

TAX INCREMENT REINVESTMENT ZONE No. 2

CITY OF WILLOW PARK, TEXAS

PRELIMINARY PROJECT AND FINANCING PLAN

JANUARY 28, 2025

PREPARED BY:

MUNICAP, INC.
— PUBLIC FINANCE —

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1. INTRODUCTION

1.1. AUTHORITY AND PURPOSE

The City of Willow Park, Texas, a Texas General Law Type A municipality (the "City"), has the authority under Chapter 311, Texas Tax Code, as amended (the "Act") to designate a contiguous or noncontiguous geographic area within the extraterritorial limits of the City as a tax increment reinvestment zone to promote development or redevelopment of the area if the governing body of the City (the "City Council") determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future, that the zone is feasible, and that creation of the zone is in the best interest of the City and the property in the zone. The purpose of the zone is to facilitate such development or redevelopment by financing the costs of public works, public improvements, programs, and other projects benefiting the zone, plus other costs incidental to those expenditures, all of which costs are authorized by the Act.

1.2. ELIGIBILITY REQUIREMENTS

Except as provided in the Act, an area may be designated as a tax increment reinvestment zone if such area is predominantly open or undeveloped and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impairs or arrests the sound growth of the City. The City cannot, however, designate a zone if more than 30% of the property in the proposed zone, excluding property that is publicly owned, is "used for residential purposes" (defined by the Act as follows: "... property is used for residential purposes if it is occupied by a house having fewer than five living units ...") or if the total appraised value of taxable real property in the proposed zone and in existing reinvestment zones exceeds 50% of the total appraised value of taxable real property in the City and in industrial districts created by the City.

The Zone. By City Council action on January 28, 2025, the City created a tax increment reinvestment zone to be known as "Tax Increment Reinvestment Zone Number Two, City of Willow Park, Texas" (the "Zone" or "TIRZ") that includes approximately 317 acres depicted on **Exhibit A** and described on **Exhibit B** (the "Property"). The Beall-Dean Ranch Public Improvement District (the "PID") includes approximately 317 acres comprising the Property. The Property meets the eligibility requirements of the Act. The Property is undeveloped, and due to its size, location, and physical characteristics, development will not occur solely through private investment in the foreseeable future. The Property substantially impairs and arrests the sound growth of the City because it is predominately underdeveloped due to factors such as no public infrastructure and the need for economic incentives to attract development to the Zone for the purpose of providing long-term economic benefits including, but not limited to, increased real property tax base for all taxing units in the Zone, increased sales and use tax for the City and the State of Texas, and increased job opportunities for residents of the City, Parker County (the "County") and the region. If the public works, public improvements, programs, and other projects are financed as contemplated by the Final Plan (hereinafter defined), the City envisions that the Property will be developed to take full advantage of the opportunity to bring to the City and the County, and to all of the region quality developments.

1.3. PRELIMINARY PLAN; HEARING

Before the City adopted the ordinance designating the Zone, the City Council prepared a preliminary reinvestment zone financing plan in accordance with the Act and, on January 28, 2025, held a public hearing on the creation of the proposed zone and its benefits to the City and to the Property, at which public hearing interested persons spoke for and against the creation of the proposed zone, the boundaries of the proposed zone, and the concept of tax increment financing, and at which hearing the owners of the Property (collectively the "Owners") were given a reasonable opportunity to protest the inclusion of the Property in the proposed zone. The requirement of the Act for a preliminary reinvestment zone financing plan was satisfied by the preliminary plan dated January 28, 2025 (the "Preliminary Plan"), the purpose of which is to describe, in general terms, the public works, public improvements, programs, and other projects that will be undertaken and financed by the Zone. A description of how such public works, improvements, programs, and projects are to be undertaken and financed will be determined by the Final Plan (hereinafter defined), which requires recommendation by the Board (hereinafter defined) and approval by the City Council.

1.4. CREATION OF THE ZONE

Subsequent to the above-referenced public hearing, the City Council adopted ordinance No. 916-25 on January 28, 2025 (the "Creation Ordinance") in accordance with the Act creating the Zone after the City Council found that development or redevelopment of the Property would not occur solely through private investment in the reasonably foreseeable future, that the Zone is feasible, and that creation of the Zone is in the best interest of the City and the Property. The ordinance creating the Zone appointed a Board of Directors for the Zone initially consisting of six (6) members (the "Board").

