollard, Bryan Prochnow. Motion carried.

3. Report ~ Discuss, consider and/or approve the Tax Increment Fund for TIRZ #2 Financial Report as of September 30, 2021, including current balance, disbursements, and the amount of any receivables.

Scotty Jones, Director of Finance, reviewed the financial report.

Motion made by William Cornman to approve the Financial Report, Seconded by Kent Pollard. Voting Yea: Julie Estlinbaum, DC Dunham, William Cornman, Samantha Denbow, Craig Hlavinka, Kent Pollard, Bryan Prochnow. Motion carried.



4. Briefing on Proposed TIRZ #2 Amended Boundary and Amended Project and Financing Plan (PFP).

David Pettit, DPED, reviewed the proposed amendments and process. When other entities approve, the board will need to recommend approval of the amended PFP and development agreement.

5. Consider and/or recommend approval of TIRZ #2 Amendments to City Council.

Motion made by William Cornman to recommend approval of TIRZ #2 Amendments to City Council, Seconded by DC Dunham. Voting Yea: Julie Estlinbaum, DC Dunham, William Cornman, Samantha Denbow, Craig Hlavinka, Kent Pollard, Bryan Prochnow. Motion carried.

ITEMS / COMMENTS FROM BOARD MEMBERS

Next meeting scheduled for December 21, 2021 at 4:30 pm.

ADJOURNMENT

Motion made by Kent Pollard to adjourn, Seconded by DC Dunham. Voting Yea: Julie Estlinbaum, DC Dunham, William Cornman, Samantha Denbow, Craig Hlavinka, Kent Pollard, Bryan Prochnow. Motion carried and the board adjourned at 6:48 pm.

PASSED AND APPROVED, this ____ day of _____, 2021.

JULIE ESTLINBAUM.; BOARD CHAIRMAN
TIRZ BOARD #2

JEANNA THOMPSON
CITY SECRETARY

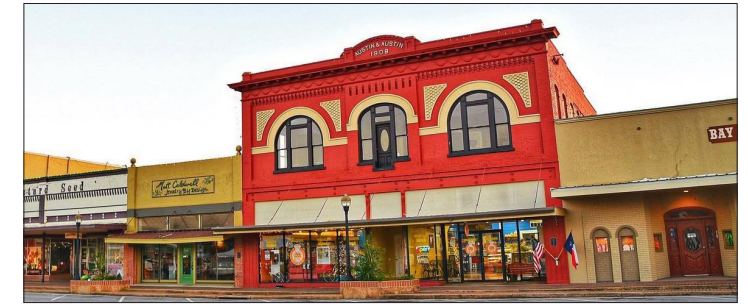
Tax Increment Reinvestment Zone #2

Bay City, Texas



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Bay City, the county seat of Matagorda County, is an incorporated city at the junction of State Highways 35 and 60, in the north central portion of the county seventy-eight miles southwest of Houston. The community is named for its location on Bay Prairie, between the richly productive bottomlands of the Colorado River and Caney Creek. The population was 17,614 at the 2010 census. It is the county seat of Matagorda County.



The vision of the Bay City Main Street program is for downtown Bay City to be the pulse of the County: celebrating historic pride, economic vitality and the best of Texas hospitality. Bay City is only sixty minutes away from Houston, the largest city in Texas, with a myriad of world class art performances, professional sports games and medical facilities.

DISCLAIMER

Our conclusions and recommendations are based on current market conditions and the expected performance of the national, and/or local economy and real estate market. Given that economic conditions can change and real estate markets are cyclical, it is critical to monitor the economy and real estate market continuously, and to revisit key project assumptions periodically to ensure that they are still justified.

The future is difficult to predict, particularly given that the economy and housing markets can be cyclical, as well as subject to changing consumer and market psychology. There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and the differences may be material.

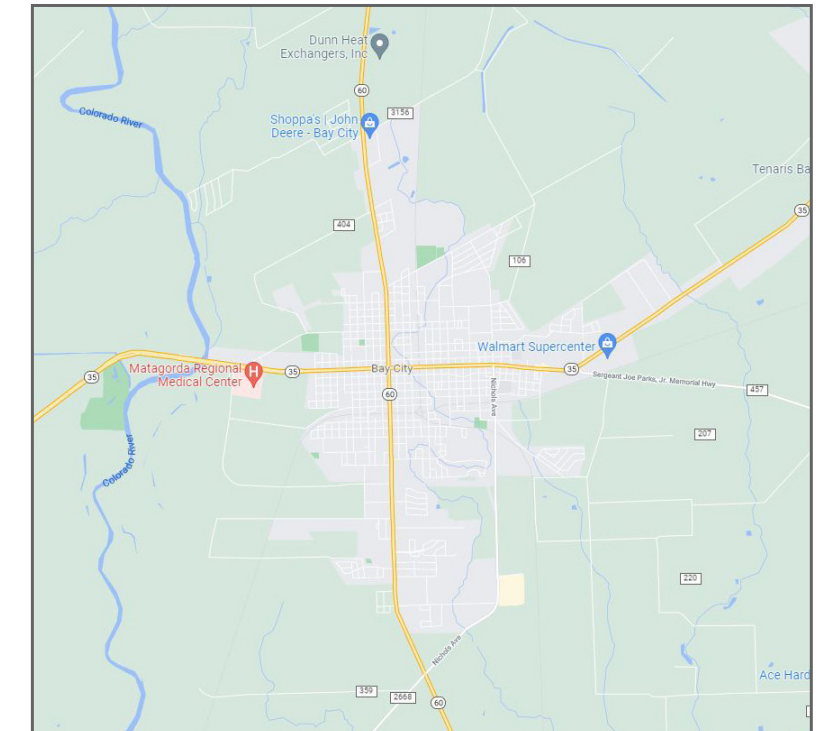
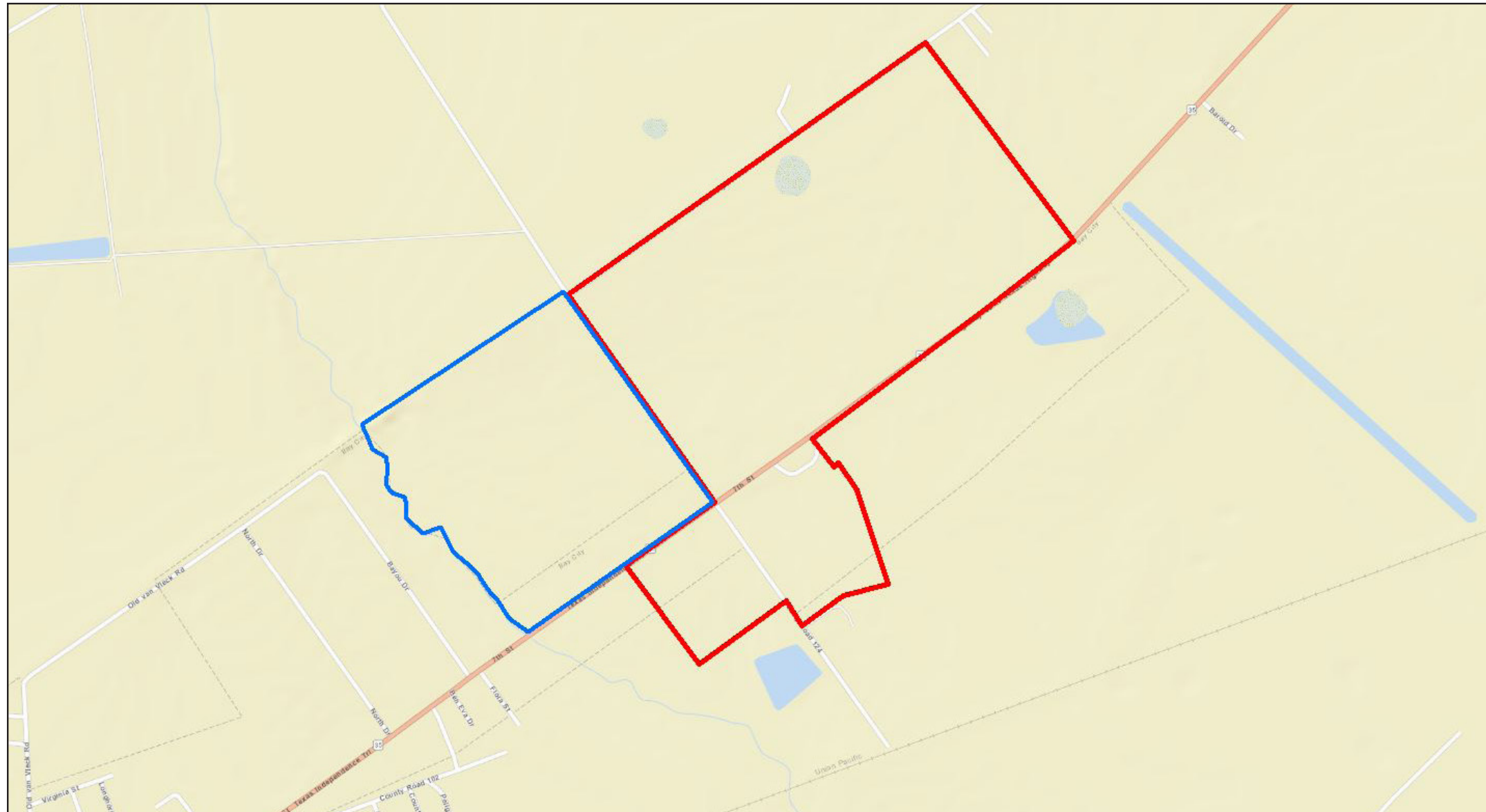




Tax Increment Reinvestment Zone #2, Bay City

Tax Increment Reinvestment Zone #2 (TIRZ) was created in 2015 with the goals of funding the construction of needed public infrastructure and encouraging private development that will yield additional tax revenue to all local taxing jurisdictions. TIRZ #2 was established to promote the development of new construction within the boundaries of the TIRZ. In 2021, it is proposed that the TIRZ be expanded to include the property within the boundaries of TIRZ #2A.

This amended project and financing plan outlines the funding of \$136,707,199 in public improvements related to water, sanitary sewer, and storm water facilities, as well as street and intersection improvements, utilities and street lighting, and economic development grants. The TIRZ can fund these improvements through ad valorem participation of eligible taxing jurisdictions.

Without the implementation of the TIRZ, the specified property would continue to impair the sound growth of the municipality.



-  - TIRZ #2 Boundary
-  - TIRZ #2A Boundary

Boundary Description

TIRZ #2 is located in the eastern portion of Bay City. The expanded TIRZ #2A boundaries are immediately contiguous to the west of the original TIRZ boundaries. The original TIRZ boundary encompassed approximately 344 acres, TIRZ #2A encompasses approximately 147.27 acres, bringing the total acreage of the TIRZ to approximately 491.27 acres. Details about the individual parcels within the TIRZ are included in **Appendix A**.

