

TAX INCREMENT REINVESTMENT ZONE #2

CITY OF CORPUS CHRISTI

PROJECT AND FINANCING PLANS (Revised 09/29/2009;

Amended 03/22/2011; 09/13/2011; 10/29/2013, July 22, 2014, February 28, 2017, August 22, 2017, December 19, 2017, January 22, 2019, December 12, 2019, and December 6, 2022, and August 29, 2023)

The Tax Increment Reinvestment Zone #2 Project Plan) (Plan) (last revised and/or amended on 12/6/19) is amended to update and revise the Plan this 29th Day of August of 2023 by adding the **bold and underlined text** as shown:

REINVESTMENT ZONE PROJECT PLAN

This Project Plan identifies the improvements and planned expenditures that may be funded by tax increments generated within Tax Increment Reinvestment Zone #2, City of Corpus Christi ("TIRZ #2). No tax increments for new expenditures authorized by this Project Plan may be expended if the tax increments are required to fund any obligations incurred by the North Padre Island Development Corporation prior to the date of the adoption and approval of this Project Plan.

On March 21, 2000, the Corpus Christi City Council authorized the preparation of a preliminary financing plan for a tax increment financing district covering portions of North Padre Island and Mustang Island. This tax increment financing would be used primarily to provide the local share of the North Padre Island Storm Damage Reduction and Environmental Restoration Project ("Packery Channel project"). Then on June 27, 2000, the City Council approved the preliminary Project and Financing Plans, and notified other taxing jurisdictions of its intention to create a tax increment reinvestment zone. A notice of a public hearing on the creation of the zone was published on August 22, 2000, and the public hearing was held on August 29, 2000. On August 29, 2000 the City Council passed the first reading of the ordinance that established TIRZ #2. Ordinance 024270, which established TIRZ #2 was formally adopted after being passed on the second reading on November 14, 2000.

Subsequently on October 8, 2002, the City Council approved Resolution 025040, which established the North Padre Island Development Corporation ("NPIDC"). The NPIDC was created to aid, assist, and act on behalf of the City and TIRZ #2 in performing governmental functions to promote the common good and general welfare of the City, including the area within the TIRZ #2 zone. Then on February 25, 2003, the NPIDC, TIRZ #2, and City Council authorized an agreement by and among the City of Corpus Christi, Texas; Reinvestment Zone Number Two, City of Corpus Christi; and the North Padre Island Development Corporation, dated February 1, 2003. This agreement commonly referred to as the "Tri-Party Agreement" spells out the responsibilities of each of the parties in the administration and financing of TIRZ #2. The three entities also recommended, authorized, and approved the Project and Financing Plans for TIRZ #2 on February 25, 2003.

The initial Project Plan and Financing Plan basically addressed the funding of the City's share of the North Padre Island Storm Damage Reduction and Environmental Restoration Project. The Packery Channel project had been discussed and studied over a number of years. The project involved the placement of sand in front of the concrete Padre Island Seawall to restore the beach and protect the seawall. The sand was to be taken from the dredging and channelization of a reopened Packery Channel. The Packery Channel project also consisted of long jetties, walks, mitigation, public facilities, and reserve for long-term maintenance. The estimated cost of the Packery Channel project was approximately \$30 million.

The Packery Channel project was included in Section 556 of the Water Resources Development Act of 1999. The Act also required the U. S. Army Corps of Engineers (USACOE) to undertake two studies: (1) to determine if the project is environmentally acceptable and (2) to determine if the project is technically sound. A relatively small amount of money was made available by the Federal government for the studies.

The local share of the project, which was estimated at approximately \$10.5 million, could come from tax increment financing. This type of financing was authorized by a State Constitutional Amendment. The basic theory of tax increment financing is that "the construction of certain public improvements will generate higher tax revenues due to additional private development." The concept of tax increment financing is "but for the construction of the public improvements, the higher tax receipts would not occur." In this particular case, the City believed that completion of the project would result in significantly increased taxes through both new private investment and increases in the existing tax values.

The preliminary financing plan that was adopted by the City Council, when it authorized the creation of TIRZ #2, called for funding \$10.5 million as the City's share of the Packery Channel project, plus \$750,000 for construction of the parking lot on the Padre Island concrete seawall. The estimates in the preliminary financing plan were refined, and the Project and Financing Plans, dated February 1, 2003, estimated that \$12,000,000 in debt would be needed to complete the initial project costs. The plans identified \$3,000,000 in surplus tax increments or bonds for secondary development improvements, which included the construction of seawall parking lot and \$2,000,000 for a "parks & recreation center." A copy of the projected project costs from the 2003 plans is attached to and incorporated into this plan as **Exhibit A**.

A project consisting of the construction of two bridges on Park Road 22 is added in the February 28, 2017 amendment.

A project consisting of the traffic improvements on Windward Drive at Saint Augustine Drive is added in the August 21, 2018 amendment. Additionally, as part of this amendment a project is added for a market and feasibility study for the renewal of TIRZ #2 beyond 2022.

With the extension of the TIRZ #2 beyond 2022, the following projects are added:

1. Continued maintenance of the Packery Channel from January 1, 2023 to December 31, 2042 will be included as an eligible project up to the amount of \$36,400,000.
2. Improvements to R. Briscoe King Pavilion up to ~~\$2,000,000~~**\$4,000,000**.
3. Public Infrastructure improvements related to the Whitecap PID development up to \$11,500,000.
4. Development of a multi-mobility plan for the TIRZ #2 up to \$150,000.

Under §311.011(b)(1), Texas Tax Code, the Project Plan must have a map showing existing uses and conditions of real property in the zone, and a map showing proposed improvements to and proposed uses of that property. A map of TIRZ #2 is attached as **Exhibit B**, and is incorporated into this plan. A map of the current land uses within TIRZ #2 and the surrounding area is attached as **Exhibit C**, and is incorporated into this plan. A map of the current zoning within TIRZ #2 and the surrounding area is attached as **Exhibit D**, and is incorporated into this plan. A map of the future land uses within TIRZ #2 and the surrounding area based on the City Comprehensive Plan's Future Land Use Plan, adopted May 24, 2004 (Ordinance 026278), is attached as **Exhibit E**, and is incorporated into this plan. The Island Action Group Capital Improvement Priorities Report, dated 10/14/2005, which identifies needed capital improvements on Mustang and Padre Islands,

including the areas within TIRZ #2, has been reviewed to identify improvements that could be funded through the tax increments developed within TIRZ #2.

Exhibit F is a map showing specific projects that are included in this Project Plan. That exhibit is incorporated into this plan. This exhibit has been updated to include the location of the Mobi-Mats and traffic improvements on Windward at Saint Augustine Drive. All of the specific projects are situated on public land and involve recreational use and activities. Due to damage caused by Hurricane Harvey, a Packery Channel revetment repair project is needed.

Under §311.011(b)(2), Texas Tax Code, the Project Plan must address proposed changes of zoning ordinances, the master plan of the municipality, building codes, other municipal ordinances, and subdivision rules and regulations, if any, of the county, if applicable.

While the City is in the process of adopting a unified development code that will replace the current zoning and platting ordinances, there are no substantive changes being recommended that would affect TIRZ #2. At the time of adoption of this Project Plan, there are no pending cases to rezone properties within TIRZ #2. The City is considering rezoning portions of the property that it leases from the Texas General Land Office ("GLO"). As a condition of the GLO lease, the City is required to prepare a development plan for any commercial development on the leased property. While a draft Packery Channel development plan has been prepared and presented to the City Council, Planning Commission, GLO, Nueces County Parks Board, Nueces County Dune Committee, and City Beach Advisory Committee, for incorporation into the Mustang Padre Island Area Development Plan, the City Council has not officially adopted the plan, and the City is discussing features of the proposed plan with the GLO. The City will propose rezoning to match the needs identified in the Packery Channel development plan.

The City is working with GLO on the voter approved proposed changes to Chapter 10, Code of Ordinances, which contains the City's GLO approved beach and dune rules. This proposed change addresses driving on the beach seaward of the concrete Padre Island seawall, and the installation of bollards on the beach seaward of the concrete seawall and between the seawall and southern Packery Channel jetty. There are no other proposed changes to the City's beach or dune permitting rules.

However, the Nueces County Beach Management Committee has recommended approval of the changes to their beach management regulations. The Nueces County Commissioners' Court has not approved the changes, and they have not been sent to the GLO for public comment in Texas Register.

Under §311.011(b)(3), Texas Tax Code, the Project Plan must contain a list of estimated nonproject costs. The City has been trying to obtain additional Federal funding to cover some of the costs of the recreational enhancements within the North Padre Island Storm Damage Reduction and Environmental Restoration Project and repairs to storm damage from Hurricane Ike. The City will also seek grants and other funding opportunities from the State of Texas and others to offset some of the costs identified in this Project Plan. The level of that funding, if any, that can come from Federal, State, or other funding sources is not known. To the extent Federal, State, or other funding is received, the amount of tax increments that need to be dedicated to completing these improvements will be reduced.

Under §311.011(b)(4), Texas Tax Code, the Project Plan must contain a statement of a method of relocating persons to be displaced as a result of implementing the plan. None of the proposed improvements should result in relocation of any person; therefore this requirement is not applicable to the implementation of this plan.

REINVESTMENT ZONE FINANCING PLAN

Under §311.011(c)(1), the Reinvestment Zone Financing Plan must contain an Estimated Project Cost Description, and under §311.011(c)(2), it must describe the Kind, Number, and Location of TIRZ Improvements.

Under this Revised Project Plan and Reinvestment Zone Financing Plan, the following improvements and activities may be funded from current available revenues:

Packery Channel Project Area Improvements:

Subject to the availability of the estimated funds in the TIRZ #2 tax increment fund and funding from the Federal Government as authorized by the Water Resources Development Act, construction of the improvements in the TIRZ#2 referendum voter information sheet and Phases 3 – 7 Packery Channel public recreational improvements and amenities shown on the engineering drawings referred to as the Packery Channel "Six Pack," which is incorporated into this Project Plan as **Exhibit G**. **Exhibit H** has been amended to reflect all TIRZ #2 Project_Updates and includes estimates and details regarding the Packery Channel revetment reimbursement project and the traffic improvements on Windward at Saint Augustine Drive. Additionally, an estimated \$50,000 will be budgeted for the market and feasibility study for the renewal of the TIRZ #2 beyond 2022. Construction of the Phase 4 ADA ramps is contingent upon approval of the General Land Office of the installation of temporary hard parking surfaces for parking for the disabled on the beach at the end of the ADA ramps and will be constructed with Phase 3 if approved.

Yearly Miscellaneous Improvements, including for the additional years until expiration on December 31, 2042, required for support of Packery Channel, exclusive of the previously identified capital projects Phases 3 through 7, could include periodic surveys of channel conditions, shoreline, and jetty revetments, access to beach and sand redistribution are proposed to be budgeted on an annual basis pending the availability of funds. These Yearly Miscellaneous Improvements specifically include routing, monitoring, and surveys of the Packery Channel and the Gulf beach.

Operation of a marine patrol to reduce shoreline erosion along Packery Channel, specifically along the Mollie Beattie Preserve pending the availability of funds.

Zone funds will compensate for the costs of ongoing administration of the Zone, including but not limited to accounting, legal services, consulting services, document production and maintenance, and other administrative costs.

Costs for design, permitting and dredging of Packery Channel have been included in future years subject to need and pending the availability of funds.

The Zone's annual budget will be adopted by the Zone's Board of Directors on an annual basis, based upon the City of Corpus Christi's fiscal year, and attached to this plan as **Exhibit I**.

Improvements in other areas within TIRZ #2:

A specific list of projects will be developed in consultation with various organizations and interested residents of North Padre Island and businesses located within TIRZ #2. These projects may include projects to acquire, construct, reconstruct, or install public works, facilities, or sites or other public improvements, including landscaping, utilities, streets, street lights, water and sewer facilities, pedestrian malls and walkways, parks, flood and drainage facilities, or parking facilities, but not including educational facilities.

One improvement to the TIRZ #2 is the construction of two bridges on Park Road 22 between Commodores and Whitecap. The bridges will require up to \$4,000,000 of TIRZ #2 funding and will allow for travel over canals that are to be built by a third party developer in the area. The funds for the Park Road 22 Bridge are to be held contingent on the completion of the canals and approval of the construction plans to proceed by the City and the City Council within 24 months after February 28, 2017.

Other authorized improvements include up to ~~\$2,000,000~~\$4,000,000 for improvements to R. Briscoe King Pavilion to upgrade its use as an area of public assembly that benefits the TIRZ #2, up to \$150,000 to create a multi-mobility plan for the TIRZ #2 that considers connectivity for golf carts and bicycles throughout the TIRZ #2 boundary, and up to \$11,500,000 for public infrastructure related to the Whitecap PID project, specifically mobility bridges, a walking trail, and a water exchange, which will all be publicly accessible.

The TIRZ #2 is allocating the funding received through the expansion and extension of the TIRZ in set amounts for future projects in each proposed category as provided below.

<u>Project</u>	<u>Project Funding Allocations</u>
<u>Water/Wastewater Infrastructure</u>	<u>\$38,950,000</u>
<u>Parks and Infrastructure Projects</u>	<u>\$54,800,000</u>
<u>Mobility Projects</u>	<u>\$17,300,000</u>
<u>Developer Reimbursement</u>	<u>\$37,900,000</u>
<u>Administration</u>	<u>\$2,000,000</u>
<u>Total Project Allocation</u>	<u>\$150,950,000</u>

As required by §311.011(c)(3), an updated economic feasibility Study for TIRZ #2 was completed by CDS Market Research | Spillette Consulting in September 2009. It is provided in a separate document.

Under §311.011(c)(4), the Project Plan and Reinvestment Zone Financing Plan must include an estimate of bonded indebtedness. TIRZ #2 may be used to support bonded debt issued to fund specific projects, or the project costs may be funded on a pay-as-you-go basis, or utilize other financing methods.

Under §311.011(c)(5), the Project Plan and Reinvestment Zone Financing Plan must describe the timing of incurring costs or monetary obligations. TIRZ #2 project costs will be incurred over the life of the Zone based on its Board of Directors' identification of priority activities and projects, opportunities for implementation, and available revenues to sustain a pay-as-you-go project expenditure approach, a bonded debt issuance, or other forms of project financing.

Under §311.011(c)(6), the Project Plan and Reinvestment Zone Financing Plan must describe the methods of financing and sources of revenue. TIRZ #2 could use several methods of financing, including but not limited to the following:

- Cash funds generated from existing property value increment,
- Bonded debt issuances backed by TIRZ #2 revenue to fund the associated debt service,
- Short term anticipation notes or other debt issued by private financial institutions based on projected property tax increment to be generated from taxable development under construction at the time of debt issuance, and
- Developer cash reimbursement agreements where the revenues from TIRZ #2 property tax increment compensate a developer for fronting eligible expenditures in a specific taxable project after the project is completed.

The term of any debt for which debt services payments are to be funded by TIRZ #2 revenue will not extend past the duration of TIRZ #2.

During the extension term, the primary source of revenue for TIRZ #2 will be funds from the contributed property tax collections of the City of Corpus Christi and Nueces County on the taxable property value increment within TIRZ #2. ~~The City's contribution is currently assumed to be 100%, but the contribution amount will be reevaluated and likely lowered beginning in 2024. The County's contribution beginning in 2023 is 75% for five years and then stepping down 5% per year for five years and 50% for the final ten years. The City's contribution amount is as set out in the table below.~~

<u>Increment Percentage</u>	<u>Tax Year(s)</u>
<u>100%</u>	<u>2022 through 2026</u>
<u>75%</u>	<u>2027</u>
<u>70%</u>	<u>2028</u>
<u>65%</u>	<u>2029</u>
<u>60%</u>	<u>2030</u>
<u>55%</u>	<u>2031</u>
<u>50%</u>	<u>2032 through 2041</u>

The assessed value base year The assessed value base year for all participating taxing entities is 2000, except for the territory added in 2022 and 2023, for which the base year is 2022 or 2023 based upon the year it was added. Based upon ~~2008~~2023 tax rates for each jurisdiction, the

projection of incremental property tax revenue contributed to TIRZ #2 for the extension term is as follows:

Sources of Revenue¹

Taxing Jurisdictions and Tax Rates			
	City of Corpus Christi	Nueces County	
Year	0.620261	.288228	Total
2023	4,289,902	1,490,235	5,780,138
2024	5,107,066	1,775,030	6,882,096
2025	6,137,871	2,134,282	8,272,154
2026	8,149,043	2,835,208	10,984,251
2027	10,395,819	3,618,246	14,014,065
2028	12,528,995	4,070,913	16,599,908
2029	14,732,792	4,445,785	19,178,577
2030	16,217,804	4,517,842	20,735,646
2031	17,010,576	4,343,970	21,354,546
2032	17,592,792	4,084,338	21,677,130
2033	17,981,325	4,174,612	22,155,937
2034	18,371,854	4,265,349	22,637,203
2035	18,594,536	4,317,088	22,911,624
2036	18,819,953	4,369,462	23,189,415
2037	19,048,140	4,442,480	23,470,620
2038	19,279,133	4,476,150	23,755,283
2039	19,512,968	4,530,480	24,043,448
2040	19,749,681	4,585,479	24,335,160
2041	19,989,309	4,641,155	24,630,464
2042	20,231,890	4,697,517	24,929,407
Total	303,741,450	77,795,624	381,537,074

¹ Assumes 95% tax collection rate.

These revenue projections assume a 95% tax collection rate for all taxing jurisdictions. According to these projections, during the extension term, 79.6% of the tax increment revenue will come from the City and 20.4% will come from the County.

Zone property tax contributions from the participating tax jurisdictions could be supplemented with other sources of revenue as available. These could include but are not limited to:

- Grants from other local, state, and federal agencies;
- Grants from private entities such as foundations; and
- Joint implementation and funding agreements with other public agencies or private entities such as civic associations for specific projects.

Under §311.011(c)(7), the Project Plan and Reinvestment Zone Financing Plan must give the current appraised value of the zone. According to the Nueces County Appraisal District, the 2009 certified taxable appraised value for the Zone is \$356,833,583 for the City of Corpus Christi, \$ 353,059,772 for Nueces County and the County Hospital District, \$ 358,753,875 for Del Mar College, and \$ 352,808,877 for Farm to Market Road. Due to outstanding property accounts under value protest, these certified values will increase over time.

Under §311.011(c)(8), the Project Plan and Reinvestment Zone Financing Plan must provide an estimate of the captured appraised value for TIRZ #2 during the years of its existence. The table on the next page provides the projected schedule of taxable value increment captured by the zone over remainder of its duration. Due to differences in policies regarding exemptions and tax abatements, the captured increment differs among the participating jurisdictions. Therefore, there is a table shown for each entity.

Under §311.011(c)(9), the Project Plan and Reinvestment Zone Financing Plan must state the duration of TIRZ #2. The zone has four tax years remaining and will expire after 2022.

Estimated Captured Appraised Value

Project Assessed Value		
Taxing Jurisdictions and Tax Rates		
	City of Corpus Christi	Nueces County
Year	0.620261	.288228
2023	813,900,689	811,531,683
2024	952,579,717	950,210,710
2025	1,127,515,524	1,125,146,518
2026	1,468,827,145	1,466,458,138
2027	1,850,122,676	1,847,753,670
2028	2,212,139,318	2,209,770,312
2029	2,586,141,039	2,583,772,033
2030	2,838,159,262	2,835,790,256
2031	2,972,698,756	2,970,329,750
2032	3,071,505,354	3,069,136,348
2033	3,137,442,542	3,135,073,534
2034	3,203,718,385	3,201,349,378
2035	3,241,509,211	3,239,140,204
2036	3,279,764,249	3,277,395,243
2037	3,318,489,438	3,316,120,432
2038	3,357,690,792	3,355,321,785
2039	3,397,374,406	3,395,005,399
2040	3,437,546,456	3,435,177,450
2021	3,478,213,202	3,475,844,196
2042	3,519,380,985	3,517,011,978

Assessed Value Increment		
Taxing Jurisdictions and Tax Rates		
	City of Corpus Christi	Nueces County
Year	0.620261	.288228
2023	728,030,086	725,661,080
2024	866,709,114	864,340,107
2025	1,041,644,921	1,039,275,915
2026	1,382,956,542	1,380,587,535
2027	1,764,252,073	1,761,883,068
2028	2,126,268,715	2,123,899,709
2029	2,500,270,436	2,497,901,430
2030	2,752,288,659	2,749,919,653
2031	2,886,828,153	2,884,459,147
2032	2,985,634,751	2,983,265,745
2033	3,051,571,939	3,049,202,933
2034	3,117,847,782	3,115,478,775
2035	3,155,638,608	3,153,269,601
2036	3,193,893,646	3,191,524,640
2037	3,232,618,835	3,230,249,829
2038	3,271,820,189	3,269,451,182
2039	3,311,503,803	3,309,134,796
2040	3,351,675,853	3,349,303,847
2021	3,392,342,599	3,389,973,593
2042	3,433,510,382	3,431,141,375

LIST OF EXHIBITS

Exhibit A	Packery Channel Project Costs and Funding from Project and Financing Plans dated February 1, 2003
Exhibit B	Map of TIRZ #2
Exhibit C	Current land use map
Exhibit D	Current zoning map
Exhibit E	Future land use map
Exhibit F	Project Plan Map (Rev'd 10/22/2013; last updated August 21, 2018)
Exhibit G	"Six Pack" engineering drawings
Exhibit H	Projects with Funds from Tax Increment Reinvestment Zone #2 City of Corpus Christi <u>(Updated August 29, 2023)</u>
Exhibit I	Fiscal Year 2019 Reinvestment Zone #2 Budget 2009 TIRZ #2 Economic Feasibility Study by CDS Market Research Spillete Consulting

Exhibit A

ORDINANCE NO. 025215

AN ORDINANCE APPROVING A FINAL PROJECT AND FINANCING PLAN FOR THE "REINVESTMENT ZONE NUMBER TWO, CITY OF CORPUS CHRISTI, TEXAS"; APPROVING THE SALE OF BONDS BY NORTH PADRE ISLAND DEVELOPMENT CORPORATION IN FURTHERANCE OF THE FINAL PROJECT AND FINANCING PLAN; AND OTHER MATTERS RELATING THERETO.

WHEREAS, on November 14, 2000, the City Council of the City adopted Ordinance No. 024270 (the "Creation Ordinance"), approving the creation of a tax increment reinvestment zone in the City known as "Reinvestment Zone Number Two, City of Corpus Christi, Texas" ("TIRZ Two"); and

WHEREAS, in connection with the adoption of the Creation Ordinance and the establishment of TIRZ Two, the City prepared a preliminary reinvestment zone financing plan, and presented the preliminary reinvestment zone financing plan to the governing body of each taxing unit that levies taxes on real property in the proposed reinvestment zone; and

WHEREAS, in compliance with the provisions of Chapter 311, Texas Tax Code (the "Act"), a project plan and reinvestment zone financing plan has been prepared and approved by the Board of Directors of TIRZ Two, which project plan and reinvestment zone financing plan so approved is attached to this Ordinance as Exhibit "A" (the "Plan"); and

WHEREAS, in compliance with the Act, the City Council finds it necessary and desirable to approve the Plan submitted with this Ordinance; and

WHEREAS, by Resolution No. 025040, adopted on October 8, 2002, the City authorized the creation of the North Padre Island Development Corporation (the "Corporation") to aid, assist and act on behalf of the City in the performance of the City's governmental and proprietary functions with respect to the common good and general welfare of the City, as described in the Creation Ordinance; and

025215

Exhibit A

WHEREAS, on February 25, 2003 the Corporation adopted a resolution authorizing the issuance and delivery of up to \$3,000,000 in Tax Increment Contract Revenue Bonds, Series 2003 (the "Bonds"), for the purpose of funding a portion of the "project costs" as are set forth in the Plan; and

WHEREAS, the Corporation and the Board of Directors of TIRZ Two have approved the execution and delivery of that certain Agreement by and among the City, TIRZ Two, and the Corporation dated as of February 1, 2003 (the "Tri-Party Agreement"), pursuant to which the Corporation was delegated certain power and authority in connection with the implementation of the Plan on behalf of TIRZ Two, including, but not limited to, the power to issue, sell or deliver its bonds, notes or other obligations in accordance with the terms of the Tri-Party Agreement; and

WHEREAS, the City Council finds it necessary and advisable to adopt this Ordinance to approve the Plan, as required by the Act, to approve the Tri-Party Agreement, and to approve the resolution of the Corporation that authorized the issuance and delivery of the Bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CORPUS CHRISTI, TEXAS:

SECTION 1: That the facts and recitations contained in the preamble of this Ordinance are hereby found and declared to be true and correct.

SECTION 2: That the City Council hereby approves the project plan and the reinvestment zone financing plan attached to this Ordinance as Exhibit "A", as required by Section 311.011 of the Act.

SECTION 3: That the City Council does hereby find and declare that the project and financing plan submitted to the City Council for approval, and hereby approved by the adoption of this Ordinance, is feasible for the development of TIRZ Two and conform to the master plan of the City.

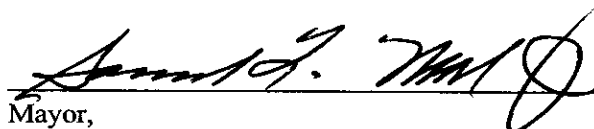
Exhibit A

SECTION 4: That the City hereby approves the Resolution adopted by the Corporation, in substantially the form and substance as attached hereto as Exhibit "B", and all documents attached to the Resolution including, without limitation, the Tri-Party Agreement. The Mayor and the City Secretary are hereby authorized to execute, attest, seal and deliver the Tri-Party Agreement on behalf of the City. The issuance of Bonds in an amount not to exceed \$3,000,000 for the purposes described in the Resolution is hereby approved.

SECTION 5: That if any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 6: This Ordinance shall be effective immediately from and after its passage in accordance with the provisions of Section 1201.028, Texas Government Code.

SIGNED AND SEALED THIS 25TH DAY OF FEBRUARY, 2003.



Mayor,
City of Corpus Christi, Texas



City Secretary

(SEAL)

APPROVED AS TO FORM:



Acting City Attorney

Exhibit A

THE STATE OF TEXAS :
COUNTY OF NUECES :
CITY OF CORPUS CHRISTI :

I, the undersigned, City Secretary of the City of Corpus Christi, Texas, do hereby certify that the above and foregoing is a true, full and correct copy of an Ordinance passed by the City Council of the City of Corpus Christi, Texas (and of the minutes pertaining thereto) on the 25th day of February, 2003, approving the project and financing plan for Reinvestment Zone Number Two, City of Corpus Christi, Texas, and other matters related thereto, which ordinance is duly of record in the minutes of said City Council, and said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Texas Government Code, Chapter 551.

EXECUTED UNDER MY HAND AND SEAL of said City, this the 25th day of February, 2003.

City Secretary, City of Corpus
Christi, Texas

(SEAL)

Exhibit A

Corpus Christi, Texas

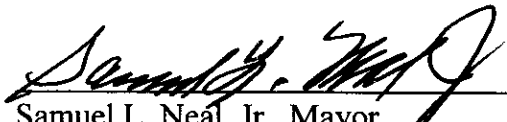
25th Day of February, 2003

TO THE MEMBERS OF THE CITY COUNCIL
Corpus Christi, Texas

For the reasons set forth in the emergency clause of the foregoing ordinance an emergency exists requiring suspension of the Charter rule as to consideration and voting upon ordinances at two regular meetings: I/we, therefore, request that you suspend said Charter rule and pass this ordinance finally on the date it is introduced, or at the present meeting of the City Council.

Respectfully,

Respectfully,


Samuel L. Neal, Jr., Mayor
City of Corpus Christi

Council Members

The above ordinance was passed by the following vote:

Samuel L. Neal, Jr.

Aye

Brent Chesney

Absent

Javier D. Colmenero

Aye

Henry Garrett

Abstain

Bill Kelly

Abstain

Rex A. Kinnison

No

John Longoria

Aye

Jesse Noyola

Aye

Mark Scott

Aye

025215

Exhibit A

Reinvestment Zone Number Two City of Corpus Christi, Texas

Project Plan and Reinvestment Zone Financing Plan

February 25, 2003

Exhibit A

Exhibit A

Reinvestment Zone Number Two, City of Corpus Christi, Texas February 25, 2003

Project Plan and Reinvestment Zone Financing Plan

Introduction to The Project and Finance Plan

General Background

As required under the Tax Increment Financing Act, Chapter 311, Texas Tax Code (the "TIF Act"), the Board of Directors (the "Zone Board") of Reinvestment Zone Number Two, City of Corpus Christi, Texas (the "Zone"), has prepared this Project Plan and Reinvestment Zone Financing Plan (the "Plan"). The City Council of the City of Corpus Christi, Texas (the "City") and the Zone Board must both adopt this Plan. The Plan includes information concerning proposed land uses and development, estimated project and non-project costs and administrative expenses, engineering studies, proposed financing and economic feasibility data, and property appraisal data. The Plan includes financing of the Zone's portion of the North Padre Island Storm Damage Reduction and Environmental Restoration Project (the "Project"). This Plan sets out the details of the tax and economic benefits derived from development of the Project Site, the scope of the Project, and the financing strategy for funding of Project costs through the issuance of bonds. Complete copies of the Plan, including a report attached to this Plan, as Exhibit A, entitled "Forecast of Potential TIF Revenue Flows on North Padre Island", prepared by Economics Research Associates ("ERA"), which constitutes the economic feasibility study required by the TIF Act, are available from the City of Corpus Christi, Texas, 1201 Leopard Street, Corpus Christi, Texas 78401, Attention: City Secretary.

North Padre Island Storm Damage Reduction and Environmental Restoration Project

The Project is a project of the U.S. Army Corps of Engineers (the "Corps") to dredge and channelize a reopened waterway ("Packery Channel") between the Laguna Madre Intracoastal Waterway and the Gulf of Mexico. In addition to the Packery Channel, the Project includes construction by the Corps of two 1,400 foot jetties paralleling the Packery Channel. Of the total \$30,000,000 projected cost of the Project, the City as Project sponsor has agreed to pay \$10.5 million. The remaining Project costs are to be paid by the United States Government. The City has created the Zone for the purpose of raising funds needed to provide the Zone Project costs through the issuance of bonds by the North Padre Island Development Corporation (the "Issuer"), a not-for-profit local government corporation. It was established by the City under the provisions of Chapter 431, Texas Transportation Code, and the general laws of the State of Texas to aid, assist, and act on behalf of the City in the performance of the City's governmental functions and to provide a means of financing certain Project costs in connection with the Zone.

The Corps was directed by the Congress of the United States ("Congress") to carry out a project for ecosystem restoration and storm damage reduction at North Padre Island. The Project will extend the existing approximately 2.6 miles portion of the Packery Channel an additional 0.9 mile.

The Project is described in the Environmental Impact Statement (EIS), as are the benefits and impacts to be expected from the Project. Erosion of the beach in front of the seawall just south of the boundary between Mustang and North Padre Islands is causing a loss of recreational beach. Dredging Packery Channel would provide sand for nourishment of the beach, and an enlarged beach would reduce potential future storm damage. A Project Study Plan, prepared by the Corps in 1999, examined three alternative sites, including Packery Channel. Three different channel widths under three different salinity regimes were also examined to determine the environmental benefits of an opening between the Laguna Madre and the Gulf of Mexico. The environmental

Exhibit A

benefits of all alternatives were essentially negligible. The final EIS will be available upon publication by the Corps from the City of Corpus Christi, Texas, 1201 Leopard Street, Corpus Christi, Texas 78401, Attention: City Secretary.

The Project is a project for ecosystem restoration and storm damage reduction consisting of a jettied entrance channel, main channel dredged to a required depth of 14 feet and a bottom width of 116 feet up to the Texas Highway 361 bridge, scour protection for the existing bridge, concrete bulkheads on both sides of the main channel creating three placement areas to create shallow water habitat, continuing with a smaller channel along the existing alignment of Packery Channel from the highway bridge to the Gulf Intracoastal Waterway, dredged to a required depth of 7 feet and bottom width of 80 feet, installation of a 30 inch HDDPE pipe for a sand bypass system, beach nourishment on the beach south of the channel and miscellaneous utility removals and relocations.

The Project consists of dredging a 134-foot wide channel to connect the existing Packery Channel to the Gulf of Mexico to a 12-foot deep authorized depth (requiring an initial dredge depth to -14 feet) and dredging the existing channel to a depth of -7 feet (mean sea level) and a width of 80-feet. The total length of the proposed channel from the Gulf end of the jetties to the Gulf Intracoastal Waterway is approximately 18,500 feet (3.5 miles). Approximately 801,200 cubic yards (cy) of material will be dredged during construction, most of which (646,000 cy) will be placed on the beach south of the proposed jetties placement area (PA-4S) for storm damage reduction in front of the existing concrete seawall. Sandy maintenance material from the channel east of the SH 361 bridge will be used for beach nourishment, and a sand bypass system will be designed to move accumulated sand from longshore drift to the downdrift side of the jetties. Approximately 15,000 cy of estimated maintenance dredging every five years will be placed in an upland site.