1.5. BOARD RECOMMENDATIONS

Upon the creation of the Zone on January 28, 2025, the Board, during its [REDACTED], 2025, meeting, reviewed the *Final Project and Finance Plan for Tax Increment Reinvestment Zone Number Two, City of Willow Park, Texas* (the "Final Plan") and approved and recommended to the City Council to approve the Final Plan pursuant to which the City will contribute a portion of the ad valorem tax increment (the "Tax Increment") attributable to new development in the Zone into a tax increment fund created by the City and segregated from all other funds of the City (the "TIRZ Fund") for payment of the costs of public works, public improvements, programs, and other projects benefiting the Zone.

1.6. COUNCIL ACTION

The City Council, taking into consideration the recommendations of the Board, is anticipated to consider and approve the Final Plan in [REDACTED].

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1.7. SUMMARY OF RESULTS

As real property taxes are generated on an ad valorem basis from assessed values, it is first necessary to estimate the future assessed value resulting from the Zone. This plan provides assessed value information based on the following:

- The development is completed as proposed by Beall-Dean Ranch, Ltd., (the “Developer”);
- The units are sold according to the development pace estimated by the Developer, as summarized in subsequent sections of this report;
- Property values are projected to grow at 2% per year for the duration of the Zone;
- The real property tax rate remains static at the fiscal year 2024 level in future years;
- The Property is anticipated to include approximately 317 acres comprising the PID; and
- The City has committed to use **65%** of the incremental revenues generated from the Property using the maintenance and operation (“M&O”) portion of the respective tax rate.
- The City has committed to use **50%** of the incremental revenues generated from the Property using the interest and sinking (“I&S”) portion of the respective tax rate.

In summary, the TIRZ financing analysis indicates that, assuming two percent (2%) annual inflation through 2063 (and after completion of all phases), the TIRZ is estimated to have an incremental value of \$799,447,313.

Table 1-A provides the projected total and incremental assessed value for the Zone in 2063. Refer to **Exhibit C-3.1, Exhibit C-4.1, and Exhibit C-5.1**, attached hereto, for more information on the projected incremental value for each year.

Table 1-A
Projected Assessed Values

Year	Projected Value	Base Value¹	Incremental Value
2063	\$799,447,313	\$0	\$799,447,313

¹ The base value of \$0 is based on the 2024 certified values provided by PCAD.

The assessed values displayed in Table 1-A are the basis for estimating incremental real property taxes. The projected incremental taxes are shown in Table 1-B. The Property is anticipated to be fully built out by December 31, 2037, and such fully built-out values are anticipated to be reflected in the 2038 property appraisal and the related incremental taxes will become fully available on taxes dues as of January 31, 2039. The new proposed development could not occur without the Public Improvements required to be constructed within the Zone. The total projected value of the new development at build-out as of January 1, 2037, is \$483,320,249 with an incremental value of \$483,320,249. Table 1-B illustrates the projected assessed value for taxes due as of January 31, 2039, assuming two percent (2%) annual inflation.

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Table 1-B
Projected Incremental Tax Revenue

Jurisdiction	Total Projected Appraised Value at Buildout as of January 1, 2038	Base Value¹	Total Projected Incremental Appraised Value at Buildout as of January 1, 2038	Projected Incremental Tax Revenue due as of January 31, 2039²	Projected Incremental Tax Revenue Available for Project Costs due as of January 31, 2039²
City of Willow Park M&O	\$483,320,249	\$0	\$483,320,249	\$982,933	\$638,907
City of Willow Park I&S	\$483,320,249	\$0	\$483,320,249	\$1,107,649	\$553,825
Total				\$2,090,582	\$1,192,731

¹ The base value of \$0 is based on the 2024 certified values provided by the PCAD.

² Represents the projected incremental tax revenues generated from the Property.

Refer to **Exhibit C-3.1, Exhibit C-3.2, Exhibit C-4.1, Exhibit C-4.2, Exhibit C-5.1, and Exhibit C-5.2** for projected tax increment revenues for each year under each scenario.