Legal Description TIRZ #2

Beginning at the point of intersection of the eastern Right-of-Way (ROW) line of McCrosky Road and the southern ROW line of Old van Vleck Road, thence

South along the eastern ROW line of McCrosky Road to a point where said line intersects with the southern ROW line of TX-35, thence

West along the southern ROW line of TX-35 to a point where said line intersects with the western property line of AB 0339, I & G N RR CO, ACRES 1.3774, 75% UND INT, thence

Southeast along the western property line of AB 0339, I & G N RR CO, ACRES 1.3774, 75% UND INT to a point where said line intersects with the western property line of SHOWBOAT ADDITION, LOT RESERVE A (PT), LOCATED INSIDE CITY LIMITS, ACRES 2.5137, thence

Southeast along the western property line of SHOWBOAT ADDITION, LOT RESERVE A (PT), LOCATED INSIDE CITY LIMITS, ACRES 2.5137 to a point where said line intersects with the western property line of SHOWBOAT ADDITION, LOT RESERVE A (PT), LOCATED OUTSIDE THE CITY LIMITS, ACRES 16.6963, thence

Southeast along the western property line of SHOWBOAT ADDITION, LOT RESERVE A (PT), LOCATED OUTSIDE THE CITY LIMITS, ACRES 16.6963 to a point where said line intersects with the southeastern property line of SHOWBOAT ADDITION, LOT RESERVE A (PT), LOCATED OUTSIDE THE CITY LIMITS, ACRES 16.6963, thence

Northeast along the southeastern property line of SHOWBOAT ADDITION, LOT RESERVE A (PT), LOCATED OUTSIDE THE CITY LIMITS, ACRES 16.6963 to a point where the projection of said line intersects with the western ROW line of Me Crosky Road, thence

South along the western ROW line of Me Crosky Road to a point where said line intersects with the southern property line of I & G N AB 339 15.44 ACRES (15.90 AC LESS .46 = 15.44AC), thence

East along the southern property line of I & G N AB 339 15.44 ACRES (15.90 AC LESS .46 = 15.44AC) to a point where said line intersects with the southern property line of I & G N AB 339 5.66 ACRES, thence

East along the southern ROW line of I & G N AB 339 5.66 ACRES to a point where said line intersects with the eastern property line of I & G N AB 339 5.66 ACRES, thence

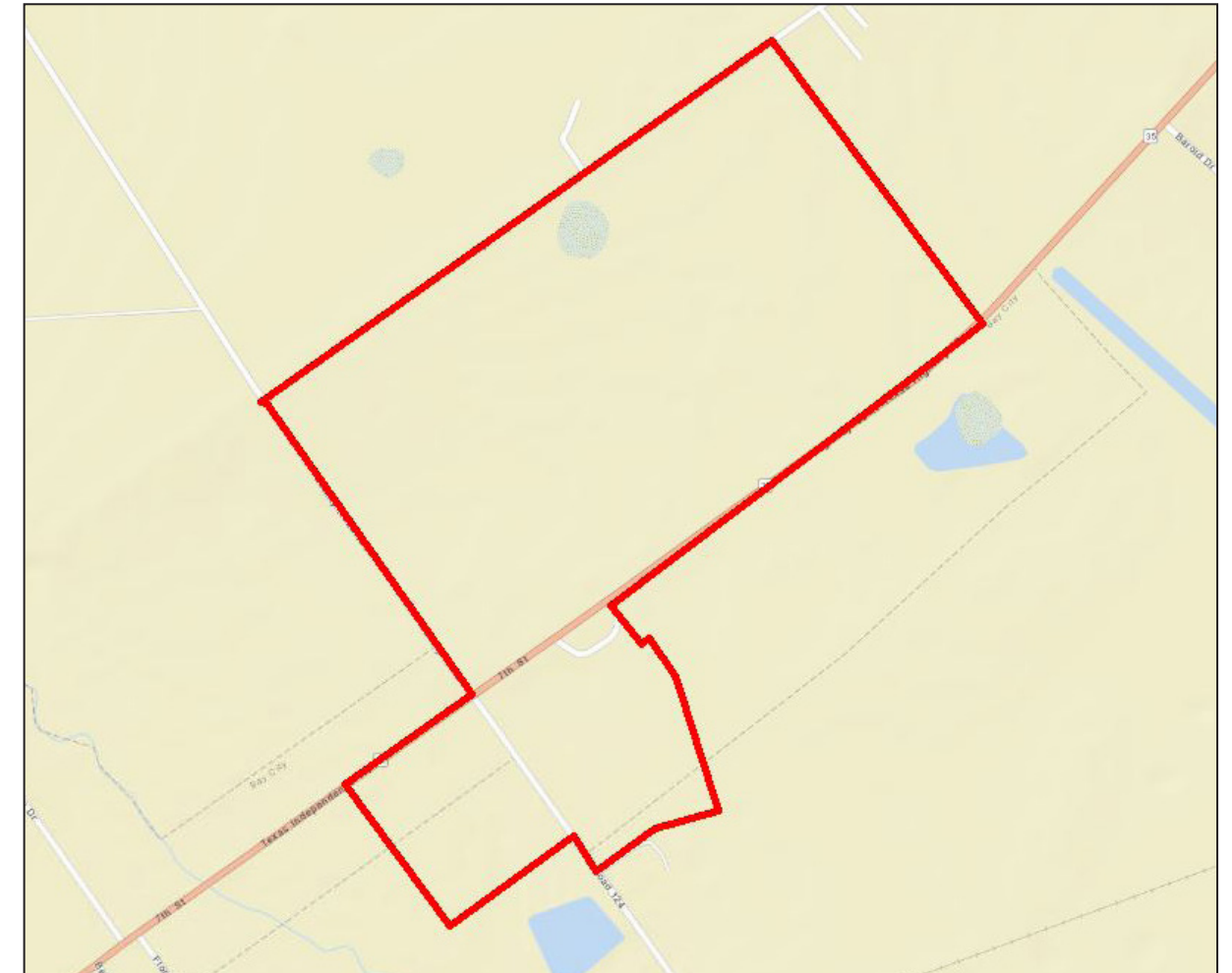
North along the eastern ROW line of I & G N AB 339 5.66 ACRES to a point where said line intersects with the southern ROW line of TX-35, thence

East along the southern ROW line of TX-35 to a point where said line intersects with the projection of the eastern property line of AB 0150, JOHN DUNCAN, ACRES 19.66, thence

North along the eastern property line of AB 0150, JOHN DUNCAN, ACRES 19.66 to a point where said line intersects with the eastern property line of AB 0150, JOHN DUNCAN, ACRES 117.893, 1/3 UND INT (OUTSIDE CITY LIMITS), thence

North along the eastern property line of AB 0150, JOHN DUNCAN, ACRES 117.893, 1/3 UND INT (OUTSIDE CITY LIMITS) to a point where said line intersects with the southern ROW line of Old van Vleck Road, thence

West along the southern ROW line of Old van Vleck Road to the point there said line intersects the eastern ROW line of Me Crosky Road, which is the point of beginning.



 - TIRZ #2 Boundary

Legal Description TIRZ #2A

Beginning at the point where the eastern right of way boundary of McCrosky Road meets the northern right of way boundary of TX-35, thence
West along the northern right of way boundary of TX-35 to the point it meets the southwest corner of Property ID 20961, thence
North to Property ID 20118, continuing north along the western boundary of Property ID 20118 to the point it meets an easement, thence
North across the easement to the southwest corner of Property ID 20111, thence
East along the southern boundary of Property ID 20111 to the point it meets the southwest corner of Property ID 20953, thence
East along the southern boundary of Property ID 20953 to the point it meets the western right of way boundary of McCrosky Road, thence
East across McCrosky road to the point the eastern right of way boundary of McCrosky Road meets the southwest corner of Property ID 23012, thence
South along the eastern right of way boundary of McCrosky Road to the point it meets the northern right of way boundary of TX-35, which is the point of beginning.



 - TIRZ #2A Boundary

Land Use

The vast majority of the land within the original boundaries of the zone is vacant land that is well positioned for new development. Since the creation of the TIRZ, a movie theater has been built near the intersection of McCrosky Road and 7th Street. Across 7th Street from the theater there is a vacant property that is well positioned for redevelopment. The property within TIRZ #2A is vacant land that is well positioned for new development.

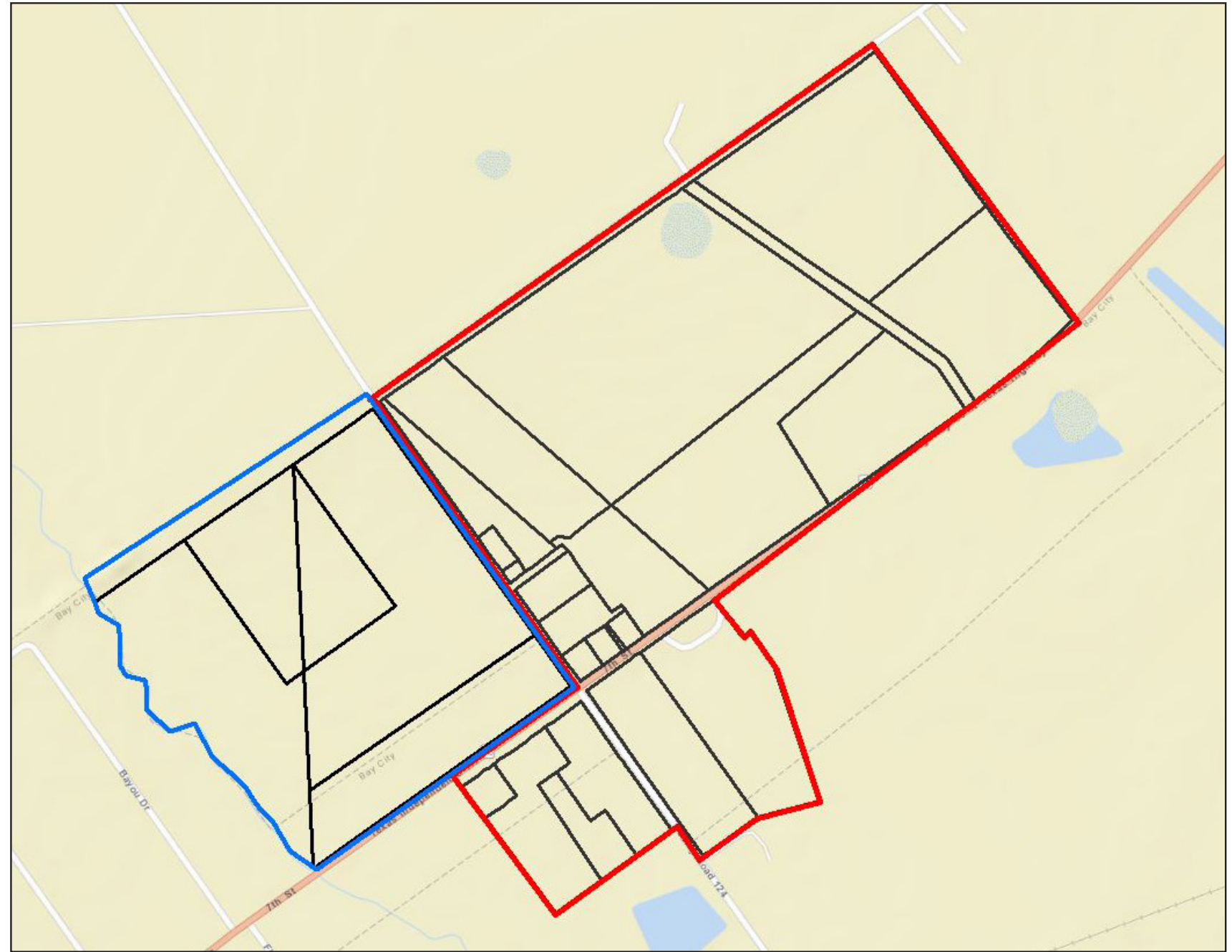
Method of Relocating Persons to be Displaced

It is not anticipated that any persons will be displaced or need to be relocated as result of the implementation of the TIRZ.