The Project is to be constructed by the Corps under a proposed Project Cooperation Agreement between The Department of the Army and the City (the "Project Contract"). The Project Contract has not been approved by either the Corps or the City, but the City expects execution of the Project Contract by both parties by Spring 2003. The Plan calls for the remainder of the approximately \$19.5 million needed to complete the Project to be funded by the United States Government under the Project Contract. As of February 25, 2003, Congress has appropriated \$4.0 million for Project construction, but is under no obligation to appropriate the remainder of its share of Project costs.

Once the initial Project is completed, the City will incur costs of maintenance dredging of Packery Channel, as described above. It is anticipated that upon completion of the initial Project, the estimated maintenance dredging will commence in 2008, and the estimated cost of such maintenance dredging in that year will approximate \$350,000. The costs of the maintenance dredging are intended to be paid by the Zone, either from tax increment collections, proceeds from bonds, a combination of those two sources, or other moneys made available to the City or the Zone for such purpose.

Secondary development within the Zone that includes public improvements is being proposed by the City as local sponsor. Secondary development includes proposed park amenities that encompass approximately 14.2 acres providing access to Packery Channel, the beach, and the jetties; passenger and recreational vehicle parking; walkways; restrooms; and vendor facilities. The location of two potential City park areas is proposed along the area nearest the Gulf of Mexico reach of Packery Channel.

The Project, the maintenance dredging of the Packery Channel, and the public improvements associated with the proposed secondary development are found to be "Project Costs" as such term is defined in the TIF Act.

The Project Contract

The Project is to be constructed by the Corps under the Project Contract. The Project Contract has not been approved by either the Corps or the City, but the City expects execution of the Contract by both parties by Spring 2003. Under the Project Contract, the Corps, subject to receiving funds appropriated by Congress and using the

Exhibit A

funds expected to be provided by the City through the Issuer, would agree to expeditiously construct the Project. The Project Contract recognizes that Congressional appropriations to date are less than the amount of federal funds required for completion of the Project, and that in the event insufficient funds are appropriated for the federal government's share of Project costs, then Project construction will be suspended or the Project Contract terminated. The federal government expressly makes no commitment to seek additional federal funds for the Project.

The City would agree to contribute 35% of the total Project costs, at least five percent of which must be contributed in cash with the remainder being the appraised value of cash or lands, easements, rights-of-way, and suitable burrow and dredged or excavated material disposal areas. The City must deposit its share of projected financial obligations for construction through the first fiscal year of construction within 45 days of notice from the Corps. For each subsequent year, the deposit must be made no later than 60 days prior to the beginning of the fiscal year.

The Project Contract obligates the City to operate, maintain, repair, replace, and rehabilitate the entire Project at no cost to the federal government. The City is seeking transfer of a portion of the maintenance cost to the Corps, but at this time no provision has been made for payment of ongoing maintenance costs. Funding of a maintenance reserve from proceeds of an additional series of Tax Increment Contract Revenue Bonds is contemplated by this Plan, but there is no assurance that a maintenance reserve will be funded, nor is there any guarantee that if funded the maintenance reserve would be adequate to pay costs of ongoing maintenance dredging.

Reinvestment Zone Number Two, City of Corpus Christi, Texas

The Zone was created by the City pursuant to the TIF Act to facilitate development of the land within the boundaries of the Zone, a 1,947.01-acre parcel located entirely within the City and the County. The Zone became effective on November 14, 2000, and will terminate on December 31, 2022, or at an earlier time designated by subsequent ordinance of the City, or at such earlier time that all Zone Project Costs, tax increment bonds, and the interest on all tax increment bonds, have been paid in full (the duration of the Zone). The Zone is located on Padre Island, and intersected by State Highway 361 and Park Road 22 leading from the John F. Kennedy Causeway. A map showing the existing uses and conditions of real property in the Zone is attached to this Plan as Exhibit B. A map showing the proposed improvements to and proposed uses of the real property in the Zone is attached to this Plan as Exhibit C.

Pursuant to the TIF Act, the ordinance of the City establishing the Zone also established a Board for the Zone. The Zone Board consists of 12 persons, with one member from each Participant other than the City, and the remainder (but not less than 10) appointed by the City.

<u>Name</u>	<u>Position</u>	<u>Appointed By</u>
Samuel L. Neal	President	City of Corpus Christi
	Vice President	Nueces County
Javier D. Colmenero	Member	City of Corpus Christi
Brent Chesney	Member	City of Corpus Christi
Rex Kinnison	Member	City of Corpus Christi
John Longoria	Member	City of Corpus Christi
Jesse Noyola	Member	City of Corpus Christi
Mark Scott	Member	City of Corpus Christi
Gabriel Rivas	Member	Del Mar College
Cal Jennings	Member	Nueces County Hospital District
Richard Pittman	Member	Flour Bluff Independent School District
John LaRue	Member	Port of Corpus Christi Authority

Exhibit A

Existing Land Use

Existing land-uses within the Zone consist of light commercial development, mixed residential development, vacant unimproved land, and non-developable land, including waterways, roadways and parks. The City has estimated the following current usage within the Zone:

<u>Use</u>	<u>Acres</u>
Vacant	857.1718
Water Area	447.8253
Park	384.5719
Right-of-Way	158.2465
Commercial	33.6232
Medium Density Residential	34.4813
Public/Semi-Public	9.0187
High Density Residential	7.7001
Professional Office	6.0570
Light Industrial	6.5105
Low Density Residential	1.8075
Total	<u>1,947.0138</u>

Infrastructure Requirements for Development

It is the City's policy that infrastructure required for new development within the Zone will be the responsibility of each landowner or developer, similar to any other development that occurs in the City. The wastewater treatment plant and trunk main collection system is in place and is of sufficient capacity to accommodate new development, and sufficient freshwater supply is available to serve anticipated development within the Zone. There are generally roads and streets throughout the Zone, though individual tracts may require additional street construction, sewer collection lines, or water supply lines for development. The City pays for oversize and extra depth costs associated with water and wastewater extensions that are designed to service property outside or beyond the owner's development. The City participates in street development to pay the additional costs for extra width associated with arterial streets or collectors that are designed to be extended beyond the developer's property. The City also pays for the costs of bridges and culverts to extend streets beyond the developer's property.

Undeveloped Land Within the Zone

Approximately 857 acres within the Zone are unimproved or underdeveloped land. The City anticipates that such unimproved land will be developed for residential and light commercial use consistent within existing uses, and additional development must occur before the Issuer can provide for the payment of additional Tax Increment Contract Revenue Bonds (hereinafter defined) required for completion of the Project without adversely affecting the Issuer's ability to pay debt service on the Series 2003 Bonds (hereinafter defined). No representation is made in this Plan with respect to the ultimate development of such property.

Project Costs

A detailed listing of the proposed public works and public improvements to be undertaken in the Zone, shown by kind, number and location, and the Project costs of the Zone, including, without limitation, the costs of the initial dredging of Packery Channel, the maintenance dredging costs, secondary Project costs, administrative costs of the Zone, and other non-project costs (such as water supply improvements and roads that are not intended to be funded through the operation of the Zone), are set forth in Exhibit D. The estimated amount of bonded

Exhibit A

indebtedness to be incurred to pay initial Project costs, and the timing of when related costs and monetary obligations for implementing this Plan are to be incurred, are set forth in Exhibit D. The City currently estimates that the total amount of Issuer debt necessary to be issued for completion of initial Project costs will not exceed \$12,000,000.

Secondary development improvements are to be financed as funding becomes available from surplus tax increments or bonds. The City currently estimates the total amount of Issuer debt that may be issued for secondary developments will not exceed \$3,000,000.

The Plan of Finance

The City has created the Zone for the purpose of raising funds needed to provide the City's share of the Project costs, and the Series 2003 Bonds (hereinafter defined) are the first installment of Issuer bonds to be issued for that purpose.

The City, the County, Del Mar College, a junior college district and political subdivision of the State of Texas (the "College") and Nueces County Hospital District, a hospital district and political subdivision of the State of Texas (the "Hospital District") each have agreed to deposit to the Tax Increment Fund established for the Zone (the "Tax Increment Fund") certain tax collections arising from their respective taxation of the increase, if any, in the appraised value of real property located in the Zone since November 14, 2000 (hereinafter defined as the "Dedicated Tax Increments"), through the earlier of December 31, 2022, or the date on which any outstanding obligations payable from the Dedicated Tax Increments are finally paid. The City has entered into separate interlocal agreements (the "Interlocal Agreements") with the County, the College, and the Hospital District which sets forth, among other things, the agreement of the City and County, College, or Hospital District, as applicable, to pay to the Issuer the Dedicated Tax Increments (the "Contract Tax Increments"). The bonds to be issued to fund Project costs are to be payable solely from the Contract Tax Increments and certain other funds on deposit with JPMorgan Chase Bank, Houston, Texas (the "Trustee") or which may be deposited with the Trustee in the future together with earnings and investments thereon (the "Pledged Revenues").

The City, the County, the College, and the Hospital District (each referred to individually herein as a "Participant" and collectively referred to as the "Participants") have agreed to deposit to the Tax Increment Fund the Dedicated Tax Increments, as described herein.

Pursuant to the TIF Act, a taxing unit's tax increment for a year (a "Tax Increment") is the amount of property taxes levied by the unit for that year on the "captured" appraised value of real property taxable by the unit and located in a reinvestment zone. Tax Increments do not result from any increase in the appraised value of personal property (such as equipment or inventory) taxable by the unit and located in a reinvestment zone. The TIF Act defines captured appraised value ("Captured Appraised Value") as the total appraised value of all real property taxable by the unit and located in a reinvestment zone less the tax increment base of the unit. The tax increment base of a taxing unit (the "Tax Increment Base") is the total appraised value of all real property taxable by the unit and located in a reinvestment zone for the year in which the zone was designated. In the case of the Zone, the Tax Increment Base is the total appraised value of all real property in the Zone taxable by the relevant Participants as of January 1, 2000. Tax Increments result only from Captured Appraised Value in the Zone, which consists of 1,947.0138 acres, approximately 542.8184 of which is publicly owned and not taxable. Exhibit A shows (a) the Tax Increment Base of the Zone, (b) the current (as of the date of this Plan) total appraised value of taxable real property in the Zone and (c) the estimated captured appraised value of the Zone during each year of its scheduled existence.

Pursuant to separate Interlocal Agreements between the City and each of the County, the College, and the Hospital District, respectively (the "Interlocal Agreements") the Participants have agreed to deposit all or a portion of their Tax Increments to the Tax Increment Fund. The City, the County, and the Hospital District have agreed to deposit to the Tax Increment Fund 100% of their tax collections on Captured Appraised Value in the

Exhibit A

Zone for each tax year that the Zone remains in existence, commencing in tax year 2000. The College has agreed to deposit to the Tax Increment Fund 100% of the its Tax Increments for the first five years (2000-2004) of the Interlocal Agreement, 80% for the sixth year (2005), 60% for the seventh year (2006), 40% for the eighth year (2007), 20% for the ninth year (2008), and none thereafter. The amounts the Participants have agreed to deposit to the Tax Increment Fund are referred to herein as the "Dedicated Tax Increments." The obligations of the Participants to pay Dedicated Tax Increments into the Tax Increment Fund are subject to the rights of any of the holders of bonds, notes or other obligations that have been or are hereafter issued by a Participant that are payable from and secured by a general levy of ad valorem taxes throughout the taxing jurisdiction of that Participant.

North Padre Island Development Corporation

The Issuer

The Issuer is a not-for-profit local government corporation and was established by the City under the provisions of Chapter 431, Texas Transportation Code, and the general laws of the State of Texas to aid, assist, and act on behalf of the City in the performance of the City's governmental functions and to provide a means of financing certain Project costs in connection with the Zone. It is governed by a Board of Directors, whose members are appointed by the City Council. On December 17, 2002, the City Council of the City appointed all of the members of the City Council to serve as members of the Corporation.

The Bonds

It is anticipated that three series of bonds will be issued by the Issuer to finance the initial costs of the Project. The first series of bonds is anticipated to be issued in the spring of 2003 (the "Series 2003 Bonds"), in connection with the implementation of this Plan. Should bonds be issued to fund the costs of maintenance dredging, it is anticipated that funds for such use would be included in the third series of bonds to be issued.

The Series 2003 Bonds are the first issue of bonds (the "Tax Increment Contract Revenue Bonds") to be issued by the Issuer. The Tax Increment Contract Revenue Bonds, including the Series 2003 Bonds, are secured by the Issuer's pledge of payments to be received pursuant to a Tri-Party Agreement among the City, the Zone, and the Issuer (the "Tri-Party Agreement"). Under that agreement, the Contract Tax Increments will be paid into the Tax Increment Fund at the City's depository.

The Bonds will fund a portion of the City's share of the Project Costs. Completion of the Project will require additional funding, which currently is anticipated to be provided through the issuance of additional bonds by the Issuer secured from Dedicated Tax Increments on parity with the Bonds. Secondary development improvements may also be financed from additional bonds. For the Issuer to be able to repay such additional bonds, substantial growth in the taxable values within the Zone must occur, and there is no guarantee that such growth will have been accomplished prior to the timing of funding the remaining phases of the development and completion of the Project. Growth in taxable values within the Zone is dependent on future development of additional taxable improvements. While the City expects that such additional improvements will be constructed if the Packery Channel is completed, there are approximately 1,838 tracts of land within the Zone owned by approximately 1,054 different owners, and neither the Issuer nor the City has any agreement with any landowner for construction of improvements within the Zone, or knowledge that any landowners intend to construct additional improvements. Without future development within the Zone, there can be no guarantee of additional Dedicated Tax Increments sufficient to pay debt service on bonds issued to finance the Project. A projection of the Project costs to be funded with bond proceeds and the sizing of the bond issues to fund those Project costs is set forth in Exhibit D.

The Tri-Party Agreement

Exhibit A

The City, the Zone and the Issuer will enter into the Tri-Party Agreement. Pursuant to the Tri-Party Agreement, the Issuer will provide certain management and administrative services for the Zone. The Issuer is authorized to issue bonds or enter into other obligations to be repaid from Contract Tax Increments but only with the approval of the City Council. The Issuer agrees to use all Contract Tax Increments in a manner consistent with the Plan. The Tri-Party Agreement provides for duties and responsibilities of the City with respect to Dedicated Tax Increments and provides for duties and responsibilities of the Zone with respect to Dedicated Tax Increments.

The Dedicated Tax Increments are to be deposited when received into the Tax Increment Fund. The City and the Zone will covenant and agree that they will continuously collect the Dedicated Tax Increments from the Participants in the manner and to the maximum extent permitted by applicable law. To the extent the City and Zone may legally do so, they also will covenant and agree that they will not permit a reduction in the Dedicated Tax Increments paid by the Participants. The City will covenant and agree to annually levy, assess and collect its ad valorem taxes in the Zone. The City and the Zone will agree to pay to the Issuer the Contract Tax Increments in consideration for the Issuer funding certain of the Project costs with the proceeds of the Tax Increment Contract Revenue Bonds.

The obligations of the City and the Zone to pay Contract Tax Increments shall be subject to the Tri-Party Agreement and the rights of any of the holders of bonds, notes or other obligations that have been or are hereafter issued by the City, the County, the College, or the Hospital District that are payable from and secured by a general levy of ad valorem taxes throughout the taxing jurisdiction of the City, County, College, or Hospital District.

It is anticipated that the interests of the Issuer in the Tri-Party Agreement will be assigned to the Trustee for the Tax Increment Contract Revenue Bonds under the terms of the Indenture pursuant to which such Tax Increment Contract Revenue Bonds are to be issued. The Tri-Party Agreement may be amended with the mutual consent of the parties; however, any amendment must be accompanied by an opinion of counsel to the Issuer to the effect that such amendment will not materially impair the rights of the owners of the Issuer's bonds or other outstanding obligations.

Exhibit A

Reinvestment Zone Number Two City of Corpus Christi, Texas

EXHIBIT A

Forecast of Potential TIF Revenue Flows on North Padre Island (Final Report)

Dated: August 2002
ERA Project Number: 14663

Exhibit A

Final Report

**Forecast of Potential TIF
Revenue Flows on North
Padre Island**

Submitted to:

The City of Corpus Christi

August 2002

ERA Project Number: 14663

TABLE OF CONTENTS

General Limiting Conditions	iv
Introduction	1
Approach	2
Participating Jurisdictions.....	3
Methodology.....	3
TIF REVENUE ANALYSIS	5
Summary.....	5
Real Estate Market Discussion	5
TIF Waterfront Properties 2002.....	6
Growth Rates	10
Padre Island.....	10
TIF Revenue Conclusions	11

List of Tables and Exhibits

Table 1. Taxable Value of Land & Improvement,	2
TIF District - 2000.....	2
Table 2. Tax Rates for Participating Jurisdictions.....	3
Table 3. Waterfront Properties by Location and Value within the TIF District.....	6
Table 4. Average Assessed Land Value by Location	7
Table 5. Average Condominium Assessed Value by Water frontage	8
Table 6. Condominium Properties in the TIF District.....	8
Table 7. Lake Padre Properties by Tax ID.....	9
Table 8. Other Non-Exempt Water Front Properties.....	9
Table 9. Exempt Properties.....	10
Table 10. Padre Island Growth Rates by Location – 1992-2002	10
Table 11. Scenario 1. TIF District Taxable Value and Revenue, 2001 – 2022.....	11
Table 12. Scenario 2. TIF District Taxable Value and Revenue, 2001 – 2022.....	11
Exhibit 1. TIF Revenue Schedule, Scenarios 1 and 2.....	12
Table 13. TIF Taxable Value and Tax Revenue Schedule, Scenarios 1 and 2 (\$000s).....	13

GENERAL LIMITING CONDITIONS

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible, and they are believed to be reliable. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry, and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the clients agent, and representatives or any other data source used in preparing or presenting this study. No warranty or representation is made by Economics Research Associates that any of the project values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Economics Research Associates" in any manner. No abstracting, excerpting, or summarization of this study may be made. This study may not be used for purposes other than that for which it is prepared. Exceptions to these restrictions may be permitted after obtaining prior written consent from Economics Research Associates. This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

INTRODUCTION

Economics Research Associates (ERA) was engaged to provide the City of Corpus Christi with estimates of tax increment revenues in the proposed North Padre Island Tax Increment Finance (TIF) district. ERA understands that estimated future tax revenues from the district will be targeted to fund a portion of the development cost of funding the North Padre Island Damage Reduction and Environmental Restoration Project.

This forecast makes use of data provided by the City of Corpus Christi and the Nueces County Appraisal District covering property tax rates, assessed values, and actual historic taxes paid for the defined TIF district. Data from these sources have been assessed to generate a reasonable estimate of potential tax increment revenue.

This report is independent from an earlier report prepared by ERA in the year 2000. This report does not assume any major development in North Padre Island and uses a different methodology to forecast tax revenue in the TIF District.

Some numbers are rounded and might differ from the original database. Although every possible effort has been made to present correct information, some errors might be present due to handling of large data sets in a short time period. However, ERA believes that the results are reasonable and concur with the data available.

ERA would like to thank all staff members at the City of Corpus Christi and the Nueces County Appraisal District for providing us with data in timely fashion that ensured preparing a comprehensive report.

APPROACH

The approach followed by ERA first defines the current baseline assessed and taxable value of the proposed TIF district, using assessment information for land and improvements provided by officials with the City of Corpus Christi and the Nueces County Appraisal District. ERA understands that the base year for the district is calendar year 2000. From this base year value, ERA generates two sets of TIF revenue inputs:

- Forecast growth in the taxable value of currently existing buildings and vacant land in the district over a 20-year period using constant growth rate for all types of properties.
- Forecast growth in the taxable value of currently existing land and development in the district using variable growth rates based on location within the district.

Growth in assessed values and taxes paid for current improvements and vacant land, as well as new development, beyond levels defined in the base year constitute the increment in property tax revenue that can be captured for potential use in the Packery Channel project.

Working with officials at the Nueces County Appraisal District, City officials provided ERA with year 2000 assessed and taxable values for all land and improvements in the proposed TIF district. The following table indicates that the district currently contains vacant land and improvements amounting to \$85,870,603 in taxable value. The table breaks down values between home site and non-home site land and improvements, as well as exemptions and adjustments, to arrive at a total taxable value. Exemptions and adjustments are made for homestead, disabled individuals and veterans, and people over 65. Preliminary assessments for 2001 are \$98,153,611 and for 2002 \$107,588,794.

**Table 1. Taxable Value of Land & Improvement,
TIF District - 2000**

Category	Value
Land – Home Site	\$5,491,354
Land – Non-Home Site	\$23,947,556
Improvements – Home Site	\$42,200,590
Improvements – Non-Home Site	\$17,684,297
Sub-Total	\$89,323,797
Exemptions & Adjustments	\$3,453,194
Total Taxable Value	\$85,870,603

Source: Nueces County Appraisal District

Looking further at the above table, ERA determined that home site improvements include single-family homes as well as higher-density condominium projects on the seawall. This distinction is important because home site land accounts for only 18% of total land assessed value, but home site improvements account for 70% of total improvements.

Participating Jurisdictions

Four jurisdictions are contributing 100% into the tax increment fund for the whole period starting in 2001 through 2022. One jurisdiction, Del Mar Jr. College, is contributing 100% into the tax increment fund for the first 5 years, 80% for the sixth year, 60% for the seventh year, 40% for the eighth year, 20% for the ninth year and 0% thereafter. Three jurisdictions will not participate: Flour Bluff Independent School District (ISD), Port of Corpus Christi and Fire District #2. The following table shows tax rates schedule per \$100 of taxable value.

Table 2. Tax Rates for Participating Jurisdictions

Jurisdictions Providing ALL Increment	Jurisdictions	2001-2005	2006	2007	2008	2009	2010-2022
City of Corpus Christi	0.644175	0.644175	0.644175	0.644175	0.644175	0.644175	0.644175
Farm to Market Rd.	0.005238	0.005238	0.005238	0.005238	0.005238	0.005238	0.005238
County Hospital	0.228028	0.228028	0.228028	0.228028	0.228028	0.228028	0.228028
Del Mar Jr. Collage	0.21988	0.21988	0.175904	0.131928	0.087952	0.043976	0
Nueces County	0.350242	0.350242	0.350242	0.350242	0.350242	0.350242	0.350242
Port of Corpus Christi	0.002117						
Flour Bluff ISD	1.526197						
Fire District #2	0.022200						
TOTAL	2.998077	1.447563	1.40359	1.359611	1.31564	1.27166	1.227683

Note: Assuming tax rates do not change

Source: Nueces County Appraisal District, City of Corpus Christi

Regarding the above tax rates, local officials indicated that they did not expect to see unusual growth in the above tax rates in the near future. Following standard TIF modeling guidelines, ERA has taken the above tax rates and held them constant for the duration of the 20-year TIF model. With tax rates held constant, key drivers of the forecast become rates of appreciation for existing improvements and vacant land.

Methodology

In order to estimate a reasonable tax revenue flow, ERA made the following assumptions:

- Base tax year is 2000
- 2002 tax rates for each participating jurisdiction are assumed fixed for the whole period (through 2022)
- Tax increment fund starts in 2001
- End of TIF district is 2022
- Packery Channel will be completed in 2004
- The TIF district tax revenue flow is completely independent of any potential major development that could potentially have a great impact on other developments and land value.

- ***First to Increase:*** Value of land and current developments with water frontage in the District excluding beach properties will be the first to increase in value due to the opening of Packery Channel, as it would provide direct access to the Gulf of Mexico.
- ***Magnitude of Increase:*** Water front properties (vacant land) in the District excluding beach properties will have the greater increase in value compared to properties without water frontage. It is assumed that the value will approach the value of vacant beach properties.

Based on the above assumptions, ERA compiled data from the City of Corpus Christi and the Nueces County Appraisal District to estimate current land and improvement value by location in the District. Using Tax ID data, ERA aggregated properties based on their location by defining 4 distinct locations:

- Beach
- Lake Padre
- Other water front properties
- Non-water front properties

After linking each property to a location, total assessed and taxable values were calculated for each location. Value comparison was established and was later used to estimate growth rates for properties within the District.

ERA also aggregated all values of properties on North Padre Island for the past 10 years to estimate an average calculated average growth rate (CAGR) for the island. This CAGR was then applied in the forecast model.

Tax rates from the participating jurisdictions were then applied to estimate tax revenue flows.

TIF REVENUE ANALYSIS

Summary

Two scenarios were developed and are presented in this report. The first scenario applies an annual growth rate of 9% from 2003 through 2012, and 3% annual growth rate from 2013 through 2022 for all properties within the TIF District. The 9.1% annual growth rate represents the CAGR of the assessed values of all properties on Padre Island from 1992 through 2002.

The second scenario applies different annual growth rates for each property type in the TIF district. Waterfront properties on Lake Padre, the canal and on the proposed Packery Channel are estimated to grow at an annual rate of 24% between 2003 and 2007. During the same period, Beach properties and non-waterfront properties are assumed to grow at 9.1%. From 2008 through 2022, all properties are estimated to grow at the inflation rate of 3% per annum. The 24% annual growth rate represents the estimated CAGR of the total taxable value of TIF properties within the five participating jurisdictions from 1996 through 2001.

The two scenarios are conservative and do not assume any new development.

From 2001 through 2022 and using 2000 as the base year, the first scenario generates a total tax revenue of \$63.4 million of which \$38.9 million is the TIF revenue. The second scenario generates a total tax revenue of \$55.9 million of which \$31.3 million is TIF revenue.

A detailed analysis follows.

Real Estate Market Discussion

Economics Research Associates conducted a number of telephone interviews with accredited realtors in Corpus Christi and Padre Island. The general consensus has been that over the past three years demand for good properties, defined as those in good repair, modern appliances, visually appealing and have good access, has increased remarkably. This increase in demand, the limited supply, and a strong market led to an increase in prices.

The demand for weekend and seasonal homes from residents of large Texan cities, such as Dallas, Houston and San Antonio is also pushing prices upward. Aging baby-boomers and a healthy economy had lead to strong demand of retirement and seasonal homes in Padre Island. This demand has exceeded the markets ability to supply more housing units.

Another factor in the escalation of price and demand is speculation regarding the Packery Channel, which would connect Lake Padre and the Packery Channel to the Gulf of

Mexico. The Channel is perceived as a convenient way to provide access to the Gulf of Mexico from Lake Padre and the intercoastal areas. Some realtors indicated that Lake Padre properties would be more attractive to sailing enthusiasts that would need to be east of the 22-foot bridge to benefit from the Channel. This is assuming a marina is developed on Lake Padre.

Properties without water access, known among realtors as dry or interior properties, on Padre Island can demand a \$10,000-\$15,000 premium over comparable properties in the city. Some realtors indicated that the difference in price between water-accessible and dry properties on Padre Island is too great to characterize.

When asked about Port Aransas and how the market compares to Padre Island. Most realtors indicated that properties in Port Aransas, 20 miles from Corpus Christi, are overpriced and are not comparable in quality. Realtors also indicated that Padre Island has strong attributes and character that would attract investors to develop resorts, something that Port Aransas lacks.

TIF Waterfront Properties 2002

Using the micro level data (*property tax records*) obtained from the City of Corpus Christi and the Nueces County Appraisal District, ERA was able to compile waterfront properties in the TIF District by location and type.

The TIF District has 1,930.08 acres with a total assessed value of \$107.59 million in 2002. Approximately 51% of land have or will have (after the opening of the Packery Channel) water frontage or 977 acres. Approximately 203 acres or 21% of water front properties are exempt properties. The waterfront properties have a total assessed value of \$65.1 million and a total taxable value of \$60.6 million.

The following tables show waterfront properties by location, land value, improvement value, total exemptions, taxable value, and acreage.

Table 3. Waterfront Properties by Location and Value within the TIF District

Type	Acres	Land Value	Improvement Value	Total Assessed Value	Taxable Value
Condos					
Beach	13.45	\$2,450,499	\$28,962,543	\$31,413,042	\$29,048,886
Across from the Beach	3.61	\$281,352	\$3,902,799	\$4,184,151	\$3,533,871
Other - Lake Padre, Canal	10.93	\$1,459,001	\$11,600,220	\$13,059,221	\$11,503,641
Lake Padre					
Beach	470.66	\$4,591,013	\$938,742	\$5,529,755	\$5,517,325
Exempt	53.20	\$2,577,105	\$4,355,083	\$6,932,188	\$6,932,188
Other	202.86	\$0	\$0	\$0	\$0
Other	222.24	\$2,517,234	\$1,669,836	\$4,187,070	\$4,054,928
TOTAL WATER PROPERTIES	976.95	\$13,876,204	\$51,429,223	\$65,305,427	\$60,590,839

Source: Nueces County Appraisal District, Economics Research Associates

Most of the condominium properties are older developments dating to mid 1980s especially the ones with a beach frontage. Most of the properties on Lake Padre are parcels of vacant land. The other non-classified properties are parcels located on the Canal and what would be on the Packery Channel.

Land value, as expected, increase as it approaches the Beach. The most expensive land parcels are those of condominium with beach frontage with over \$180,600 per acre. The second highest, on average, are condominium properties on Lake Padre with \$133,500 per acre followed by condominium properties located across from the Beach. As expected developed land, although with indirect beach frontage has more value than undeveloped beach parcels. It is plausible to assume that the value of land parcels with beach frontage would more than quadruple in value after it is developed.

The following Table shows average assessed value per acre by location.

Table 4. Average Assessed Land Value by Location

Type	Acres	Average Land Value (\$/Acre)
Waterfront Properties		
Condos		
Beach	13.45	\$180,623
Across from the Beach	3.61	\$77,840
Other - Lake Padre, Canal	10.93	\$133,448
Lake Padre	470.66	\$9,754
Beach	53.20	\$48,442
Exempt	202.86	\$0
Other	222.24	\$11,327
TOTAL WATER PROPERTIES	976.95	\$17,897

Note: Total average land value excludes exempt properties

Source: Nueces County Appraisal District, Economics Research Associates

There are 16 condominium developments in the TIF district, of which four are located on the beach, three are located across from the beach and the remainder is located on Lake Padre, the canal and Packery Channel. The most expensive condominiums are those with a direct beach frontage. The following table shows average assessed value per condominium by water frontage location

Table 5. Average Condominium Assessed Value by Water frontage

Type	Total Condo Units	Average Condo Assessed Value
Condos		
Beach	324	\$96,305
Across from the Beach	115	\$36,384
Other - Lake Padre, Canal	399	\$32,730

Source: Nueces County Appraisal District, Economics Research Associates

The following table shows condominium properties by location, acreage, number of units, and average condominium assessed value.

Table 6. Condominium Properties in the TIF District

Property Name	Water Frontage Location	Acreage	Total Land Value	Total Improvements	Total Assessed Value	Total Taxable Value	Number of Units	Avg. Condo Value
El Constante	Beachfront	3.05	\$531,178	\$5,317,124	\$5,848,302	\$5,581,554	69	\$84,758
Padre Island-Gulfstream	Beachfront	4.78	\$885,669	\$13,272,754	\$14,158,423	\$13,239,239	130	\$108,911
La Casa Del Sol	Lake Padre	0.70	\$94,134	\$889,071	\$983,205	\$983,205	24	\$40,967
Lakeshore Villas	Lake Padre	1.26	\$153,552	\$1,586,544	\$1,740,096	\$1,459,835	24	\$72,504
Leeward Isles	Lake Padre	2.58	\$168,810	\$2,761,688	\$2,930,498	\$2,897,168	87	\$33,684
Leeward Cove	Lake Padre	0.61	\$75,632	\$585,521	\$661,153	\$646,153	16	\$41,322
Lorimar Place	Canal - 2 blocks from beach	0.43	\$71,650	\$303,335	\$374,985	\$374,985	10	\$37,499
Mystic Harbor	Packery Channel	0.94	\$122,904	\$1,185,002	\$1,307,906	\$1,175,954	32	\$40,872
Seahorse	Across the street from Beach	1.03	\$78,814	\$1,189,358	\$1,268,172	\$1,017,892	26	\$48,776
Nautilus Galleria	Across the street from Beach	1.03	\$67,502	\$1,219,289	\$1,286,791	\$1,051,791	45	\$28,595
Pirates Crossing & Seascape Villa	Lake Padre	0.53	\$184,591	\$1,233,405	\$1,417,996	\$1,337,959	36	\$39,389
Portofino	Beachfront	2.31	\$483,538	\$5,372,008	\$5,855,546	\$5,130,665	53	\$110,482
Mariners Cay	Canal - 2 blocks from beach	3.51	\$539,544	\$2,497,196	\$3,036,740	\$2,261,740	136	\$22,329
Padre Island - Surfside	Across the street from Beach	1.55	\$135,036	\$1,494,152	\$1,629,188	\$1,464,188	44	\$37,027
Padre Isle - Island House	Beachfront	3.31	\$528,142	\$4,812,272	\$5,340,414	\$5,097,429	72	\$74,172
Sand Dollar	Canal	0.37	\$48,184	\$558,458	\$606,642	\$366,642	34	\$17,842
Total		27.99	\$4,168,880	\$44,277,177	\$48,446,057	\$44,086,398	838	\$57,812

Source: Nueces County Appraisal District, Economics Research Associates

Beach properties other than condominiums are made up of 31 vacant parcels and one developed parcel which is the Holiday Inn with an assessed value of \$4.5 million. There are 12 vacant parcels that range in size from one to approximately seven acres with the largest being 6.98 acres. Most of the remainder parcels are approximately half an acre. There are 10 (0.51 acres) parcels that are valued at \$56,250 each or an average of \$110,294 per acre. These are the most valued parcels on the beach.