The financing plan for the public improvements contemplates the issuance of special revenue bonds by the City and/or a reimbursement agreement executed by the City secured by special assessments on property within the Beall-Dean Ranch Public Improvement District (the “PID Assessments”). The bonds secured by the PID Assessments are referred to as the “PID Bonds” and the total estimated par amount is \$75,000,000.

A portion of the total public improvement costs are proposed to be funded with the PID Bonds. As a result, real property tax increment revenues will be used to pay a portion of the Project Costs by offsetting the PID Assessments imposed on the property within the PID.

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2. ASSESSMENT AND TAX COLLECTION PROCEDURES

2.1 AUTHORITY AND PURPOSE

Pursuant to Texas Tax Code, all taxable property is appraised at its market value as of January 1 of each year. Each county in Texas is served by an appraisal district, which determines the value of all that county's taxable property. Generally, local governments that collect property taxes, such as counties, cities and school districts, are members of the appraisal district.

2.2 METHODOLOGY

Each county appraisal district determines the value of all taxable property within the county boundaries. Tax Code Section 25.18 requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. Tax Code Section 23.01 requires that appraisal districts comply with the Uniform Standards of Professional Appraisal Practice if mass appraisal is used and that the same appraisal methods and techniques be used in appraising the same or similar kinds of property. Individual characteristics that affect the property's market value must be evaluated in determining the property's market value.

Before appraisals begin, the appraisal district compiles a list of taxable property. The list contains a description and the name and address of the owner for each property. In a mass appraisal, the appraisal district then classifies properties according to a variety of factors, such as size, use and construction type. Using data from recent property sales, the appraisal district appraises the value of typical properties in each class. Taking into account differences such as age or location, the appraisal district uses typical property values to appraise all the properties in each class.

With few exceptions, Tax Code Section 23.01 requires taxable property to be appraised at market value as of January 1. Market value is the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- it is exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

Source: <https://comptroller.texas.gov/taxes/property-tax/valuing-property.php>

2.3 APPEALS

According to the Parker County Appraisal District ("PCAD"), property owners may utilize the County Appraisal District ("CAD") appeal procedures if they have a concern about:

- the market or appraised value of the property;
- unequal appraisal of the property compared to other properties;
- the inclusion of the property on the appraisal roll;
- any exemptions that may apply to the property owner;
- the qualification for an agricultural or timber appraisal;
- the taxable status of the property;
- the local governments which should be taxing the property;
- the ownership of property;
- a change of use of land receiving special appraisal; and/or
- any action taken by the chief appraiser, CAD or Appraisal Review Board (“ARB”) that applies to and adversely affects the property.

If property owners cannot resolve their concern informally with the CAD staff, they may have their cases heard by the ARB. The ARB is an independent board of citizens that review problems with appraisals or other concerns listed above. It has the power to order the CAD to make the necessary changes to solve problems. If a property owner files a written request for an ARB hearing (called a notice of protest) on or before May 31 (or 30 days after the notice of appraised value was mailed to the property owner, whichever is later), the ARB will set the case for a hearing. The property owner will receive written notice of the time, date, and place of the hearing. After it decides the case, the ARB must send them a copy of its order by certified mail. If the property owner is not satisfied with the decision, it has the right to appeal. If it chooses to go to court, the property owner must start the process by filing a petition within 60 days of the date it receives the ARB’s order. In certain cases, as an alternative to filing an appeal in district court, the property owner may file not later than the 45th day after it receives notice of the ARB order a request for binding arbitration with the CAD. In certain cases, originating in certain counties, as an alternative to filing an appeal in district court, the property owner may appeal to the State Office of Administrative Hearings (SOAH). An appeal to SOAH is initiated by not later than the 30th day after the property owner receives notice of the ARB’s order by filing with the chief appraiser of the CAD a notice of appeal. PCAD also takes a similar approach.

2.4 TAXATION PROCEDURES

The assessment and property tax process for each tax year includes the steps shown in Table 2-A.

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Table 2-A
Property Tax Timeline

Date(s)	Event
January 1	CADs are required to appraise property on this date. A lien attaches to each taxable property to ensure property tax payment.
January 1 - April 30	CAD completes appraisals and processes applications for exemptions.
April - May	Appraisal districts send notices of appraised value.
May 1	Appraisal review board begins hearing protests from property owners.
July 1	Local taxing units may impose additional penalties for legal costs related to collecting unpaid taxes.
August - September	Local taxing units adopt tax rates.
October 1	Local taxing units (or county tax assessor-collector, acting on their behalf) begin sending tax bills to property owners.
January 1	Taxes due to local taxing units (or county tax assessor-collector, if acting on their behalf).
February 1	Local taxing units begin charging penalty and interest for unpaid tax bills.

