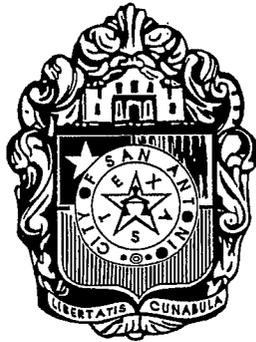


CITY OF SAN ANTONIO, TEXAS
Neighborhood Services Department



Highland Heights
Tax Increment Reinvestment Zone Four
Final Finance Plan

Participation Levels of City (100%), Bexar County (100%), and
University Health System (50%)

August 17, 2006

Highland Heights Development Tax Increment Reinvestment Zone – Plan of Finance

Introduction

The Highland Heights Development is located in the southeastern section of the City of San Antonio ("City"), within the general area between S. E. Military Drive and Woodstock, and between the west bank of the Salado Creek and Bardwell Drive, Alsbrook, and Woodstock. The development is in the San Antonio and East Central Independent School Districts and encompasses approximately 137 acres. The 1998 base value is \$449,000 and the projected captured tax incremental value is \$23,829,200. The project includes the construction of 253 single-family homes with an average sale price of \$89,000. Construction will be carried out in two phases. The total public improvement infrastructure capital cost is estimated at \$3,251,458. The Developer and builder are Highland Heights S.A., LLC, a subsidiary of El Arco, Inc., and Global Village Builders Inc. respectively, who have substantial experience in the development and construction of such projects. The life of the Tax Increment Reinvestment Zone ("TIRZ") is projected to be 18.09 years with the TIRZ being in existence through fiscal year 2017.

Public Infrastructure

The public infrastructure improvements and related capital costs include site work, storm water pollution prevention, streets, drainage, water, sewer, sewer lift station, CPS Electric, street lights/signs, platting fees, drainage fees, park maintenance, right of way landscaping, engineering/surveying fees, contingency, construction management, geo tech/phase one fees and formation expenses. The capital cost is estimated at \$3,251,458.

Plan of Finance

The base value of the TIRZ is \$449,000. Projected captured values that would be taxed to produce revenues to pay for the capital costs of the public infrastructure improvements commences in tax year 1999 with collections commencing in tax year 1999 (fiscal year 2000). Captured values grow from \$147,930 in tax year 1999 to \$23,829,200 in tax year 2016.

The taxing jurisdictions and tax rate per \$100 valuation utilized in the analysis include: City of San Antonio at \$0.578540; Bexar County at \$0.318471; and University Health System at \$0.121935. This produces annual revenues of \$1,524 in fiscal year 2000 to \$236,737 in fiscal years 2009 through 2017. No growth in tax rate or values is assumed.

The cost of the public infrastructure improvements is incurred by the Developer and paid over time from revenues produced by the TIRZ. In addition to the capital costs, other costs to be reimbursed from TIRZ revenues include City of San Antonio Administrator fees. Revenues derived from the TIRZ will be used to pay costs in the following order of priority of payment: (i.) to the payment of eligible costs incurred by the Governmental Entities Participating in the TIRZ; (ii.) administrative fees pertaining to the City (iii) to the Developer, on an annual basis, as TIRZ revenues are available for such payments.

The Developer's capital cost incurred for public infrastructure improvements is \$3,251,458. Revenues from the TIRZ are used to pay this amount plus interest on the unpaid balance at an

interest rate of 4.32%. The annual payments were structured as debt service payments to the Developer. Developer payments were scheduled to begin fiscal year 2000. The payout schedule is structured through the fiscal year 2017 and the project includes as estimated Developer contribution of \$1,665,236.

The TIRZ collections for this project shall not extend beyond September 30, 2017 and may be terminated earlier once each taxing entity has deposited its respective amount described in the table below.