The next three tables summarize properties by Tax ID. The first table lists all properties on Lake Padre, the second table shows all other (Canal, Packery Channel, non-classified) water front properties that are non-exempt and the last table shows all exempt properties.

Table 7. Lake Padre Properties by Tax ID

TAX ID	Total Land Value	Total Improvements	Total Assessed Value	Total Taxable Value	Acreage
6180-	\$1,636,741	\$820,671	\$2,457,412	\$2,444,982	20.85
6185-	\$1,136,341	\$0	\$1,136,341	\$1,136,341	23.75
6175-	\$225,114	\$65,880	\$290,994	\$290,994	5.01
6125-	\$1,309,302	\$52,191	\$1,361,493	\$1,361,493	286.05
6195-	\$283,515	\$0	\$283,515	\$283,515	135
Total	\$4,591,013	\$938,742	\$5,529,755	\$5,517,325	470.66

Source: Nueces County Appraisal District, Economics Research Associates

Table 8. Other Non-Exempt Water Front Properties

TAX ID	Total Land Value	Total Improvements	Total Assessed Value	Total Taxable Value	Acreage	Legal Description
3730-	\$152,759	\$111,409	\$264,168	\$264,168	8.05	Island Fairway Estates
4793-	\$791,199	\$276,447	\$1,067,646	\$1,067,646	6.75	Mariners Cay Lots
6170-	\$584,752	\$0	\$584,752	\$584,752	7.58	PADRE ISLAND SEC B
6205-	\$735,000	\$0	\$735,000	\$735,000	60	PADRE ISLAND SEC 18
1115-	\$174,019	\$0	\$174,019	\$174,019	138.86	BRYAN WM SUR 606 LS 64, 129.964 ACS ICL
1717-	\$79,505	\$1,281,980	\$1,361,485	\$1,229,343	1.00	Compass Townhomes - 13 units
Total	\$2,517,234	\$1,669,836	\$4,187,070	\$4,054,928	222.24	

Source: Nueces County Appraisal District, Economics Research Associates

Table 9. Exempt Properties

TAX ID	Name	Acreage
111500000010	STATE OF TEXAS	138.87
111500000050	STATE OF TEXAS	4.03
373000030050	FLOUR BLUFF IND SCHOOL DI	6.5
616500451400	CITY OF CORPUS CHRISTI	3.46
619000000005	STATE OF TEXAS	0
625200000010	NUECES CO	20
625200000020	NUECES COUNTY TRUSTEE	30
Total		202.86

Source: Nueces County Appraisal District, Economics Research Associates

Growth Rates

Using available data, ERA conducted trend analysis for various areas to establish a trend in property growth rates on Padre Island and in the participating jurisdictions. These growth rates are later used in the forecast models to estimate TIF revenue.

Padre Island

Using micro level data, ERA compiled the assessed values for all properties in North Padre Island from 1992 to 2002. In 1992, total assessed value for properties on Lake Padre and on the beach were high and decreased in the following years. This is the main reason for the negative CAGR for beach properties and the small figure (less than one percent) for Lake Padre properties for the 10-year period. North Padre Island, in total, including waterfront and non-waterfront properties had a CAGR of 9.1%, i.e., properties grew on average 9.1% per year between 1992 and 2002. The following table summarizes growth rates for Padre Island by location of properties.

Table 10. Padre Island Growth Rates by Location – 1992-2002

Year	Padre Island (All Properties)	Waterfront Condos	Lake Padre	Beach	Other Waterfront	Non- Waterfront
CAGR 1992-2002	9.10%	5.99%	0.77%	-3.96%	2.03%	10.19%
CAGR 1993-2002	10.14%	7.27%	5.45%	-2.30%	2.39%	11.06%

Source: Nueces County Appraisal District, Economics Research Associates

TIF Revenue Conclusions

The following tables summarize the TIF District's estimated taxable value, grand total tax revenue and the incremental tax revenue from 2001 through 2022. Scenario 1 reflects an overall average annual growth rate of 9.1% from 2003 through 2012 and an annual growth rate of 3% from 2013 onwards. Scenario 2 reflects annual increase in taxable value of 24% for properties on Lake Padre and other water front properties excluding beach properties. Beach properties, existing condominium properties and properties without water frontage increase 9% in taxable value from 2003 through 2007 and 3% from 2008 onwards.

Table 11. Scenario 1. TIF District Taxable Value and Revenue, 2001 – 2022

	2001-2005	2006-2010	2011-2015	2016-2020	2021-2022
Taxable Value	\$590,873,474	\$909,709,774	\$1,300,406,021	\$1,523,320,994	\$675,226,929
Grand Total Tax Revenue	\$8,553,266	\$11,899,730	\$15,964,864	\$18,701,553	\$8,289,646
Incremental TIF Revenue	\$2,338,110	\$6,251,011	\$10,693,770	\$13,430,459	\$6,181,209
Accumulated TIF Revenue	\$2,338,110	\$8,589,122	\$19,282,891	\$32,713,350	\$38,894,559

Source: City of Corpus Christi, Nueces County Appraisal District, and Economics Research Associates

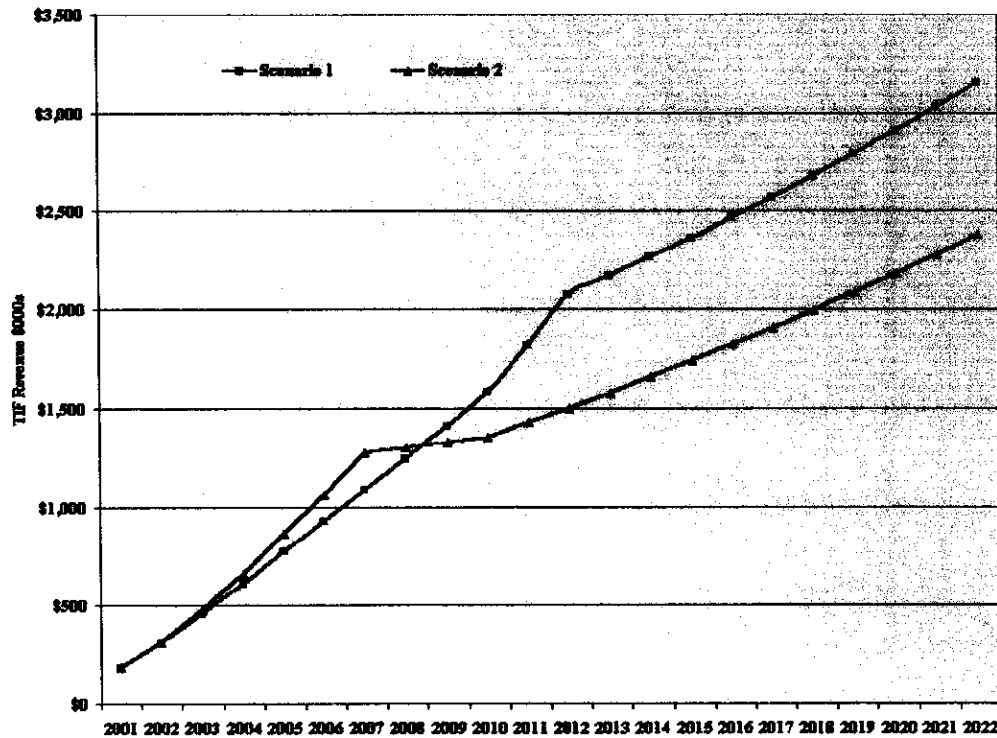
Table 12. Scenario 2. TIF District Taxable Value and Revenue, 2001 – 2022

	2001-2005	2006-2010	2011-2015	2016-2020	2021-2022
Taxable Value	\$601,808,948	\$912,635,163	\$1,072,871,721	\$1,243,752,371	\$551,305,402
Grand Total Tax Revenue	\$8,711,564	\$11,971,610	\$13,171,464	\$15,269,336	\$6,768,283
Incremental TIF Revenue	\$2,496,408	\$6,322,891	\$7,900,370	\$9,998,242	\$4,659,845
Accumulated TIF Revenue	\$2,496,408	\$8,819,299	\$16,719,669	\$26,717,912	\$31,377,757

Source: City of Corpus Christi, Nueces County Appraisal District, and Economics Research Associates

The following exhibit shows the growth in the TIF revenue from both scenarios.

Exhibit 1. TIF Revenue Schedule, Scenarios 1 and 2



The following table shows taxable values, grand tax revenue and incremental TIF revenue from the two scenarios in thousands of dollars.

Table 13. TIF Taxable Value and Tax Revenue Schedule, Scenarios 1 and 2 – 2001-2022 (\$000s)

YEAR	TAXABLE VALUE		GRAND TAX REVENUE		TIF REVENUE	
	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2
2001	\$98,514	\$98,514	\$1,426	\$1,426	\$183	\$183
2002	\$107,589	\$107,589	\$1,557	\$1,557	\$314	\$314
2003	\$117,376	\$118,803	\$1,699	\$1,720	\$456	\$477
2004	\$127,940	\$131,379	\$1,852	\$1,902	\$609	\$659
2005	\$139,455	\$145,524	\$2,019	\$2,107	\$776	\$864
2006	\$152,006	\$161,483	\$2,134	\$2,267	\$928	\$1,061
2007	\$165,686	\$179,546	\$2,253	\$2,441	\$1,085	\$1,274
2008	\$180,598	\$184,932	\$2,376	\$2,433	\$1,246	\$1,303
2009	\$196,852	\$190,480	\$2,503	\$2,422	\$1,411	\$1,330
2010	\$214,568	\$196,194	\$2,634	\$2,409	\$1,580	\$1,354
2011	\$233,880	\$202,080	\$2,871	\$2,481	\$1,817	\$1,427
2012	\$254,929	\$208,143	\$3,130	\$2,555	\$2,075	\$1,501
2013	\$262,577	\$214,387	\$3,224	\$2,632	\$2,169	\$1,578
2014	\$270,454	\$220,819	\$3,320	\$2,711	\$2,266	\$1,657
2015	\$278,567	\$227,443	\$3,420	\$2,792	\$2,366	\$1,738
2016	\$286,924	\$234,266	\$3,523	\$2,876	\$2,468	\$1,822
2017	\$295,532	\$241,294	\$3,628	\$2,962	\$2,574	\$1,908
2018	\$304,398	\$248,533	\$3,737	\$3,051	\$2,683	\$1,997
2019	\$313,530	\$255,989	\$3,849	\$3,143	\$2,795	\$2,089
2020	\$322,936	\$263,669	\$3,965	\$3,237	\$2,910	\$2,183
2021	\$332,624	\$271,579	\$4,084	\$3,334	\$3,029	\$2,280
2022	\$342,603	\$279,726	\$4,206	\$3,434	\$3,152	\$2,380
TOTAL	\$63,409	\$55,892	\$4,999,537	\$4,382,374	\$38,895	\$31,378

Source: City of Corpus Christi, Nueces County Appraisal District, and Economics Research Associates

Exhibit A

Reinvestment Zone Number Two City of Corpus Christi, Texas

EXHIBIT B

Map: Existing Uses and Conditions in the Zone

Exhibit A

Padre Island Tax Increment Financing District (TIF)

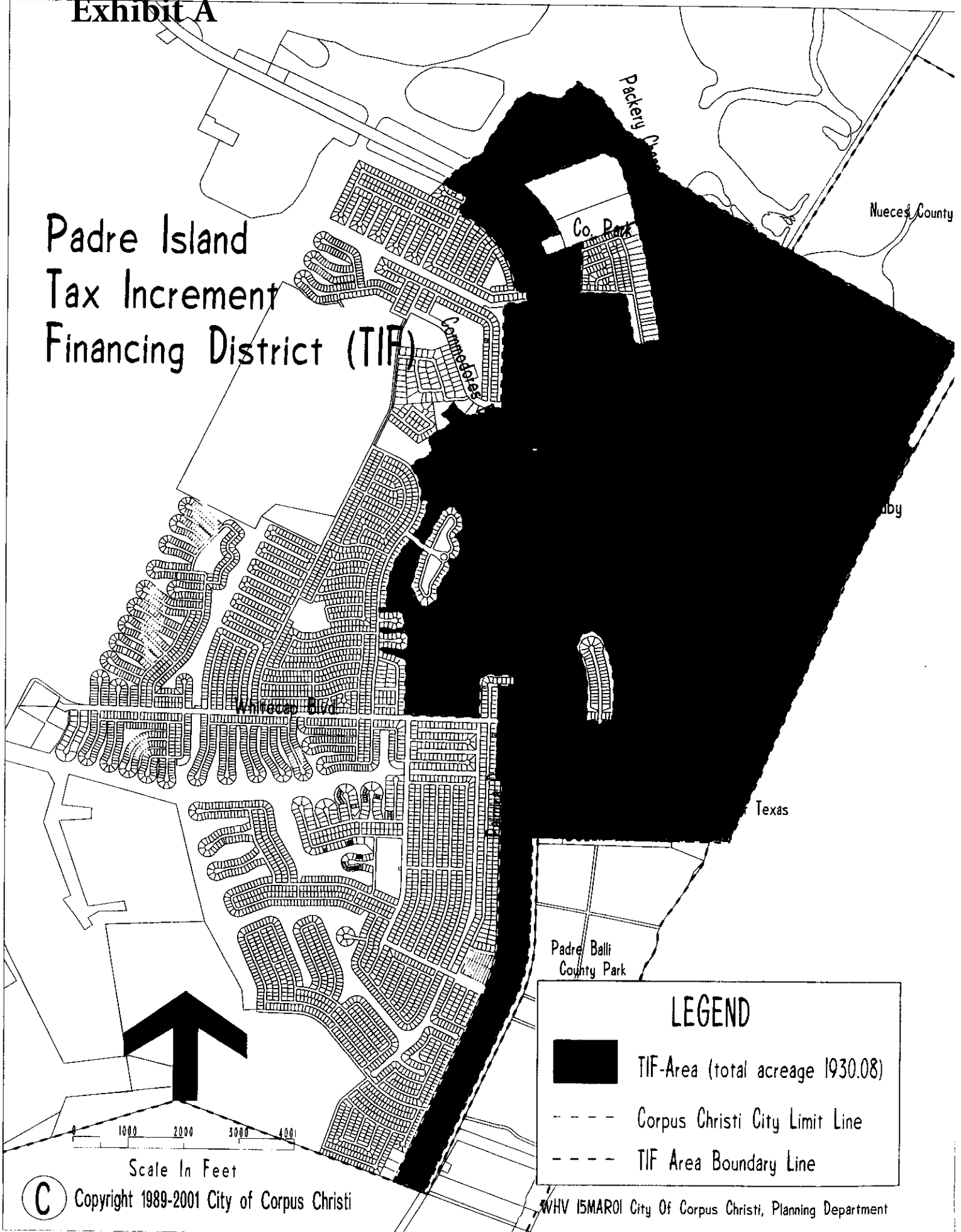


Exhibit A

Reinvestment Zone Number Two City of Corpus Christi, Texas

EXHIBIT C

**Map: Proposed Improvements and Proposed
Uses of Real Property in the Zone**

Exhibit A

Padre Island Tax Increment Finance District

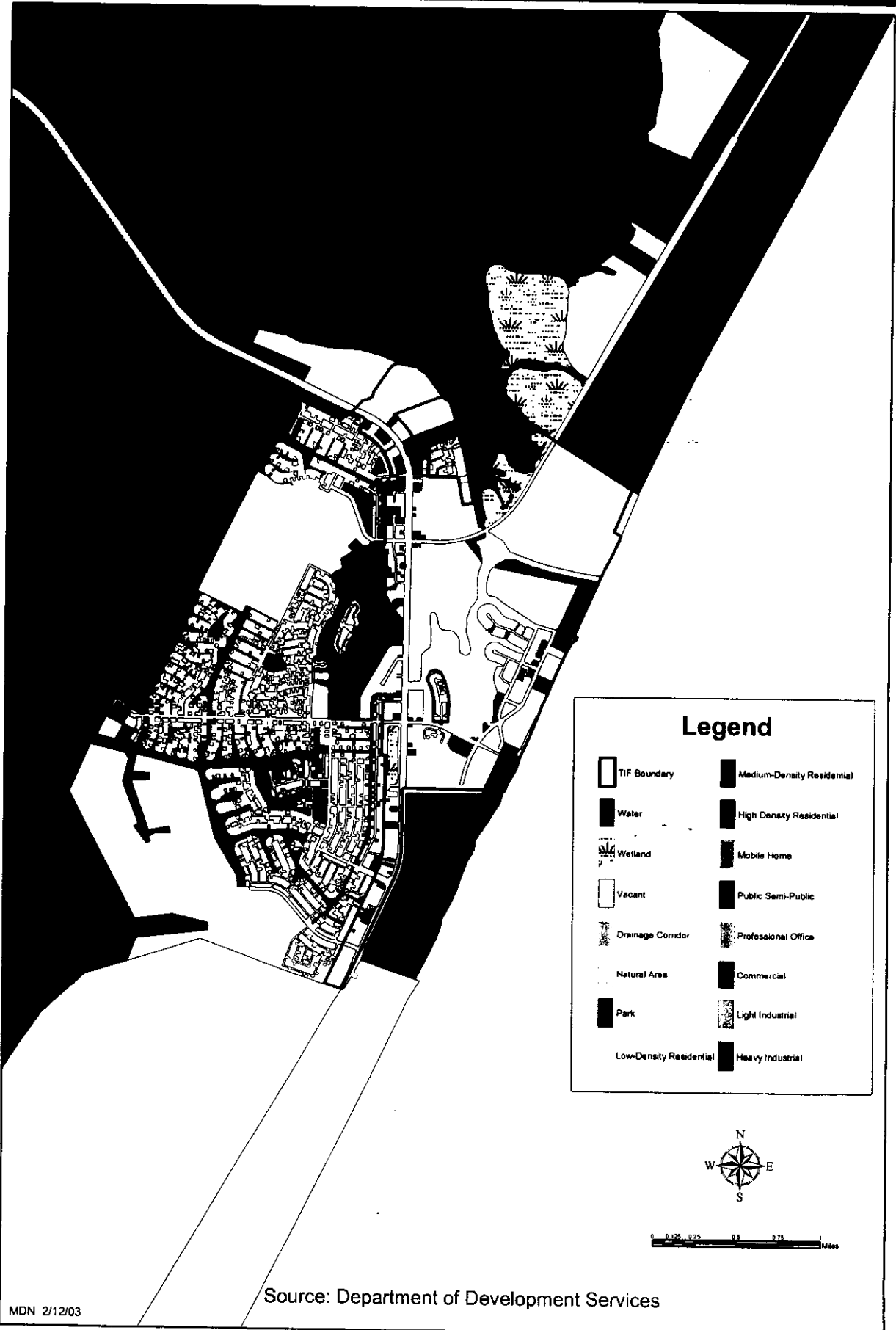


Exhibit A

Reinvestment Zone Number Two City of Corpus Christi, Texas

EXHIBIT D

Project Costs and Estimated Cash Flows

Exhibit A

**Reinvestment Zone Number Two
City of Corpus Christi, Texas
Packery Channel Project Costs and Funding**

Project Costs			
	Total	Zone Two	Corps of Engineers
Land, easements, ROW	\$236,200	\$82,670	\$153,530
Demolition	20,834	7,292	13,542
Utility relocation	104,073	36,426	67,647
Site preparation	74,219	25,977	48,242
Reach 2		0	0
Mobilization & demobilization	486,881	170,408	316,473
Dredging	602,939	211,029	391,910
Reach 1		0	0
Mobilization & demobilization	1,348,383	471,934	876,449
Dredging	2,912,120	1,019,242	1,892,878
Overdepth	425,236	148,833	276,403
	483,774	169,321	314,453
Placement in placement areas	1,382,386	483,835	898,551
Concrete bulkheads	2,369,894	829,463	1,540,431
Anchored concrete bulkheads	0	0	0
Containment sheetpile/cap	0	0	0
Sand bypass pipe	321,421	112,497	208,924
Bridge scour protection	743,041	260,064	482,977
Jetty construction	9,738,800	3,408,580	6,330,220
Walkway curbing	0	0	0
Concrete walkway	1,502,309	525,808	976,501
Planning, engineering & design	2,737,680	958,188	1,779,492
Construction management	1,817,640	636,174	1,181,466
Maintenance dredging reserve(a)	1,400,000	1,400,000	0
Mitigation costs	1,250,000	437,500	812,500
Mollie Beattie monitoring	541,000	189,350	351,650
Parking lot(b)	750,000	750,000	0
Parks & recreation center(b)	2,000,000	2,000,000	0
Financing, contingency reserves & rounding	1,410,683	1,410,683	
	\$34,659,513	\$15,745,274	\$18,914,240
Funding Sources			
Corps of Engineers	\$18,914,240		\$18,914,240
Series 2003 Bonds	2,500,000	\$2,500,000	
Series 2004 Bonds	4,300,000	4,300,000	
Series 2005 Bonds	4,330,000	4,330,000	
Utility and Land Credit	340,273	340,273	
General Land Office Grant	1,275,000	1,275,000	
Surplus Tax Increments or Bonds(b)	3,000,000	3,000,000	
	\$34,659,513	\$15,745,273	\$18,914,240

- (a) Maintenance dredging reserve either to be financed from the proceeds of Series 2005 Bonds or as funds become available from surplus tax increments, or a combination thereof.
- (b) Parks & recreation center and parking lot to be financed as funding becomes available from surplus tax increments or bonds, or a combination thereof.

**Reinvestment Zone Number Two
City of Corpus Christi, Texas
Packery Channel
Bond Fund**

FYE 7/31	Tax Year	Beginning Bond Fund Balance	Captured Value Zone Real Property(s)	Planned Revenues			Debt Service					Fees & Expenses (c)	Annual Cash Flow	TIF Ending Bond Fund Balance	Available for Maintenance Dredging	Funds	
				Projected TIF Revenue (b)	Bond Fund Interest Earnings		Series 2003	Series 2004	Series 2005	Total							
2002	2001		10,936,710													-	
2003	2002	61,168	19,422,458	181,974	1,132		194,792					15,000	168,108	229,274		-	
2004	2003	229,274	32,933,000	477,000	4,242		187,500					15,000	271,460	500,724		-	
2005	2004	500,724	45,509,000	669,000	9,263		376,250					15,000	89,513	590,237		-	
2006	2005	590,237	59,854,000	864,000	10,919		322,500			378,875		15,000	888,875	(28,956)		-	
2007	2006	561,281	75,613,000	1,061,000	10,384		187,500			324,750		15,000	221,634	782,915		-	
2008	2007	762,915	93,676,000	1,274,000	14,484		187,500			324,750		15,000	436,734	1,221,649		-	
2009	2008	1,221,649	99,062,000	1,303,000	22,601		187,500			324,750		15,000	475,851	1,697,469		-	
2010	2009	1,697,469	104,610,000	1,300,000	31,404		187,500			324,750		15,000	511,654	2,209,153		-	
2011	2010	2,209,153	110,324,000	1,354,000	40,869		187,500			324,750		15,000	545,119	2,754,272		-	
2012	2011	2,754,272	116,210,000	1,427,000	50,954		187,500			324,750		15,000	628,204	3,000,000		382,477	
2013	2012	3,000,000	122,273,000	1,501,000	55,500		283,750			448,875		15,000	389,125	3,000,000		389,125	
2014	2013	3,000,000	128,517,000	1,578,000	55,500		278,250			500,000		15,000	423,500	3,000,000		423,500	
2015	2014	3,000,000	134,949,000	1,667,000	55,500		288,750			500,000		15,000	436,250	3,000,000		436,250	
2016	2015	3,000,000	141,573,000	1,738,000	55,500		357,500			485,000		15,000	362,250	3,000,000		362,250	
2017	2016	3,000,000	148,396,000	1,822,000	55,500		342,500			566,250		15,000	402,500	3,000,000		402,500	
2018	2017	3,000,000	155,424,000	1,908,000	55,500		327,500			640,000		15,000	356,000	3,000,000		356,000	
2019	2018	3,000,000	162,663,000	1,997,000	55,500		312,500			610,000		15,000	520,000	3,000,000		520,000	
2020	2019	3,000,000	170,119,000	2,089,000	55,500		393,750			676,250		15,000	398,250	3,000,000		398,250	
2021	2020	3,000,000	177,799,000	2,183,000	55,500		371,250			736,000		15,000	397,250	3,000,000		397,250	
2022	2021	3,000,000	185,708,000	2,280,000	55,500		446,000			786,250		15,000	414,250	3,000,000		414,250	
2023	2022	3,000,000	193,868,000	2,380,000	55,500		415,000			830,000		15,000	449,250	3,000,000		449,250	
																	4,931,102

[illegible]

(a) Tax years 2001 & 2002 - Net Appraised Value less Basis Value. All other years - ENA August 2002 report. Scenario 2.

(b) Source: FY 2003 - Approved Budget, FY 2004 through FY 2007 - CAP Program's Annual Report.

Exhibit A

Reinvestment Zone Number Two

City of Corpus Christi, Texas

Packery Channel

Maintenance Dredging Costs

Assumptions:

Required Bnd Fund Balance

3,000,000

City Maint Res from Bonds

1,400,000

Starting Maintenance Expense:

350,000

Maintenance annual Incr:

2.00%

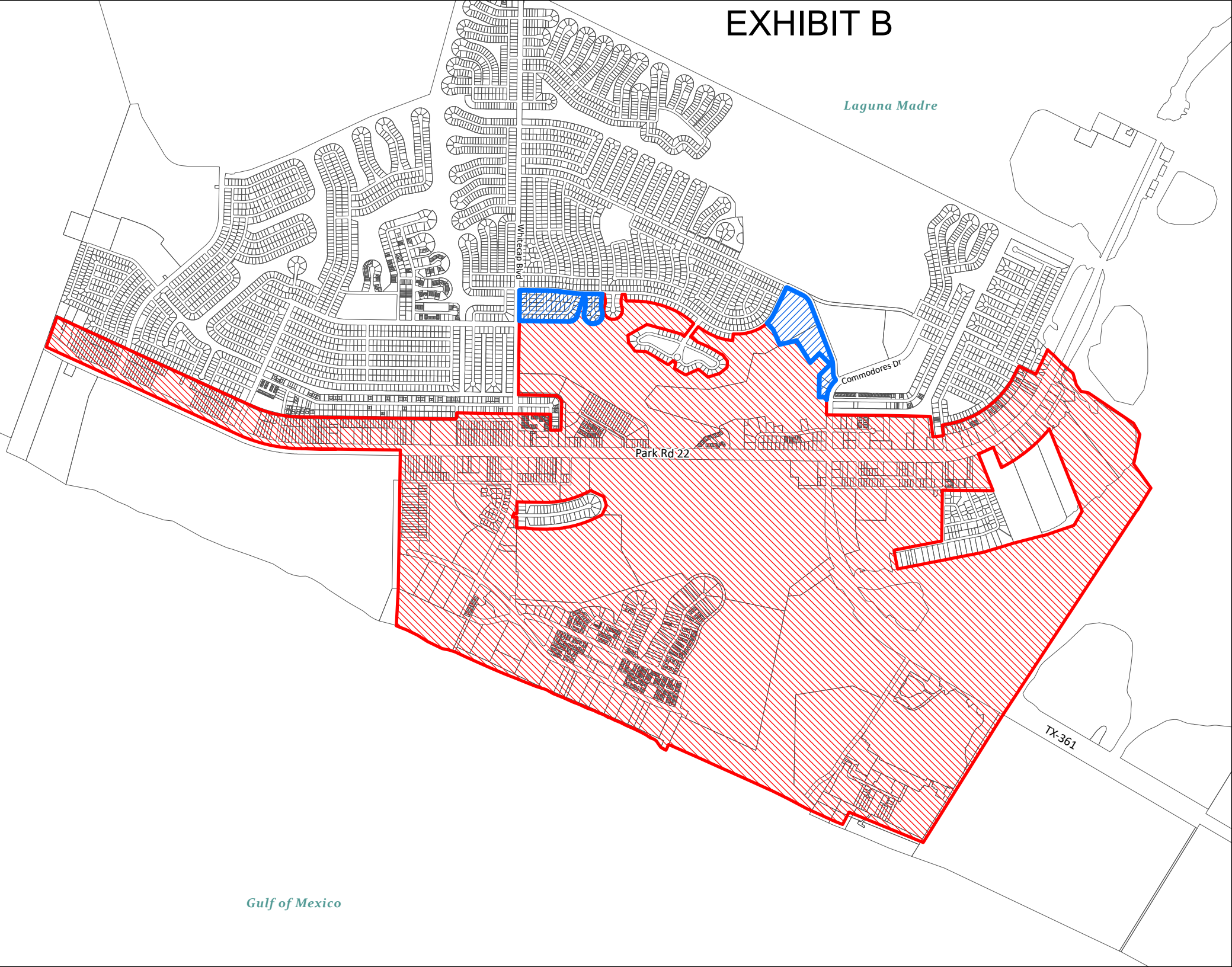
Interest Income:

1.85%

Resources Available for Maintenance Dredging

FYE	Tax	Beginning	Transfer from	Maintenance	Maintenance	Total	Start-up and	Total	Ending
7/31	Year	Balance	Bond Fund	Interest	Reserve from	Available	Maintenance	Less	Balance After
				Earnings	Bonds		Expense	Expenses	City Advance
									City Advance
2002	2001	0	0	0	0	0	232,747	(232,747)	232,747
2003	2002	0	0	0	0	0	0	0	0
2004	2003	0	0	0	0	0	0	0	0
2005	2004	0	0	0	1,400,000	1,400,000	0	1,400,000	0
2006	2005	1,400,000	0	25,900	0	1,425,900	0	1,425,900	0
2007	2006	1,425,900	0	26,379	0	1,452,279	0	1,452,279	0
2008	2007	1,452,279	0	26,867	0	1,479,146	350,000	1,129,146	0
2009	2008	1,129,146	0	20,889	0	1,150,036	357,000	793,036	0
2010	2009	793,036	0	14,671	0	807,707	364,140	443,567	0
2011	2010	443,567	0	8,206	0	451,773	371,423	80,350	0
2012	2011	80,350	382,477	1,486	0	464,313	378,851	85,462	0
2013	2012	85,462	389,125	1,581	0	476,168	386,428	89,739	0
2014	2013	89,739	423,500	1,660	0	514,900	394,157	120,743	0
2015	2014	120,743	436,250	2,234	0	559,226	402,040	157,186	0
2016	2015	157,186	362,250	2,908	0	522,344	410,081	112,264	0
2017	2016	112,264	402,500	2,077	0	516,840	418,282	98,558	0
2018	2017	98,558	356,000	1,823	0	456,381	426,848	29,733	0
2019	2018	29,733	520,000	550	0	550,283	435,181	115,102	0
2020	2019	115,102	396,250	2,129	0	515,482	443,885	71,597	0
2021	2020	71,597	397,250	1,325	0	470,172	452,762	17,409	0
2022	2021	17,409	414,250	322	0	431,981	461,818	(29,836)	0
2023	2022	0	449,250	0	0	449,250	471,054	(21,804)	0
			4,931,102	141,008	1,400,000		6,756,497		284,387

EXHIBIT B



Laguna Madre

Commodores Dr

Park Rd 22

TX-361

Gulf of Mexico

T.I.R.Z. No. 2 BOUNDARY REVISION



EXISTING
T.I.R.Z. No. 2
AREA



PROPOSED
ADDITIONAL
T.I.R.Z. No. 2
AREA



RECORDING INFORMATION:

1. TRACTS 1-4 AS RECORDED IN DOC. 2018045542 O.R.N.C.T.
2. AQUARIUS STREET RIGHT-OF-WAY EASEMENT AS RECORDED IN DOC. 2011039226 O.R.N.C.T.
3. 39.6 ACRE TRACT AS RECORDED IN DOC. 2017050832 O.R.N.C.T.