2.5 PENALTIES AND INTEREST

According to the Texas Comptroller, if taxes are not paid by January 31st, penalties and interest will accrue are shown in Table 2-B.

Table 2-B
Penalties and Interest

If Tax Paid In:	Penalty		Interest		Total
February	6%	+	1%	=	7%
March	7%	+	2%	=	9%
April	8%	+	3%	=	11%
May	9%	+	4%	=	13%
June	10%	+	5%	=	15%
July	12%	+	6%	=	18%

Penalties reach a maximum of 12% and interest of 1% is added each month after the due date. All real property accounts not paid in full by June 30th of the year in which they become delinquent will be referred to the delinquent tax attorney for enforced collection and will incur an additional penalty equal to 15% - 20% of the total taxes, penalties, and interest due.

2.6 TAX SALE

According to the Parker County Tax Collector's website, tax sales are held once orders of sale are issued from the district courts in reference to tax judgments for delinquent taxes. Real property being sold as a result of a foreclosure to satisfy delinquent taxes is required by Texas law to be sold on the first Tuesday of the month. All counties have sales on the same day.

2.7 TAX RATES

Tax rates are set on an annual basis by the City. For fiscal year 2024, real property tax rate in the City is \$0.432546 per \$100 of assessed value.

The City tax rates have fluctuated in past years. It is likely that the tax rates will continue to change overtime; for purposes of this study, however, it is assumed that the tax rate will remain at its current level in future years.

Table 2-C provides historical tax rates from fiscal years 2017 to 2024.

Table 2-C
Historical Tax Rates 2017-2023

Fiscal Year	City Tax Rate Per \$100 Assessed Value (M&O)	City Tax Rate Per \$100 Assessed Value (I&S)	City Tax Rate Per \$100 Assessed Value (Total)
2017-18	\$0.308400	\$.0288300	\$0.536700
2018-19	\$0.308400	\$0.228300	\$0.536700
2019-20	\$0.291800	\$0.244900	\$0.536700
2020-21	\$0.268500	\$0.262800	\$0.536700
2021-22	\$0.301620	\$0.265030	\$0.566650
2022-23	\$0.283941	\$0.254509	\$0.538450
2023-24	\$0.208872	\$0.188725	\$0.397597
2024-25	\$0.203371	\$0.229175	\$0.432546

Source: City of Willow Park

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3. PROJECT PLAN

3.1. DESCRIPTIONS AND MAPS

Existing Uses and Conditions. The Property in the Zone is contiguous and is currently located within the extraterritorial jurisdiction of the City. The Property is comprised of approximately 317 acres.

The Property is undeveloped, and there is limited public infrastructure to support development. Development will require public infrastructure that: (1) the City cannot provide; and (2) will not be provided solely through private investment in the foreseeable future. A map of the Property and the Zone are shown on Exhibit A.

Proposed Uses. The Property is anticipated to be zoned consistent with the Beall-Dean Ranch Development Agreement between the City and Beall-Dean Ranch, Ltd., a Texas limited partnership, effective as of December 10, 2024 (the, “Development Agreement”), and uses permitted by such approved zoning (the, “Zoning Ordinance”). The proposed concept plan for development of the Property is shown on Exhibit D and a description of the proposed uses within the Property are shown on Table 3-A.

Table 3-A
Description of Proposed Uses

Property Type	Estimated Completion	Quantity	Measurement
<i><u>Residential</u></i>			
Single Family - 50 Ft	2036	79	Units
Multi-family	2033	1,000	Units
<i><u>Commercial</u></i>			
Retail (Big Box)	2037	485,500	GSF
Restaurant/Retail	2038	484,500	GSF
Office	2036	89,450	GSF

Metes and Bounds Description. Metes and bounds descriptions of the various tracts that comprise the Property are provided on Exhibit B. The list of Parcels in the Zone is shown in Exhibit E.