Current Ownership Information

There are currently 36 parcels within the expanded Tax Increment Reinvestment Zone #2. The estimated 2021 taxable value of the property within the TIRZ is \$13,323,551. The base year for TIRZ #2 is 2015, the year in which the TIRZ was created. The base year for TIRZ #2A will be 2021. The 2021 taxable values will need to be verified with the Matagorga County Appraisal District.

For further details of parcels included within the TIRZ, including current ownership and 2021 taxable values, see **Appendix A**.



- TIRZ #2 Boundary
- TIRZ #2A Boundary

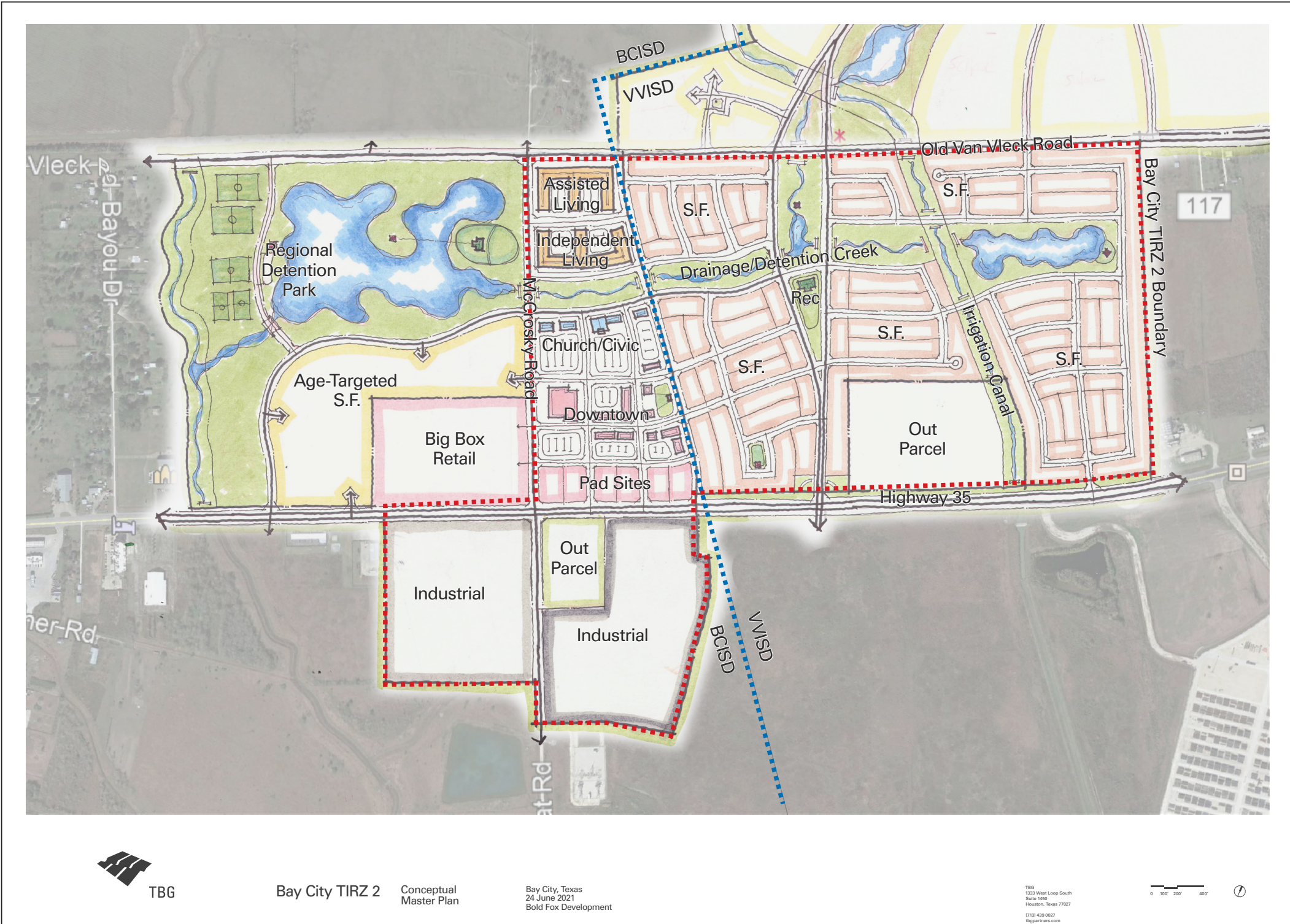
Anticipated Development

The vacant land within the TIRZ is well positioned for future development. The table below provides an overview of the potential development that could occur within the TIRZ, along with estimated dates of when the development construction would be completed. Taking into account forthcoming anticipated catalyst single family development within the TIRZ, DPED projects that light industrial, office, commercial, and restaurant uses will be built within the TIRZ.

	Square Feet	Units	Projected Completion Date	Taxable Value PSF/Unit	Incremental Value	Sales PSF	Total Sales
TIRZ #2							
Movie Theater/Entertainment Venue							
Bold Fox Single Family 1		200	2025	\$225,000	\$45,000,000	\$0	\$0
Restaurant Pads	16,500		2025	\$135	\$2,227,500	\$500	\$8,250,000
Single Family 1		200	2025	\$225,000	\$45,000,000	\$0	\$0
Assisted & Independent Living		300	2025	\$100,000	\$30,000,000	\$0	\$0
Bold Fox Single Family 2		200	2027	\$225,000	\$45,000,000	\$0	\$0
Light Industrial	25,000		2027	\$35	\$875,000	\$0	\$0
Multifamily		200	2027	\$100,000	\$20,000,000	\$0	\$0
Single Family 2		200	2027	\$225,000	\$45,000,000	\$0	\$0
Restaurant Pads	16,500		2027	\$135	\$2,227,500	\$500	\$8,250,000
Light Industrial	50,000		2030	\$35	\$1,750,000	\$0	\$0
Multifamily		150	2030	\$100,000	\$15,000,000	\$0	\$0
Retail Commercial	7,500		2030	\$135	\$1,012,500	\$350	\$2,625,000
					\$253,092,500		\$19,125,000
TIRZ #2A							
Age-Targeted 1		150	2025	\$225,000	\$33,750,000	\$0	\$0
Multifamily		250	2027	\$100,000	\$25,000,000	\$0	\$0
Age-Targeted 2		150	2028	\$225,000	\$33,750,000	\$0	\$0
Restaurant Pads	16,500		2030	\$135	\$2,227,500	\$500	\$8,250,000
Office	15,000		2032	\$150	\$2,250,000	\$0	\$0
					\$96,977,500		\$8,250,000
Total					\$350,070,000		\$27,375,000

Anticipated Development

The conceptual plan below informed the projections on the previous page. The plan below and the projections listed above are not meant to limit potential development that could generate revenue for the TIRZ. It is anticipated that the projections will be updated in the future to reflect the then current market trends and taking into account the performance of the development within the TIRZ. It is anticipated that the development that occurs within the TIRZ could be financed in part by incremental real property tax generated within the TIRZ.



Project Costs of the Zone

There are a number of improvements within Tax Increment Reinvestment Zone #2 that will be financed by in part by incremental real property tax generated within the TIRZ.

Proposed Project Costs		
Water Facilities and Improvements	\$ 10,253,040	7.5%
Sanitary Sewer Facilities and Improvements	\$ 13,670,720	10.0%
Storm Water Facilities and Improvements	\$ 13,670,720	10.0%
Transit/Parking Improvements	\$ 20,506,080	15.0%
Street and Intersection Improvements	\$ 27,341,440	20.0%
Open Space, Park and Recreation Facilities and Improvements	\$ 20,506,080	15.0%
Economic Development Grants	\$ 27,341,440	20.0%
Administrative Costs	\$ 3,417,680	2.5%
	\$ 136,707,199	100.0%

The categories listed in the table above outline various public improvements, and are meant to include all projects eligible under Chapter 311, Section 311.002 of the Texas Tax Code. Economic development grants shall be used to promote state or local economic development and to stimulate business and commercial activity.

The costs illustrated in the table above are estimates and may be revised. Savings from one line item may be applied to a cost increase in another line item.

It is anticipated that the individual TIRZ project cost allocations will be evaluated on a case by case basis, consistent with the categories listed above, and brought forward to the TIRZ board and City Council for consideration.

Chapter 311 of the Texas Tax Code

Sec. 311.002.

(1) "Project costs" means the expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred by the municipality or county designating a reinvestment zone that are listed in the project plan as costs of public works, public improvements, programs, or other projects benefiting the zone, plus other costs incidental to those expenditures and obligations. "Project costs" include:

(A) capital costs, including the actual costs of the acquisition and construction of public works, public improvements, new buildings, structures, and fixtures; the actual costs of the acquisition, demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and fixtures; the actual costs of the remediation of conditions that contaminate public or private land or buildings; the actual costs of the preservation of the facade of a public or private building; the actual costs of the demolition of public or private buildings; and the actual costs of the acquisition of land and equipment and the clearing and grading of land;

(B) financing costs, including all interest paid to holders of evidences of indebtedness or other obligations issued to pay for project costs and any premium paid over the principal amount of the obligations because of the redemption of the obligations before maturity;

(C) real property assembly costs;

(D) professional service costs, including those incurred for architectural, planning, engineering, and legal advice and services;

(E) imputed administrative costs, including reasonable charges for the time spent by employees of the municipality or county in connection with the implementation of a project plan;

(F) relocation costs;

(G) organizational costs, including the costs of conducting environmental impact studies or other studies, the cost of publicizing the creation of the zone, and the cost of implementing the project plan for the zone;

(H) interest before and during construction and for one year after completion of construction, whether or not capitalized;

(I) the cost of operating the reinvestment zone and project facilities;

(J) the amount of any contributions made by the municipality or county from general revenue for the implementation of the project plan;

(K) the costs of school buildings, other educational buildings, other educational facilities, or other buildings owned by or on behalf of a school district, community college district, or other political subdivision of this state; and

(L) payments made at the discretion of the governing body of the municipality or county that the governing body finds necessary or convenient to the creation of the zone or to the implementation of the project plans for the zone.