30' FLORIDA GAS PIPELINE EASEMENT

AQUARIUS
RIGHT-OF-WAY
EASEMENT

COMMODORES DR

E CABANA ST

COMPTON ST

SH 361

TRACT 1

TRACT 4

TRACT 3

39.6 ACRE
TRACT

SOUTH PADRE ISLAND DRIVE

PARK RD 22

TRACT 3

TRACT 2

DASVARNAS DR

AQUARIUS ST

WHITECAP BLVD

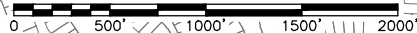
GPSY ST

CRUISER ST



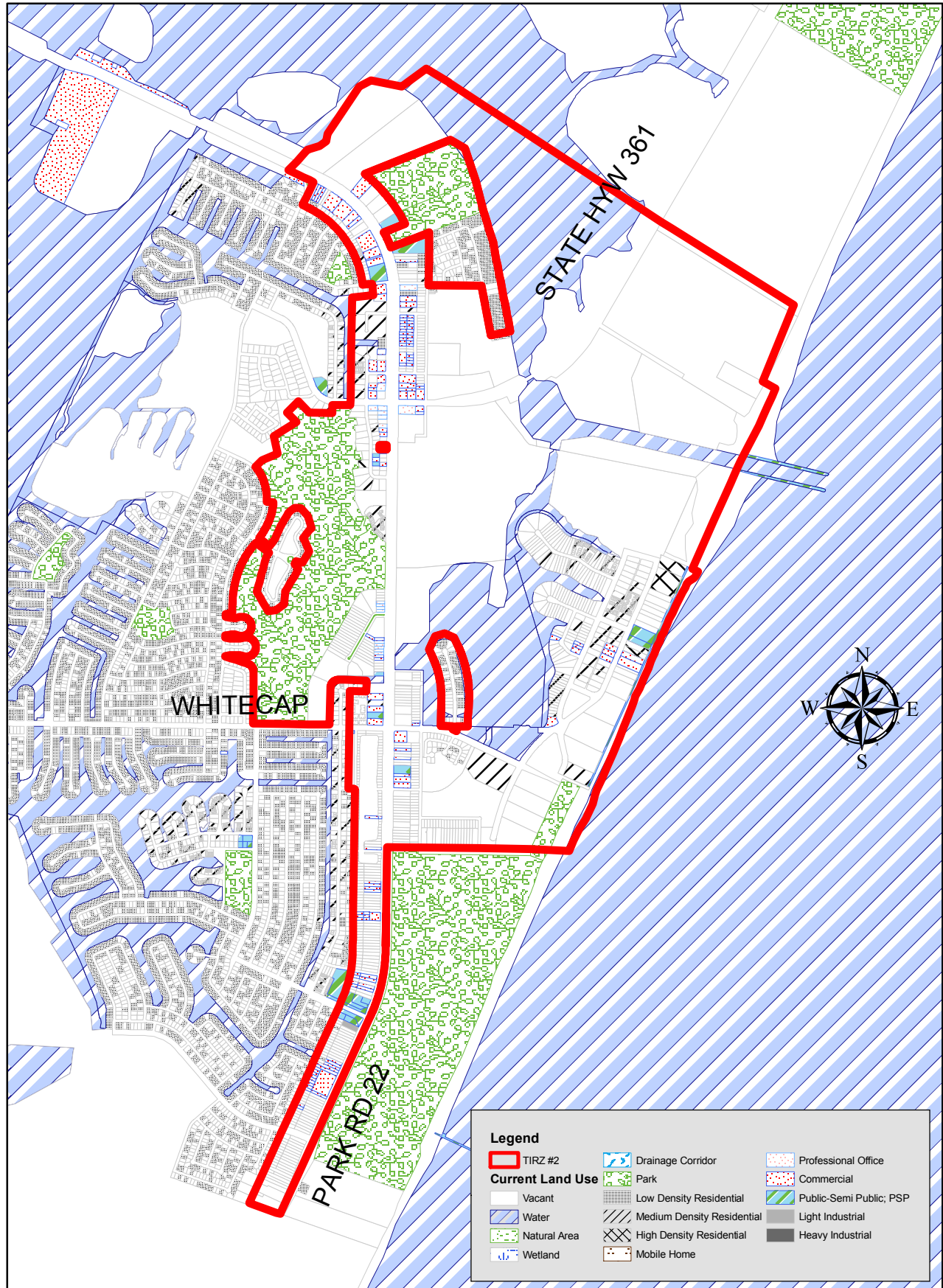
LJA ENGINEERING
TEXAS ENGINEERING FIRM F-1386

GRAPHIC SCALE

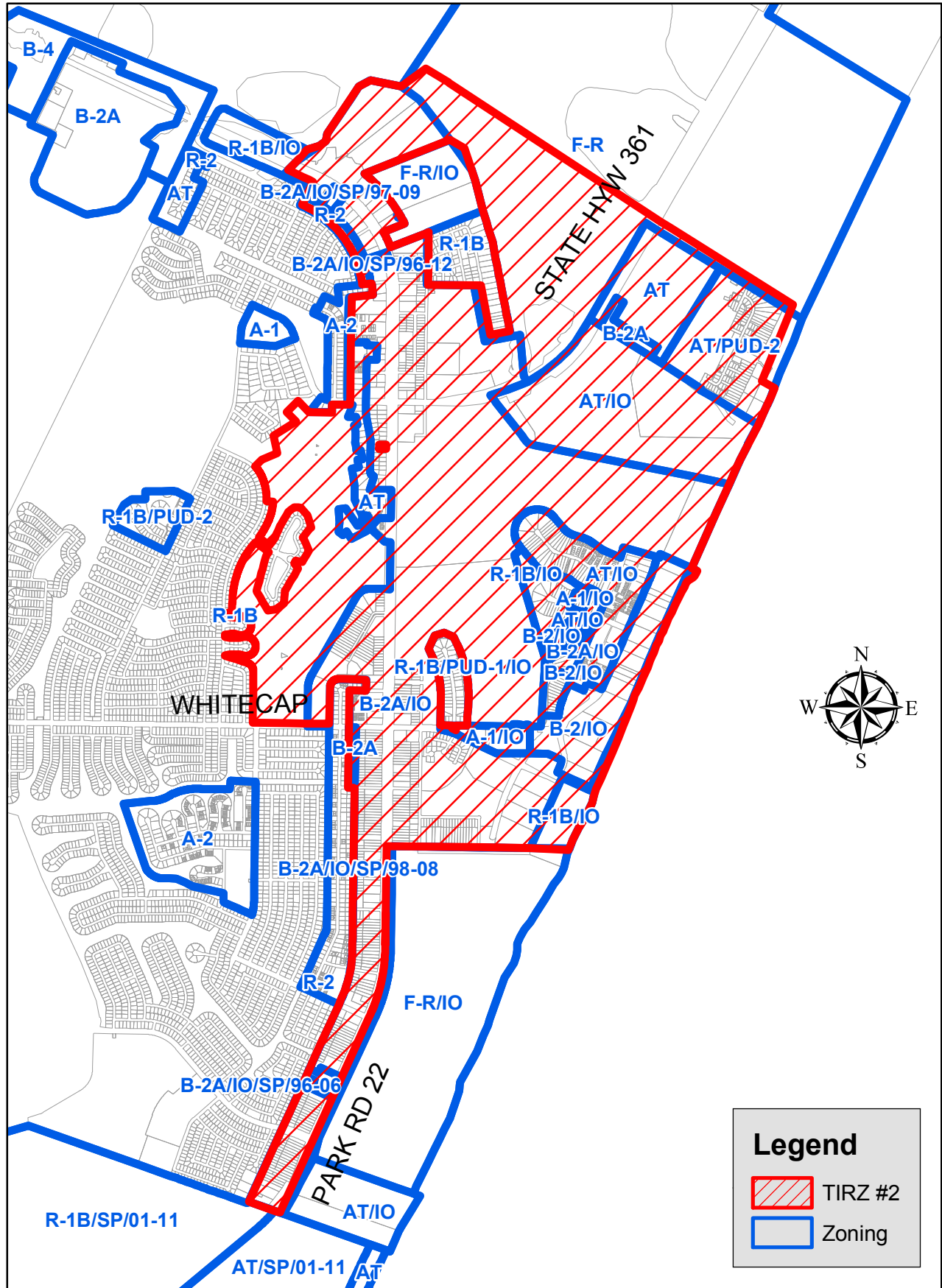


CITY OF CORPUS CHRISTI, TEXAS TIRZ #2

Current Land Use

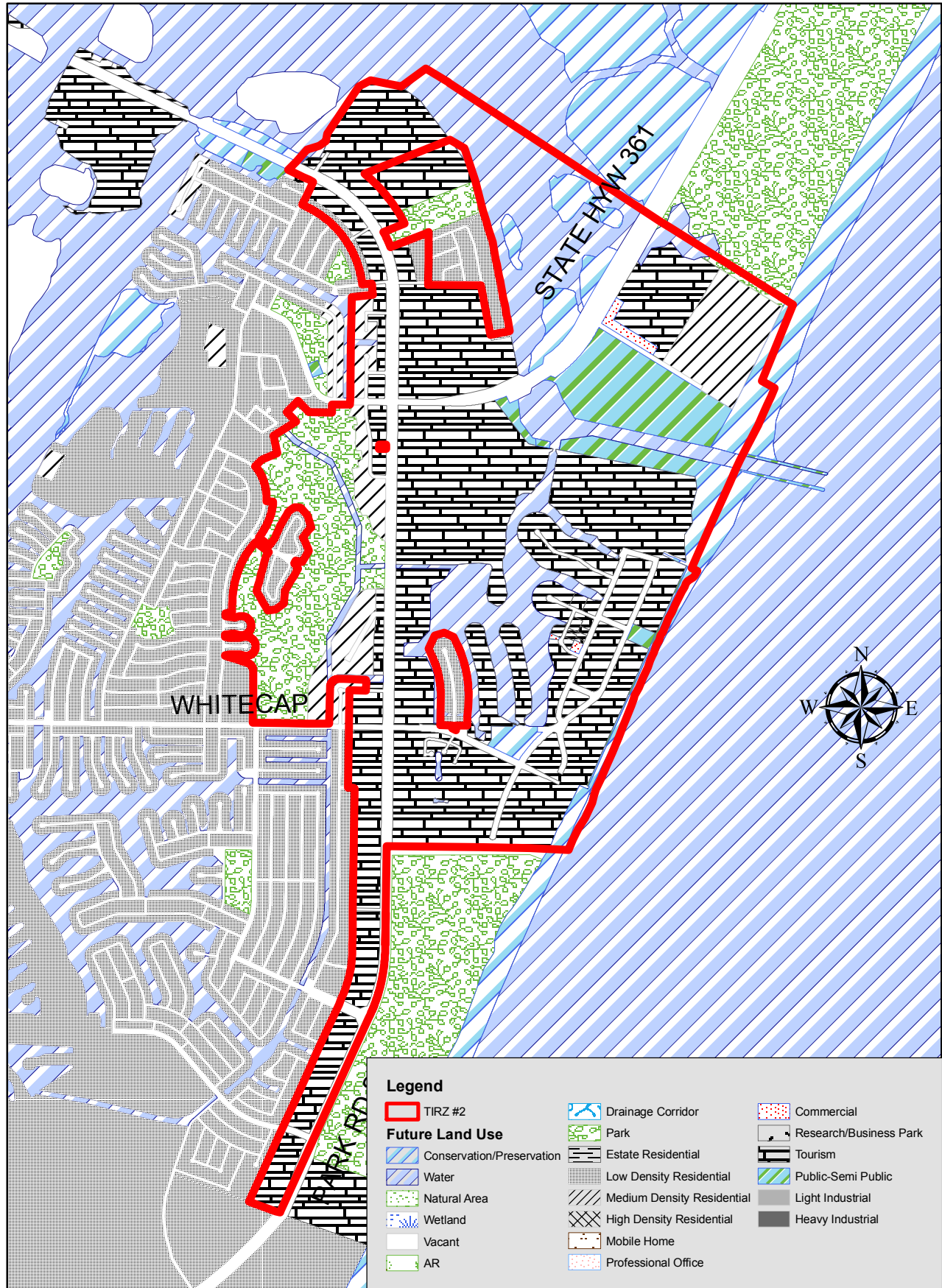


CITY OF CORPUS CHRISTI, TEXAS TIRZ #2 Zoning



CITY OF CORPUS CHRISTI, TEXAS TIRZ #2

Future Land Use



0 1,375 2,750 5,500 Feet

EXHIBIT E

NOT TO SCALE

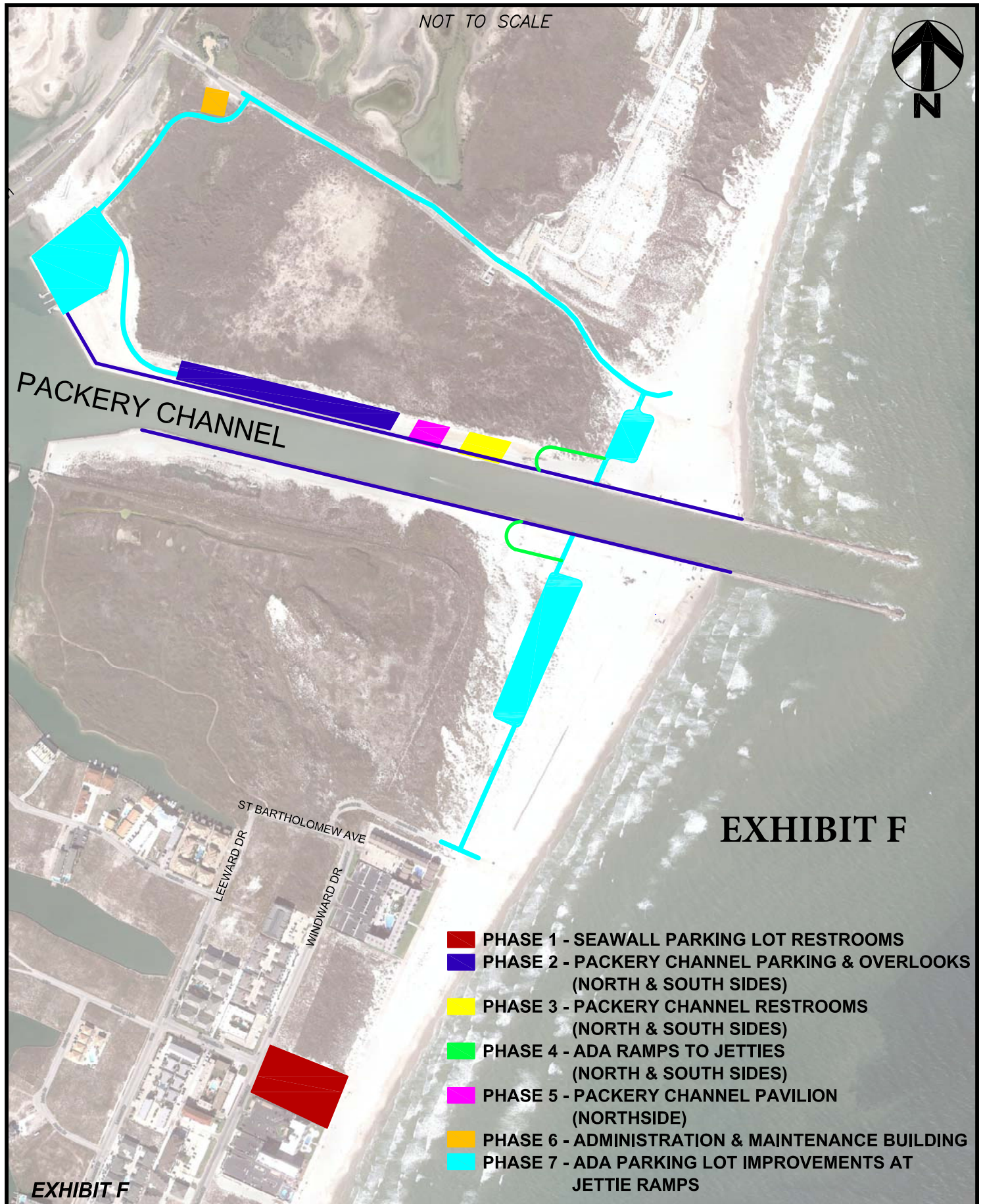


EXHIBIT F

- PHASE 1 - SEAWALL PARKING LOT RESTROOMS
- PHASE 2 - PACKERY CHANNEL PARKING & OVERLOOKS (NORTH & SOUTH SIDES)
- PHASE 3 - PACKERY CHANNEL RESTROOMS (NORTH & SOUTH SIDES)
- PHASE 4 - ADA RAMPS TO JETTIES (NORTH & SOUTH SIDES)
- PHASE 5 - PACKERY CHANNEL PAVILION (NORTHSIDE)
- PHASE 6 - ADMINISTRATION & MAINTENANCE BUILDING
- PHASE 7 - ADA PARKING LOT IMPROVEMENTS AT JETTIE RAMPS

EXHIBIT F

**PACKERY CHANNEL
SIX PACK
PROJECT LOCATION MAP**

CITY COUNCIL EXHIBIT
CITY OF CORPUS CHRISTI, TEXAS
DEPARTMENT OF ENGINEERING SERVICES

PAGE: 1 of 1

DATE: 10/08/2013



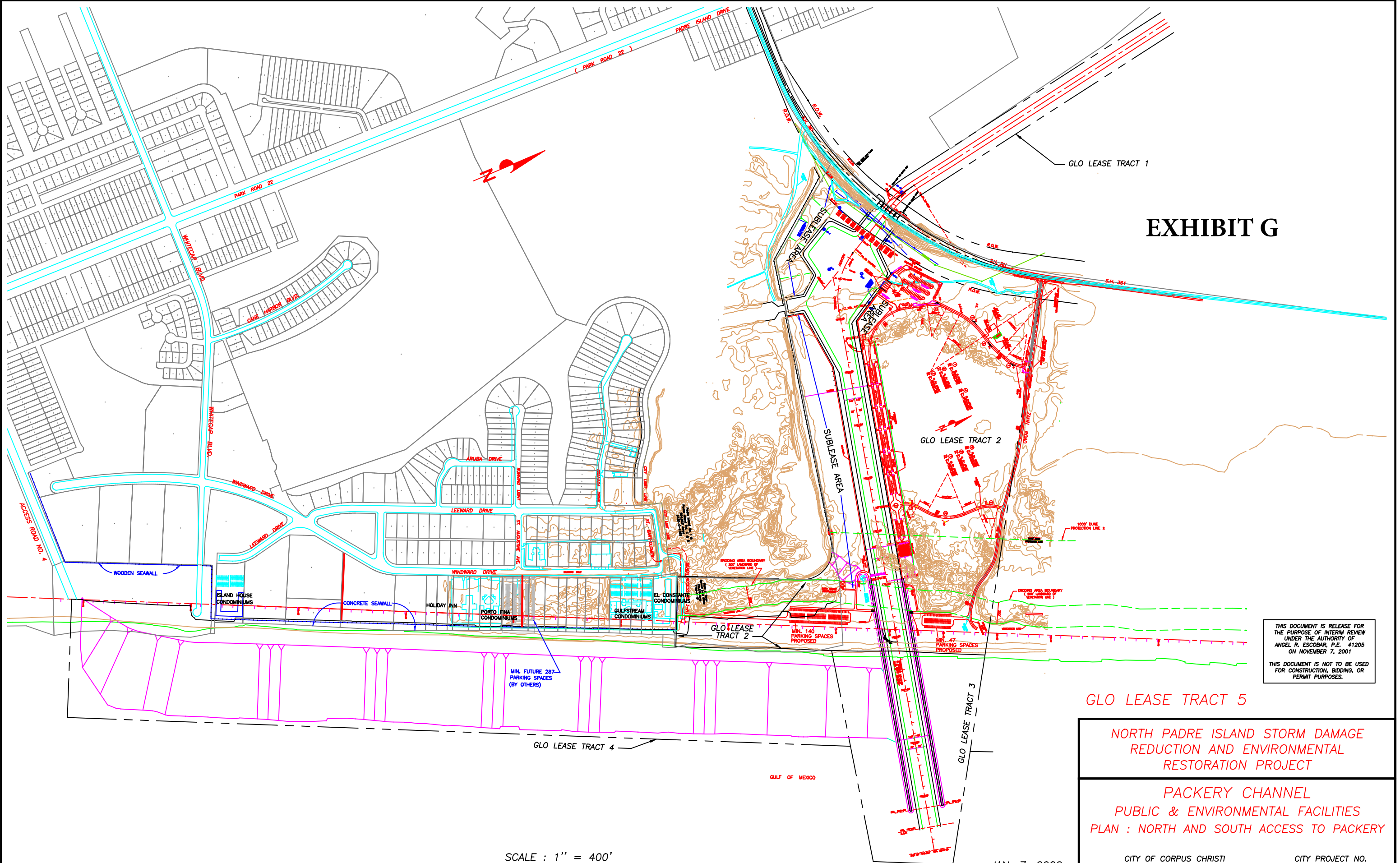


EXHIBIT G

THIS DOCUMENT IS RELEASE FOR THE PURPOSE OF INTERIM REVIEW UNDER THE AUTHORITY OF ANGEL R. ESCOBAR, P.E. 41205 ON NOVEMBER 7, 2001

THIS DOCUMENT IS NOT TO BE USED FOR CONSTRUCTION, BIDDING, OR PERMIT PURPOSES.

GLO LEASE TRACT 5

NORTH PADRE ISLAND STORM DAMAGE
REDUCTION AND ENVIRONMENTAL
RESTORATION PROJECT

PACKERY CHANNEL
PUBLIC & ENVIRONMENTAL FACILITIES
PLAN : NORTH AND SOUTH ACCESS TO PACKERY

CITY OF CORPUS CHRISTI
ENGINEERING SERVICES DEPARTMENT

CITY PROJECT NO.
5122

SCALE : 1" = 400'

JAN. 7, 2002

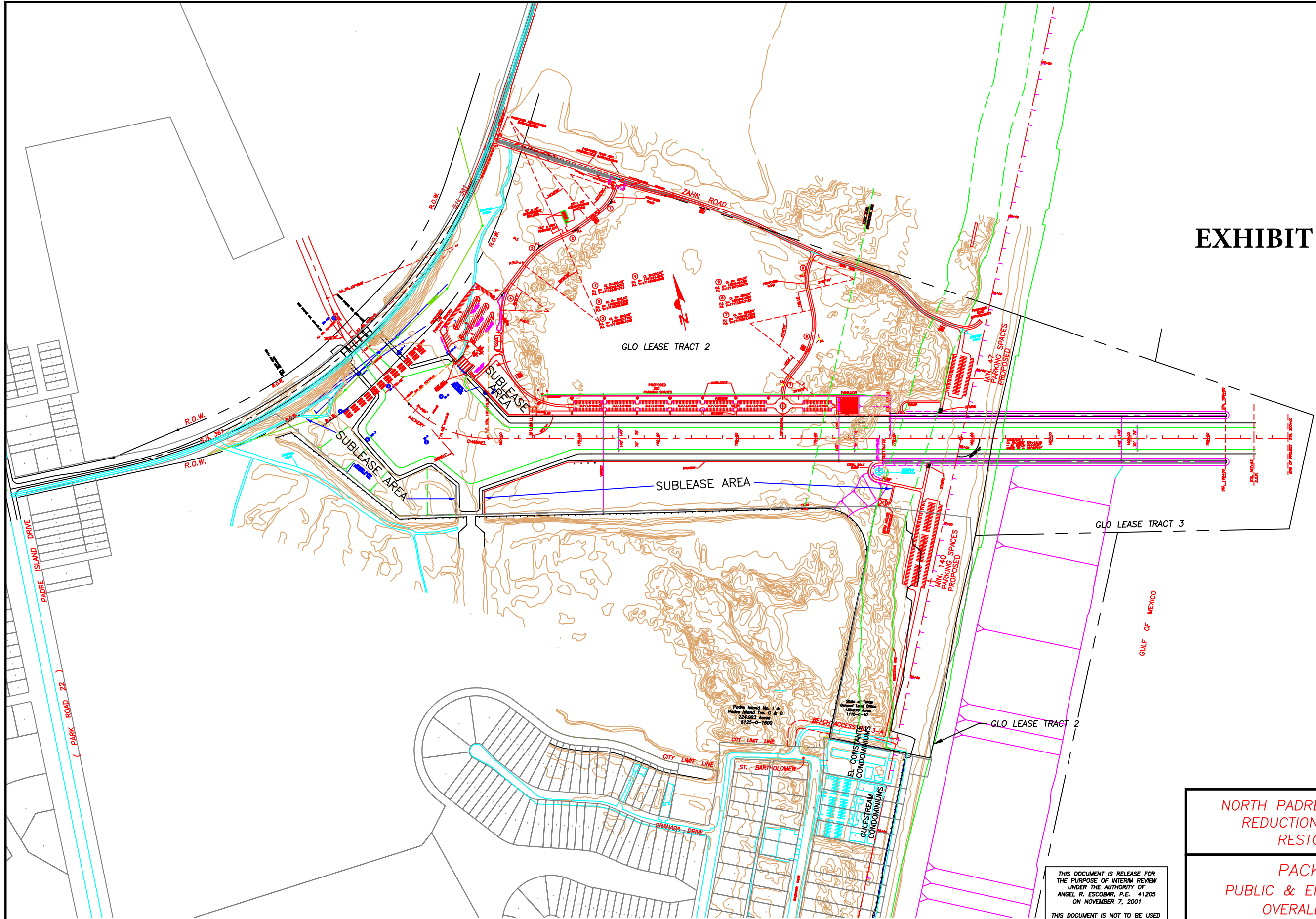


EXHIBIT G

SCALE : 1" = 300'

THIS DOCUMENT IS RELEASE FOR THE PURPOSE OF INTERIM REVIEW UNDER THE AUTHORITY OF ANGEL R. ESCOBAR, P.E. 41205 ON NOVEMBER 7, 2001
THIS DOCUMENT IS NOT TO BE USED FOR CONSTRUCTION, BIDDING, OR PERMIT PURPOSES.