TABLE – TIRZ Contributions		
Participating Taxing Entities	Maximum Dollar Contribution	Max. Length of Contribution
City of San Antonio	\$ 2,315,427	September 30, 2017
Bexar County	\$ 1,274,341	September 30, 2017
University Health System	\$ 488,124	September 30, 2017
Maximum Reimbursable Amt.	\$ 4,077,892	

Limited Obligation of the City or Participating Governmental Entities

The City and Participating Governmental Entities shall have a limited obligation to impose, collect taxes, and deposit such tax receipts into a TIRZ fund so long as the project is viable and capital costs incurred by the Developer have not been fully paid. The TIRZ collections for this project shall not extend beyond September 30, 2017, and may be terminated prior to September 30, 2017, upon payment of public improvement capital costs incurred by the Developer totaling \$3,251,458, or for the failure of the Developer to perform, or for any other reason deemed appropriate by the City and the Participating Governmental Entities. The City may elect to terminate a TIRZ if 50% of the housing construction projected for years 2006, and 2007 is not complete.

Any costs incurred by the Developer are not and shall never in any event become general obligations or debt of the City or any of the Participating Governmental Entities. The public improvement infrastructure costs incurred by the Developer shall be payable solely from the TIRZ revenues and shall never constitute a debt, indebtedness, or a pledge of the faith and credit or taxing power of the State, the City, the Participating Governmental Entities, any political corporation, subdivision, or agency of the State.

Developer’s Risk

All financing, developmental costs, construction costs, improvements, damages, or other costs incurred with respect to this project are at the sole risk of the Developer. Neither the City nor any Participating Governmental Entity shall incur any risk whatsoever associated with the development, construction, completion or failure of the project. In the event the project fails, is abandoned by the Developer or for any reason is not completed, the City shall have the right to terminate the TIRZ and any funds remaining in the TIRZ account shall be distributed to the City and Participating Governmental Entities on a pro rata basis in accordance with each entities participation level.

Compliance

The Developer shall comply with all federal, state and local laws, rules and regulations including the 1998 TIF Guidelines. All houses in the proposed Zone must comply with the Universal Design Policy approved by City Council. If it is discovered that homes constructed are not in compliance with the Universal Design Policy, the project may be terminated.

Reporting

The Developer shall submit a project status report and financial report on a quarterly basis (January 15th, April 15th, July 15th and October 15th) to the City.

Inspection

The City, Participating Governmental Entities or Administrator shall have the right to inspect the project site or sites and the premises of the Developer without notice.

**City of San Antonio
Project Review**

Highland Heights- TIF Reinvestment Zone

**Summary Fact Sheet
August 17, 2006**

Site Area	137.00	Acres
Base Value (1998)	\$449,000	
Average Home Price	\$89,000	

Project:			
Phase 1	2006	220	Single Family Homes
Phase 2	2007	33	Single Family Homes
Total		253	Single Family Homes

Performance Bonds: Per Texas Government Code Chapter 2253

Payment Bonds: Per Texas Government Code Chapter 2253

Assumptions	Captured Value	\$ 23,829,200
	Growth Factor	0.00%
	Collection Rate	97.50%
	Estimated Total TIF Revenues	\$ 2,412,656
	Estimated TIF Life	18.09 Years
	(December 17, 1998 to September 30, 2017)	

Highland Heights - TIF Reinvestment Zone

Sources & Uses

Sources of Funds	
TIF Revenues	\$ 2,412,656
Developer Contribution	\$ 1,665,236
Total TIF Proceed Funds	<u>\$ 4,077,892</u>
Total Sources of Funds	<u>\$ 4,077,892</u>
Uses of Funds	
	Phase I & II
	2006 - 2007
Begin Construction	253
Single Family Lots	
Site Work	\$ 410,032
Storm Water Pollution Prevention	\$ 13,310
Streets	\$ 803,275
Drainage	\$ 71,500
Water	\$ 423,500
Sewer	\$ 422,400
Sewer Lift Station	\$ 150,000
CPS Electric	\$ 88,985
Street Lights/Signs	\$ 14,850
Platting Fees	\$ 8,046
Drainage Fees	\$ 59,940
Park Maintenance	\$ 100,000
Right of Way Landscaping	\$ 40,000
Hard Cost Total	<u>\$ 2,605,838</u>
Engineering/Surveying Fees	\$ 315,285
Contingency	\$ 167,850
Construction Management	\$ 95,985
Geo Tech & Phase One Fees	\$ 1,500
Formation Expense	\$ 65,000
Soft Cost Total	<u>\$ 645,620</u>
Subtotal	<u>\$ 3,251,458</u>
Total Principal to Finance Infrastructure Cost	\$ 3,251,458
Interest Cost @ 4.32%	\$ 506,434
Total Payments to Highland Heights	\$ 3,757,892
Total Administrative Expenses	\$ 320,000
Grand Total	<u>\$ 4,077,892</u>
Project Financing Surplus (Shortage)	\$ -