Method of Financing

To fund the public improvements outlined on the previous page, Bay City, Matagorda County, Matagorda County Hospital District, and Port of Bay City will contribute 100% of the real property increment within the zone generated within the TIRZ.

Debt Service

It is not anticipated at this time that the TIRZ will incur any bonded indebtedness.

Economic Feasibility Study

A taxable value analysis was developed as part of the project and financing plan to determine the economic feasibility of the project. The study examined the expected tax revenue the TIRZ would receive based on the previously outlined developments. A summary overview of the anticipated development square footages and the anticipated taxable value per square foot can be found on Page 5.

The following pages show the estimated captured appraised value of the zone during each year of its existence and the net benefits of the zone to each of the local taxing jurisdictions as well as the method of financing and debt service.

Utilizing the information outlined in this feasibility study, DPED has found that the TIRZ is economically feasible and will provide the City and other taxing jurisdictions with economic benefits that would not occur without its implementation.

Real Property Tax		Participation	
Bay City	0.63500000	100%	0.6350000
Matagorda County	0.39974000	100%	0.3997400
Matagorda County Hospital District	0.29127000	100%	0.2912700
Port of Bay City	0.05299000	100%	0.0529900
Cons & Recl District	0.00819000	0%	0.0000000
Coastal Plains GW District	0.00426000	0%	0.0000000
Drainage District #1	0.04113000	0%	0.0000000
Bay City/Van Vleck ISD	1.39124000	0%	0.0000000
	2.82382000		1.3790000

Personal Property Tax		Participation	
Bay City	0.63500000	0%	0.0000000
Matagorda County	0.39974000	0%	0.0000000
Matagorda County Hospital District	0.29127000	0%	0.0000000
Port of Bay City	0.05299000	0%	0.0000000
Cons & Recl District	0.00819000	0%	0.0000000
Coastal Plains GW District	0.00426000	0%	0.0000000
Drainage District #1	0.04113000	0%	0.0000000
Bay City/Van Vleck ISD	1.39124000	0%	0.0000000
	2.82382000		0.0000000

Sales Tax Rate	0.0200000	0.00%	0.0000000
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30 YEAR - TIRZ #2 : INPUT & OUTPUT

► INPUT

INFLATION RATE	2.00%
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DISCOUNT RATE	6.00%
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REAL PROPERTY TAX		PARTICIPATION	
Bay City	0.63500000	100%	0.63500000
Matagorda County	0.39974000	100%	0.39974000
Matagorda County Hospital District	0.29127000	100%	0.29127000
Port of Bay City	0.05299000	100%	0.05299000
Cons & Recl District	0.00819000	0%	0.00000000
Coastal Plains GW District	0.00426000	0%	0.00000000
Drainage District #1	0.04113000	0%	0.00000000
Bay City/Van Vleck ISD	1.39124000	0%	0.00000000
	2.82382000		1.37900000

PERSONAL PROPERTY TAX		PARTICIPATION	
Bay City	0.63500000	0%	0.00000000
Matagorda County	0.39974000	0%	0.00000000
Matagorda County Hospital District	0.29127000	0%	0.00000000
Port of Bay City	0.05299000	0%	0.00000000
Cons & Recl District	0.00819000	0%	0.00000000
Coastal Plains GW District	0.00426000	0%	0.00000000
Drainage District #1	0.04113000	0%	0.00000000
Bay City/Van Vleck ISD	1.39124000	0%	0.00000000
	2.82382000		0.00000000

Sales Tax Rate	0.0200000	0.00%	0.00000000
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TIRZ #2	Year	AREA SF/UNITS	REAL PROPERTY		PERSONAL PROPERTY		SALES	
			\$ / SF	TAX VALUE	\$ / SF	TAX VALUE	\$ / SF	TAX VALUE
Movie Theater/Entertainment Venue								
SF Bold Fox Single Family 1	2025	200	\$ 225,000.00	\$ 45,000,000	\$ -	\$ -	\$ -	\$ -
SF Restaurant Pads	2025	16,500	\$ 135.00	\$ 2,227,500	\$ 35.00	\$ 577,500	\$ 500.00	\$ 8,250,000
SF Single Family 1	2025	200	\$ 225,000.00	\$ 45,000,000	\$ -	\$ -	\$ -	\$ -
SF Assisted & Independent Living	2025	300	\$ 100,000.00	\$ 30,000,000	\$ -	\$ -	\$ -	\$ -
SF Bold Fox Single Family 2	2027	200	\$ 225,000.00	\$ 45,000,000	\$ -	\$ -	\$ -	\$ -
OP Light Industrial	2027	25,000	\$ 35.00	\$ 875,000	\$ -	\$ -	\$ -	\$ -
OP Multifamily	2027	200	\$ 100,000.00	\$ 20,000,000	\$ -	\$ -	\$ -	\$ -
SF Single Family 2	2027	200	\$ 225,000.00	\$ 45,000,000	\$ -	\$ -	\$ -	\$ -
SF Restaurant Pads	2027	16,500	\$ 135.00	\$ 2,227,500	\$ 35.00	\$ 577,500	\$ 500.00	\$ 8,250,000
OP Light Industrial	2030	50,000	\$ 35.00	\$ 1,750,000	\$ -	\$ -	\$ -	\$ -
OP Multifamily	2030	150	\$ 100,000.00	\$ 15,000,000	\$ -	\$ -	\$ -	\$ -
OP Retail Commercial	2030	7,500	\$ 135.00	\$ 1,012,500	\$ 15.00	\$ 112,500	\$ 350.00	\$ 2,625,000
TOTAL				253,092,500		1,267,500		19,125,000

► OUTPUT

TOTAL TAX REVENUE		TOTAL	REAL PROPERTY	PERSONAL PROPERTY	SALES
Bay City	26.4%	\$ 54,470,690	= \$ 43,928,069	+ \$ 219,029	+ \$ 10,323,592
Matagorda County	13.4%	\$ 27,791,120	= \$ 27,653,238	+ \$ 137,882	+ \$ -
Matagorda County Hospital District	9.8%	\$ 20,249,961	= \$ 20,149,494	+ \$ 100,467	+ \$ -
Port of Bay City	1.8%	\$ 3,684,023	= \$ 3,665,745	+ \$ 18,278	+ \$ -
Cons & Recl District	0.3%	\$ 569,393	= \$ 566,568	+ \$ 2,825	+ \$ -
Coastal Plains GW District	0.1%	\$ 296,168	= \$ 294,699	+ \$ 1,469	+ \$ -
Drainage District #1	1.4%	\$ 2,859,481	= \$ 2,845,294	+ \$ 14,187	+ \$ -
Bay City/Van Vleck ISD	46.8%	\$ 96,723,163	= \$ 96,243,285	+ \$ 479,878	+ \$ -
	100.0%	\$ 206,643,999	\$ 195,346,392	\$ 974,015	\$ 10,323,592
		100.0%	94.5%	0.5%	5.0%

TOTAL PARTICIPATION		TOTAL	REAL PROPERTY	PERSONAL PROPERTY	SALES
Bay City	100.0%	\$ 43,928,069	= \$ 43,928,069	+ \$ -	+ \$ -
Matagorda County	100.0%	\$ 27,653,238	= \$ 27,653,238	+ \$ -	+ \$ -
Matagorda County Hospital District	100.0%	\$ 20,149,494	= \$ 20,149,494	+ \$ -	+ \$ -
Port of Bay City	100.0%	\$ 3,665,745	= \$ 3,665,745	+ \$ -	+ \$ -
Cons & Recl District	100.0%	\$ -	= \$ -	+ \$ -	+ \$ -
Coastal Plains GW District	100.0%	\$ -	= \$ -	+ \$ -	+ \$ -
Drainage District #1	100.0%	\$ -	= \$ -	+ \$ -	+ \$ -
Bay City/Van Vleck ISD	100.0%	\$ -	= \$ -	+ \$ -	+ \$ -
	100.0%	\$ 95,396,546	\$ 95,396,546	\$ -	\$ -
		100.0%	100.0%	0.0%	0.0%

NET BENEFIT		TOTAL	REAL PROPERTY	PERSONAL PROPERTY	SALES
Bay City	9.5%	\$ 10,542,621	= \$ -	+ \$ 219,029	+ \$ 10,323,592
Matagorda County	0.1%	\$ 137,882	= \$ -	+ \$ 137,882	+ \$ -
Matagorda County Hospital District	0.1%	\$ 100,467	= \$ -	+ \$ 100,467	+ \$ -
Port of Bay City	0.0%	\$ 18,278	= \$ -	+ \$ 18,278	+ \$ -
Cons & Recl District	0.0%	\$ 569,393	= \$ 566,568	+ \$ 2,825	+ \$ -
Coastal Plains GW District	0.3%	\$ 296,168	= \$ 294,699	+ \$ 1,469	+ \$ -
Drainage District #1	2.6%	\$ 2,859,481	= \$ 2,845,294	+ \$ 14,187	+ \$ -
Bay City/Van Vleck ISD	86.9%	\$ 96,723,163	= \$ 96,243,285	+ \$ 479,878	+ \$ -
	100.0%	\$ 111,247,453	\$ 99,943,846	\$ 974,015	\$ 10,323,592
		100.0%	89.8%	0.9%	9.3%

30 YEAR - TIRZ #2A : INPUT & OUTPUT

► INPUT

INFLATION RATE	2.00%
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DISCOUNT RATE	6.00%
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REAL PROPERTY TAX		PARTICIPATION	
Bay City	0.63500000	100%	0.63500000
Matagorda County	0.39974000	100%	0.39974000
Matagorda County Hospital District	0.29127000	100%	0.29127000
Port of Bay City	0.05299000	100%	0.05299000
Cons & Recl District	0.00819000	0%	0.00000000
Coastal Plains GW District	0.00426000	0%	0.00000000
Drainage District #1	0.04113000	0%	0.00000000
Bay City/Van Vleck ISD	1.39124000	0%	0.00000000
	2.82382000		1.37900000