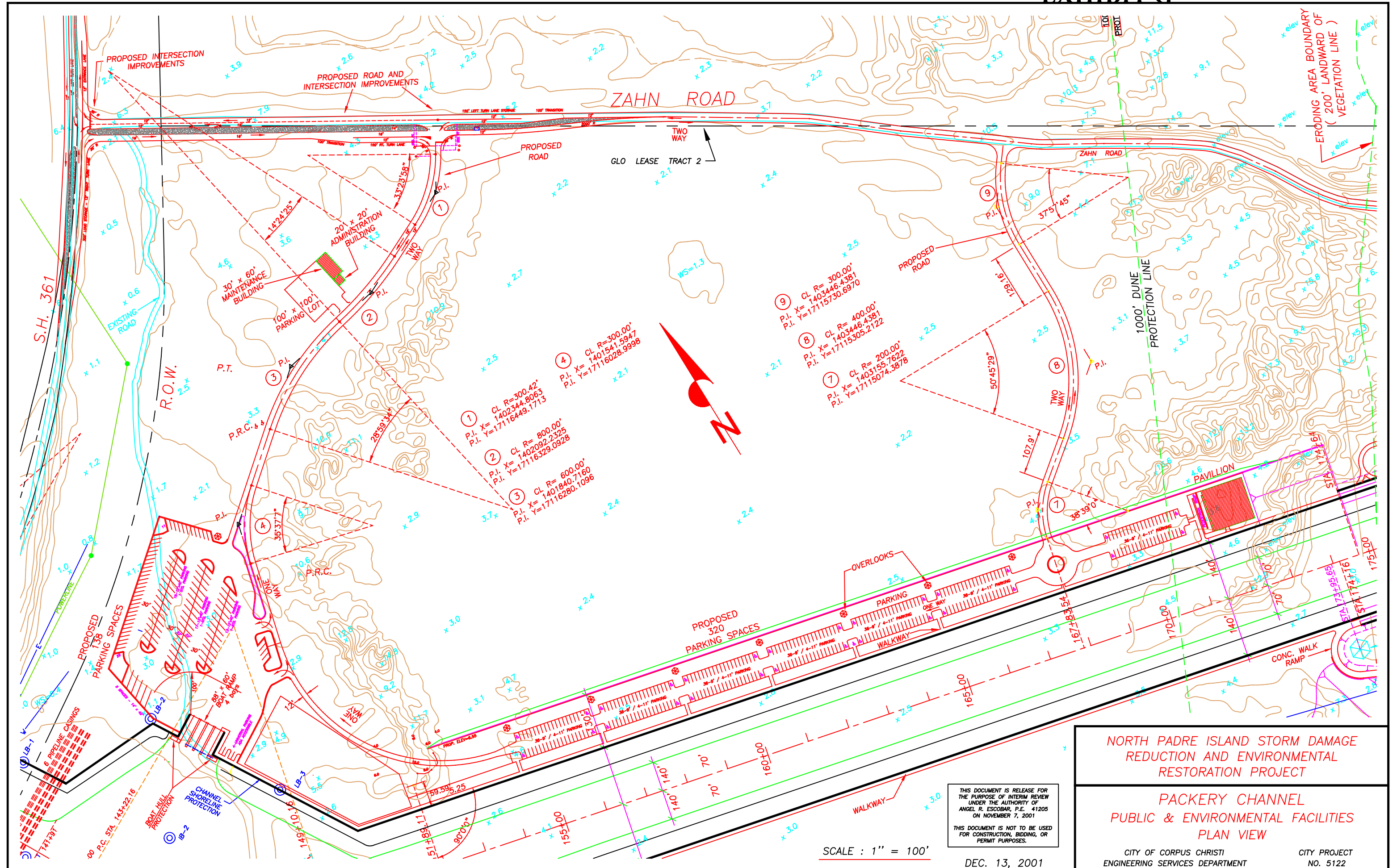
NOV. 7, 2001

NORTH PADRE ISLAND STORM DAMAGE
REDUCTION AND ENVIRONMENTAL
RESTORATION PROJECT

PACKERY CHANNEL
PUBLIC & ENVIRONMENTAL FACILITIES
OVERALL PLAN – REACH 1

CITY OF CORPUS CHRISTI
ENGINEERING SERVICES DEPARTMENT

CITY PROJECT NO.
5122



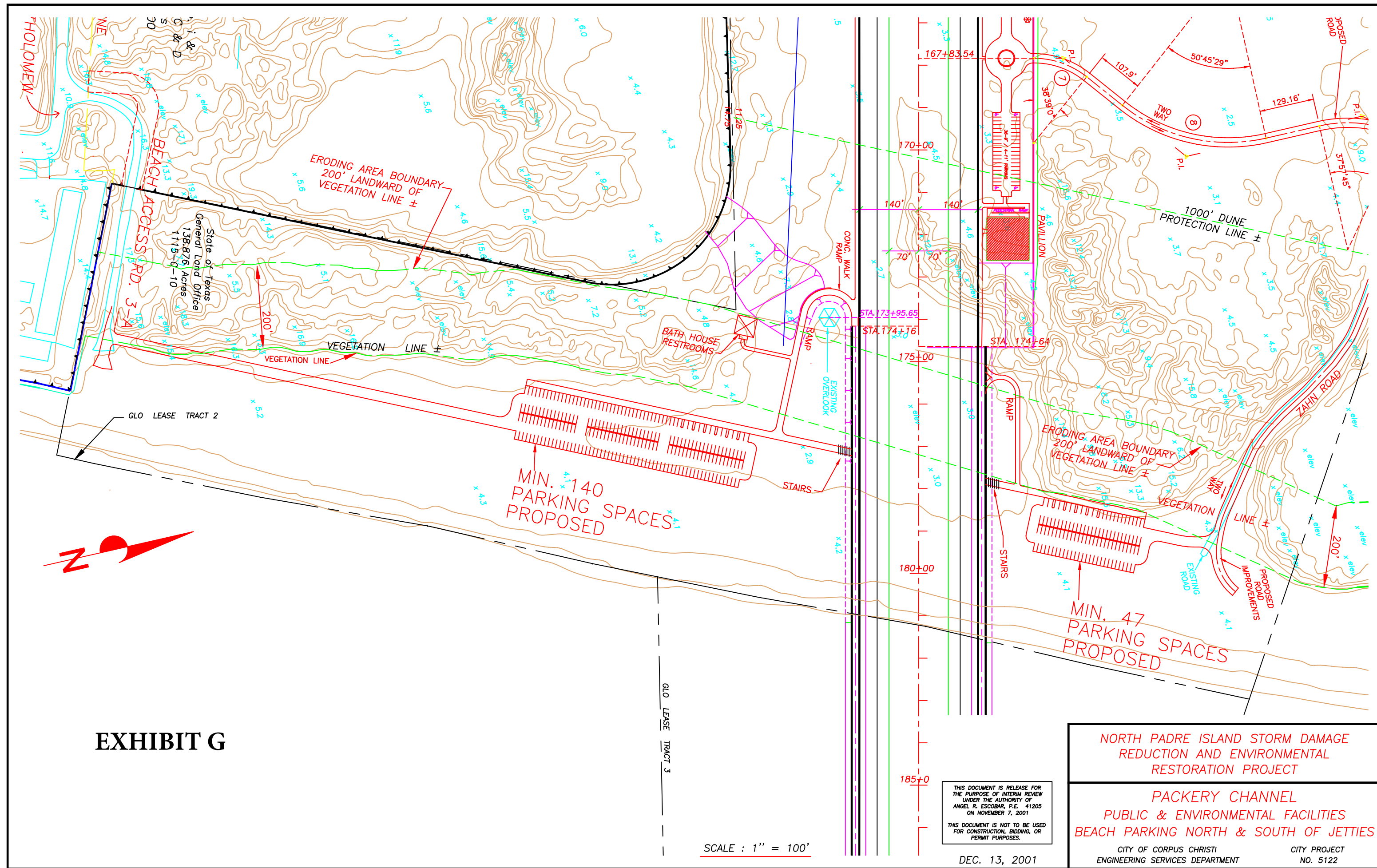


EXHIBIT G

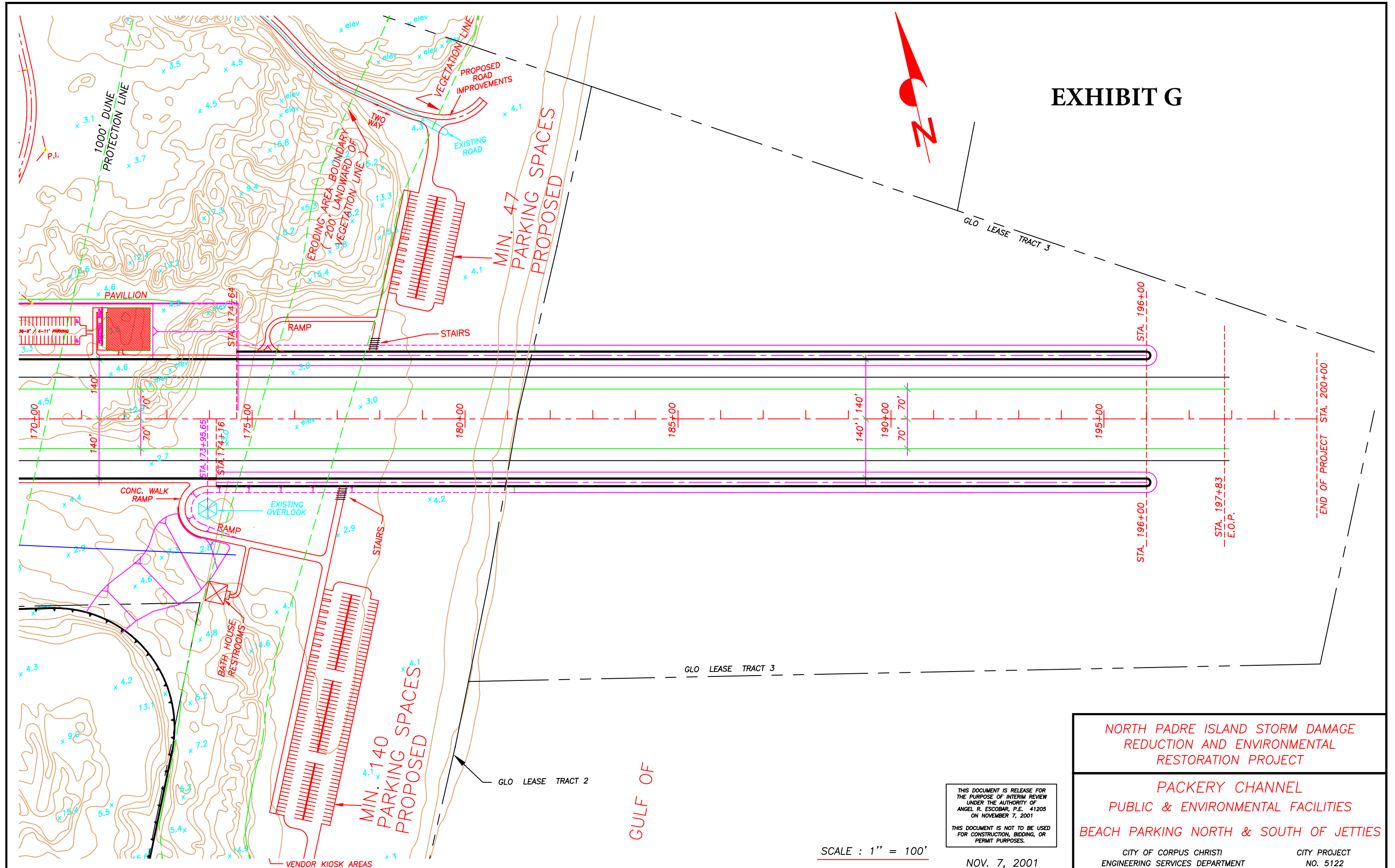
SCALE : 1" = 100'

THIS DOCUMENT IS RELEASE FOR THE PURPOSE OF INTERIM REVIEW UNDER THE AUTHORITY OF ANGEL R. ESCOBAR, P.E. 41205 ON NOVEMBER 7, 2001
THIS DOCUMENT IS NOT TO BE USED FOR CONSTRUCTION, BIDDING, OR PERMIT PURPOSES.

DEC. 13, 2001

NORTH PADRE ISLAND STORM DAMAGE REDUCTION AND ENVIRONMENTAL RESTORATION PROJECT	
PACKERY CHANNEL PUBLIC & ENVIRONMENTAL FACILITIES BEACH PARKING NORTH & SOUTH OF JETTIES	
CITY OF CORPUS CHRISTI ENGINEERING SERVICES DEPARTMENT	CITY PROJECT NO. 5122

EXHIBIT G



SCALE : 1" = 100'

THIS DOCUMENT IS RELEASE FOR THE PURPOSE OF INTERIM REVIEW UNDER THE AUTHORITY OF ANGEL R. ESCOBAR, P.E. 41205 ON NOVEMBER 7, 2001
THIS DOCUMENT IS NOT TO BE USED FOR CONSTRUCTION, BIDDING, OR PERMIT PURPOSES.

NOV. 7, 2001

NORTH PADRE ISLAND STORM DAMAGE REDUCTION AND ENVIRONMENTAL RESTORATION PROJECT	
PACKERY CHANNEL PUBLIC & ENVIRONMENTAL FACILITIES BEACH PARKING NORTH & SOUTH OF JETTIES	
CITY OF CORPUS CHRISTI ENGINEERING SERVICES DEPARTMENT	CITY PROJECT NO. 5122

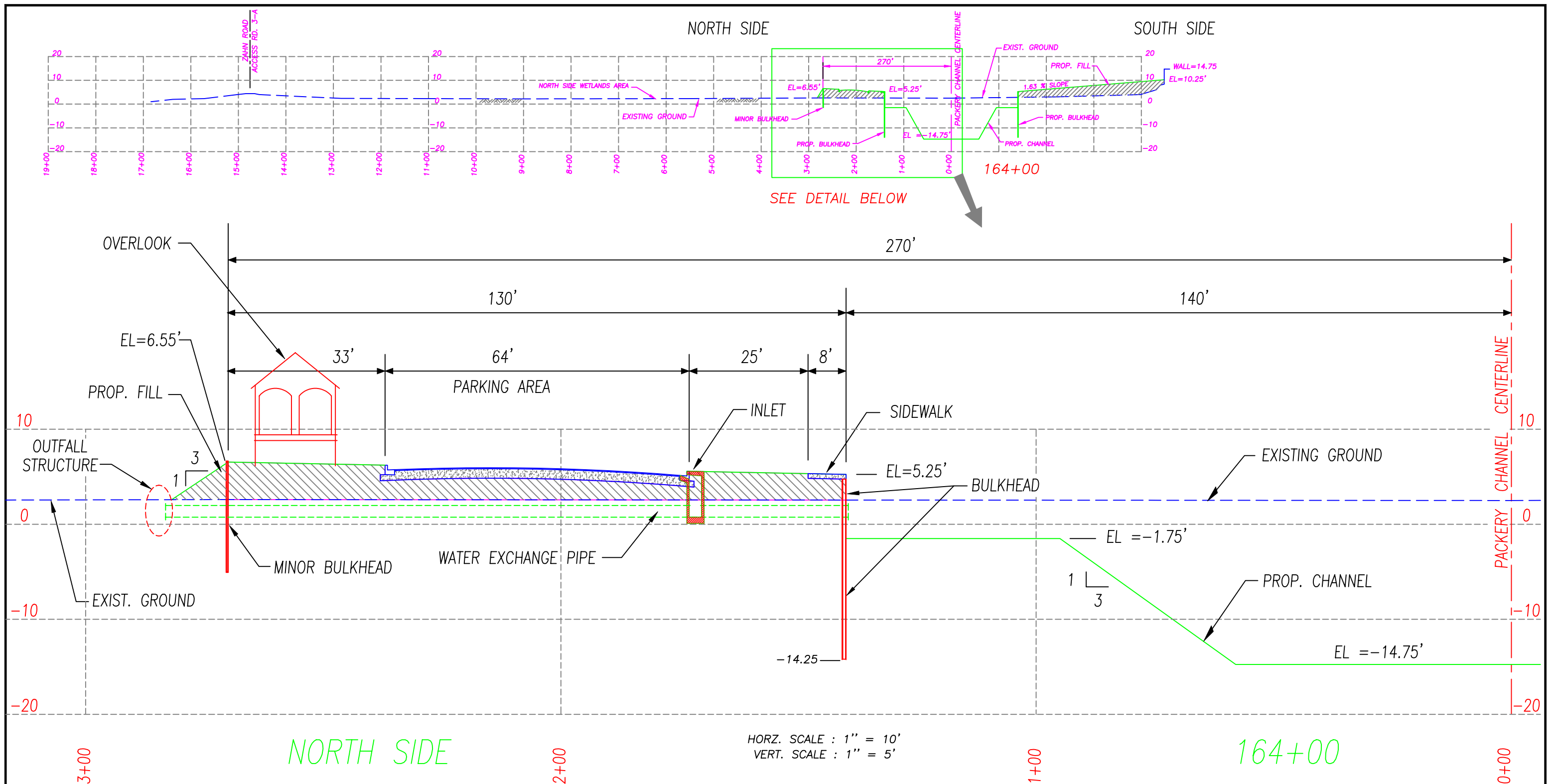


EXHIBIT G

THIS DOCUMENT IS RELEASE FOR
THE PURPOSE OF INTERIM REVIEW
UNDER THE AUTHORITY OF
ANGEL R. ESCOBAR, P.E. 41205
ON NOVEMBER 7, 2001
THIS DOCUMENT IS NOT TO BE USED
FOR CONSTRUCTION, BIDDING, OR
PERMIT PURPOSES.

NOV. 7, 2001

NORTH PADRE ISLAND STORM DAMAGE
REDUCTION AND ENVIRONMENTAL
RESTORATION PROJECT

PACKERY CHANNEL
PUBLIC & ENVIRONMENTAL FACILITIES
TYPICAL CROSS-SECTION
NORTH PARKING LOT NEXT TO BULKHEAD

CITY OF CORPUS CHRISTI
ENGINEERING SERVICES DEPARTMENT

CITY PROJECT
NO. 5122

EXHIBIT H

PROJECTS WITH FUNDS FROM TAX INVESTMENT REINVESTMENT ZONE #2				
CITY OF CORPUS CHRISTI				
RECOMMENDATIONS FOR APPROVAL AUGUST 29, 2023				
	PROJECT	PROJECT BUDGET	EXPENSES TO DATE	PROJECT STATUS
1	Packery Channel South Parking Lot Improvements This project consisted of the demolition of existing facilities, construction of approximately 11,500 square yards of new flexible pavement, parking lot, two concrete driveways, minor water and wastewater improvements, landscaping improvements, lighting improvements, and concrete pedestrian ramp. Projects Include: Packery Channel Monitoring FY 2008-2009 Packery Channel Monitoring FY 2009-2010 Packery Channel Monitoring FY 2010-2011		\$640,447	Completed March 2006
2	Packery Channel South Parking Lot, Landscaping Phase 2 This project consisted landscaping and irrigation improvements to the newly constructed 300-space parking area including the construction of new planting islands with mexican fan palms, sea grape trees, decorative rock and irrigation.		\$145,461	Completed March 2008
3	Packery Channel Boat Ramp Parking Lot / Access Road This project consisted of the construction of approximately 17,000 square yards of HMAC flexible pavement parking facility adjacent to the existing Packery Channel Boat Ramp; construction of an access road and related signage and pavement markings, and the installation of 1,000 square yards concrete reinforced pavement adjacent to boat ramp, concrete bollards; minor drainage improvements; 3,500 linear feet of electrical conduits; and minor landscaping.		\$1,053,176 total project cost. \$549,216 from TIRZ #2	Completed July 2009
4	Packery Channel Boat Ramp Dredging This project consisted of dredging approximately 17,800 cy of the Packery Channel Boat Ramp and adjacent area. The work included environmental control measures to prevent erosion and allow for discharge of water from the dredging operations to discharge into the surf of the Gulf of Mexico. Minor amount of stone were installed at the boat ramp to enhance shoreline protection.		\$431,377	Completed April 2010
5	Packery Channel South Parking Lot Restroom (Phase 1) This project included the construction of restroom facilities at the South Parking Lot at the beach seawall on Windward Drive. The project included separate men and women facilities to with showers, toilets, changing stations, outdoor seating area, and native landscaping.		\$460,743	Completed July 2010
6	Packery Channel Parking Lot and Overlooks (Phase 2) This project consisted of improvements along the north and south sides of Packery Channel including seven overlook structures, parking lot, access road, pedestrian walkways, storm water structures lighted bollards with electrical receptacles, lighting, landscaping, concrete benches and repairs to shoreline structures.		\$2,869,224	Completed March 2012
7	Packery Channel Aids to Navigation / Signage This project consisted of lighting improvements to Packery Channel as required for safety and security along with signage to mark no wake zones. Per ISAC, additional funds needed to replace signs following Hurricane Harvey.		\$64,500	Completed December 2012
7a	Packery Channel Aids to Navigation / Signage - Hurricane Harvey Repairs Per ISAC, additional funds needed to replace signs completed in Project 7 following Hurricane Harvey.	Revised 2/20/18 \$65,000	\$7,166	Completed April 2019

EXHIBIT H

PROJECTS WITH FUNDS FROM TAX INVESTMENT REINVESTMENT ZONE #2				
CITY OF CORPUS CHRISTI				
RECOMMENDATIONS FOR APPROVAL AUGUST 29, 2023				
	PROJECT	PROJECT BUDGET	EXPENSES TO DATE	PROJECT STATUS
8	Packery Channel Restroom Facilities (Phase 3)			
	This project consists of the purchase and installation of a mobile restroom on the north side of the Packery Channel and adjacent parking lot. The project also includes turn-around and connector to Zahn Road. A mobile trailer restroom on the south side of Packery Channel with wastewater lift station and wastewater 2-inch force main (approximately 2,500 linear feet long) is also being planned. Priority Item. P&R recommends self contained, solar powered mobile units to be placed at Packery Channel Parking Lot, end of Zahn Road and on South side of PC (at a location yet to be determined) Build and Install portable restroom shelters to hold portable restroom units at various locations. Build and Install Portable Shower units on the North and South side of Packery Channel. Board approval of 4 portable restroom facilities at \$65,000 each plus 20% contingency and shower facilities at \$100,000 total.	Revised 2/13/2018 \$412,000	\$402,000	Solar Powered Units: Complete. Showers: Partial Water line installed Spring '18. In process of coordinating with GLO.
9	Packery Channel Ramps to Jetties (Phase 4)			
	This project includes ADA beach access on the north side and the south side of the channel to provide access from the beach to the restroom, lookouts and parking lots. This project will include the ADA approved mobi-mats on the north side and the south side of Packery Channel to provide access from the beach to the restrooms, lookouts and parking lots. This project was designed as part of the Phase 2 project for parking and overlooks. Priority Item: P&R recommends a new design for structures since the GLO will not approve construction of parking lots on the beach. For Mobi-Mats per ISAC recommendation.	Revised 2/20/18 \$35,000	\$8,979	Complete
10	Packery Channel Dredging and Beach Nourishment - 2012			
	The project consisted of dredging approximately 264,300 cubic yards of beach quality material from within Packery Channel and placement of the dredged material as beach nourishment along the Gulf shoreline to the south of Packery Channel, and 15,000 cubic yards of sand from the north to south end of the N. Padre Island Seawall. Dredging schedule to be determined by results of annual study of channel.		\$1,820,843	Last Completed March 2012
10a	Packery Channel Dredging and Beach Nourishment - 2020			
	The project consisted of dredging beach quality material from within Packery Channel and placement of the dredged material as beach nourishment along the Gulf shoreline. Dredging schedule to be determined by results of annual study of channel.	\$350,000		In permitting process. Waiting to hear from USACE.
10b	Ongoing Packery Channel Maintenance through 2042			
	This project consists of ongoing maintenance of the Packery Channel, including a regular dredging schedule to continue through December 31, 2042	\$36,400,000		
11	Packery Channel Pavilion (Phase 5)			
	This project includes the pavilion expansion adjacent to the north side restroom or north side boat launch. This will allow the deck area around the restroom and some sitting areas for visitors. Design will begin in FY 2016 and construction will follow in FY 2017 dependent upon available funding. P&R recommends further discussion on this item to determine if another amenity would better suit the area. ISAC recommends Pavillion staged at the boat ramp parking lot as well as pavillion like structure on north and south side of the jetty.	Revised 2/20/18 \$250,000		Estimated completion: Fall 2019. At 90% Design
14	Periodic Survey of Channel Conditions and Shoreline			
	Packery Channel monitoring began in 2003 by Texas A&M Division of Nearshore Research by the U.S. Army Corps of Engineers. They ceased monitoring efforts in 2007 and the City assumed monitoring in 2008. The program includes the collection of bathymetric data in Packery Channel and the surrounding nearshore, measurement of elevation along the adjacent beach and inland channel segment (shoreline position), elevation measurements across the Mollie Beattie Coastal Habitat Community, and measurement of current velocity in the inland channel segment.	\$205,000	\$1,847,312 (Lifetime Expenses to Date)	2018 monitoring complete. 2019 Contrat executed.

EXHIBIT H

PROJECTS WITH FUNDS FROM TAX INVESTMENT REINVESTMENT ZONE #2				
CITY OF CORPUS CHRISTI				
RECOMMENDATIONS FOR APPROVAL AUGUST 29, 2023				
	PROJECT	PROJECT BUDGET	EXPENSES TO DATE	PROJECT STATUS
15	Packery Channel Revetment Repair Storm surge, strong currents, and waves from Hurricane Harvey caused damage to the slope protection and adjacent appurtenances along the banks of Packery Channel between the SH 361 bridge and the Gulf of Mexico. Repair concepts will be developed for two alternatives; one to return the project to its approximate pre-storm conditions, and another to upgrade the project to an improved condition that is more resilient to future storm impacts. The City will procure a design consultant through the RFQ process, and the selected firm will prepare the construction plans. Post design, construction will be procured.	Added 2/13/18 \$600,000 \$4,000,000 for construction as stated in FY 2020 Budget	\$417,027	Preliminary Engineering Report Complete. In permitting and design phase.
16	Park Road 22 Bridge On February 21, 2017, the TIRZ #2 board met and approved the amendment of using funds from TIRZ #2 to support the construction of two one-way bridges spanning Park Road 22. City Council approved this amendment on February 20, 2018. In April 2017, the City Council approved the appropriation of \$4M in TIRZ #2 funding for the construction of PR 22 Bridge. A Developer Agreement for PR22 Bridge was approved by City Council on April 23, 2019. After re-bidding the construction contract in October 2019, the lowest bid was \$13,943,536 and the budget shortfall totals \$2,884,815.66.	\$4,000,000 11/12/2019 Add'l \$2,884,815.66	\$0.00	In progress.
17	Beach Crosswalk at St. Augustine & Windward Dr. Per request of the Island Strategic Action Committee: Traffic improvement on Windward Drive at Saint Augustine Drive, for pedestrian crossing on Windward Drive to facilitate access to and from Michael J. Ellis Beach. Scope of work includes: crosswalk, access ramps, traffic signs, and pavement markings. Estimated costs are \$23,000 for the crossing and associated traffic improvements; \$9,000 for solar powered flashing LED crossing signs.	\$32,000	\$0.00	Completed February 19.
18	Feasibility Study Per Texas Tax Code Sec. 311.011. Project and Financing Plans. (c) Reinvestment zone financing plans must include (3) a finding that the plan is economically feasible and an economic feasibility study.	\$50,000	\$3,045	Complete
19	Contingency For All Projects Project contingency fund for all projects.	\$100,000		
20	Improvements to R. Briscoe King Pavilion This project consists of infrastructure improvements to the R. Briscoe King Pavilion, which will be proposed by Nueces County and approved by the City Council prior to transfer of funds.	\$4,000,000		
21	Whitecap PID Public Infrastructure This project consists of reimbursement to a developer for qualified public infrastructure included in the Whitecap PID project. Qualified infrastructure includes bridges, a walking trail, and a water exchange, which will all be publicly accessible.	\$11,500,000		
22	Multi-Mobility Study This project consists of the creation of a multi-mobility plan for the TIRZ #2 that considers connectivity for golf carts and bicycles throughout the TIRZ #2 boundary.	\$150,000		

Exhibit I

City of Corpus Christi - Budget Reinvestment Zone No. 2 Fund 1111

Account Number	Account Description	Actuals 2020 - 2021	Original Budget 2021 - 2022	Amended Budget 2021 - 2022	Estimated 2021 - 2022	Proposed 2022 -2023
Beginning Balance		\$ 1,763,794	\$ 4,515,879	\$ 4,463,933	\$ 4,463,933	\$ 7,945,795
Revenues:						
300020	RIVZ#2 current taxes-City	\$ 2,703,483	\$ 3,055,011	\$ 3,055,011	\$ 3,114,436	\$ -
300050	RIVZ#2 current taxes-County	1,293,788	1,454,622	1,454,622	1,478,461	-
300060	RIVZ #2 current taxes-Hospital	465,860	528,613	528,613	533,023	-
300110	RIVZ#2 delinquent taxes-City	6,090	22,000	22,000	25,152	-
300140	RIVZ#2 delinquent taxes-County	296	8,000	8,000	9,346	-
300150	RIVZ#2 delinqnt taxes-Hospital	(360)	3,000	3,000	3,782	-
300210	RIVZ#2 P & I - City	27,444	26,000	26,000	27,836	-
300240	RIVZ#2 P & I - County	13,270	12,500	12,500	13,353	-
300250	RIVZ#2 P & I-Hospital District	4,797	7,000	7,000	5,630	-
340900	Interest on Investments	4,772	5,000	5,000	22,095	-
TOTAL REVENUES		\$ 4,519,438	\$ 5,121,746	\$ 5,121,746	\$ 5,233,114	\$ -
Total Funds Available		\$ 6,283,232	\$ 9,637,625	\$ 9,585,679	\$ 9,697,047	\$ 7,945,795
Expenditures:						
11305	TIF02 Activities	\$ 1,500	\$ -	\$ -	\$ -	\$ -
55000	Principal retired	1,555,000	1,605,000	1,605,000	1,605,000	-
55010	Interest	142,200	72,225	72,225	72,225	-
55040	Paying agent fees	5,544	6,000	6,000	2,976	-
60010	Transfer to General Fund	115,056	71,051	71,051	71,051	-
TOTAL EXPENDITURES		\$ 1,819,300	\$ 1,754,276	\$ 1,754,276	\$ 1,751,252	\$ -
Gross Ending Balance		\$ 4,463,933	\$ 7,883,349	\$ 7,831,403	\$ 7,945,795	\$ 7,945,795
Bond Reserve		\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	
Maintenance Reserve		500,000	500,000	500,000	500,000	500,000
Net Ending Balance		\$ 2,463,933	\$ 5,883,349	\$ 5,831,403	\$ 5,945,795	\$ 7,445,795

Notes: Reinvestment Zone #2, commonly referred to as Packery Channel was created pursuant to the Tax Increment Financing Act to facilitate development of the land within the boundaries of the tax increment zone. The Zone became effective on November 14, 2000. The funding source is post-2000 incremental property taxes from taxing units with property within the boundaries of the zone.

Total project cost was \$30 million of which the City was responsible for 35% or \$10.5 million. This was financed through tax increment contract revenue bonds. An additional \$1.4 million was needed to repair the damages to Packery Channel caused by Hurricane Rita and Hurricane Emily. This brought the total amount financed by the City to **\$12 million** in four debt issuances.

MARKET AND ECONOMIC FEASIBILITY STUDY UPDATE

Tax Increment Reinvestment Zone #2

Corpus Christi, Texas



Prepared for:

The City of Corpus Christi
Economic Development Office
P.O. Box 9277
Corpus Christi, Texas 78469-9277

July 2019

Prepared by:



TABLE OF CONTENTS

Table of Contents.....	i
Table of Exhibits	iii
Economic and Demographic Overview	1
Regional Economic Trends.....	1
Employment trends	1
Regional Economy.....	5
Corpus Christi Economy	6
Hurricane Harvey	10
Demographic Trends	12
Corpus Christi MSA	12
<i>Regional Demographics</i>	<i>13</i>
City of Corpus Christi.....	14
<i>Employment</i>	<i>16</i>
Housing Trends Comparisons	18
TIRZ #2 Demographics	21
<i>TIRZ Employment</i>	<i>23</i>
<i>Household Income.....</i>	<i>24</i>
Real Estate Market Overview	26
Corpus Christi MSA	26
<i>Single Family Residential.....</i>	<i>26</i>
<i>Multifamily.....</i>	<i>26</i>
<i>Retail.....</i>	<i>27</i>
<i>Office.....</i>	<i>28</i>
Corpus Christi Overall	30
<i>Single Family Residential.....</i>	<i>30</i>
<i>Multifamily.....</i>	<i>32</i>
<i>Retail</i>	<i>35</i>
<i>Office.....</i>	<i>41</i>
Island Markets.....	44
<i>Island Residential</i>	<i>44</i>
<i>Multifamily.....</i>	<i>45</i>
<i>Retail</i>	<i>47</i>
<i>Office.....</i>	<i>54</i>
<i>Tourism and Hospitality</i>	<i>54</i>
Island Development Trends	56
<i>New Development In Process.....</i>	<i>58</i>
Impacts on Island Development	60
<i>Plan CC Comprehensive Plan (September, 2016).....</i>	<i>60</i>

<i>Regional Parkway PEL, March 2017</i>	<i>62</i>
<i>Metropolitan Transportation Plan 2015 - 2040.....</i>	<i>64</i>
<i>Schlitterbahn New Ownership</i>	<i>64</i>
Potential Demand	68
<i>Single Family Residential Demand</i>	<i>68</i>
<i>TIRZ Demand for Single Family</i>	<i>68</i>
<i>Multifamily Demand</i>	<i>69</i>
<i>TIRZ Demand for Multifamily.....</i>	<i>69</i>
<i>Retail Development Demand</i>	<i>70</i>
<i>TIRZ Demand for Retail</i>	<i>70</i>
<i>Office Development Demand.....</i>	<i>70</i>
<i>TIRZ Office Demand</i>	<i>71</i>
<i>Hotel and Tourism.....</i>	<i>71</i>
Property Account and TIRZ Value Analysis	72
<i>New Development Projections – Quantities and Values</i>	<i>72</i>
<i>Projected TIRZ 2 Increment and Revenue</i>	<i>76</i>
<i>TIRZ 2 Recommendations</i>	<i>78</i>

TABLE OF EXHIBITS

Figure 1: Map of Corpus Christi MSA	1
Figure 3: Corpus MSA Employment Wages by Industry	2
Figure 5: 2018 Top Industries in the Coastal Bend Region	4
Figure 6: Corpus Christi MSA Job Growth	5
Figure 7: Corpus Christi Employment By Industry (in thousands)	6
Figure 8: Corpus Job Growth.....	7
Figure 9: Corpus Area 2017 Investment in Economy.....	8
Figure 10: Projected Additional Tax Revenues	9
Figure 11: MSA Map.....	12
Table 1: Corpus Christi MSA Demographic Overview.....	13
Table 2: City of Corpus Christi Population and Household Trends.....	14
Table 3: Population and Age Trends – City of Corpus Christi Total	15
Table 4: Educational Attainment	15
Table 5: Corpus Christi Household Income	16
Table 6: City Employment	16
Table 7: City Population and Employment Forecasts	17
Table 8: Housing Trends.....	18
Figure 12: TIRZ #2.....	21
Figure 13: TIRZ Street Map View	21
Table 10: Population and Age Trends in TIRZ #2	22
Table 11: TIRZ #2 Household Characteristics.....	23
Table 12: TIRZ Employment	23
Table 13: Household Income Distribution	24
Table 14: TIRZ #2 vs. Corpus Christi Incomes.....	25
Figure 14: MSA Home Sales and Average Price	26
Figure 15: MSA Multifamily Trends	27
Figure 16: MSA Retail Trends.....	28
Figure 17: MSA Office Trends	29
Figure 18: Median Home Price Trends.....	30
Figure 19: Corpus Inventory by Price Range.....	30
Figure 20: Corpus Days to Sell.....	31
Figure 21: Multifamily Trends.....	32
Figure 22: Multifamily Rent Trends	33
Figure 23: Units Under Construction	34
Figure 24: Corpus Christi Retail.....	35
Figure 25: Retail Forecasts.....	36
Figure 27: Corpus Retail Trends	37
Figure 29: Retail Under Construction	37

Table 15: Household Effective Buying Income	39
Figure 30: Corpus Christi Office Overview	41
Figure 31: Corpus Christi Office Trends and Forecasts	42
Figure 32: Corpus Christi Office Trends	42
Figure 33: Office Under Construction	43
Table 18: Median Home Sale Prices.....	44
Table 19: Island Residential Sales	44
Figure 34: Island Multifamily Trends 2014-2018	45
Table 20: Island Multifamily Supply	46
Table 21: Island Retail Supply	48
Table 22: Household Effective Buying Income	50
Table 26: Island Office Supply	54
Table 27: MSA Historical Hotel Trends 78418	55
Table 29: Island Building Permit Trends	56
Table 30: TIRZ Commercial Development Permits	57
Figure 37: Regional Parkway PEL	63
Figure 38: New Schlitterbahn Ownership	66
Table 31: City Projections	68
Table 32: City.....	68
Table 33: TIRZ Single Family Demand	69
Table 34: City Multifamily Demand	69
Table 35: TIRZ Multifamily Demand.....	69
Table 36: City Retail Demand.....	70
Table 37: TIRZ Retail Demand	70
Table 38: City Office Demand	71
Table 39: TIRZ Office Demand.....	71
Table 40: Projected TIRZ 2 New Development Quantities.....	73
Table 41: Projected TIRZ 2 New Development Assessed Values	74
Table 42: Projected TIRZ 2 Taxable Value (\$).....	76
Table 43: Projected TIRZ 2 Assessed Value Increment (\$)	77
Table 44: Projected TIRZ 2 Revenue (\$)	78

INTRODUCTION

Community Development Strategies (CDS) was asked by the City of Corpus Christi to examine the market conditions and assessed value trends in the existing TIRZ #2 (North Padre Island TIRZ), which is currently set to expire in 2022, and project new development and value increases that would likely occur if the zone's life is extended on a long-term basis (perhaps 20 years). Based on the findings herein, CDS will provide a documented assessment concerning the revenue projections for TIRZ #2, including the potential for future development and re-development of various properties and commercial land uses that exist or could be planned for the proposed Zone in its existing and potentially expanded boundaries. Such land uses will likely include:

- Multifamily residential (for sale or rent)
- Single family residential (for sale or rent)
- Retail / Commercial
- Lodging / hospitality / hotel

CDS will make special consideration for the role of second home and investor ownership patterns in the residential market and the impacts of Hurricane Harvey damage on market potential and assessed values.

ECONOMIC AND DEMOGRAPHIC OVERVIEW

Regional Economic Trends

The Corpus Christi Metropolitan Statistical Area (MSA) includes Aransas, Nueces and San Patricio Counties, illustrated in the map on the right. The city of Corpus Christi is the economic center of the MSA and the larger region served by the Coast Bend Council of Governments.