3.2. PROPOSED CHANGES TO ORDINANCES, PLANS, CODES, RULES AND REGULATIONS

Development of the Property will involve only those changes established by the City pursuant to the applicable development regulations.

3.3. ESTIMATED NON-PROJECT COSTS

Non-project costs are funds that will be spent to develop in the Zone but will not be financed by the Zone. The Non-Project Costs are estimated at approximately \$144,531,468 for the total property within the Zone.

3.4. RELOCATION OF DISPLACED PERSONS

No persons will be displaced or relocated due to the creation of the Zone or implementation of the Final Plan.

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4. FINANCING PLAN

4.1. ESTIMATED PROJECT COSTS

The total project costs of the Zone (the "Project Costs") include the Administrative Costs defined below, the costs of the initial Public Improvements (as defined herein), certain economic development grants to incentivize development within the Zone as set forth herein (the, "Economic Development Grants") as well as related interest expense are estimated to be approximately \$83,562,587, as set forth in **Exhibit F**. The Project Costs for administration of the Zone shall be the actual, direct costs paid or incurred by or on behalf of the City to administer the Zone (the "Administrative Costs"). The Administrative Costs include the costs of professional services, including those for planning, engineering, and legal services paid by or on behalf of the City. The Administrative Costs also include organizational costs, including the costs of conducting studies, the cost of publicizing the creation of the Zone, and the cost of implementing the project plan for the Zone paid by or on behalf of the City. The Administrative Costs shall be paid each year from the TIRZ Fund (hereinafter defined) before any other Project Costs are paid.

4.2. PROPOSED PUBLIC IMPROVEMENTS

Categories of Public Improvements. The categories of public works and public improvements (the "Public Improvements") that are proposed to be financed within the Zone are as follows: water and wastewater improvements, sanitary and storm sewer improvements, road, paving, landscaping, and street lights and signage, other soft and miscellaneous costs and contingency. All Public Improvements shall be designed and constructed in accordance with the applicable City standards and shall be reviewed, inspected, approved, and accepted by the City, respectively. At the discretion of the City, some of the Public Improvements that are to be financed with the TIRZ Increments may be owned by the City but maintained by a homeowners' association as may be agreed by the City from time to time.

Locations of Public Improvements. The estimated locations of the proposed Public Improvements to be constructed within the Zone, as further described in the Service and Assessment Plan for the PID, are shown in **Exhibit G**. These locations are provided for informational purposes only and may be revised by City Staff without amending the Final Plan.

4.3. ECONOMIC FEASIBILITY

The development is proposed to be developed on vacant land. As shown in **Exhibit H**, the current aggregate appraised value of the property is \$0 (shown as assessed value in the PCAD records). The development is projected to be fully built out by December 31, 2037, based on the preliminary absorption estimated by the Developer.

For purposes of this Plan, economic feasibility has been evaluated over the term of the Zone based on the projected taxable value growth as shown in the projected absorption, projected incremental assessed values and projected incremental taxes shown in **Exhibit C**. This evaluation focuses only on 'direct' financial benefits (i.e., projected tax revenues from new development in the Zone) of

the Public Improvements to be constructed within the Zone and does not take into consideration the potential ‘multiplier effect’ of this development towards new development outside the Zone and the non-property tax revenue-related benefits like job creation to the properties within and outside of the Zone. The new proposed development could not occur without the Public Improvements required to be constructed within the Zone. The total projected value of the new development at build-out as of January 1, 2039, is \$483,320,249 with an incremental value of \$483,320,249. The new development is projected to generate approximately \$2,090,582 in annual projected incremental real property taxes at build-out and approximately \$78,427,626 during the anticipated term of the Zone as shown in Table 4-A.

Table 4-A
Projected Incremental Tax Revenue

Jurisdiction	Total Projected Incremental Appraised Value at Buildout as of January 1, 2038	Total Projected Annual Incremental Tax Revenue at Build-Out (Due by January 31, 2039)¹	Total Projected Annual Incremental Tax Revenue at Build-Out Available for Project Costs (Due by January 31, 2039)¹	Total Projected Incremental Tax Revenue during the Term of the TIRZ¹
City of Willow Park M&O	\$483,320,249	\$982,933	\$638,907	\$36,874,470
City of Willow Park I&S	\$483,320,249	\$1,107,649	\$553,825	\$41,553,155
Total		\$2,090,582	\$1,192,731	\$78,427,626

¹Represents the projected incremental tax revenues generated from the Property.