PERSONAL PROPERTY TAX		PARTICIPATION	
Bay City	0.63500000	0%	0.00000000
Matagorda County	0.39974000	0%	0.00000000
Matagorda County Hospital District	0.29127000	0%	0.00000000
Port of Bay City	0.05299000	0%	0.00000000
Cons & Recl District	0.00819000	0%	0.00000000
Coastal Plains GW District	0.00426000	0%	0.00000000
Drainage District #1	0.04113000	0%	0.00000000
Bay City/Van Vleck ISD	1.39124000	0%	0.00000000
	2.82382000		0.00000000

Sales Tax Rate	0.0200000	0.00%	0.00000000
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TIRZ #2A		Year	AREA SF/UNITS	REAL PROPERTY \$/ SF	TAX VALUE	PERSONAL PROPERTY \$/ SF	TAX VALUE	SALES \$/ SF	TAX VALUE
SF	Age-Targeted 1	2025	150	\$ 225,000.00	\$ 33,750,000				
	Multifamily	2027	250	\$ 100,000.00	\$ 25,000,000	\$ -	\$ -	\$ -	\$ -
SF	Age-Targeted 2	2028	150	\$ 225,000.00	\$ 33,750,000	\$ -	\$ -	\$ 500.00	\$ 8,250,000
	Restaurant Pads	2030	16,500	\$ 135.00	\$ 2,227,500	\$ 35.00	\$ 577,500	\$ -	\$ -
	Office	2032	15,000	\$ 150.00	\$ 2,250,000	\$ -	\$ -	\$ -	\$ -
TOTAL					96,977,500		577,500		8,250,000

► OUTPUT

TOTAL TAX REVENUE	TOTAL	REAL PROPERTY	PERSONAL PROPERTY	SALES
Bay City	26.3% \$ 20,173,010	\$ 16,291,308	\$ 84,395	\$ 3,797,307
Matagorda County	13.5% \$ 10,308,698	\$ 10,255,571	\$ 53,128	\$ -
Matagorda County Hospital District	9.8% \$ 7,511,419	\$ 7,472,707	\$ 38,711	\$ -
Port of Bay City	1.8% \$ 1,366,533	\$ 1,359,490	\$ 7,043	\$ -
Cons & Recl District	0.3% \$ 211,208	\$ 210,119	\$ 1,088	\$ -
Coastal Plains GW District	0.1% \$ 109,859	\$ 109,293	\$ 566	\$ -
Drainage District #1	1.4% \$ 1,060,681	\$ 1,055,215	\$ 5,466	\$ -
Bay City/Van Vleck ISD	46.8% \$ 35,878,004	\$ 35,693,101	\$ 184,904	\$ -
	100.0% \$ 76,619,413	\$ 72,446,804	\$ 375,302	\$ 3,797,307
	100.0%	94.6%	0.5%	5.0%

TOTAL PARTICIPATION	TOTAL	REAL PROPERTY	PERSONAL PROPERTY	SALES
Bay City	100.0% \$ 16,291,308	\$ 16,291,308	\$ -	\$ -
Matagorda County	100.0% \$ 10,255,571	\$ 10,255,571	\$ -	\$ -
Matagorda County Hospital District	100.0% \$ 7,472,707	\$ 7,472,707	\$ -	\$ -
Port of Bay City	100.0% \$ 1,359,490	\$ 1,359,490	\$ -	\$ -
Cons & Recl District	100.0% \$ -	\$ -	\$ -	\$ -
Coastal Plains GW District	100.0% \$ -	\$ -	\$ -	\$ -
Drainage District #1	100.0% \$ -	\$ -	\$ -	\$ -
Bay City/Van Vleck ISD	100.0% \$ -	\$ -	\$ -	\$ -
	100.0% \$ 35,379,076	\$ 35,379,076	\$ -	\$ -
	100.0%	100.0%	0.0%	0.0%

NET BENEFIT	TOTAL	REAL PROPERTY	PERSONAL PROPERTY	SALES
Bay City	9.4% \$ 3,881,702	\$ -	\$ 84,395	\$ 3,797,307
Matagorda County	0.1% \$ 53,128	\$ -	\$ 53,128	\$ -
Matagorda County Hospital District	0.1% \$ 38,711	\$ -	\$ 38,711	\$ -
Port of Bay City	0.0% \$ 7,043	\$ -	\$ 7,043	\$ -
Cons & Recl District	0.5% \$ 211,208	\$ 210,119	\$ 1,088	\$ -
Coastal Plains GW District	0.3% \$ 109,859	\$ 109,293	\$ 566	\$ -
Drainage District #1	2.6% \$ 1,060,681	\$ 1,055,215	\$ 5,466	\$ -
Bay City/Van Vleck ISD	87.0% \$ 35,878,004	\$ 35,693,101	\$ 184,904	\$ -
	100.0% \$ 41,240,337	\$ 37,067,728	\$ 375,302	\$ 3,797,307
	100.0%	89.9%	0.9%	9.2%

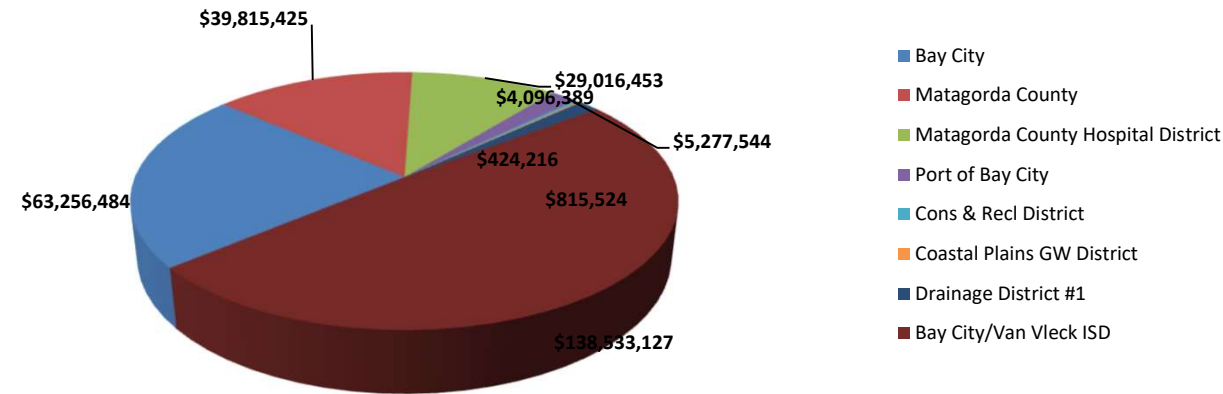
ESTIMATE OF GENERAL IMPACT OF PROPOSED ZONE PROPERTY VALUES AND TAX REVENUES

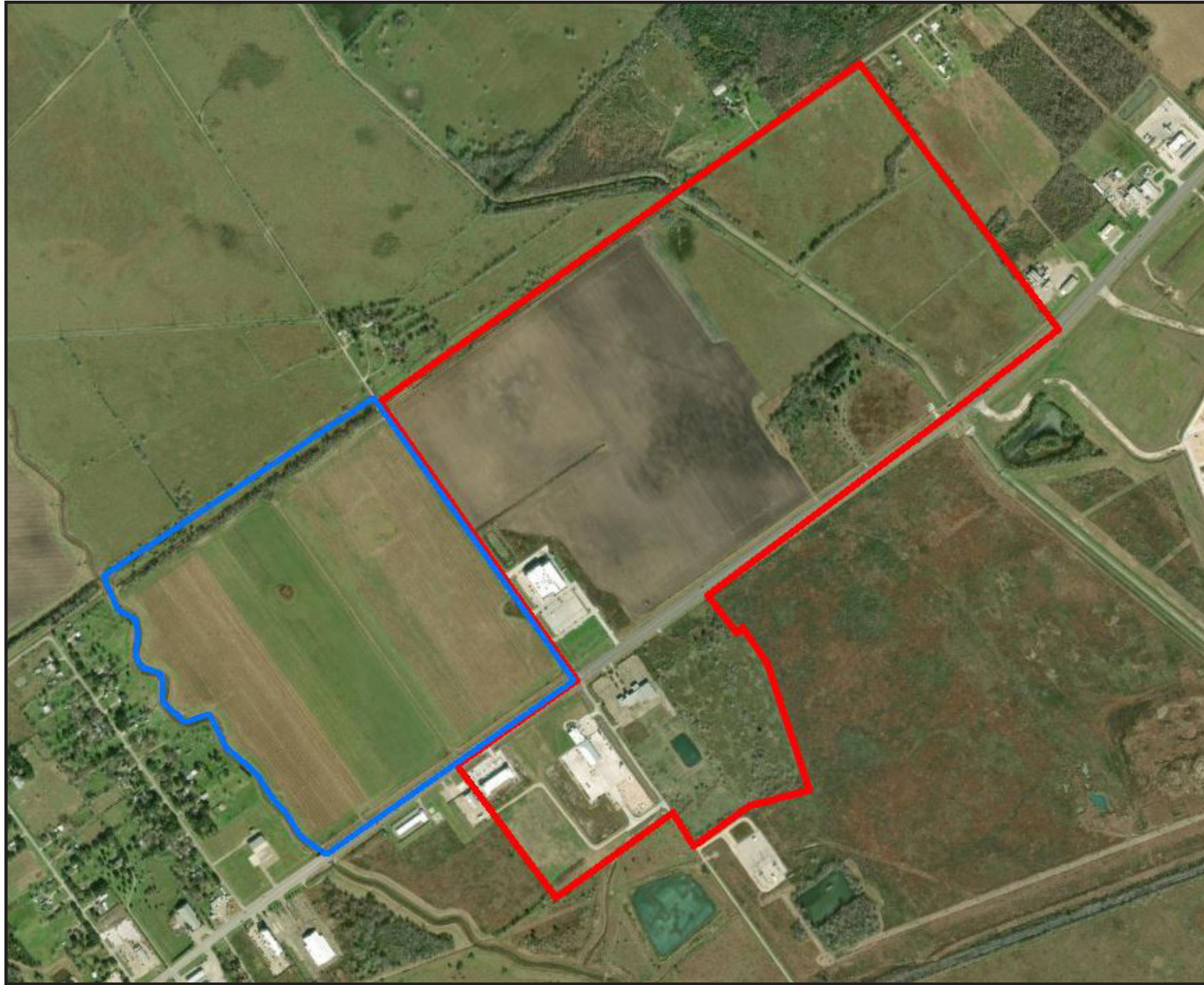
TAXABLE BASE YEAR GROWTH		DISCOUNT RATE		2.00%		6.00%																																																																																																																																																									
<table border="1"> <thead> <tr> <th colspan="4">REAL PROPERTY TAX</th> <th colspan="4">BUSINESS PERSONAL PROPERTY TAX</th> <th colspan="4">SALES TAX</th> </tr> <tr> <th>Rate</th> <th>100%</th> <th>100%</th> <th>100%</th> <th>Rate</th> <th>100%</th> <th>100%</th> <th>100%</th> <th>Rate</th> <th>100.00%</th> <th>100.00%</th> <th>0.02000000</th> <th>100.00%</th> <th>0.02000000</th> </tr> </thead> <tbody> <tr> <td>Bay City</td> <td>0.6350000</td> <td>100%</td> <td>0.6350000</td> <td>Bay City</td> <td>0.6350000</td> <td>100%</td> <td>0.6350000</td> <td>0.02000000</td> <td>100.00%</td> <td>100.00%</td> <td>0.02000000</td> <td>100.00%</td> <td>0.02000000</td> </tr> <tr> <td>Matagorda County</td> <td>0.3997400</td> <td>100%</td> <td>0.3997400</td> <td>Matagorda County</td> <td>0.3997400</td> <td>100%</td> <td>0.3997400</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Matagorda County Hospital District</td> <td>0.2912700</td> <td>100%</td> <td>0.2912700</td> <td>Matagorda County Hospital District</td> <td>0.2912700</td> <td>100%</td> <td>0.2912700</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Port of Bay City</td> <td>0.0529900</td> <td>100%</td> <td>0.0529900</td> <td>Port of Bay City</td> <td>0.0529900</td> <td>100%</td> <td>0.0529900</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cons & Recl District</td> <td>0.0081900</td> <td>100%</td> <td>0.0081900</td> <td>Cons & Recl District</td> <td>0.0081900</td> <td>100%</td> <td>0.0081900</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Coastal Plains GW District</td> <td>0.0042600</td> <td>100%</td> <td>0.0042600</td> <td>Coastal Plains GW District</td> <td>0.0042600</td> <td>100%</td> <td>0.0042600</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Drainage District #1</td> <td>0.0411300</td> <td>100%</td> <td>0.0411300</td> <td>Drainage District #1</td> <td>0.0411300</td> <td>100%</td> <td>0.0411300</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bay City/Van Vleck ISD</td> <td>1.3912400</td> <td>100%</td> <td>1.3912400</td> <td>Bay City/Van Vleck ISD</td> <td>1.3912400</td> <td>100%</td> <td>1.3912400</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>2.8238200</td> <td></td> <td>2.8238200</td> <td></td> <td>2.8238200</td> <td></td> <td>2.8238200</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>								REAL PROPERTY TAX				BUSINESS PERSONAL PROPERTY TAX				SALES TAX				Rate	100%	100%	100%	Rate	100%	100%	100%	Rate	100.00%	100.00%	0.02000000	100.00%	0.02000000	Bay City	0.6350000	100%	0.6350000	Bay City	0.6350000	100%	0.6350000	0.02000000	100.00%	100.00%	0.02000000	100.00%	0.02000000	Matagorda County	0.3997400	100%	0.3997400	Matagorda County	0.3997400	100%	0.3997400							Matagorda County Hospital District	0.2912700	100%	0.2912700	Matagorda County Hospital District	0.2912700	100%	0.2912700							Port of Bay City	0.0529900	100%	0.0529900	Port of Bay City	0.0529900	100%	0.0529900							Cons & Recl District	0.0081900	100%	0.0081900	Cons & Recl District	0.0081900	100%	0.0081900							Coastal Plains GW District	0.0042600	100%	0.0042600	Coastal Plains GW District	0.0042600	100%	0.0042600							Drainage District #1	0.0411300	100%	0.0411300	Drainage District #1	0.0411300	100%	0.0411300							Bay City/Van Vleck ISD	1.3912400	100%	1.3912400	Bay City/Van Vleck ISD	1.3912400	100%	1.3912400								2.8238200		2.8238200		2.8238200		2.8238200						
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REVENUE YEAR	BASE YEAR 2015	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	TOTALS																																																																																																																													
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Revenue Summary