The region currently has a population of 460,669 and an employment of 211,341.

Employment trends

The employment growth of the region has been positive. The table below illustrates the historical unemployment rates. As shown in Figure 2, Corpus Christi MSA is currently at 4.4% which is slightly above Texas (3.5%) and the U.S. (3.9%).

Figure 1: Map of Corpus Christi MSA

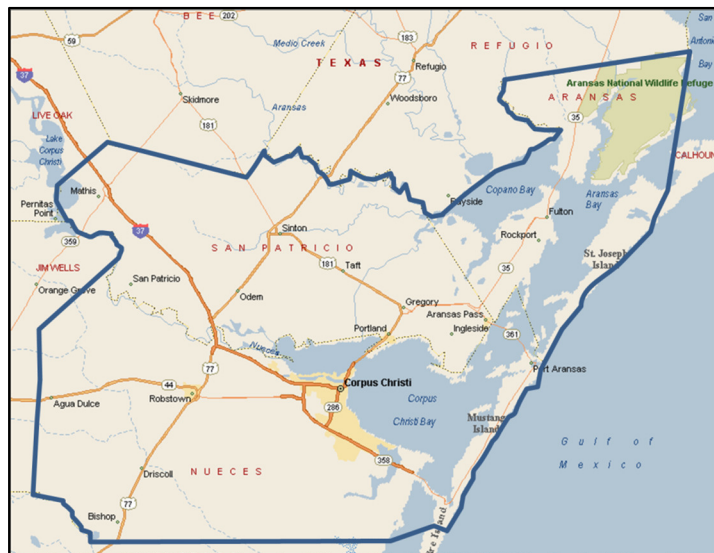


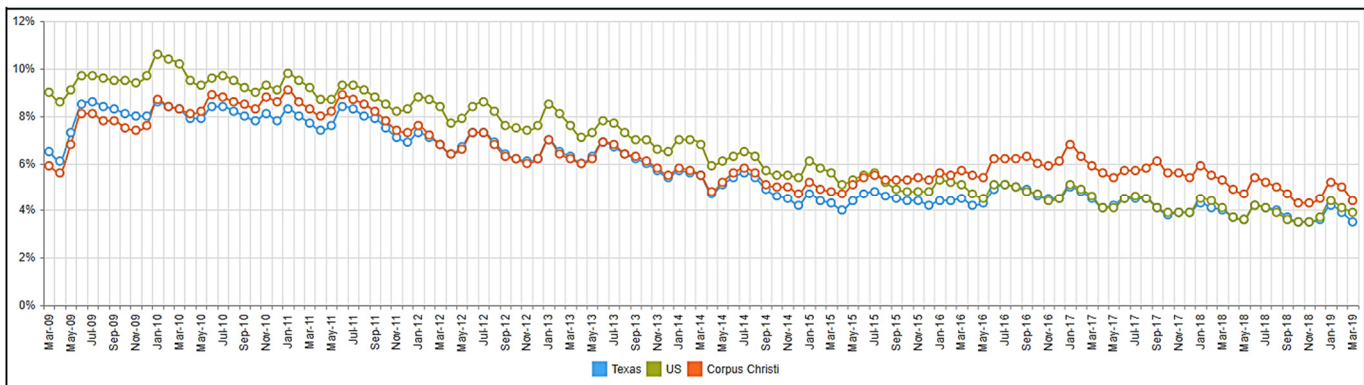
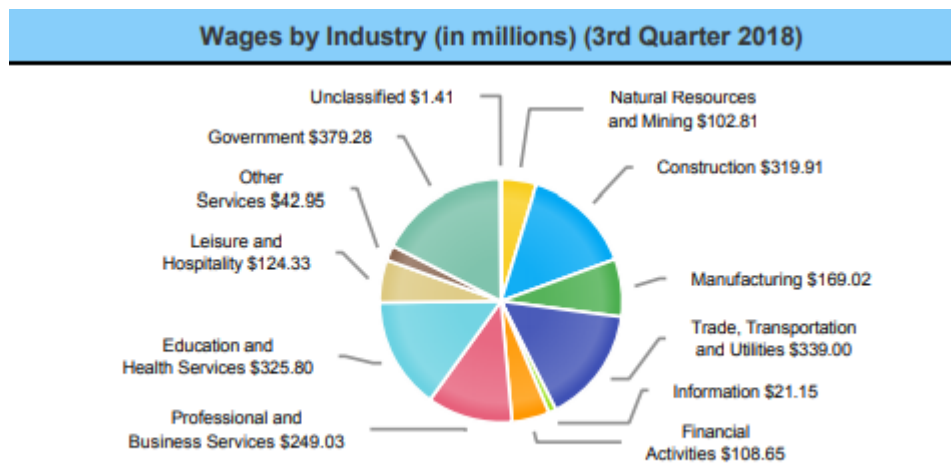
Figure 2: Corpus Christi MSA Unemployment Rates March 2009-2019

Figure 3 below illustrates wages by industry. Government had the highest wages by industry at 379.28 million at 3Q2018.

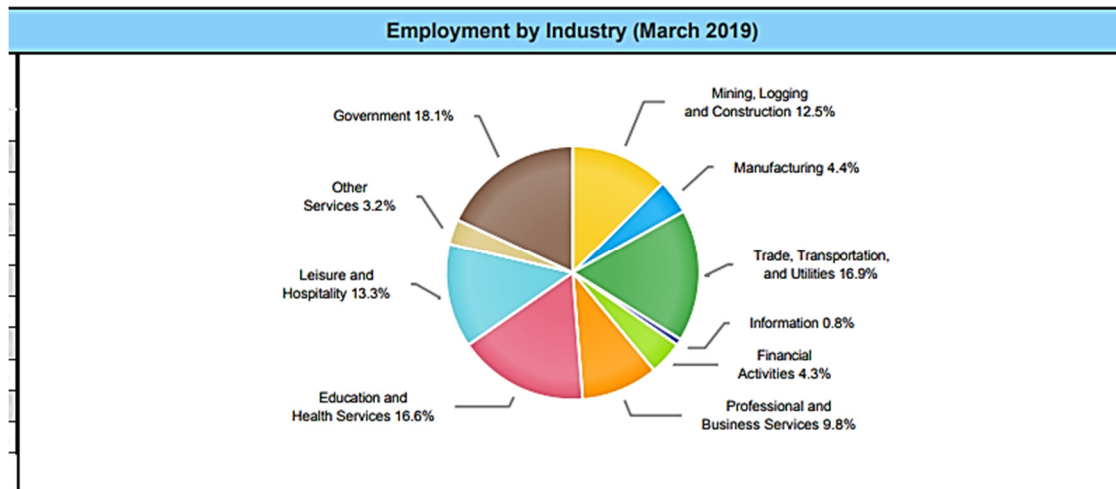
Figure 3: Corpus MSA Employment Wages by Industry

Source: Texas Real Estate Center/Texas Workforce Commission, April 2019

Figure 4 illustrates the employment by selected economic sectors. The largest sectors are Trade/Transportation, Government, and Education/Health Services. Followed by “Mining” and “Leisure and hospitality”. Sectors that saw growth from 2017 to 2018 were Manufacturing, Professional Services, Education and Health, and Financial Activities.

The sectors in the Corpus Christi MSA that have seen negative job growth were Mining and Trade/transportation.

Figure 4: Employment By Industry



Employment by Industry (March 2019)			
Industry	Current Month Employment	% Monthly Change	% Yearly Change
Total Nonfarm	194,300	0.0%	0.5%
Mining, Logging and Construction	24,300	-1.6%	-6.5%
Manufacturing	8,500	-2.3%	4.9%
Trade, Transportation, and Utilities	32,900	0.0%	-0.6%
Information	1,600	0.0%	0.0%
Financial Activities	8,300	0.0%	2.5%
Professional and Business Services	19,000	-3.1%	3.3%
Education and Health Services	32,300	0.0%	2.9%
Leisure and Hospitality	25,900	3.6%	1.6%
Other Services	6,300	1.6%	1.6%
Government	35,200	0.6%	0.6%

Source: Texas Real Estate Center/Texas Workforce Commission, April 2019

The table below lists the major employers in the Corpus Christi MSA. Government agencies (local and military) and health care institutions dis-proportionately represent the major employers in the region.

Figure 5: 2018 Top Industries in the Coastal Bend Region

Corpus Christi Independent School District	5,944
Naval Air Station Corpus Christi	4,500
H.E.B. Stores & Bakery	3,840
CHRISTUS Spohn Hospital	3,400
Corpus Christi Army Depot	3,400
City of Corpus Christi	3,202
Driscoll Children's Hospital	2,136
Corpus Christi Medical Center	1,885
Kiewit Offshore Services	1,750
Bay Ltd.	1,700
Del Mar College	1,500
Nueces County	1,440
Flint Hills Resources	1,200
Texas A&M University - Corpus Christi	1,180
Turner Industries	1,100
Valero Bill Greehey Oil Refinery	800
Kane Beef Processors LLC	750
CITGO	550

Source: Corpus Christi Regional Economic Development Corporation, Regional Profile, August, 2018

Regional Economy

The Corpus Christi regional economy has two strong underpinnings: 1) a strong industrial base and 2) a healthy tourism industry.

According to a recent report from the Corpus Christi Housing Overview/Fed Reserve Bank of St Louis, the regional employment has grown consistently since 2016.

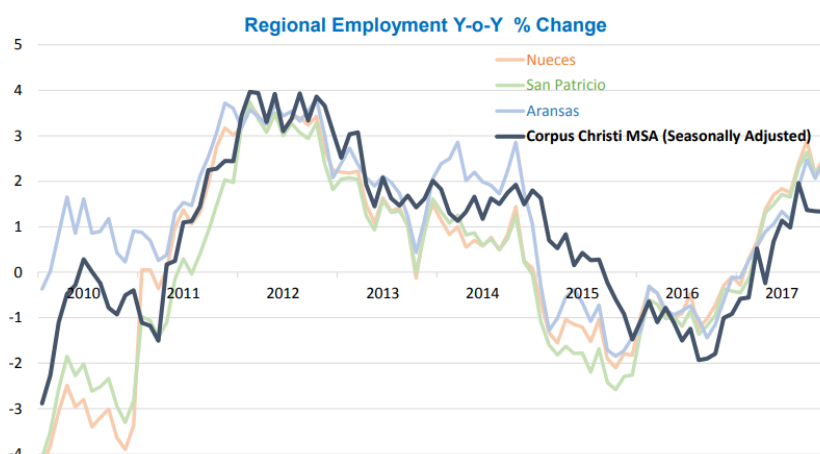
Regional Unemployment rate is returning to its oil boom levels around 5%.

Local growth factors to the region include \$50 billion in industrial construction projects underway and the new Harbor bridge construction, adding 5,171 jobs in 2018 alone.

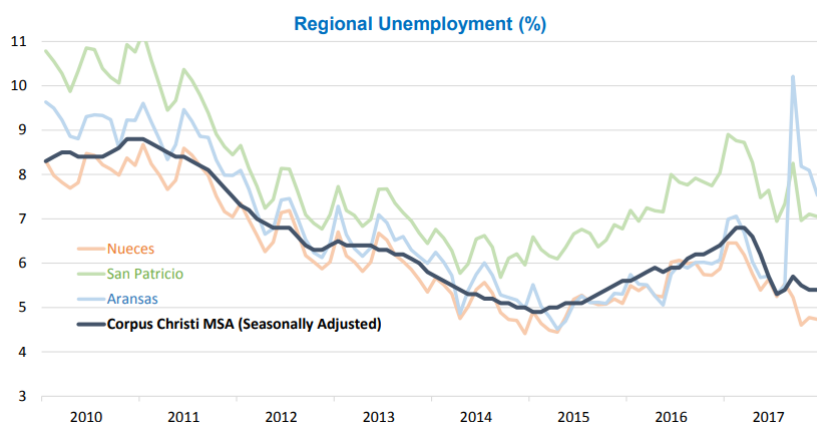
Future economic growth in the Corpus Christi region is expected to be less dependent on the oil and gas sectors and be generated by:

- the expansion of trade through the Port,
- becoming a center for alternative energy sources (stimulated by the wind energy research activities being proposed for the area),
- tourism, and
- a burgeoning retirement community

Figure 6: Corpus Christi MSA Job Growth



Graphics From: Corpus Christi Housing Overview; Real Estate Center at Texas A&M University and Federal Reserve Bank of St Louis



Capital Development Projects' Impacts

	2018	2019	2020	2021	2022
Construction Employment Change (Job Years)					
Harbor Bridge	598	578	352		
Industrial Projects	3,914	7,284	3,306	751	43
Permanent Employment Change					
Manufacturing Sector	659	363	25	80	520
Total Jobs	5,171	8,225	3,683	831	563

Corpus Christi Economy

Depressed energy prices did not completely weaken the job market in Corpus Christi. Large employers and consistent growth in major industries such as government and education and health services stabilized the metro's economy and made it less susceptible to economic hardships caused by the oil industry. The Naval Air Station, CHRISTUS Spohn Health System, and the Corpus Christi Independent School District are the three largest employers here. All in all, after job growth ended in 2015, it has since rebounded slightly, though total employment in Corpus Christi has remained relatively flat since then, even with the rebound in energy prices. Much of this can be attributed to the fact that Corpus was one of the hardest hit during Hurricane Harvey last year.

The Port of Corpus Christi is going through a period of transformation. Since the downturn of the oil industry, the metro's tenant base has diversified to include an Austrian steel company Voestalpine and an \$11 billion export terminal for Cheniere LNG is currently under construction. Port officials are also planning a project to make the port's channel 52 feet deep and 530 feet wide, making it able to accommodate almost any size ship. This is all part of an effort to keep the Port of Corpus Christi among the leading ports in the country. Additionally, there has been a subtle return of energy related companies, as Flint Hills Resources and a subsidiary of Occidental Petroleum Group have recently moved to the Port of Corpus Christi.

Figure 7: Corpus Christi Employment By Industry (in thousands)

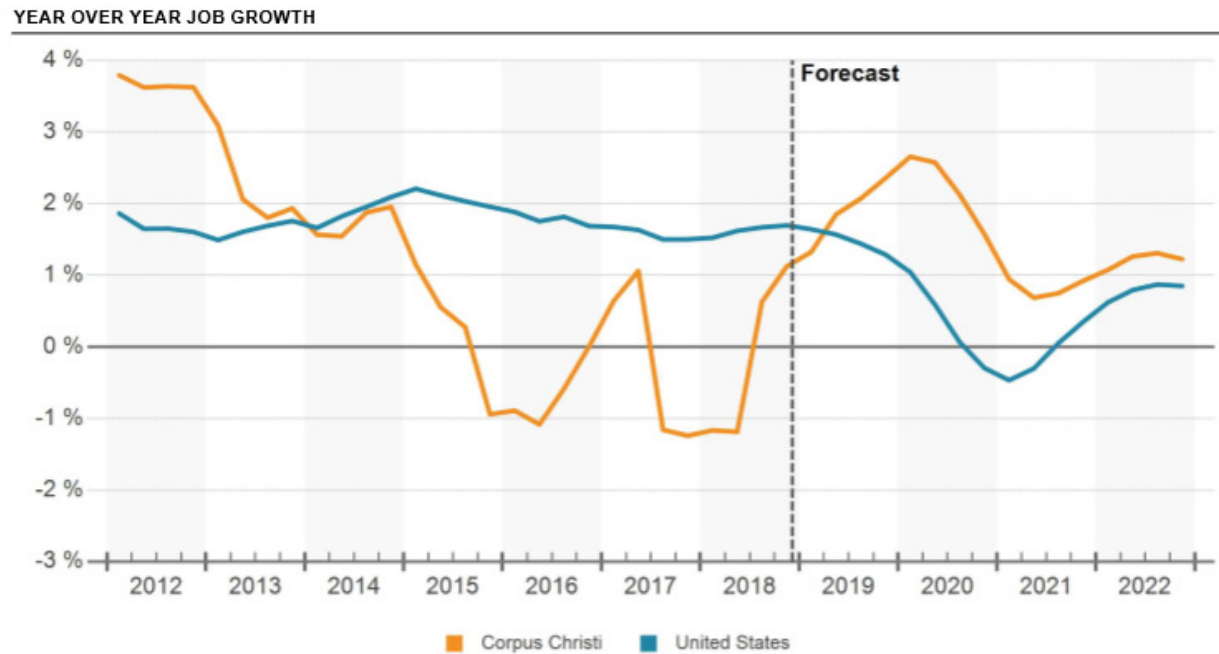
NAICS Industry	Current Jobs		Current Growth		10 Yr Historical		5 Yr Forecast	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	8	0.5	-2.50%	2.08%	-3.01%	-0.26%	-0.21%	-1.41%
Trade, Transportation and Utilities	33	0.9	-0.39%	1.19%	0.05%	0.74%	0.89%	0.16%
Retail Trade	21	1.0	-1.45%	0.43%	0.06%	0.57%	0.79%	0.20%
Financial Activities	8	0.7	1.91%	1.41%	-0.34%	0.58%	1.14%	0.60%
Government	34	1.2	-0.16%	0.30%	-0.11%	-0.07%	0.40%	0.53%
Natural Resources, Mining and Construction	28	2.7	6.41%	4.32%	1.81%	0.43%	2.39%	1.29%
Education and Health Services	32	1.0	2.04%	2.10%	1.22%	2.08%	1.94%	1.02%
Professional and Business Services	18	0.6	1.12%	2.56%	0.46%	1.94%	2.09%	1.24%
Information	2	0.5	-4.83%	-0.45%	-3.66%	-0.59%	0.85%	0.07%
Leisure and Hospitality	25	1.2	-0.92%	1.67%	1.66%	2.11%	2.08%	1.04%
Other Services	7	0.9	-0.53%	1.25%	-0.03%	0.70%	1.00%	0.22%
Total Employment	193	1.0	0.99%	1.69%	0.46%	0.97%	1.43%	0.58%

Source: Moody's Analytics
LQ = Location Quotient

Source: CoStar Corpus Christi Economy

As shown in Figure 7 above, job growth is forecasted to continue in Corpus Christi but at a lower rate over the next five years as compared to historical trends.

Figure 8: Corpus Job Growth



CCREDC 2017 Annual Report reported over \$30 billion in capital investments with a net of 2,172 jobs created. The largest investment was GCGV (ExxonMobil/SABIC) at \$9.65 billion with 640 full-time jobs. The most recent successes from the report are outlined on the following page.

Figure 9: Corpus Area 2017 Investment in Economy

MOST RECENT SUCCESSES:

\$30,221,900,000
TOTAL CAPITAL INVESTMENT



2,172
JOBS

- **SWC Group** ➔ \$1 million ➔ 75 full time jobs

GCGV (ExxonMobil/ SABIC)

\$9.65 BILLION Total Capital Investment ➔ **640+** Full Time Jobs
Over \$60 million in annual payroll

- **Envirotech Carriers** ➔ \$500,000 ➔ 10 full time jobs
- **Radiology Associates** ➔ \$6 million ➔ 112 full time jobs
- **BASF** ➔ \$55 million ➔ 20 full time jobs
- **Chemours** ➔ \$230 million ➔ 45 full time jobs
- **Rangeland Energy** ➔ \$100 million ➔ 50 full time jobs
- **Results** ➔ \$100,000 ➔ 200 full time jobs
- **Adler Scaffolding** ➔ \$2 million ➔ 150 full time jobs
- **Tex-Isle** ➔ \$50 million ➔ 100 full time jobs
- **Oxy Petroleum** ➔ \$100 million ➔ 30 full time jobs
- **Gravity Midstream** ➔ \$200 million ➔ 25 full time jobs
- **QSR Online** ➔ \$400,000 ➔ 27 full time jobs
- **Govind Development** ➔ \$2.1 million ➔ 206 full time jobs
- **Cheniere** ➔ \$19 billion ➔ 500 full time jobs
- **CC Cold Storage** ➔ \$2.4 million ➔ 10 full time jobs
- **Occidental Petroleum** ➔ \$58.5 million ➔ 61 full time jobs
- **LyondellBassell** ➔ \$500 million ➔ 18 full time jobs
- **Epic Y Grade** ➔ \$200 million ➔ 10 full time jobs

Source: CCREDC 2017 Annual Report

Figure 10: Projected Additional Tax Revenues

Generated from New Regional Projects *

	2017 - 2024	2027 - 2034
School Districts	\$998,247,217	\$3,702,205,157
Municipalities	\$95,126,411	\$176,621,237
Community Colleges	\$24,860,349	\$47,840,219
Counties	\$471,533,167	\$2,136,842,132
Other Districts	\$27,634,171	\$50,766,063

Taxing Entity	10 Year	20 Year
Nueces County	\$61,290,751	\$117,081,426
Hospital District	\$27,634,171	\$50,766,063
City of Corpus Christi	\$95,126,411	\$176,621,237
Nueces School Districts	\$270,782,559	\$502,393,510
Del Mar College	\$24,860,349	\$47,840,219
Type A Effect	\$26,385,763	\$47,944,853
San Patricio County	\$410,242,416	\$2,019,760,706
San Patricio School Districts	\$727,464,658	\$3,199,811,647

These tax revenues are net of any incentives offered. Assumed the time to complete schedule doesn't move appreciatively. City of Corpus Christi includes the industrial district payments

Source: CCREDC 2017 Annual Report; no explanations are provided in the report.

Hurricane Harvey

The National Weather Service reported on Thursday August 24th, 2017 Harvey's impact on the Middle and Upper Texas Coast seemed almost certain and potentially devastating. Not only was Harvey forecast to become a hurricane by Thursday evening, but it was expected to strengthen and make landfall as a major hurricane (Category 3 or higher) on Friday.

Although the eye of Harvey made landfall around 30 miles northeast of the city of Corpus Christi, strong and damaging wind gusts were experienced away from the center of circulation at the Corpus Christi International Airport and in the city as well as other locations. The Corpus Christi International Airport had a 63 mph gust before it went offline. The Victoria RAWS station had a peak gust of 83 mph. Much higher wind gusts did occur in the city of Corpus Christi, as the Doppler radar showed velocities of 70 mph or more, just a few hundred feet off the surface.

Rockport and Fulton were hardest hit by the storm as they took a direct hit from Harvey's eyewall. Many structures, residences, and business in and near the Rockport and Fulton area were damaged or destroyed, as roofs were blown off and walls collapsed. Electricity and water services were lost. The city's infrastructure was crippled. Significant structural damage also occurred in numerous other coastal town including Port Lavaca, Copano Village, Aransas Pass, Port Aransas and Ingleside. Tens of thousands of South Texas residents and businesses lost power for days, with the hardest hit areas likely losing power for several weeks. Although there was a significant number of trees, fences and power poles down or damaged in the Corpus Christi Metropolitan area, structural damage was much more isolated.

The storm surge from Harvey brought dramatically increased water and tide levels over the Texas Coast. The highest maximum storm tides were observed at the Aransas Wildlife Refuge, where the storm surge levels were more than 12 feet above ground level. Storm surge in Port Lavaca was also more than 10 feet and at least 6 feet in Port Aransas. Elsewhere across South Texas, storm tide levels were from near 3 to 6 feet above ground level at Seadrift, Port O'Connor, Holiday Beach, Copano Bay, Port Aransas, and Bob Hall Pier.

After causing deadly and damaging winds and floods to South Texas, and catastrophic, historical, devastating, and life-threatening flooding over Southeast Texas, Harvey finally made its final landfall near Cameron, Louisiana during the overnight hours on Wednesday August 30th.

According to the Economic Pulse (Texas A&M University CC/South Texas Economic Development Center) In the Corpus Christi metro area, the cities of Port Aransas, Aransas Pass, Rockport, Ingleside, Sinton, Taft, Portland and Gregory issued mandatory evacuation orders beginning the morning of one day before Harvey's landfall. The City of Corpus Christi issued voluntary evacuation. Other than the public and personal expenditures involved in evacuation, most businesses were closed and industrial facilities like oil refineries were shut down for an average of one week. In this case, the economic impact includes the temporary disruption to the area's economic activity, which can be measured by lost output and wage earnings. This transitory impact is due to a loss of customer base, personnel disruptions, and disruptions to the transportation network and supply chain.

As opposed to flood waters in other parts of Texas, wind gusts and storm surge were the primary sources of damage. Strong winds tore off roofs, exterior walls and fences, demolished mobile homes, snapped or uprooted trees, and damaged power lines, business facilities and public infrastructure. In addition to houses and buildings, storm surge caused damage to boats, piers and vehicles. Within two weeks of Harvey's landfall in the Coastal Bend, scientists at Texas A&M University-Corpus Christi began flying Unmanned Aircraft Systems (UAS), commonly known as drones, over the hardest hit areas. The application of UAS technologies, particularly Digital Surface Models, generated more detailed and

accurate information about damage to individual properties than conventional satellite or aerial images. The surveillance data suggest that the equivalent of 43% of structures were destroyed or uninhabitable in Rockport and other parts of Aransas County. The corresponding share was 26% for Port Aransas. Property damages in other parts of the metro area were relatively modest and scattered.

The recovery period will last for years or even decades, depending on how soon capital stock is restored and how fast businesses bounce back to their pre-disaster conditions and take advantage of post-disaster market opportunities. The local economy will reach a new equilibrium in the long run, which could even be above the pre-disaster level.

Corpus Christi Damage Assessment (CC Caller Times, Aug. 2017):

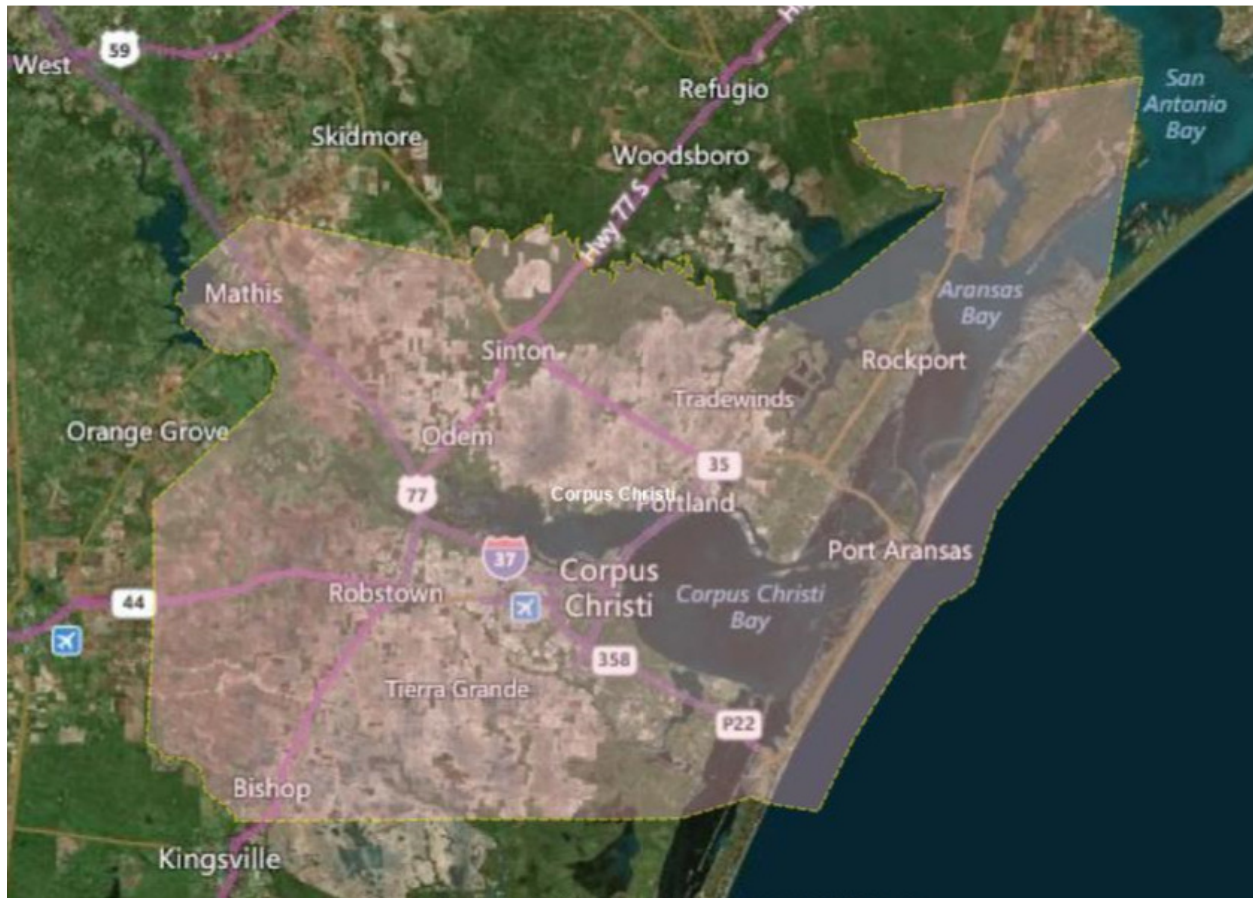
- **Annville/Calallen:** Widespread power outages and tree limbs downed but little property damage
- **Downtown:** Some businesses damaged, letters ripped off Wells Fargo building, downed trees, signs down.
- **Padre Island:** Tree debris in roadways, some sign damage on businesses, fences down, some roof damage.
- **Northside:** little serious property damage, downed trees and power lines.
- **Ocean Drive/Texas A&M University-CC:** Several downed trees blocked lanes on parts of Ocean and in neighborhoods off Ocean and near the university; at least two metal light poles in medians downed; Oso Pier and at least one private pier behind a house washed out; early assessment is minimal damage at the university.
- **North Beach:** Several downed trees in the road. Able to navigate roadways easily. No flooding. Some street signs knocked down.
- **Flour Bluff:** Fences downed, some signs down, some structural damage.
- **Westside:** minimal damage, debris in roadways, downed trees and limbs, damaged fences and business signs.
- **Southside:** minimal property damage, widespread power outages early on, debris in roads, downed trees.

DEMOGRAPHIC TRENDS

Corpus Christi MSA

The MSA includes Aransas County, Nueces County and San Patricio County.

Figure 11: MSA Map



Regional Demographics

The table below illustrates some recent demographic trends for the Corpus Christi MSA. Demographic data in this report is from PCensus for MapInfo, which is a reseller of Claritas, Inc. demographic data. According to PCensus estimates, over the past 8 years since the 2010 census, the region has added 32,484 persons (7.5%) and 14,985 households. The region is 60.8% Hispanic.

Table 1: Corpus Christi MSA Demographic Overview

	MSA
Population	
2023 Projection	486,108
2018 Estimate	460,669
2010 Census	428,185
Growth 2018-2023	5.52%
Growth 2010-2018	7.59%
Growth 2000-2010	6.18%
2018 Est. Population by Single-Classification Race	460,669
White Alone	81.16%
Black or African American Alone	3.65%
American Indian and Alaska Native Alone	0.67%
Asian Alone	1.94%
Native Hawaiian and Other Pacific Islander Alone	0.10%
Some Other Race Alone	9.80%
Two or More Races	2.68%
2018 Est. Population Hispanic or Latino by Origin	460,669
Not Hispanic or Latino	39.12%
Hispanic or Latino	60.88%
Households	
2023 Projection	182,821
2018 Estimate	172,004
2010 Census	157,019
Growth 2018-2023	6.29%
Growth 2010-2018	9.54%
Growth 2000-2010	10.90%

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

City of Corpus Christi

The City of Corpus Christi has, within the municipal boundaries, almost three fourths of the residents of the region with a current estimated population of 330,925. Population has grown by 8.42% since 2010, compared to 7.59% in the Region.

Table 2: City of Corpus Christi Population and Household Trends

	Corpus Christi
Population	
2023 Projection	350,127
2018 Estimate	330,925
2010 Census	305,215
2000 Census	277,552
Growth 2018-2023	5.80%
Growth 2010-2018	8.42%
Growth 2000-2010	9.97%
Households	
2023 Projection	132,238
2018 Estimate	124,221
2010 Census	112,843
2000 Census	98,922
Growth 2018-2023	6.45%
Growth 2010-2018	10.08%
Growth 2000-2010	14.07%

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

The table on the following page illustrates the historical and expected future population by age group. The City's growth from 2010 to 2018 has been substantial (25,710 added). The population of the City is getting slightly older with most of the change occurring in the 25 to 34 age group, followed by 65 to 74.