Thirty-Five percent (35%) of the new M&O and fifty percent (50%) of the new I&S tax revenue generated for all taxing units from the new development within the Zone will be retained by those taxing units. The remaining sixty-five percent (65%) of the new M&O and fifty percent (50%) of the new I&S tax revenue generated by the new development within the Zone will be available to pay for Project Costs until the term of the Zone expires. Upon expiration or termination of the Zone, 100% of all tax revenue generated within the Zone will be retained by the City.

These projections assume two percent (2%) annual property value inflation factor. As shown in **Exhibit C-3.1, Exhibit C-3.2, Exhibit C-4.1, Exhibit C-4.2, Exhibit C-5.1, and Exhibit C-5.2** the total anticipated TIRZ contribution of the increment towards the Public Improvements is projected to be \$30,003,752. As a result, the TIRZ is anticipated to generate \$33,682,642 (i.e., \$78,427,626 - \$44,744,984) in excess incremental real property taxes during the anticipated term of the Zone for payment of costs of the City, demonstrating economic feasibility of the proposed TIRZ structure.

Table 4-B shows the projected maximum TIRZ contribution of the by each participating jurisdiction.

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Table 4-B
Projected Maximum TIRZ Contribution

Jurisdiction	Total Projected Incremental Tax Revenue during the Term of the TIRZ¹	Participation Percentage	Total Projected Incremental Tax Revenue Available for payment of Project Costs (Projected Maximum TIRZ Contribution)²	Total Projected Incremental Tax Revenue Available to the City
City of Willow Park M&O	\$36,874,470	65%	\$23,968,406	\$12,906,065
City of Willow Park I&S	\$41,553,155	50%	\$20,776,578	\$20,776,578
Total	\$78,427,626		\$44,744,984	\$33,682,642

¹ Represents the projected incremental tax revenues generated from the Property using the respective tax rate.

² Represents the total projected incremental tax revenue available to pay for Project Costs.

4.4. TIRZ PARTICIPATION LEVEL

For properties within the TIRZ, 65% of the total City incremental M&O real property tax revenue and 50 % of the total City incremental I&S real property tax revenue will be pledged to the TIRZ Fund, as shown in Table 4-E.

Table 4-E
TIRZ Participation by Entity

Jurisdiction	TIRZ Participation level as % of M&O Tax Rate	TIRZ Participation level as % of I&S Tax Rate
City of Willow Park	65%	50%

4.5. ESTIMATED BONDED INDEBTEDNESS

It is not anticipated that TIRZ bonds will be issued in the future.

It is proposed that approximately 317 acres comprising the Zone will be located within the PID. It is anticipated that PID Bonds or other similar debt obligations may be incurred in 2026, in which a credit in the amount equal to 65% of the City's total incremental M&O real property tax and 50% of the City's total incremental I&S real property tax revenue for properties within the Zone will be made to offset the PID Assessment imposed on the property of the PID.

4.6. ESTIMATED TIME FOR COSTS OR OBLIGATIONS

The Project Costs are estimated to be incurred within thirty six (36) months following the final issuance of PID Bonds. The Administrative Costs will be incurred annually and will continue to be collected until all Project Costs are reimbursed or the term of the Zone has expired.

4.7. METHOD OF FINANCING

The City in the future, will pay (using the TIRZ funds) a portion of the Project Costs initially funded with PID Bonds and/or Developer funds as annual TIRZ contributions made to offset PID Assessments or other funding mechanisms used to pay for the Project Costs. The Final Plan shall obligate the City to pay from the TIRZ Fund annual TIRZ contributions related to the actual Project Costs initially funded with the PID Bonds and/or Developer funds, which shall be reviewed and approved by the City. Funds deposited into the TIRZ Fund shall always first be applied to pay the Administrative Costs. After the Administrative Costs have been paid, funds in the TIRZ Fund shall next be used to pay or reimburse the Project Costs. All payments of Project Costs shall be made solely from the TIRZ Fund and from no other funds of the City unless otherwise approved by the respective governing body, and the TIRZ Fund shall only be used to pay the Project Costs. The Final Plan shall obligate the City to deposit into the TIRZ Fund each year for the duration of the Zone a portion of the Tax Increment calculated as a millage rate per \$100 of captured appraised value in the Zone that equals **65%** of the M&O component City tax rate and **50%** of the I&S component of the City tax rate for properties in the Zone for years one through thirty-eight (1-38).