Taxing Jurisdictions	Total Taxes Generated	Participation	Net Benefit
Bay City	\$63,256,484	\$62,953,291	\$303,193
Matagorda County	\$39,815,425	\$39,624,416	\$191,009
Matagorda County Hospital Distr	\$29,016,453	\$28,877,274	\$139,179
Port of Bay City	\$5,277,544	\$5,252,218	\$25,325
Cons & Recl District	\$815,524	\$0	\$815,524
Coastal Plains GW District	\$424,216	\$0	\$424,216
Drainage District #1	\$4,096,389	\$0	\$4,096,389
Bay City/Van Vleck ISD	\$138,533,127	\$0	\$138,533,127
Total	\$281,235,162	\$136,707,199	\$144,527,963

Gross Economic Impact





Projects Cost Estimates:

All project costs listed in the project plan shall be considered estimates and shall not be considered a cap on expenditures.

Length of TIRZ #2 in Years:

The TIRZ has a 31-year term and is scheduled to end on December 31, 2046.

Powers and Duties of Board of Directors:

The Board shall have all powers granted to it by Chapter 311 of the Texas Tax Code, including powers of a municipality under Chapter 380, Local Government Code. The Board shall not be authorized to:

- issue bonds;
- impose taxes or fees;
- exercise the power of eminent domain; or
- give final approval to the Zone's project and financing plan.

TIRZ	Property ID	Taxpayer	City of Bay City 2021 Taxable Value	Exemptions
2	18109	TRAN TUAN & NGUYET K	\$ 42,080	
2	18110	MILBERGER FRANCIS WAYNE TRUST 2-1-1994	\$ -	
2	18135	LOWER COLORADO RIVER AUTHORITY	\$ -	EX-XV
2	20968	MILBERGER FRANCIS WAYNE TRUST 2-1-1994	\$ -	
2	20969	LIBERMAN BROADCASTING OF HOUSTON	\$ 96,810	
2	20970	BAY CITY PARTNERS LLC	\$ 1,231,000	
2	20973	DESERT GOLD INC	\$ 1,873,900	
2	23013	MILBERGER FRANCIS WAYNE TRUST 2-1-1994	\$ -	
2	88863	JACKSON ELECTRIC COOPERATIVE	\$ 323,310	
2	88865	JACKSON ELECTRIC COOPERATIVE	\$ 151,180	
2	88869	JACKSON ELECTRIC COOPERATIVE	\$ 427,430	
2	94292	MILBERGER BRYAN M TRUST 2-1-1994	\$ -	
2	94293	MILBERGER ARTHUR J TRUST	\$ -	
2	94295	MILBERGER BRYAN M TRUST 2-1-1994	\$ -	
2	94296	MILBERGER ARTHUR J TRUST	\$ -	
2	94298	MILBERGER BRYAN M TRUST 2-1-1994	\$ -	
2	94299	MILBERGER ARTHUR J TRUST	\$ -	
2	118918	SMBG BAY CITY LLC	\$ 98,760	
2	118919	BAY CITY COMMUNITY DEVELOPMENT CORP	\$ -	EX-XV
2	118920	BAY CITY COMMUNITY DEVELOPMENT CORP	\$ 6,512,970	
2	118921	MILBERGER FRANCIS WAYNE TRUST 2-1-1994	\$ 170	
2	118922	MILBERGER BRYAN M TRUST 2-1-1994	\$ 170	
2	118923	MILBERGER ARTHUR J TRUST	\$ 170	
2	118924	MILBERGER FRANCIS WAYNE TRUST 2-1-1994	\$ 1,203	
2	118925	MILBERGER BRYAN M TRUST 2-1-1994	\$ 1,203	
2	118926	MILBERGER ARTHUR J TRUST	\$ 1,203	
2	121791	SMBG BAY CITY LLC	\$ -	
2	121793	SMBG BAY CITY LLC	\$ 91,960	
2	121794	SMBG BAY CITY LLC	\$ 87,350	
2	121795	SMBG BAY CITY LLC	\$ 2,310	
2	125702	JACKSON ELECTRIC COOP INC	\$ 2,379,840	
		TOTAL TIRZ #2	\$ 13,323,019	
2A	20961	CORBETT DUNCAN	\$ 532	
2A	20954	MILBERGER FRANCIS WAYNE FAMILY TRUST	\$ -	
2A	20118	CORBETT DUNCAN	\$ -	
2A	20112	MILBERGER FRANCIS WAYNE FAMILY TRUST	\$ -	
2A	20964	MORTON & HUDSON	\$ -	
		TOTAL #2A	\$ 532	

DEVELOPMENT FINANCING AGREEMENT BY AND AMONG
THE CITY OF BAY CITY, TEXAS REINVESTMENT ZONE NUMBER TWO,
CITY OF BAY CITY, AND BOLD FOX DEVELOPMENT, LLC

This DEVELOPMENT FINANCING AGREEMENT (“Agreement”) is entered into as of _____ (“Effective Date”), by and between the CITY OF BAY CITY, TEXAS, a municipal corporation and a home rule city in the State of Texas (the “City”), the TAX INCREMENT REINVESTMENT ZONE NUMBER TWO, CITY OF BAY CITY, TEXAS (the “Zone”), an administrative body appointed in accordance with Chapter 311 of the Texas Tax Code (the “TIRZ Act”) to oversee the administration of Tax Increment Reinvestment Zone Number Two, City of Bay City, Texas, a reinvestment zone designated by ordinance of the City in accordance with the Tax Increment Financing Act ,and BOLD FOX DEVELOPMENT, LLC (“Developer”), a Texas limited liability company.

The City, Zone, and Developer hereby agree that the following statements are true and correct and constitute the basis upon which the Zone and Developer have entered into this Agreement:

WHEREAS, the City created the Zone pursuant to the TIRZ Act; and

WHEREAS, the Board of Directors of the Zone (the “Zone Board” or “Board”) and the City each approved and adopted the Reinvestment Zone Project Plan and Financing Plan for Reinvestment Zone Number Two, City of Bay City, dated November 19, 2015, and amended on January 26, 2017 and January 25, 2022 (as amended, “TIRZ Plan”); and

WHEREAS, the Developer has or will construct certain public works and improvements to implement the TIRZ Plan, and the Zone will reimburse the Developer for the Project Costs (defined herein) of such public works and improvements in accordance with this Agreement; and

WHEREAS, pursuant to the TIRZ Plan, certain tax revenues will flow into a fund to be administered by the Zone, known as the Tax Increment Fund; also, the Zone may receive other gifts, grants or other revenue to be accounted for separately from the TIF but used only for duly approved authorized purposes of the Zone;

WHEREAS, the City has delegated to the Zone the powers necessary for the implementation of the TIRZ Plan, which powers include the power to enter into agreements for the construction of public improvements including, but not limited to, improvements related to roads, sewer, drainage and all infrastructure improvements needed for single family residential development and related improvements, to be constructed in accordance with the TIRZ Plan;

WHEREAS, the Zone and City recognize the importance of its continued role in local economic development;

WHEREAS, Developer owns or controls certain property located within the Zone and has requested reimbursement for constructing certain improvements pursuant to the TIRZ Plan; and,

NOW THEREFORE, in consideration of the mutual covenants and obligations herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. General Statement; Agreement for Development of TIRZ Projects; Definitions

See Supplement.