Table 3: Population and Age Trends – City of Corpus Christi Total

Age Group	2000 Census		2009 Estimate		2018 Estimate		Change	
	Count	Share	Count	Share	Count	Share	2000-2009	2009-2018
Total Population	277,454		287,168		330,925		9,714	43,757
Age 0 to 4	21,544	7.8%	22,243	7.8%	22,509	6.80%	699	266
Age 5 to 9	21,592	7.8%	21,518	7.5%	22,439	6.78%	-74	921
Age 10 to 14	21,487	7.7%	20,809	7.3%	22,814	6.89%	-678	2,005
Age 15 to 17	13,439	4.8%	12,521	4.4%	14,204	4.29%	-918	1,683
Age 18 to 20	13,329	4.8%	12,791	4.5%	14,078	4.25%	-538	1,287
Age 21 to 24	16,058	5.8%	16,567	5.8%	19,030	5.75%	509	2,463
Age 25 to 34	37,792	13.6%	37,792	13.1%	48,243	14.58%	0	10,451
Age 35 to 44	43,275	15.6%	36,898	12.9%	42,844	12.95%	-6,377	5,946
Age 45 to 54	36,585	13.2%	40,716	14.2%	38,679	11.69%	4,131	-2,037
Age 55 to 64	21,551	7.7%	31,472	10.9%	39,692	11.99%	9,921	8,220
Age 65 to 74	16,944	6.1%	17,541	6.1%	27,500	8.31%	597	9,959
Age 75 to 84	10,533	3.8%	11,561	4.0%	13,153	3.97%	1,028	1,592
Age 85 and over	3,325	1.2%	4,739	1.7%	5,740	1.73%	1,414	1,001
Age 16 and over	208,504	75.2%	218,504	76.1%	258,508	78.12%	10,000	40,004
Age 18 and over	199,392	71.9%	210,077	73.2%	248,959	75.23%	10,685	38,882
Age 21 and over	186,063	67.1%	197,286	68.7%	234,881	70.98%	11,223	37,595
Age 65 and over	30,802	11.1%	33,841	11.8%	46,393	14.02%	3,039	12,552
Median Age	33.2		34.8		35.5		1.6	0.7
Average Age	34.7		36.2		37.5		1.5	1.3

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

Approximately 20.9% of the Corpus Population holds a bachelor's degree or higher; 1% have a Doctorate degree.

Table 4: Educational Attainment

2018 Est. Pop Age 25+ by Edu. Attainment	215,851
Less than 9th grade	16,597
Some High School, no diploma	23,619
High School Graduate (or GED)	61,670
Some College, no degree	50,761
Associate Degree	17,981
Bachelor's Degree	29,693
Master's Degree	10,888
Professional School Degree	2,352
Doctorate Degree	2,290

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

The median household income in the City is \$55,063. Approximately 23% of the households earn over \$100k per year.

Table 5: Corpus Christi Household Income

2018 Est. Households by HH Income	124,221	%
Income < \$15,000	15,720	12.65%
Income \$15,000 to \$24,999	13,796	11.11%
Income \$25,000 to \$34,999	11,754	9.46%
Income \$35,000 to \$49,999	16,335	13.15%
Income \$50,000 to \$74,999	22,245	17.91%
Income \$75,000 to \$99,999	16,376	13.18%
Income \$100,000 to \$124,999	10,303	8.29%
Income \$125,000 to \$149,999	6,191	4.98%
Income \$150,000 to \$199,999	6,034	4.86%
Income \$200,000 to \$249,999	2,474	1.99%
Income \$250,000 to \$499,999	2,278	1.83%
Income \$500,000+	715	0.58%
2018 Est. Average Household Income	\$73,029	
2018 Est. Median Household Income	\$55,063	

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

Employment

Approximately 53% of the Corpus Christi population is employed in white collar jobs.

Table 6: City Employment

2018 Est. Civ. Employed Pop 16+ by Occupation	156,199	
Architect/Engineer	2,299	1.47%
Arts/Entertainment/Sports	1,584	1.01%
Building Grounds Maintenance	8,224	5.27%
Business/Financial Operations	4,875	3.12%
Community/Social Services	2,296	1.47%
Computer/Mathematical	1,377	0.88%
Construction/Extraction	12,396	7.94%
Education/Training/Library	8,393	5.37%
Farming/Fishing/Forestry	279	0.18%
Food Prep/Serving	12,241	7.84%
Healthcare Practitioner/Technician	9,084	5.82%
Healthcare Support	4,387	2.81%
Maintenance Repair	7,293	4.67%
Legal	1,373	0.88%
Life/Physical/Social Science	789	0.51%
Management	12,519	8.01%
Office/Admin. Support	19,357	12.39%
Production	9,522	6.10%
Protective Service	4,383	2.81%
Sales/Related	18,294	11.71%
Personal Care/Service	5,567	3.56%
Transportation/Moving	9,667	6.19%

2018 Est. Pop 16+ by Occupation Classification	156,199	
Blue Collar	38,878	24.89%
White Collar	82,240	52.65%
Service & Farm	35,081	22.46%

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

Population and Employment Forecasts for City of Corpus Christi

According to the MPO the next update will be the later part of 2019. The principal point of these forecasts is that they demonstrate long-term growth rates consistent with past trends – continued slow to moderate growth.

The MPO did extract the population/employment forecast numbers for 2040 for the traffic analysis zones (TAZ) that make up the city of Corpus Christi. This is an estimate as TAZs and do not precisely align with the city boundary. The MPO study area is the full two counties, Nueces and San Patricio, and a small sliver of Aransas county.

Table 7: City Population and Employment Forecasts

2040	Corpus Christi	MPO Study Area
Population	361,570	576,182
Employment	185,223	258,558

Source: Corpus Christi Metropolitan Planning Organization, May 2019

Housing Trends Comparisons

The TIRZ includes the largest percentage of renter-occupied units (47.1%) and the shortest average length of residency compared to the City and the MSA. The TIRZ median value is significantly higher at \$285,575 and the units are comparatively newer.

As shown, the TIRZ as well as the other areas are owner-occupied dominated market. The TIRZ has significantly more multifamily (condos, townhomes) than the City or MSA which is dominated by single family residential.

Table 8: Housing Trends

	TIRZ #2		City of Corpus Christi		MSA	
2018 Est. Occupied Housing Units by Tenure	634		124,221		172,004	
Owner-Occupied	335	52.83%	74,098	59.65%	108,402	63.02%
Renter-Occupied	299	47.17%	50,123	40.35%	63,602	36.98%
2018 Occupied Housing Units: Avg. Length of Residence (by years)						
Owner-Occupied	5		12		12	
Renter-Occupied	3		3		3	
2018 Est. Owner Occupied Housing Units by Value	335		74,098		108,402	
Value Less than \$20,000	10	3.07%	1,594	2.15%	3,304	3.05%
Value \$20,000 to \$39,999	2	0.60%	2,556	3.45%	5,454	5.03%
Value \$40,000 to \$59,999	2	0.46%	4,373	5.90%	7,838	7.23%
Value \$60,000 to \$79,999	19	5.68%	6,944	9.37%	10,251	9.46%
Value \$80,000 to \$99,999	13	3.94%	9,239	12.47%	12,178	11.23%
Value \$100,000 to \$149,999	19	5.62%	17,637	23.80%	22,541	20.79%
Value \$150,000 to \$199,999	29	8.69%	13,007	17.55%	18,182	16.77%
Value \$200,000 to \$299,999	73	21.88%	11,013	14.86%	15,765	14.54%
Value \$300,000 to \$399,999	45	13.39%	3,459	4.67%	5,864	5.41%
Value \$400,000 to \$499,999	29	8.77%	1,773	2.39%	2,913	2.69%
Value \$500,000 to \$749,999	45	13.55%	1,435	1.94%	2,286	2.11%
Value \$750,000 to \$999,999	26	7.91%	538	0.73%	944	0.87%
Value \$1,000,000 to \$1,499,999	17	5.00%	241	0.33%	442	0.41%
Value \$1,500,000 to \$1,999,999	4	1.23%	79	0.11%	176	0.16%
Value \$2,000,000 or more	1	0.22%	210	0.28%	264	0.24%
2018 Est. Median All Owner-Occupied Housing Unit Value	\$285,575		\$134,241		\$132,685	
2018 Est. Housing Units by Units in Structure	1,529		137,078		198,404	
1 Unit Attached	20	1.30%	2,692	1.96%	3,302	1.66%
1 Unit Detached	266	17.39%	90,181	65.79%	133,767	67.42%
2 Units	54	3.51%	4,220	3.08%	5,940	2.99%
3 or 4 Units	58	3.77%	10,404	7.59%	12,385	6.24%
5 to 19 Units	415	27.15%	16,732	12.21%	20,148	10.16%
20 to 49 Units	183	11.98%	3,368	2.46%	4,070	2.05%

	TIRZ #2		City of Corpus Christi		MSA	
50 or More Units	475	31.08%	5,888	4.30%	6,726	3.39%
Mobile Home or Trailer	38	2.48%	3,224	2.35%	11,346	5.72%
Boat, RV, Van, etc.	21	1.34%	369	0.27%	720	0.36%
Dominant structure type	50 or More Units		1 Unit Detached		1 Unit Detached	
2018 Est. Housing Units by Year Structure Built	1,529		137,078		198,404	
Housing Units Built 2014 or Later	162	10.59%	9,668	7.05%	13,518	6.81%
Housing Units Built 2010 to 2013	57	3.71%	2,103	1.53%	3,114	1.57%
Housing Units Built 2000 to 2009	244	15.93%	16,807	12.26%	27,781	14.00%
Housing Units Built 1990 to 1999	220	14.40%	14,969	10.92%	22,752	11.47%
Housing Units Built 1980 to 1989	595	38.91%	22,481	16.40%	32,461	16.36%
Housing Units Built 1970 to 1979	201	13.12%	21,879	15.96%	33,784	17.03%
Housing Units Built 1960 to 1969	38	2.49%	16,510	12.04%	23,522	11.86%
Housing Units Built 1950 to 1959	9	0.62%	21,252	15.50%	26,260	13.24%
Housing Units Built 1940 to 1949	3	0.20%	8,035	5.86%	10,422	5.25%
Housing Units Built 1939 or Earlier	0	0.01%	3,374	2.46%	4,790	2.41%
2018 Est. Median Year Structure Built**	1989		1979		1980	

Source: PCensus for MapInfo

The above is an estimate, while the table below is the last confirmed data set in 2010. As shown the estimated 2018 includes 1,529 housing units compared to 1,195 in 2010, a 27.9% increase. The 2018 estimate also shows an increased in owner-occupied units, now at 52.8% over the 44% in 2010.

Table 9: 2010 TIRZ#2 Housing Trends

2010 Estimated Tenure of Occupied Housing Units	739		105,022		151,812	
Owner-Occupied	327	44.19%	62,910	59.90%	95,541	62.93%
Renter-Occupied	412	55.81%	42,112	40.10%	56,271	37.07%
2010 Occupied Housing Units, Average Length of Residence - years						
Owner-Occupied	8		16		16	
Renter-Occupied	5		6		6	
2010 Estimated All Owner-Occupied Housing Units by Value	327		62,910		95,541	
Less than \$20,000	0	0.00%	1,380	2.19%	4,058	4.25%
\$20,000 to \$39,999	7	2.07%	3,825	6.08%	8,192	8.57%
\$40,000 to \$59,999	3	0.97%	7,436	11.82%	12,231	12.80%
\$60,000 to \$79,999	16	5.00%	9,407	14.95%	13,073	13.68%

\$80,000 to \$99,999	23	6.95%	9,021	14.34%	12,081	12.64%
\$100,000 to \$149,999	74	22.67%	18,177	28.89%	25,438	26.63%
\$150,000 to \$199,999	59	17.97%	6,050	9.62%	8,824	9.24%
\$200,000 to \$299,999	89	27.15%	4,728	7.52%	7,023	7.35%
\$300,000 to \$399,999	30	9.16%	1,570	2.50%	2,339	2.45%
\$400,000 to \$499,999	13	3.91%	558	0.89%	915	0.96%
\$500,000 to \$749,999	5	1.47%	493	0.78%	842	0.88%
\$750,000 to \$999,999	0	0.03%	140	0.22%	284	0.30%
\$1,000,000 or more	9	2.63%	125	0.20%	241	0.25%
2010 Estimated Median Owner-Occupied Housing Unit Value	\$184,320		\$101,062		\$96,913	
2010 Estimated Housing Units by Units in Structure	1,195		117,077		176,779	
1 Unit Attached	8	0.65%	4,440	3.79%	5,385	3.05%
1 Unit Detached	331	27.68%	76,724	65.53%	117,904	66.70%
2 Units	5	0.41%	2,606	2.23%	4,425	2.50%
3 or 4 Units	29	2.39%	6,708	5.73%	8,789	4.97%
5 to 19 Units	564	47.20%	16,076	13.73%	20,044	11.34%
20 to 49 Units	172	14.36%	2,551	2.18%	3,065	1.73%
50 or More Units	83	6.93%	4,440	3.79%	5,721	3.24%
Mobile Home or Trailer	0	0.00%	3,282	2.80%	10,849	6.14%
Boat, RV, Van, etc.	5	0.40%	250	0.21%	597	0.34%
Dominant structure type	5 to 19 units		1 Unit Detached		1 Unit Detached	
2010 Estimated Housing Units by Year Structure Built	1,195		117,077		176,779	
2000 or Later	354	29.66%	12,735	10.88%	21,437	12.13%
1990 to 1999	292	24.41%	12,470	10.65%	21,463	12.14%
1980 to 1989	275	23.02%	21,230	18.13%	31,742	17.96%
1970 to 1979	211	17.67%	19,893	16.99%	31,918	18.06%
1960 to 1969	32	2.71%	16,475	14.07%	24,646	13.94%
1950 to 1959	23	1.88%	20,060	17.13%	25,862	14.63%
1940 to 1949	0	0.00%	9,903	8.46%	13,023	7.37%
1939 or Earlier	8	0.64%	4,311	3.68%	6,688	3.78%
2010 Estimated Median Year Structure Built**	1992		1974		1976	

TIRZ #2 Demographics

In the previous 2009 report, only 908 persons resided in the area designated for TIRZ #2 shown below. According to the PCensus estimates, that number has increased to 1,218 as of 2018.

Figure 13: TIRZ Street Map View



The population in TIRZ #2, as illustrated in the table below, has a marked lack of children and overall lack of population under the age of 18. This population makes up only 13.65% of the total population in TIRZ #2, while this group comprises 24.76% of the population of the City of Corpus Christi overall. The TIRZ also has a higher share of persons over age 65.

Table 10: Population and Age Trends in TIRZ #2

Age Group	2000 Census		2009 Estimate		2018 Estimate		Change	
	Number	Share	Number	Share	Number	Share	2000-2009	2009-2018
Total Population	908		1,196		1,218		288	22
Age 0 to 4	29	3.2%	34	2.9%	43	3.54%	5	9
Age 5 to 9	22	2.5%	40	3.4%	46	3.75%	18	6
Age 10 to 14	25	2.8%	37	3.1%	44	3.65%	12	7
Age 15 to 17	22	2.5%	17	1.4%	33	2.71%	-5	16
Age 18 to 20	30	3.3%	16	1.4%	31	2.53%	-14	17
Age 21 to 24	87	9.55%	43	3.6%	51	4.18%	-44	8
Age 25 to 34	168	18.5%	209	17.4%	213	17.47%	41	4
Age 35 to 44	139	15.3%	201	16.9%	170	13.99%	62	-31
Age 45 to 54	155	17.0%	214	17.9%	145	11.91%	18	-69
Age 55 to 64	101	11.3%	188	15.7%	195	16.01%	87	7
Age 65 to 74	88	9.7%	107	8.9%	162	13.29%	19	55
Age 75 to 84	39	4.3%	72	6.0%	67	5.53%	33	-5
Age 85 and over	1	0.2%	18	1.5%	18	1.44%	17	0
Age 16 and over	826	91.0%	1,080	90.3%	1,074	88.20%	254	-6
Age 18 and over	808	89.1%	1,068	89.3%	1,052	86.36%	260	-16
Age 21 and over	779	85.8%	1,052	88.0%	1,021	83.83%	273	-31
Age 65 and over	129	14.2%	196	16.4%	247	20.27%	67	51
Median Age	40.3		45.0		43.7		4.7	-1.3
Average Age	41.1		44.7		44.1		3.7	-0.06

Source: PCensus for MapInfo, Tetrad Computer Applications, 2009; 2018

The table on the following page illustrates household characteristics for TIRZ #2 compared with the City of Corpus Christi. The overwhelming majority of households in the TIRZ district being one-person and two-person households further illustrates of the lack of children in the TIRZ.

In fact, the share of 3 and 4-person households in the City of Corpus Christi greatly exceeds households in the TIRZ.

Table 11: TIRZ #2 Household Characteristics

Households by Household Size	TIRZ#2		City of Corpus Christi	
	Count	Share	Count	Share
Households	634		124,221	
1 person	255	40.27%	32,997	26.56%
2 persons	260	40.95%	38,377	30.89%
3 persons	61	9.66%	21,553	17.35%
4 or more persons	57	9.13%	31,294	25.20%
Average HH Size	1.92		2.61	

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

TIRZ Employment

There are 624 employees in the TIRZ, 68.7% are white collar workers. The largest cohort of workers are employed in Management followed by Sales/Related.

Table 12: TIRZ Employment

2018 Est. Civ. Employed Pop 16+ by Occupation	624	%
Architect/Engineer	6	0.94%
Arts/Entertainment/Sports	4	0.58%
Building Grounds Maintenance	54	8.73%
Business/Financial Operations	19	3.12%
Community/Social Services	3	0.51%
Computer/Mathematical	24	3.87%
Construction/Extraction	39	6.29%
Education/Training/Library	66	10.54%
Farming/Fishing/Forestry	1	0.13%
Food Prep/Serving	14	2.29%
Healthcare Practitioner/Technician	51	8.17%
Healthcare Support	27	4.28%
Maintenance Repair	12	1.90%
Legal	21	3.42%
Life/Physical/Social Science	12	1.88%
Management	90	14.37%
Office/Admin. Support	55	8.85%
Production	5	0.80%
Protective Service	5	0.85%
Sales/Related	78	12.56%
Personal Care/Service	4	0.70%
Transportation/Moving	33	5.24%
2018 Est. Pop 16+ by Occupation Classification	624	
Blue Collar	89	14.24%
White Collar	429	68.78%
Service & Farm	106	16.98%

Household Income

These tables illustrate the household income characteristics of the area in the TIRZ district and the City of Corpus Christi.

According to the PCensus estimates, household incomes in the TIRZ area are significantly greater than the amount as the city as a whole. This may be due to the increasing number of affluent retirees living in the TIRZ.

Table 13: Household Income Distribution

TIRZ #2 vs. Corpus Christi

TIRZ #2	2000		2009		2018	
	Count	Share	Count	Share	Count	Share
Total Households	521		677		634	
Less than \$15,000	86	16.6%	109	16.1%	17	2.67%
\$15,000 to \$24,999	51	9.7%	70	10.3%	26	4.18%
\$25,000 to \$34,999	78	15.1%	91	13.5%	49	7.68%
\$35,000 to \$49,999	97	18.7%	129	19.1%	64	10.17%
\$50,000 to \$74,999	102	19.5%	125	18.5%	176	27.79%
\$75,000 to \$99,999	55	10.6%	75	11.1%	88	13.83%
\$100,000 to \$149,999	24	4.7%	39	5.8%	68	10.6%
\$150,000 to \$244,999	21	4.1%	30	4.5%	99	15.5%
\$250,000 to \$499,999	6	1.1%	7	1.0%	35	5.54%
\$500,000 or more	1	0.2%	1	0.2%	12	1.95%
CORPUS CHRISTI						
Total Households	98,779		104,275		124,221	
Less than \$15,000	19,524	19.8%	17,241	16.5%	15,720	12.65%
\$15,000 to \$24,999	14,684	14.9%	13,290	12.8%	13,796	11.11%
\$25,000 to \$34,999	13,319	13.5%	12,869	12.3%	11,754	9.46%
\$35,000 to \$49,999	16,639	16.8%	16,429	15.8%	16,335	13.15%
\$50,000 to \$74,999	17,987	18.2%	19,825	19.0%	22,245	17.91%
\$75,000 to \$99,999	8,734	8.8%	11,007	10.6%	16,376	13.18%
\$100,000 to \$149,999	5,159	5.2%	9,302	8.9%	16,494	2.41%
\$150,000 to \$244,999	1,873	1.9%	2,831	2.7%	8,508	6.85%
\$250,000 to \$499,999	614	0.6%	1,039	1.0%	2,278	1.83%
\$500,000 or more	246	0.3%	442	0.4%	715	0.58%

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

This table includes a comparison of average and median household income for the two geographies. The TIRZ average household income has increased 57% over the last 18 years while the City of Corpus Christi income increased only 18.9% over the same time period.

Table 14: TIRZ #2 vs. Corpus Christi Incomes

Measure Geography	2000	2009	2018
Average household income			
TIRZ #2	\$69,976	\$57,359	\$109,927
City of Corpus Christi	\$61,407	\$57,050	\$73,029
Median household income			
TIRZ #2	\$53,460	\$42,983	\$72,760
City of Corpus Christi	\$46,734	\$42,978	\$55,063

Source: PCensus for MapInfo, Tetrad Computer Applications

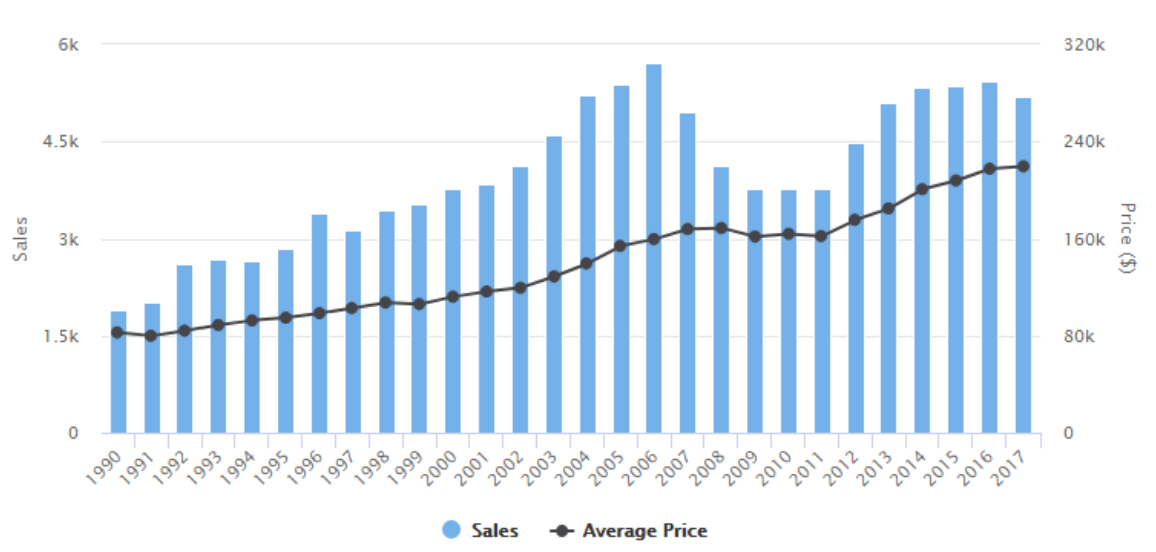
REAL ESTATE MARKET OVERVIEW

Corpus Christi MSA

Single Family Residential

Home sales and prices in the MSA have increased significantly since 2009 (the last TIRZ update). At 2017, there were 5,197 home sales with an average price of \$219,516 compared to 3,763 sales in 2009 with an average price of \$161,655. The prices have increased 35.7% over the past eighteen years.

Figure 14: MSA Home Sales and Average Price



Source: Texas A&M Real Estate Center

- At 3Q2018, the MSA sales volume increased 21.2% to 1,537 transactions.
- Median price increased 6.5% year-over-year to \$199,700.
- 2018 Q3 months inventory for all residential properties fell 7.3% year-over-year to 5.7 months.
- Metro area residential property listings decreased 2.6% year-over year to 2,581 active listings.

Multi-family

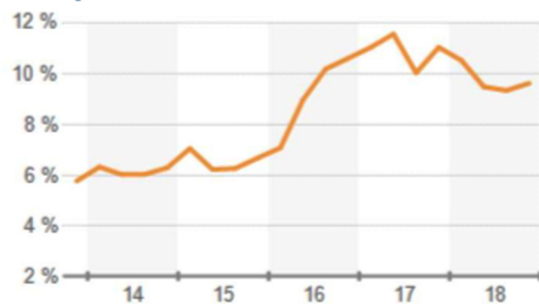
According to CoStar, December 2018, the MSA multifamily market includes 34,972 apartment units. The vacancy rate is 9.6%. There are 543 units under construction. Rents are fairly strong with positive absorption (on average over the past 5 years, 523 units absorbed annually). Figure 15 on the following page illustrates the trends.

Figure 15: MSA Multifamily Trends

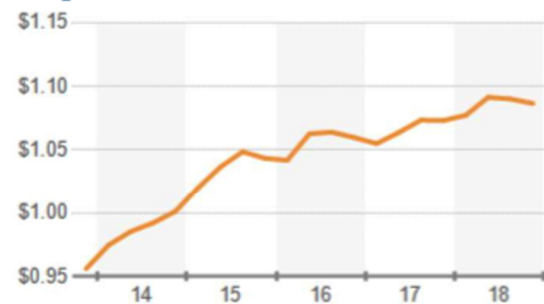
Leasing Units			Inventory in Units		
	Survey	5-Year Avg		Survey	5-Year Avg
Vacant Units	3,287	2,682	Existing Units	34,972	32,170
Vacancy Rate	9.6%	8.4%	12 Mo. Const. Starts	332	841
12 Mo. Absorption Units	705	523	Under Construction	543	1,399
			12 Mo. Deliveries	631	859

Rents			Sales		
	Survey	5-Year Avg		Past Year	5-Year Avg
Studio Asking Rent	\$882	\$856	Sale Price Per Unit	\$124,264	\$86,919
1 Bed Asking Rent	\$839	\$804	Asking Price Per Unit	\$84,972	\$43,507
2 Bed Asking Rent	\$996	\$954	Sales Volume (Mil.)	\$155	\$94
3+ Bed Asking Rent	\$1,105	\$1,051	Cap Rate	7.1%	7.6%
Concessions	2.5%	1.9%			

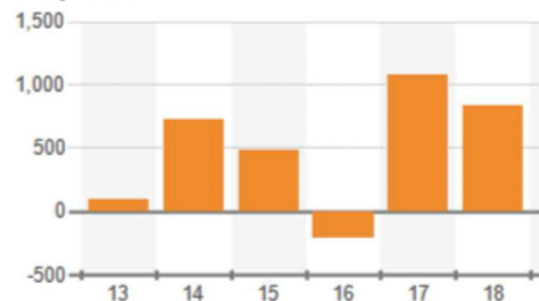
Vacancy Rate



Asking Rent Per SF



Absorption Units

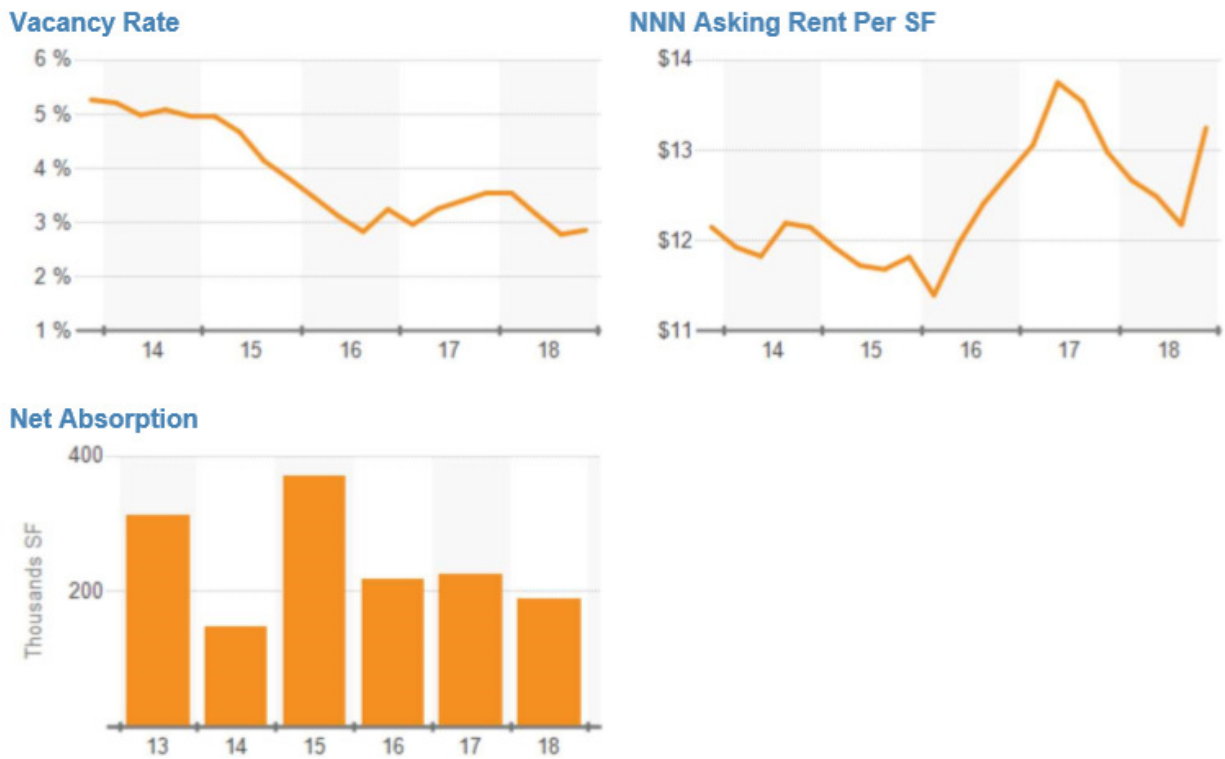


Source: CoStar, December 2018

Retail

The MSA includes 27,164,684 square feet of retail space. The vacancy rate is low at 2.9% with rents at \$13.25psf. There is 68,566 square feet under construction. Absorption has been positive with 265,349sf on average over the past five years as shown in Figure 16.

Figure 16: MSA Retail Trends



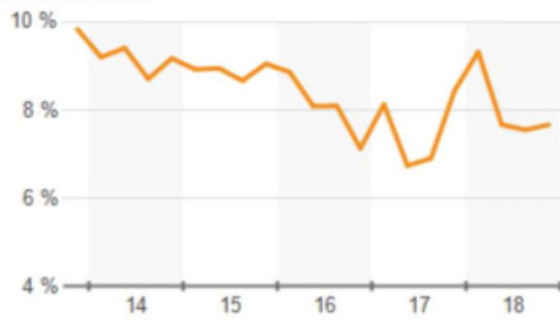
Source: CoStar, December 2018

Office

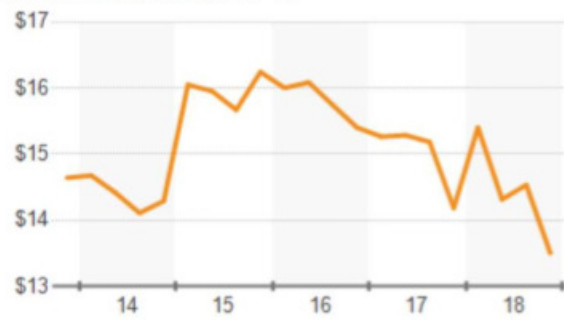
The MSA office market includes 11,115,241 square feet in 861 buildings. The vacancy rate is 7.7% with rents at \$13.50psf. There is 50,000sf under construction. Absorption has been negative over the past 12 months (-134,099) but positive over the past five years (66,060).

Figure 17: MSA Office Trends

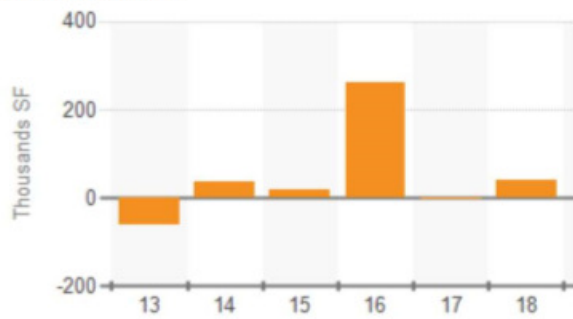
Vacancy Rate



Gross Asking Rent Per SF



Net Absorption



Source: CoStar, December 2018

Corpus Christi Overall

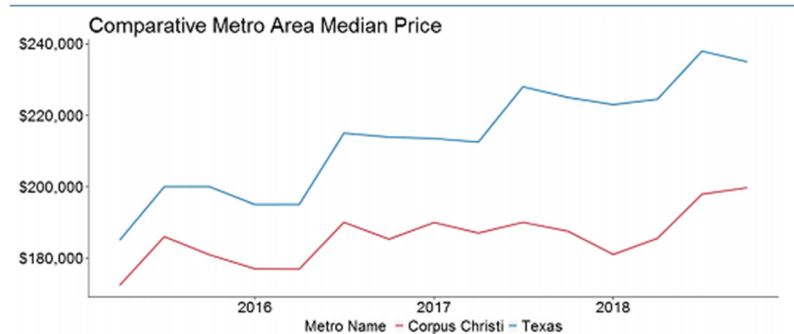
Corpus Christi enjoyed strong economic growth from 2010–2014, thanks to the energy industry. Oil prices have fallen since then, bruising the economy. With the addition of about 5,300 jobs from 16Q4–17Q4, the unemployment rate has improved to 5.2%, from 6.2% at year-end 2016. Plus, median household income and population gains, while still growing, slowed down significantly, according to the latest report from the Texas A&M Real Estate Center.