4.8. TOTAL APPRAISED VALUE

The current preliminary total appraised value of taxable real property in the Zone is \$0 as shown in **Exhibit H**. It is estimated that upon expiration of the term of the Zone, the total appraised value of taxable real property in the Zone is estimated to be \$799,447,313.

4.9. ESTIMATED CAPTURED APPRAISED VALUE TAXABLE BY THE CITY

The captured appraised value of the Property taxable by the City for a year is the total taxable value of the Property for that year less the tax increment base of the Property. The tax increment base of the Property is the total taxable value of the Property for the year in which the Zone was designated. If the Zone is created during calendar year 2025, the tax increment base of the Property will be \$0 as shown in **Exhibit H**.

4.10. DURATION OF THE ZONE; TERMINATION

The stated term of the Zone shall be thirty-eight (38) years and commence on January 28, 2025, and shall continue until fiscal year ending December 31, 2063, unless otherwise terminated in accordance with this section and Section 4.3 above. The City shall have the right to terminate the Zone prior to the expiration of its stated term if all of the Project Costs have been paid. If upon expiration of the stated term of the Zone, Project Costs have not been paid, the City has no obligation to pay the shortfall. The provisions of this section shall be included in the ordinance that creates the Zone. Nothing in this section is intended to prevent the City from extending the term of the Zone in accordance with the Act.

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5. ASSUMPTION AND LIMITATIONS

The valuation of property for real property tax purposes is determined by the CADs. This plan attempts to estimate how the CAD may estimate the value of the subject properties in the future. The values estimated by the CAD will almost certainly differ from the estimates included in this report. Values can change significantly over time, and these changes can be significantly higher or lower than values in previous years. Determining property values for tax purposes is not as straight forward or as simple as the analysis in this report. Many factors not considered in this report may impact actual future values. Furthermore, property values are not likely to be consistent from year to year.

The CAD often relies on market data to estimate the value of property. Property values can be appealed, competition can be greater, national or local market conditions can change; in short, there are many factors that can affect the valuation of property. These factors make the projection of future values an imprecise exercise. The successful development of the subject properties is critical to the values estimated in the report.

This report has assumed property taxes are paid as due. This report does not include an analysis to determine if the owners of property within the Zone will be able or willing to pay property taxes or if the tax collector will be able to collect unpaid taxes. The actual delinquencies in the payment of real property taxes in the Zone will likely be different than assumed in this report and a significant increase in the failure to pay property taxes would materially affect the tax increment revenues available for the payment of Project Costs.

This report estimates future tax increment revenues based on current real property tax rates. Scenarios do not assume real property tax rates in the future will be different than tax rates for fiscal year 2024 as shown in Table 2-D. Real property tax rates have varied over the years and have declined over the years. Real property tax rates will likely vary significantly in future years and be different than assumed in this report and a significant decrease in real property tax rates could materially affect the tax increment revenues available for the payment of Project Costs.

This report includes projections of tax increment revenues based on zero percent annual appreciation for real property. Changes in values will not be consistent from year to year. Future values are estimated based on values in 2024. Values in any future year may be less than values in 2024.

This report assumes that the subject properties will be developed as projected in this report. A delay in the development of properties or changes to the program of development would reduce tax increment revenues during the years of the delay and could result in there being inadequate tax increment revenues to pay the Project Costs. No analysis has been conducted to determine if the subject properties are likely to be developed as projected.

Numerous sources of information were relied on in the preparation of this report. These sources are believed to be reliable; however, no effort has been made to verify information obtained from other sources.

In summary, this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions will inevitably not materialize, and unanticipated events and circumstances will occur. As a result, actual results will vary from the estimates in this report and the variations may be material.