Highland Heights - TIF Reinvestment Zone Projected Tax Increment Revenue

Tax Year	Tax Increment Zone			City of San Antonio				Bexar County				University Health System				Combined TIF Collections	Fiscal Year Ending																																																														
	Beginning Assessed Value	Annual Value of New Development	Projected Year-End Assessed Value	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Captured Taxable Value	Tax Rate Contribution	Tax Increments																																																																
1998	449,000	-	449,000	-	0.579790	-	-	0.341910	-	-	-	-	-	0.121935	-																																																																
1999	449,000	147,930	596,930	147,930	0.579790	858	147,930	0.339458	490	147,930	0.121935	176	147,930	0.121935	176																																																																
2000	596,930	550,770	1,147,700	698,700	0.579790	2,961	698,700	0.339458	2,312	698,700	0.121935	831	698,700	0.121935	831																																																																
2001	1,147,700	280,900	1,428,600	979,600	0.578540	6,757	979,600	0.302756	2,892	979,600	0.121935	1,165	979,600	0.121935	1,165																																																																
2002	1,428,600	1,500	1,430,100	981,100	0.578540	5,120	981,100	0.317571	3,038	981,100	0.121935	1,166	981,100	0.121935	1,166																																																																
2003	1,430,100	27,850	1,457,950	1,001,450	0.578540	6,350	1,001,450	0.320952	3,134	1,001,450	0.121935	1,191	1,001,450	0.121935	1,191																																																																
2004	1,457,950	-	1,457,950	1,001,450	0.578540	5,649	1,001,450	0.318471	3,110	1,001,450	0.121935	1,191	1,001,450	0.121935	1,191																																																																
2005	1,457,950	303,250	1,761,200	1,312,200	0.578540	7,402	1,312,200	0.318471	4,075	1,312,200	0.121935	1,560	1,312,200	0.121935	1,560																																																																
2006	1,761,200	-	1,761,200	1,312,200	0.578540	7,402	1,312,200	0.318471	4,075	1,312,200	0.121935	1,560	1,312,200	0.121935	1,560																																																																
2007	1,761,200	19,580,000	21,341,200	20,892,200	0.578540	117,848	20,892,200	0.318471	64,872	20,892,200	0.121935	24,838	20,892,200	0.121935	24,838																																																																
2008	21,341,200	2,937,000	24,278,200	23,829,200	0.578540	134,415	23,829,200	0.318471	73,992	23,829,200	0.121935	28,330	23,829,200	0.121935	28,330																																																																
2009	24,278,200	-	24,278,200	23,829,200	0.578540	134,415	23,829,200	0.318471	73,992	23,829,200	0.121935	28,330	23,829,200	0.121935	28,330																																																																
2010	24,278,200	-	24,278,200	23,829,200	0.578540	134,415	23,829,200	0.318471	73,992	23,829,200	0.121935	28,330	23,829,200	0.121935	28,330																																																																
2011	24,278,200	-	24,278,200	23,829,200	0.578540	134,415	23,829,200	0.318471	73,992	23,829,200	0.121935	28,330	23,829,200	0.121935	28,330																																																																
2012	24,278,200	-	24,278,200	23,829,200	0.578540	134,415	23,829,200	0.318471	73,992	23,829,200	0.121935	28,330	23,829,200	0.121935	28,330																																																																
2013	24,278,200	-	24,278,200	23,829,200	0.578540	134,415	23,829,200	0.318471	73,992	23,829,200	0.121935	28,330	23,829,200	0.121935	28,330																																																																
2014	24,278,200	-	24,278,200	23,829,200	0.578540	134,415	23,829,200	0.318471	73,992	23,829,200	0.121935	28,330	23,829,200	0.121935	28,330																																																																
2015	24,278,200	-	24,278,200	23,829,200	0.578540	134,415	23,829,200	0.318471	73,992	23,829,200	0.121935	28,330	23,829,200	0.121935	28,330																																																																
2016	24,278,200	-	24,278,200	23,829,200	0.578540	134,415	23,829,200	0.318471	73,992	23,829,200	0.121935	28,330	23,829,200	0.121935	28,330																																																																
<table border="0" style="width: 100%;"> <tr> <td colspan="15">Existing Annual Value Growth Factors</td> <td>50%</td> </tr> <tr> <td colspan="15">Years 1999-2003</td> <td>0.00%</td> </tr> <tr> <td colspan="15">Thereafter</td> <td>97.50%</td> </tr> <tr> <td colspan="15">Combined Compound Growth Rate</td> <td></td> </tr> </table>																Existing Annual Value Growth Factors															50%	Years 1999-2003															0.00%	Thereafter															97.50%	Combined Compound Growth Rate															
Existing Annual Value Growth Factors															50%																																																																
Years 1999-2003															0.00%																																																																
Thereafter															97.50%																																																																
Combined Compound Growth Rate																																																																															
<table border="0" style="width: 100%;"> <tr> <td colspan="15" style="text-align: right;">Participation Level</td> <td>50%</td> </tr> <tr> <td colspan="15" style="text-align: right;">Tax Rate Growth Factor</td> <td>0.00%</td> </tr> <tr> <td colspan="15" style="text-align: right;">Tax Rate Collection Factor</td> <td>97.50%</td> </tr> </table>															Participation Level															50%	Tax Rate Growth Factor															0.00%	Tax Rate Collection Factor															97.50%																	
Participation Level															50%																																																																
Tax Rate Growth Factor															0.00%																																																																
Tax Rate Collection Factor															97.50%																																																																
\$ 23,829,200															\$ 288,648																																																																
\$ 1,370,082															\$ 753,926																																																																
\$ 2,412,656																																																																															