Section 2. Site

Developer owns the real property (the "Property") which is within the boundaries of the Zone. The Property is specifically described in as shown in attached Exhibit "A." Developer shall file or use commercially reasonable efforts to cause the filing of a petition to the City for annexation of the Property into the city limits of the City within 10 business days of the Effective Date. The City and Developer shall enter into a Development Agreement as part of the annexation process. With Developer consent, the Property shall also include any real property the Developer acquires in the future in or to be included in the Zone.

Section 3. Project & Financing

Developer proposes to construct private and public improvements including, but not limited to, improvements related to roads, sewer, drainage and all infrastructure improvements needed for a single-family residential development and related improvements as more particularly described in attached Exhibit "B" ("Development" or, collectively, "TIRZ Projects"). The City will have the obligation to own, maintain and operate the following TIRZ Projects after Completion:

- (i) Water, sewer, and drainage facilities, except for any amenity portion of such drainage facilities.
- (ii) Traffic signals, roads, and turn lanes.
- (iii) Any park or recreational facilities pre-approved by the City.

Project shall be funded by and through Developer's own capital or other financing means arranged and obtained by Developer. Further, the TIF payments made to Developer pursuant to this Agreement may not reimburse Developer for all of its costs incurred in connection with performing its obligations under this Agreement.

Section 4. Financing and Reimbursement of Project Costs

See Supplement.

Section 5. Term

The term of this Agreement shall begin upon the effective date and end upon the earlier of:

- (a) the complete performance of all obligations and conditions precedent by parties to this Agreement;
- (b) expiration of thirty years after effective date; or
- (c) the expiration of the term of the Zone, as may be extended from time to time.

Notwithstanding the foregoing, the City may terminate this Agreement if Developer has not started construction of the TIRZ Projects within 24 months of the Effective Date of this Agreement. In such event, rights and obligations in this Agreement will survive the termination as to any Project Costs paid by Developer prior to termination. Once the Project Costs incurred prior to termination have been paid to the Developer, this Agreement will terminate for all purposes.

Section 6. Exhibits

The parties agree that each and every exhibit that is mentioned in and attached to this Agreement is a material part of this Agreement and each such exhibit is by this reference, incorporated into this agreement for all purposes as though set forth verbatim here.

Section 7. Force Majeure

It is expressly understood and agreed by the parties that if the performance of any obligation of either party hereunder is delayed by reason of war, civil commotion, acts of God, pandemic, inclement weather, governmental restrictions, regulations, or interferences, delays caused by the franchise utilities, fire or other casualty, court injunction, necessary condemnation proceedings, acts of the other party, its affiliates/related entities and/or their contractors, or any actions or inactions of third parties or other circumstances which are reasonably beyond the control of the party obligated or permitted under the terms of this Agreement to do or perform the same, regardless of whether any such circumstance is similar to any of those enumerated or not, the party so obligated or permitted shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such obligation shall be extended for a period of time equal to the period such party was delayed.

Section 8. Indemnity

DEVELOPER AGREES TO DEFEND, INDEMNIFY AND HOLD THE ZONE, THE CITY, AND THEIR

RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES, ASSIGNS AND SUCCESSORS, HARMLESS AGAINST ANY AND ALL CLAIMS, DEMANDS, LAWSUITS, JUDGMENTS, COSTS AND EXPENSES, INTEREST, AND ATTORNEY FEES FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE (INCLUDING LOSS) OR OTHER HARM FOR WHICH RECOVERY OF DAMAGES IS SOUGHT THAT MAY ARISE OUT OF OR BE OCCASIONED BY DEVELOPER'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT, OR BY ANY NEGLIGENT ACT OR OMISSION OF DEVELOPER, ITS OFFICERS, AGENTS, ASSOCIATES, EMPLOYEES, CONTRACTORS OR SUBCONTRACTORS IN THE PERFORMANCE OF THIS AGREEMENT; EXCEPT THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE NEGLIGENCE OF THE ZONE, CITY, OR THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES OR CONTRACTORS, AND IN THE EVENT OF JOINT AND CONCURRENT NEGLIGENCE OF BOTH DEVELOPER AND ZONE, RESPONSIBILITY, IF ANY, SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. HOWEVER, NOTHING IN THIS SECTION WAIVES ANY IMMUNITY OR OTHER DEFENSE AVAILABLE TO THE ZONE OR THE CITY UNDER TEXAS OR FEDERAL LAW.

Section 9. Events of Default & Remedies

A default shall exist if either party fails to perform or observe any material covenant contained in this Agreement, including exhibits, which is not otherwise excused under the terms of this Agreement. The non-defaulting party shall promptly notify the defaulting party in writing upon becoming aware of any change in the existence of any condition or event that would constitute a default or, with the giving of notice or passage of time, or both, would constitute a default under this Agreement. Such notice shall specify the nature and the period of existence thereof and what action, if any, the non-defaulting party requires or proposes to require with respect to curing the default.

If a default shall occur and continue, after thirty (30) day's notice to cure default, the non-defaulting party may, at its option, pursue any and all remedies it may be entitled to, at law or in equity, in accordance with Texas law. The Zone shall not, however, pursue remedies for as long as Developer proceeds in good faith and with due diligence to remedy and correct the default, provided that Developer has commenced to cure such default within the 30 days following notice.

Section 10. Venue and Governing Law

This Agreement is performable in Matagorda County, Texas and venue of any action arising out of this Agreement shall be exclusively in the State or District Courts of Matagorda County. This Agreement shall be governed and construed in accordance with the Charter, ordinances, and resolutions of the City of Bay City, applicable federal and state laws, the violation of which shall constitute a default of this Agreement. To the extent permitted by law, the law of the state of Texas shall apply without regard to applicable principles of conflicts of law.

Section 11. Notices

Any notice required by this Agreement shall be deemed to be properly served if deposited in the U.S. mail by certified letter, return receipt requested, addressed to the recipient at the recipient's address shown below, subject to the right of either party to designate a different address by notice given in the manner just described.

If intended for Zone or City, to:

Tax Increment Reinvestment Zone No. 2
c/o City of Bay City
1901 5th Street
Bay City, Texas 77414

With a copy to:
Scotty Jones, Director of Finance
1901 5th Street
Bay City, Texas 77414

With a copy to:
Anne Marie Odefey, City Attorney
Roberts, Odefey, Witte & Wall, LLP
2206 Hwy 35 North
P.O. Box 9
Port Lavaca, Texas 77979

If intended for Developer, to:

With a copy to:
The Muller Law Group, PLLC
202 Century Square Blvd.
Sugar Land, Texas 77478
Attention: Richard Muller

Section 12. No Third Party Rights

This Agreement is solely for the benefit of the parties hereto and is not intended to create

or grant any rights, contractual or otherwise, to any other person or entity.

Section 13. Severability

In case any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect by a court or agency of competent jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other remaining provisions hereof and this Agreement shall remain in full force and effect and be construed as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.

Section 14. Counterparts & Signatures

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument. This agreement may be executed in multiple originals. This agreement may be executed by PDF signatures which shall be deemed originals and equally admissible as originals.

Section 15. Captions

The captions to the various clauses of this Agreement are for informational purposes only and shall not alter the substance of the terms and conditions of this Agreement.

Section 16. Successors and Assigns

The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto. Provided, however, Developer shall not assign this Agreement without prior City approval, which approval shall not be unreasonably withheld. Notwithstanding the foregoing, written approval of the City shall not be required for an assignment to an Affiliate of Developer. "Affiliate of Developer" as used herein, includes any parent, sister, partner, joint venturer, or subsidiary entity of Developer; any entity in which Developer is a major shareholder, owns an equity interest, or is a joint venturer or partner (whether general or limited), or to the Developer's financial institution.

Section 17. Limited Rights and Non-waiver

This agreement is intended only to establish the rights and obligations as between the Parties hereto and it creates no right, expectation, benefit or obligation for or toward any other person or entity. Nothing stated or omitted from this Agreement shall be construed as a waiver of any defense, affirmative defense, or immunity available to the Zone or the City and their respective officials, directors, members, employees, agents, assigns, successors.

Section 18. Representations by Developer

Developer certifies and agrees that it (i) does not, nor will not, so long as the Agreement remains in effect, boycott Israel, as such term is defined in Chapter 808, Texas Government Code, (ii) does not engage in business with Iran, Sudan, or any foreign terrorist organization pursuant to Subchapter F of Chapter 2252 of the Texas Government Code; (iii) is not identified on a list prepared and maintained under Sections 806.051, 807.051, or 2252.153, Texas Government Code; (iv) does not, nor will not, so long as the Agreement remains in effect, boycott energy companies, as such term is defined in Chapter 809, Texas Government Code; (v) does not, nor will not, so long as the Agreement remains in effect, have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association, as such term is defined in 2274.001(3), Texas Government Code; and (vi) is not (a) owned or controlled by (1) individuals who are citizens of China, Iran, North Korea, Russia or any designated country (as such term is defined in 113.003, Texas Business & Commerce Code); or (2) a company or other entity, including a governmental entity, that is owned or controlled by citizens of or is directly controlled by the government of China, Iran, North Korea, Russia, of any designated country; or (b) headquartered in China, Iran, North Korea, Russia or a designated country.

Section 19. Entire Agreement

This Agreement, including any exhibits attached hereto and any documents incorporated herein by reference, contains the entire understanding and agreement between the Zone, the City, and Developer, their assigns and successors in interest, as to the matters contained herein. Any prior or contemporaneous oral or written agreement is hereby declared null and void to the extent in conflict with any provision of this Agreement. This Agreement shall not be amended unless executed in writing by both parties and approved by the governing bodies in an open meeting held in accordance with Chapter 551 of the Texas Government Code.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed in multiple counterparts, each of equal dignity and effect, on behalf of the City, the Zone, and the Developer effective as of the Effective Date.