Other assumptions made in the preparation of this report and limiting conditions to this report are as follows:

1. There are no zoning, building, safety, environmental or other federal, state, or local laws, regulations, or codes that would prohibit or impair the development, marketing or operation of the subject properties in the manner contemplated in this report, and the subject properties will be developed, marketed and operated in compliance with all applicable laws, regulations, and codes.
2. No material changes will occur in (a) any federal, state or local law, regulation or code affecting the subject properties or (b) any federal, state or local grant, financing or other program to be utilized in connection with the subject properties.
3. The local, national and international economies will not deteriorate and there will be no significant changes in interest rates or in rates of inflation or deflation.
4. The subject properties will be served by adequate transportation, utilities and governmental facilities.
5. The subject properties will not be subjected to any war, energy crises, embargo, strike, earthquake, flood, fire or other casualty or act of God.
6. The subject properties will be developed, marketed, and operated in a highly professional manner.
7. There are no existing, impending or threatened litigation that could hinder the development, marketing, or operation of the subject properties.
8. MuniCap, Inc. does not have expertise in and has no responsibility for legal, environmental, architectural, geologic, engineering, and other matters related to the development and operation of the subject properties.

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6. LIST OF EXHIBITS

Unless otherwise stated, all references to "Exhibits" contained in this Preliminary Plan shall mean and refer to the following exhibits, all of which are attached to and made a part of this Preliminary Plan for all purposes.

Exhibit A	Current Map of the Property and TIRZ Zone
Exhibit B	Metes and Bounds of Property in the Zone
Exhibit C-1	Projected Absorption
Exhibit C-2	Projected Assessed Value
Exhibit C-3.1	Projected Incremental Assessed Values and Incremental M&O Real Property Taxes Available for TIRZ Obligations – City of Willow Park
Exhibit C-3.2	Projected Incremental Assessed Values and Incremental M&O Real Property Taxes Available to Jurisdiction – City of Willow Park
Exhibit C-4.1	Projected Incremental Assessed Values and Incremental I&S Real Property Taxes Available for TIRZ Obligation- City of Willow Park
Exhibit C-4.2	Projected Incremental Assessed Values and Incremental I&S Real Property Taxes Available to Jurisdiction- City of Willow Park
Exhibit C-5.1	Projected Incremental Assessed Values and Incremental Real Property Taxes Available for TIRZ Obligation- City of Willow Park Summary
Exhibit C-5.2	Projected Incremental Assessed Values and Incremental Real Property Taxes Available to Jurisdiction- City of Willow Park Summary
Exhibit D	Map and Description of the Proposed Uses of the Property (current concept plan)
Exhibit E	List of Parcels in the Zone
Exhibit F	Project Costs
Exhibit G	Map of the Public Improvements
Exhibit H	Current Appraised Value of the Zone (Base Year)

EXHIBIT A
CURRENT MAP OF THE PROPERTY AND TIRZ ZONE

EXHIBIT B
METES AND BOUNDS OF THE PROPERTY

EXHIBIT C
**PROJECTED ABSORPTION, INCREMENTAL ASSESSED VALUES AND
INCREMENTAL REAL PROPERTY TAXES**

EXHIBIT D
MAP AND DESCRIPTION OF THE PROPOSED USES OF THE PROPERTY

EXHIBIT E
LIST OF PARCELS IN THE ZONE

(see Exhibit H)

EXHIBIT F
PROJECT COSTS

Project Costs¹

Descriptions	Total
<u>Hard Costs</u>	
Earthwork and Erosion Control	\$21,804,000
Paving	\$8,144,650
Drainage	\$3,328,500
Water	\$2,274,400
Sanitary Sewer	\$3,359,800
Street Lights and Signage	\$766,500
Landscaping	\$595,700
<i>Sub-total hard costs</i>	<i>\$40,273,550</i>
<u>TIRZ Administration Costs</u>	
TIRZ Administration Costs	\$750,000
<i>Subtotal TIRZ Administration Costs</i>	<i>\$750,000</i>
<u>Economic Development Grant Costs</u>	
Economic Development Grant Costs	\$25,000,000
<i>Subtotal Economic Development Grant Costs</i>	<i>\$25,000,000</i>
<u>Soft Costs</u>	
Other soft and miscellaneous costs	\$17,539,037
<i>Sub-total Soft Costs</i>	<i>\$17,539,037</i>
Total project costs financed	\$83,562,587

¹Provided by Developer.

EXHIBIT G
MAP OF PUBLIC IMPROVEMENTS

EXHIBIT H
CURRENT APPRAISED VALUE OF THE ZONE