Highland Heights- TIF Reinvestment Zone

Reimbursement for Public Improvements

	Fiscal Year Ending	TIF Revenue	Cumulative TIF Revenues	Debt Service Pub. Imp. Infrastructure	Admin. Exp.	TIF Fund Balance
	1999					
1-Sep-00	2000	1,524		-	65,000	(63,476)
1-Sep-01	2001	6,104	7,628	-	15,000	(72,372)
1-Sep-02	2002	10,814	18,442	-	15,000	(76,558)
1-Sep-03	2003	9,324	27,766	-	15,000	(82,234)
1-Sep-04	2004	10,675	38,441	-	15,000	(86,559)
1-Sep-05	2005	9,950	48,391	-	15,000	(91,609)
1-Sep-06	2006	13,037	61,428	34,258	15,000	(127,830)
1-Sep-07	2007	13,037	74,465	68,515	15,000	(198,308)
1-Sep-08	2008	207,558	282,023	178,515	15,000	(184,265)
1-Sep-09	2009	236,737	518,760	203,763	15,000	(166,291)
1-Sep-10	2010	236,737	755,497	203,715	15,000	(148,269)
1-Sep-11	2011	236,737	992,234	202,408	15,000	(128,940)
1-Sep-12	2012	236,737	1,228,971	201,885	15,000	(109,088)
1-Sep-13	2013	236,737	1,465,708	201,102	15,000	(88,454)
1-Sep-14	2014	236,737	1,702,445	200,061	15,000	(66,777)
1-Sep-15	2015	236,737	1,939,182	199,760	15,000	(44,800)
1-Sep-16	2016	236,737	2,175,919	198,157	15,000	(21,220)
1-Sep-17	2017	236,737	2,412,656	200,294	15,000	222
		<u>\$ 2,412,656</u>		<u>\$ 2,092,434</u>	<u>\$ 320,000</u>	