ATTEST/SEAL

CITY OF BAY CITY, TEXAS

Jeanna Thompson, City Secretary

Robert K. Nelson, Mayor

DEVELOPER

ATTEST/SEAL

REINVESTMENT ZONE NUMBER TWO,
CITY OF BAY CITY, TEXAS

Julie Estlinbaum, Chairman

SUPPLEMENT TO DEVELOPMENT FINANCING AGREEMENT BY AND AMONG
THE CITY OF BAY CITY, TEXAS REINVESTMENT ZONE NUMBER TWO,
CITY OF BAY CITY, AND BOLD FOX DEVELOPMENT, LLC

Section 1. General Statement; Agreement for Development of TIRZ Projects; Definitions

(a) General Statement. The parties acknowledge and agree that the Development is included in the TIRZ Plan, as it may be amended from time to time, and is subject to the terms of this Agreement, and the costs for same are Project Costs eligible for funding through the Tax Increment. The TIRZ Plan shall not be amended without Developer consent, to the extent it would affect the reimbursement of Developer. The City and the Developer agree that, subject to the consideration provided in this Agreement, the Developer shall assist the City and the Zone in the implementation of the TIRZ Plan and in the funding of the TIRZ Projects therein. Such assistance shall include the design, financing and construction of the Development. The responsibilities of the parties are set forth herein.

(b) Agreement to Reimburse Project Costs. The Development is subject to the terms of this Agreement, and the TIRZ shall reimburse the Developer for all amounts advanced for Project Costs in accordance with Section 4 hereof.

(c) Definitions

The following capitalized terms shall have the meanings provided below.

“Completion,” or “Complete,” as applied to each TIRZ Project, shall mean the point at which a TIRZ Project is available for its intended use as evidenced by a Certificate of Completion by the Developer’s engineer (such Certificate to be issued if the TIRZ Project was completed in accordance with the plans and specifications) and approved by the Public Works Department of the City.

“Interest” shall mean (i) for all Developer advances that are financed by City bonds, the rate on the City bonds sold to fund such advances, and (ii) for all Developer advances that are not financed by City bonds, the prime rate as published in the Wall Street Journal (but not to exceed 8%), with the rate for Developer advances for TIRZ Projects to be set on the date of initial expenditure.

“Net Tax Increment” shall mean the Tax Increment less amounts reasonably required or anticipated to be required for the administration and operation of the Zone, including a reasonable operating reserve.

“Reimbursement Audit” shall mean a report prepared by the City calculating the reimbursement to a Developer for funds advanced for the design and construction of a particular TIRZ Project. A Notice of Completion must be filed with the City on or before the completion for the TIRZ Project. The purpose of a Notice of Completion is to allow the City to assess whether Developer completed all requirements of the Development as

defined in this Agreement. The Notice of Completion must include a final construction report in a form reasonably acceptable to the City that specifically outlines the total Costs expended or caused to be expended for improvements constructed as part of the Development, together with supporting invoices and other documents necessary to demonstrate that such amounts were actually paid, including, without limitation, final lien waivers signed by Developer’s or an Affiliate’s general contractor.

“Tax Increment Fund” or “TIF” shall mean the fund created by the City for the Zone, including any subaccount therein, into which all Tax Increments shall be deposited by the City or other participants.

“Tax Increment” shall mean the amount of property taxes collected each year by the City and any other taxing unit that participates in the Zone with property tax increments (to the extent of their participation) on the captured appraised value.

Section 4. Financing and Reimbursement of Project Costs

(a) Design and Construction of TIRZ Projects. The Developer agrees to pay or cause to be paid all costs necessary to design and construct the TIRZ Projects for the Development. Such payments are Project Costs and are eligible for reimbursement in accordance with the TIRZ Plan and this Agreement.

(b) Cost of Land Acquisition. The cost of land for sites for TIRZ Projects listed on Exhibit B is a Project Cost and is eligible for reimbursement. The amount that will be reimbursed for land will be determined by City’s Finance Director based on a certified appraisal on the property provided by the Developer.

(c) Funding of Reimbursements.

(1) The Developer will be reimbursed by the City for any TIRZ Projects. City shall begin repaying the Developer for actual Project Costs as shown in the Reimbursement Audit, and shall continue such repayment until repaid in full, on the earliest date that funds are available from any of the following sources, and solely from such sources:

- (i) proceeds from the sale of City bonds, as set forth in subsection (2), and
- (ii) the Net Tax Increment, subject to the limitations set forth in subsection (3).

(2) As provided herein, the City shall issue one or more series of bonds at the earliest feasible date, which bonds will be secured by a pledge of the Tax Increment Fund. The net proceeds of the bonds shall be deposited into a special fund of the City and shall be used by the City to reimburse the Developer for the full amount (or such portion thereof as is deemed by the City as supportable by the TIRZ Projects as provided below) of eligible Project Costs, plus Interest. Such City bonds shall be sold within 120 days (or such other period as may be agreed by the parties) of a written request therefor from the Developer; provided that the Net Tax Increment (based upon the tax valuation of the Zone as certified or estimated by the Matagorda County

Appraisal District, or its successor) expected to be generated with respect to the Development is sufficient to support the applicable bonds bearing interest at the then-current rate of interest as determined by the City's Finance Director for comparable issues, after taking into account the portion of the Development's Net Tax Increment required to pay any outstanding City bonds, including City bonds issued to refund outstanding City bonds.

(3) In addition to the Developer's right to reimbursement from City bond proceeds, upon request from the Developer, the Zone shall reimburse the Developer for Project Costs, plus Interest, from Tax Increment accumulated in the Tax Increment Fund, attributable to the Development and available in accordance with the priorities described in the Priority of Reimbursement below.

(4) The Zone reserves the right, when payments come into the Tax Increment Fund, to prepay all or any portion of the total amount to be reimbursed under this Agreement at any given time. Developer agrees that (i) it will not look to other funds of the Zone, bonds or funds of the City, or any property of the Zone or City for all or any portion of the reimbursement, and (ii) the Developer agrees to sign such receipts and indemnities (regarding proper parties to receive payment) as are reasonably required by the City.

(d) Priority of Reimbursement and Multiple Developers.

Subject to all limitations and conditions precedent contained in this Agreement and the attached exhibits, the Parties agree that the Tax Increment generated within the Property in the Zone shall be applied in the following order of priority ("Priority of Reimbursement"):

- (i) Two and a half percent of the Tax Increment to pay City administrative expenses.
- (ii) City's costs associated with amending the TIRZ #2 boundaries and annexation of the Property into the City, in an amount not to exceed \$50,000.
- (iii) \$2,354,462.69 due to Bay City Community Development Corporation ("BCCDC") for public infrastructure improvements, including water, sewer, drainage, street and intersection improvements, pursuant to that certain Development Financing Agreement by and among the City, the Zone, and BCCDC, dated _____.
- (iv) Amounts pledged or required for the payment of outstanding City bonds, including City bonds in the process of issuance and refunding bonds.
- (v) Developer's Project Costs, pursuant to Section 4(c)(3) above.
- (vi) Any remaining funds after Developer's Project Costs are fully reimbursed pursuant to the terms of this Agreement (the "Available Funds") are available for commitment to future Developer projects.

In the event that the Zone enters into other agreements with developers of land within the Zone for the financing of TIRZ projects, it is the intention of the parties that each developer

shall be responsible for the creation of Tax Increment required for its own reimbursement. To the extent Developer constructs any projects or facilities in the TIRZ that benefit property in the TIRZ which is not Developer's Property, Developer may be reimbursed for expenses related to these facilities from the Tax Increment generated within the TIRZ, but outside the Property.

**BOLD FOX TRACT
BAY CITY TIRZ NO. 2
ORDER OF MAGNITUDE PRELIMINARY COST ESTIMATE**

COST SUMMARY

	<u>WATER</u>	<u>SANITARY</u>	<u>DRAINAGE</u>	<u>ROAD</u>	<u>PARK</u>	<u>TOTAL</u>
1. Clearing, Grubbing, and Site Preparation of 80-Acres	\$4,800	\$9,300	\$9,900	\$29,000	\$0	\$53,000
2. Section One Utilities and Roads ⁽⁴⁾	\$171,000	\$333,400	\$350,600	\$1,045,000	\$0	\$1,900,000
3. Section Two Utilities and Roads ⁽⁴⁾	\$171,000	\$333,400	\$350,600	\$1,045,000	\$0	\$1,900,000
4. Section Three Utilities and Roads ⁽⁴⁾	\$229,400	\$447,300	\$470,300	\$1,403,000	\$0	\$2,550,000
5. Detention Basin Excavation and Outfall into Drainage Channel	\$0	\$0	\$656,000	\$0	100,000 ⁽⁵⁾	\$100,000
6. Drainage Channel Excavation and Outfall into Bucks Bayou	\$0	\$0	\$635,000	\$0	\$0	\$635,000
7. Highway 35 Traffic Signal	\$0	\$0	\$0	\$250,000	\$0	\$250,000
8. Highway 35 Left Turn Lane	\$0	\$0	\$0	\$250,000	\$0	\$250,000
9. Open Space, Park and Recreation Facilities	\$0	\$0	\$0	\$0	\$2,400,000	\$2,400,000
Sub-Total Construction Costs	\$576,200	\$1,123,400	\$2,472,400	\$4,022,000	\$2,500,000	\$10,038,000
Contingencies (10%)	\$58,100	\$112,800	\$247,800	\$402,000	\$250,000	\$1,005,200
Total Construction Costs	\$634,300	\$1,236,200	\$2,720,200	\$4,424,000	\$2,750,000	\$11,043,200
Engineering, Platting, Survey, Traffic Study, Construction Management, SWPPP, Geotechnical Services	\$348,000	\$695,000	\$1,439,000	\$2,598,000	\$0	\$5,080,000
TOTAL PRELIMINARY CONSTRUCTION COST ESTIMATE	\$982,300	\$1,931,200	\$6,130,200	\$7,022,000	\$2,750,000	\$18,094,200
COST PER ACRE	80	\$12,300	\$24,100	\$76,600	\$87,800	\$226,200

Notes:

- Please see note section for additional notes and assumptions .
- All estimated dollar amounts, rounded to nearest 100.
- Engineering related fees are calculated as 5% of Clearing, Grubbing, and Site Preparation, Retaining Walls, 18% of Overall Developable Acreage Cost, Bridge and Culvert Crossings, Lake, Mitigation, Offsite Road Improvements, On-Site Collector Road, On-Site Major Thoroughfare (Half Blvd), On-Site Major Thoroughfare (Full Blvd), Traffic Signal, Left Turn Lane, Offsite Waterline Pro-rata share of, 16% of Detention, Mass Grading, Amenity, 11% of Lift Station, Water Treatment Plant, Wastewater Treatment Plant, 13% of Storm Water Pumped Station, Water Well, and 16% of contingencies.
- Cost for Sections 1, 2, and 3 include the installation of all public water distribution lines, fire hydrants, water valves and appurtenances under the "WATER" designation; installation of all sanitary sewer pipe, manholes, and service leads under the "SANITARY" Designation; installation of all storm sewer pipes, manholes, and inlets under the "DRAINAGE" designation; and, excavation of roadways and installation of concrete pavement and curbs under the "ROAD" Designation.
- Park costs associated with the Detention basin excavation (item 5) includes the excavation of the amenity portion (lake excavation) of the detention pond.