Highland Heights - TIF Reinvestment Zone Participation

Entity	Tax Rate	Level of Participation	Tax Rate Based on Participation	% of Project	TIF Revenues	TIF Expenses
San Antonio	0.5785400	100%	0.578540	56.78%	\$ 1,370,082	\$ 2,315,427
Bexar County	0.3184710	100%	0.318471	31.25%	\$ 753,926	\$ 1,274,341
University Health System	0.2438690	50%	0.121935	11.97%	\$ 288,648	\$ 488,124
Total	1.1408800		1.018946	100.00%	\$ 2,412,656	\$ 4,077,892

Highland Heights - TIF Reinvestment Zone
Projected New Value of Tax Increment

Tax Year	Phase I	Phase II	Total
1997			\$ -
1998			\$ -
1999	\$ 147,930	\$ -	\$ 147,930
2000	\$ 550,770	\$ -	\$ 550,770
2001	\$ 280,900	\$ -	\$ 280,900
2002	\$ 1,500	\$ -	\$ 1,500
2003	\$ 27,850	\$ -	\$ 27,850
2004	\$ -	\$ -	\$ -
2005	\$ 303,250	\$ -	\$ 303,250
2006	\$ -	\$ -	\$ -
2007	\$ 19,580,000	\$ -	\$ 19,580,000
2008	\$ -	\$ 2,937,000	\$ 2,937,000
2009	\$ -	\$ -	\$ -
2010	\$ -	\$ -	\$ -
2011	\$ -	\$ -	\$ -
2012	\$ -	\$ -	\$ -
	\$ 20,892,200	\$ 2,937,000	\$ 23,829,200

Highland Heights - TIF Reinvestment Zone

Projected Uses of Tax Increment

Construction Completed Cost

Tax Year	2006 - 2007 Phase I	Total
2005	\$ -	-
2006	\$ 3,251,458	\$ 3,251,458
2007	\$ -	-
2008	\$ -	-
2009	\$ -	-
2010	\$ -	-
2011	\$ -	-
2012	\$ -	-
	<hr/>	<hr/>
	\$ 3,251,458	\$ 3,251,458

Highland Heights - TIF Reinvestment Zone

Projected Tax Increment Revenue

Principal and Interest Requirements

Date	Principal	Interest Rate	Interest	Semi-annual Debt Service	Annual Debt Service
09/01/99		4.32%			
03/01/00	-		-	-	-
09/01/00		4.32%			
03/01/01	-		-	-	-
09/01/01		4.32%			
03/01/02	-		-	-	-
09/01/02		4.32%			
03/01/03	-		-	-	-
09/01/03		4.32%			
03/01/04	-		-	-	-
09/01/04		4.32%			
03/01/05	-		-	-	-
09/01/05		4.32%			
03/01/06	-		-	-	-
09/01/06		4.32%	34,258	34,258	34,258
03/01/07	-		34,258	34,258	
09/01/07		4.32%	34,258	34,258	68,515
03/01/08	-		34,258	34,258	
09/01/08	110,000	4.32%	34,258	144,258	178,515
03/01/09	-		31,882	31,882	
09/01/09	140,000	4.32%	31,882	171,882	203,763
03/01/10	-		28,858	28,858	
09/01/10	146,000	4.32%	28,858	174,858	203,715
03/01/11	-		25,704	25,704	
09/01/11	151,000	4.32%	25,704	176,704	202,408
03/01/12	-		22,442	22,442	
09/01/12	157,000	4.32%	22,442	179,442	201,885
03/01/13	-		19,051	19,051	
09/01/13	163,000	4.32%	19,051	182,051	201,102
03/01/14	-		15,530	15,530	
09/01/14	169,000	4.32%	15,530	184,530	200,061
03/01/15	-		11,880	11,880	
09/01/15	176,000	4.32%	11,880	187,880	199,760
03/01/16	-		8,078	8,078	
09/01/16	182,000	4.32%	8,078	190,078	198,157
03/01/17	-		4,147	4,147	
09/01/17	192,000	4.32%	4,147	196,147	200,294
	<u>1,586,000</u>		<u>506,434</u>	<u>2,092,434</u>	<u>2,092,434</u>