Single Family Residential

At 3Q2018, median price in the Corpus Christi metro increased by approximately 6.5% year-over-year, from \$188,000 to \$199,700 (Figure 18). Metro area price lagged the statewide median price of \$235,000 by \$35,300.

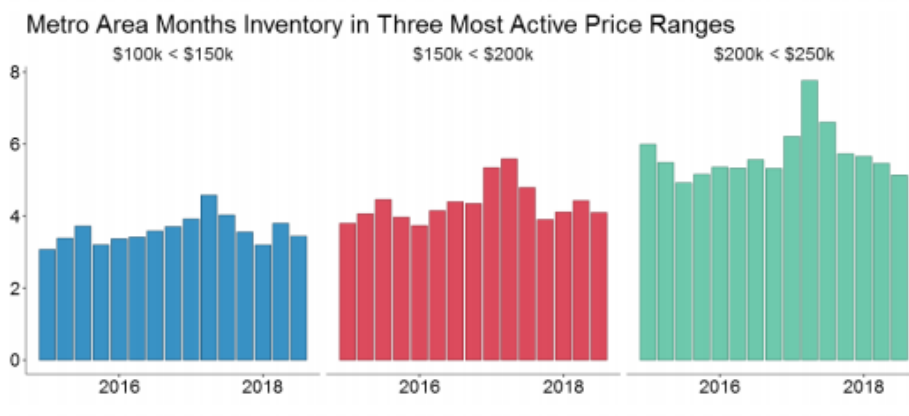
Metro area months inventory (number of homes available) decreased year-over-year from 6.12 to 5.68 months (Figure 19). Homes between \$150k and \$200k fell year-over-year, from 4.79 to 4.1 months, while homes between \$200k and \$250k fell year-over-year, from 6.61 to 5.14 months and homes between \$100k and \$150k fell year-over-year, from 4.03 to 3.44 months.

Figure 18: Median Home Price Trends



Source: Texas A&M Real State Center

Figure 19: Corpus Inventory by Price Range



Source: Texas A&M Real State Center

Average days to sell throughout the metro area fell from 122 to 111 days, a decrease of 9% year-over-year. Average days to sell for homes between \$150k and \$200k decreased by approximately 9.2% year-over-year, from 109 to 99 days as shown on Figure 20.

Figure 20: Corpus Days to Sell



Source: Texas A&M Real Estate Center, 2018

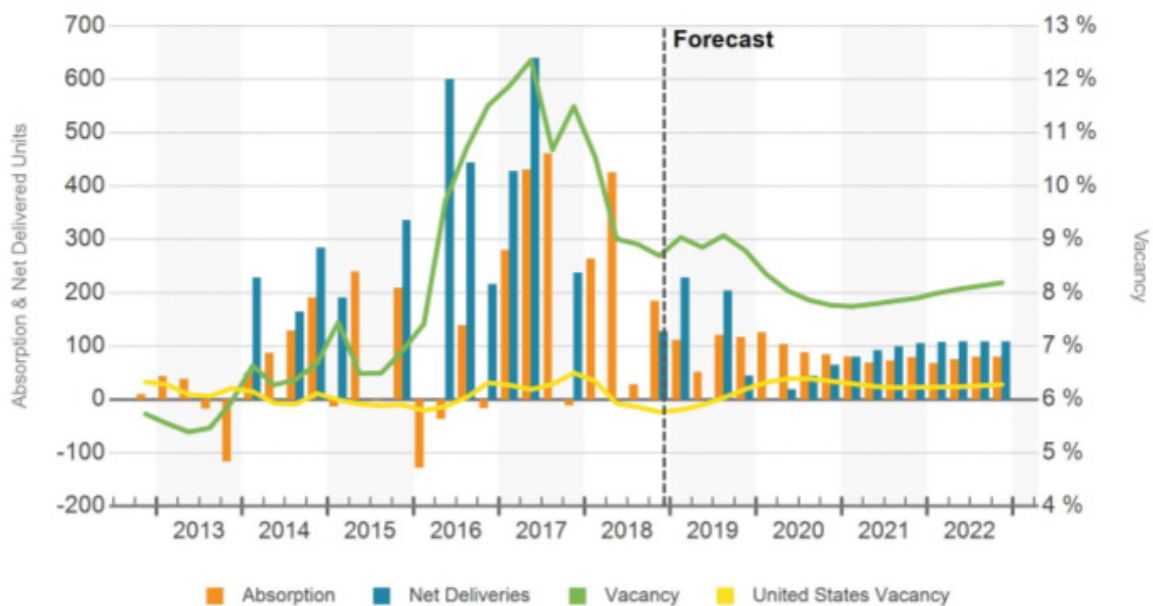
Multifamily

Multifamily vacancies reached their cyclical high earlier in 2017, about 400 basis points above the historical average due to the overall economic climate.

More recently, Hurricane Harvey and the subsequent increase in demand for rental housing have improved fundamentals. Residents displaced by flooding and damage to both single-family and multifamily housing units have turned to apartments. In turn, rent growth one month after the storm was significant and nearly erased all of 2016's losses, and vacancies have fallen four percentage points since reaching a peak last year (Figure 21).

Figure 21: Multifamily Trends

ABSORPTION, NET DELIVERIES & VACANCY



Source: CoStar

Currently the Corpus Christi Multifamily market includes 29,757 units. Vacancy is at 8.7%. The past 12 months have shown a positive absorption of 662 units (427 per yr on average over the past 5 years).

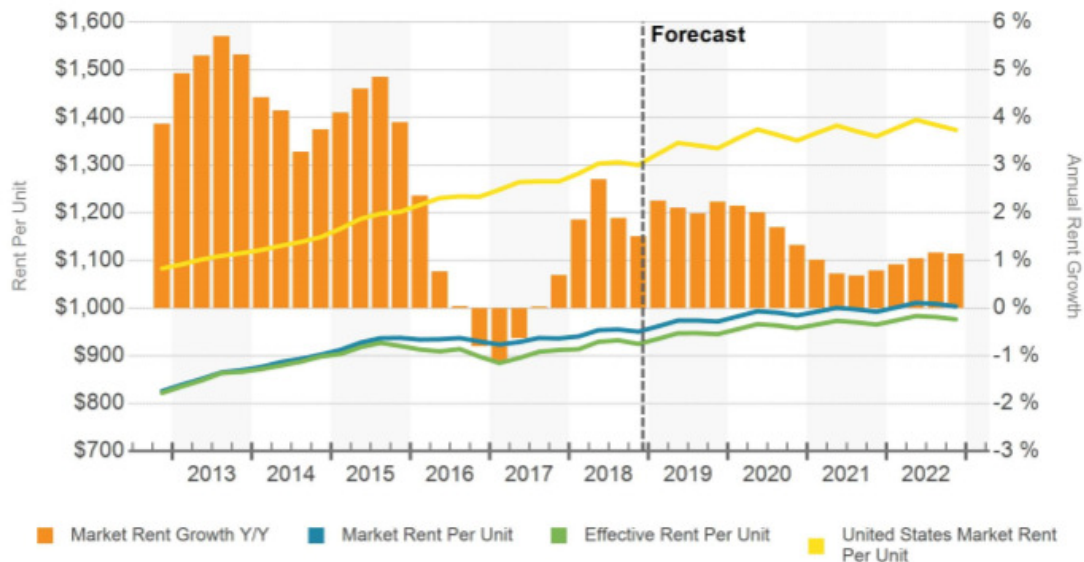
At around \$960/month, rents in Corpus Christi are relatively affordable. Median household incomes here are about \$50,000, meaning that average rents will absorb about 20% of income (more than 30% is considered hardship). While rent growth continuously outpaced the national average earlier this cycle, gains have slowed recently, and even fell during 2017. With hurricane rebuilding efforts well on their way, occupancies have increased, giving landlords more pricing power as of late. Rents are up nearly 2.5% as of mid-September (2018).

Figure 22: Multifamily Rent Trends

DAILY ASKING RENT PER SF



MARKET RENT PER UNIT & RENT GROWTH



Source: CoStar

As in most markets in Texas, developers have been active - inventory has expanded by nearly 10% since 2015. Construction has slowed dramatically, with fewer than 300 units underway as of mid-September. Lease up has been strong of late, with projects like the 4-Star 288-unit Vantage at Corpus Christi. Featuring amenities such as a clubhouse, pool, and full-sized fitness center, the Vantage has been leasing about 30 units per month, though that's certainly helped by people moving to temporary housing thanks to Hurricane Harvey. Another project not included with the CoStar data will be the just-announced (as of March 2019) 286-unit Ariza Corpus Christi, on Cimarron Boulevard just northeast of Yorktown Boulevard.

Figure 23: Units Under Construction

Under Construction Properties

Corpus Christi Multi-Family

Properties	Units	Percent of Inventory	Avg. No. Units
5	483	1.7%	97

UNDER CONSTRUCTION PROPERTIES



	Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
1	Marquis at Calallen 3805 FM 1889	★★★★★	228	3	Nov-2017	Jan-2019	Realtex Development Corporation Realtex Development Corporation
2	Manhattan Apartments -... 7001 Lipe Blvd	★★★★★	108	-	Jan-2016	Jan-2019	George Mostaghassi George Mostaghassi
3	Northshore Place Apart... 117 Northshore Blvd	★★★★★	96	3	May-2017	Jan-2019	Silverfin Land Development LLC Silverfin Land Development LLC
4	Studio 44 Apartments 817 N Carancahua St	★★★★★	44	4	Mar-2018	Jan-2019	Stonewater Properties Inc Stonewater Properties Inc
5	The Fountains 3201 Eleventh St	★★★★★	7	-	Nov-2016	Jan-2019	- Erol R Hanmore

Note: Above list does not include Ariza Corpus Christi, Cimarron Blvd., 286 units.

Retail

Similar to those in other smaller Texas metros, Corpus Christi's retail market is on firm footing. Even through the oil-driven downturn of the last few years, vacancies continued to compress and hit cyclical lows in 2017. But despite occupancies near 97%, rent growth has remained tepid at best, and rents have only recently recovered from the downturn. While very little has come to market here in recent years, the 325,000 SF Outlets at Corpus Christi Bay opened in 17Q1, marking the first major delivery since 2011.

Figure 24: Corpus Christi Retail

Overview

Corpus Christi Retail			
12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
158 K	176 K	2.9%	0.5%

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	2,391,596	0%	\$18.25	0%	0	0	0
Power Center	354,751	0%	\$15.16	0%	0	0	0
Neighborhood Center	4,563,237	5.2%	\$14.82	6.3%	18,971	0	0
Strip Center	2,214,894	4.0%	\$14.81	3.8%	(7,593)	0	0
General Retail	17,335,255	2.7%	\$12.62	3.6%	(41,904)	0	68,566
Other	293,978	0.5%	\$15.40	1.2%	(1,400)	0	0
Market	27,153,711	2.9%	\$13.73	3.7%	(31,926)	0	68,566
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.5%	5.5%	2.2%	8.0%	2007 Q4	2.8%	2018 Q3
Net Absorption SF	176 K	293,059	172,815	777,632	2011 Q4	(264,194)	2009 Q3
Deliveries SF	158 K	216,120	124,840	661,349	2011 Q4	66,720	2013 Q1
Rent Growth	0.5%	0.6%	1.0%	2.6%	2016 Q3	-3.1%	2010 Q1
Sales Volume	\$101 M	\$34.0M	N/A	\$126.3M	2008 Q4	\$1.7M	2011 Q4

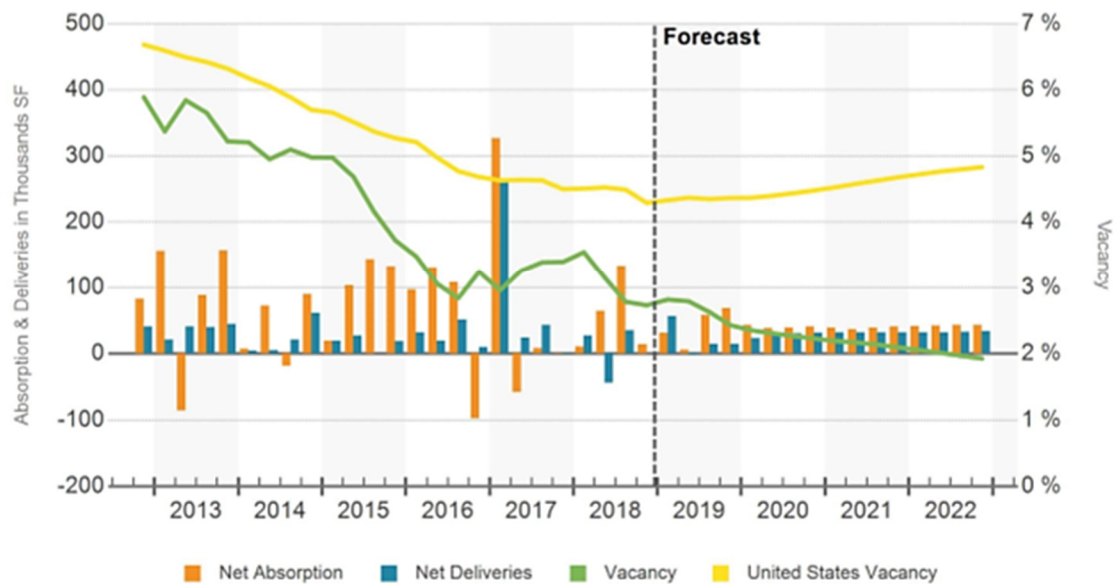
Source: CoStar

Vacancies in Corpus Christi are tight, and net absorption has outpaced new deliveries every year this cycle despite 2017's tight race. This is especially true for malls and power centers, where vacant space is virtually nonexistent. Vacancies in neighborhood centers are higher, at about 5%. As for submarkets, Portland/Ingleside has maintained the highest vacancies, at above 6% as of December, while vacancies in the CBD were around 2%. The Island is not segregated in CoStar but combined with Corpus overall.

Figure 25 illustrates the net absorption, deliveries, and vacancies over the past five years and forecasts going forward.

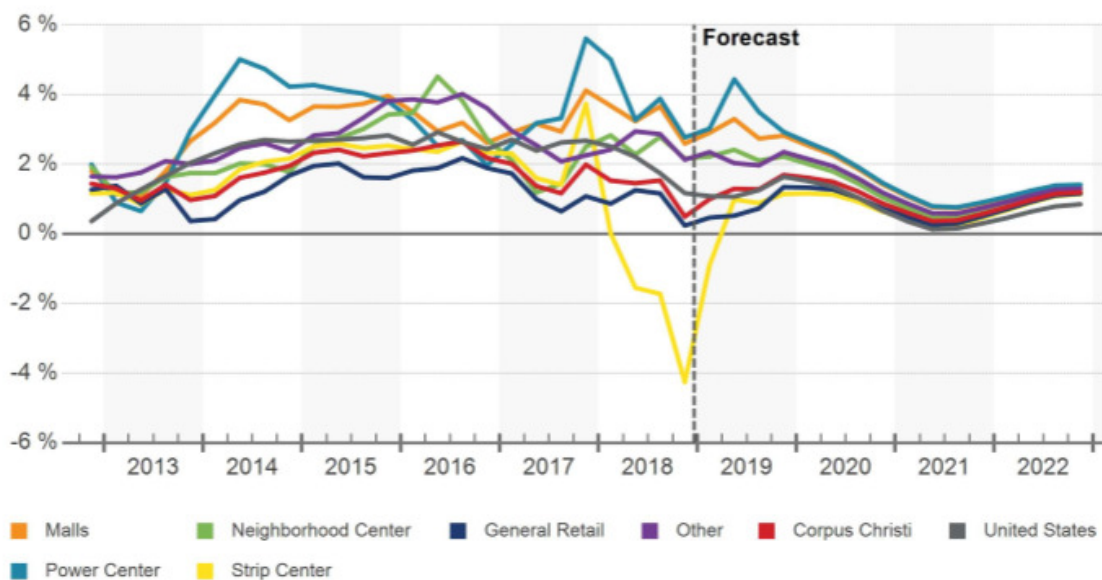
Figure 25: Retail Forecasts

NET ABSORPTION, NET DELIVERIES & VACANCY



Retail rents in Corpus Christi are among the lowest in Texas. At roughly \$13/SF, rents here are lower than those in El Paso, McAllen, and Lubbock, and roughly in line with Beaumont's. Even though occupancies in Corpus are close to record highs, rent growth has lagged and rents are still only slightly above prerecession levels at about 400 basis points. The highest rents in the metro are in the South Side Submarket, which boasts average rents of more than \$17/SF.

Figure 26: Market Rent Growth



Corpus Christi has about 25 million SF of retail space, of which only about 2.5 million SF is part of a mall and roughly three million SF part of a neighborhood center. The metro has about 55 SF of retail per person, which is above the national average of 47 SF.

Corpus' retail includes 21,187,093 square feet in 1,876 existing buildings. The vacancy rate is low at 2.4% with overall rents at \$12.28 psf (NNN, not gross) – Figure 27. Over the past 5 years absorption has been positive at 161,946sf on average (Figure 28).

Figure 27: Corpus Retail Trends



Source: CoStar

Figure 28: Absorption and Leasing

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	267,417	161,946
12 Mo. Leasing SF	385,435	275,796

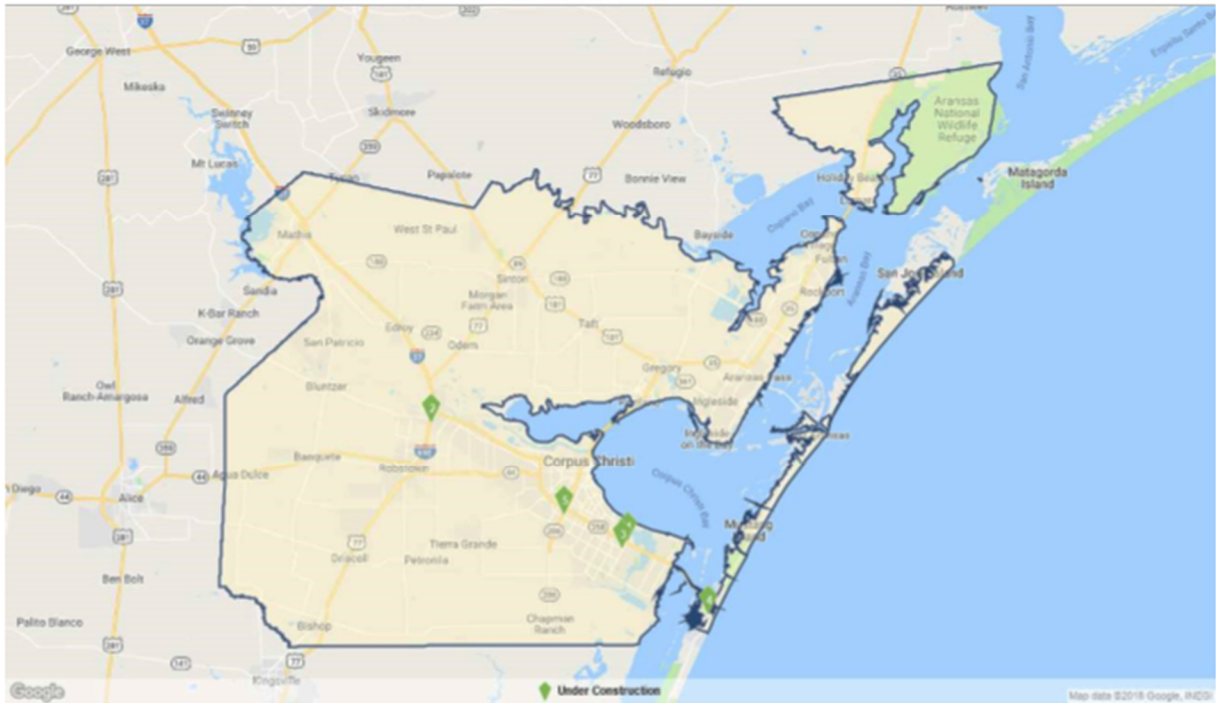
From 2012–16, less than 500,000 SF of retail space came to market, representing less than 2% of the metro's total RBA. However, construction has picked up as of late, mostly due to this year's delivery of the first phase of the Outlets at Corpus Christi Bay (450,000 SF). That \$70 million development, roughly 20 miles west of the city's center in Robstown, will add more than 150,000 SF in future phases scheduled to complete in 2019.

Figure 29: Retail Under Construction

Under Construction Properties

Corpus Christi Retail			
Properties	Square Feet	Percent of Inventory	Preleased
5	68,566	0.3%	84.0%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	CarMax 7242 S Padre Island Dr	★★★★★	25,000	1	Jun-2018	Jan-2019	- CarMax
2	Access Lincoln of Corpu... 3680 N Highway 77	★★★★★	15,000	1	Feb-2018	Jan-2019	- Lithia Motors, Inc.
3	2051 Rodd Field Rd. 2051 Rodd Field Rd	★★★★★	11,000	1	Sep-2018	Aug-2019	- -
4	15402 S Padre Island Dr	★★★★★	10,566	1	Jan-2018	Jan-2019	- -
5	5409 Ayers St	★★★★★	7,000	1	Jan-2018	Jan-2019	- Dunridge LLC

Source: CoStar

Corpus Christi and TIRZ Consumer Buying Power

A critical factor in consideration for commercial retail development is the buying power of the market area that a potential development site is located in. Buying income can be measured by the level of disposable or expendable income from consumers in a market area.

The City's effective buying income of \$60,804, Table 15, on average per household is considered low compared to the TIRZ Effective Buying Income (EBI) at \$91,194.

Table 15: Household Effective Buying Income

Corpus Christi

Category	Number	% of Total
Total Households	124,221	
EBI Less than \$15,000	16,348	13.16%
EBI \$15,000 to \$24,999	14,866	11.97%
EBI \$25,000 to \$34,999	14,216	11.44%
EBI \$35,000 to \$49,999	20,084	16.17%
EBI \$50,000 to \$74,999	25,118	20.22%
EBI \$75,000 to \$99,999	17,426	14.03%
EBI \$100,000 to \$124,999	6,750	5.43%
EBI \$125,000 to \$149,999	3,856	3.10%
EBI \$150,000 to \$199,999	2,724	2.19%
EBI \$200,000 to \$249,999	628	0.51%
EBI \$250,000 to \$499,999	1,740	1.40%
EBI \$500,000 or more	465	0.37%
2017 Average Effective Buying Income	\$60,804	

Source: US Census, American Community Survey, PCensus

TIRZ 2

Category	Number	% of Total
Total Households	634	
EBI Less than \$15,000	18	2.77%
EBI \$15,000 to \$24,999	32	4.99%
EBI \$25,000 to \$34,999	53	8.42%
EBI \$35,000 to \$49,999	137	21.66%
EBI \$50,000 to \$74,999	151	23.78%
EBI \$75,000 to \$99,999	75	11.89%
EBI \$100,000 to \$124,999	43	6.78%
EBI \$125,000 to \$149,999	38	6.06%
EBI \$150,000 to \$199,999	41	6.41%
EBI \$200,000 to \$249,999	10	1.60%
EBI \$250,000 to \$499,999	27	4.34%
EBI \$500,000 or more	8	1.30%
2017 Average Effective Buying Income	\$91,194	

Source: US Census, American Community Survey, PCensus

Corpus Christi Retail Sales Trends

2017 appears to be the most profitable for the city, reaching levels above 2015. Some of this can be attributed to Hurricane Harvey repairs/rebuild. Quarter 1 and 2 of 2018 are all the data available currently.

Table 16: Actual Retail Sales in Corpus Christi, 2015 to Q2 2018

NAICS Code	NAICS Category	2015	2016	2017	Q1/2 2018
441	Motor Vehicle & Parts Dealers	\$1,250,340,179	\$1,252,776,262	\$1,179,506,932	\$604,053,655
442	Furniture & Home Furnishings	163,562,245	140,574,104	147,341,137	78,627,548
443	Electronics and Appliance Stores	102,975,649	92,869,019	100,284,462	50,154,177
444	Building Material & Garden Equipment	515,278,648	480,360,135	523,803,507	293,157,202
445	Food & Beverage Stores	904,154,233	907,876,591	951,087,357	505,623,498
446	Health & Personal Care Stores	255,964,112	269,462,043	248,485,263	114,243,904
447	Gasoline Stations	274,423,492	277,772,476	295,519,393	102,715,827
448	Clothing & Clothing Accessories	242,449,324	229,211,833	220,950,344	107,878,776
451	Sporting Goods, Hobby, Book, & Music	164,207,896	152,419,969	142,014,047	67,364,092
452	General Merchandise	841,873,499	823,604,645	835,623,522	409,387,887
453	Miscellaneous Store Retailers	213,816,171	181,073,542	190,065,188	99,630,233
454	Non Store Retailers	112,575,122	41,915,815	254,726,942	124,975,410
721	Accommodations	26,726,741	23,976,444	30,079,999	16,410,255
722	Drinking and Eating Places	815,821,353	767,547,816	786,884,938	415,623,894
	Grand Total	\$5,884,168,664	\$5,641,440,694	\$5,906,373,031	\$2,989,846,358

Source: Texas Comptroller of Public Accounts for 2015-2018

Retail Surplus/Leakage

Comparing 2017 actual sales (2018 not a complete year) to projected expenditures there is a surplus in all categories. The aggregate expenditure estimates for the City are lower in every category. This indicates that residents outside the City are shopping inside the City for these items. The category representing the highest surplus is Food and Beverage Stores which includes grocery stores. There are several large grocers in the City. There appears to be no leakage (consumers are not going out of Corpus to shop) in this market.

Table 17: Comparison of Actual Sales with Expected Household Expenditures for Corpus Christi

BUSINESS CATEGORY DESCRIPTION	Actual Sales 2017	Total Expenditures Demand	Surplus or (Leakage)
Motor Vehicle & Parts (441)	\$1,179,506,932	\$578,065,782	\$601,441,150
Furniture and Home Furnishings Stores (442)	\$147,341,137	\$33,263,259	\$114,077,878
Food and Beverage Stores (445)	\$951,087,357	\$343,745,931	\$607,341,426
Health and Personal Care Stores (446)	\$248,485,263	\$162,139,891	\$86,345,372
Clothing and Clothing Accessories Stores (448)	\$220,950,344	\$40,056,498	\$180,893,846
Sporting Goods, Hobby, Book, and Music Stores (451)	\$142,014,047	\$29,436,896	\$112,577,151
General Merchandise Stores (452)	\$835,623,522	\$364,662,817	\$470,960,705
Accommodations (721)	\$30,079,999	\$11,209,595	\$18,870,404
Food Services and Drinking Places (722)	\$786,884,938	\$590,499,051	\$196,385,887

Source: Texas Comptroller of Public Accounts 2018, PCensus

Office

Unlike fellow Gulf Coast energy market's Houston and Beaumont, Corpus Christi's office market has held up relatively well through the oil bust. While Corpus Christi's economy and job market took a big hit in 2015–16, office occupancies remained resilient and rent growth was robust.

In terms of fundamentals, the immediate outlook is strong, since job growth is back positive, and the rebuilding efforts post-Harvey are on track, with little in the immediate construction pipeline. While rent growth has slowed, there's room for optimism, as occupancies are approaching cycle-highs.

Figure 30: Corpus Christi Office Overview

Overview

Corpus Christi Office

12 Mo Deliveries in SF

12 K

12 Mo Net Absorption in SF

21.9 K

Vacancy Rate

7.6%

12 Mo Rent Growth

2.8%

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Gross Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	2,115,086	9.4%	\$21.12	9.4%	8,372	0	0
3 Star	4,394,030	9.7%	\$17.19	13.0%	(115,130)	0	50,000
1 & 2 Star	4,650,653	4.9%	\$15.33	6.3%	93,788	0	0
Market	11,159,769	7.6%	\$17.16	9.5%	(12,970)	0	50,000

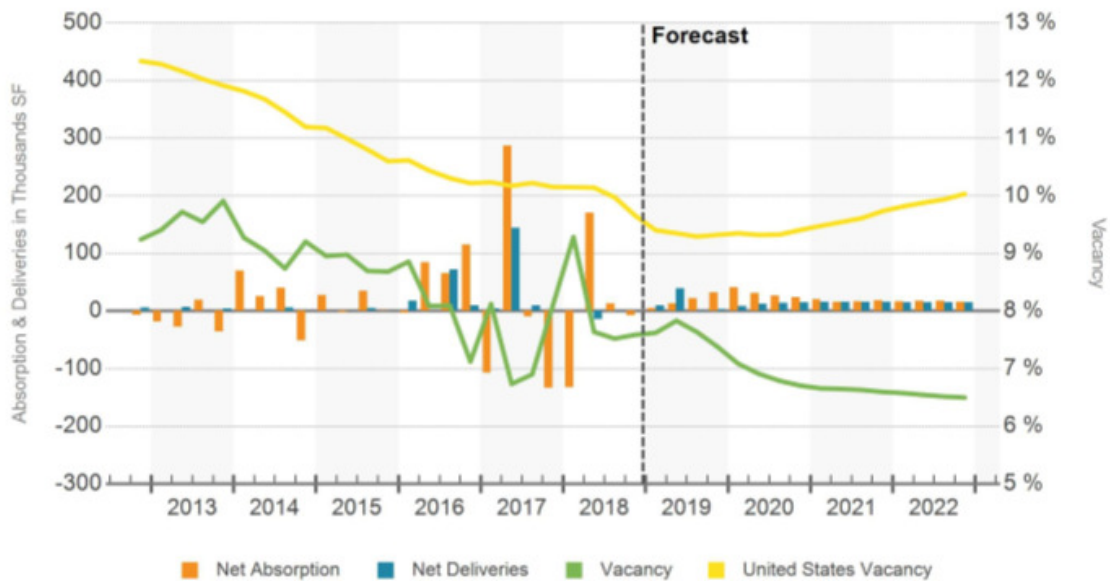
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.3%	8.9%	6.9%	10.7%	2007 Q2	6.7%	2017 Q2
Net Absorption SF	21.9 K	57,886	82,019	360,774	2017 Q2	(156,028)	2011 Q2
Deliveries SF	12 K	50,576	52,538	228,340	2017 Q2	4,400	2015 Q4
Rent Growth	2.8%	1.5%	1.4%	7.2%	2015 Q2	-5.2%	2010 Q1

Source: CoStar

Large blocks of space are virtually nonexistent in Corpus Christi. As of December, 2018 there are only two contiguous spaces 25,000 SF or larger, and fewer than 10 spaces larger than 10,000 SF. Therefore, most office tenants seeking large blocks of space tend to opt for build-to-suits.

Figure 31: Corpus Christi Office Trends and Forecasts

NET ABSORPTION, NET DELIVERIES & VACANCY



Corpus Christi is a small office market, with only about 11 million SF of office RBA. About 18% of the metro's inventory is considered 4 & 5 Star space, while the remainder is evenly divided between 3 Star and 1 & 2 Star assets. More than 40% of the metro's inventory is located in the CBD and almost all of Corpus's 4 & 5 Star stock is in the CBD as well.

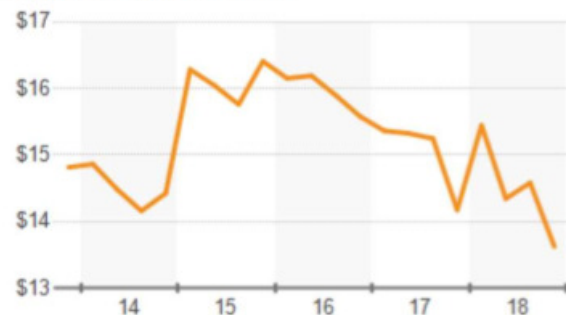
With 696 buildings and 10,381,287 square feet of office space Corpus has a vacancy rate of 7.6%. Gross rent on average is \$13.62psf. The 12-month absorption was negative at (121,419sf) however, the 5-year average was a positive 58,548 annually.

Figure 32: Corpus Christi Office Trends

Vacancy Rate



Gross Asking Rent Per SF

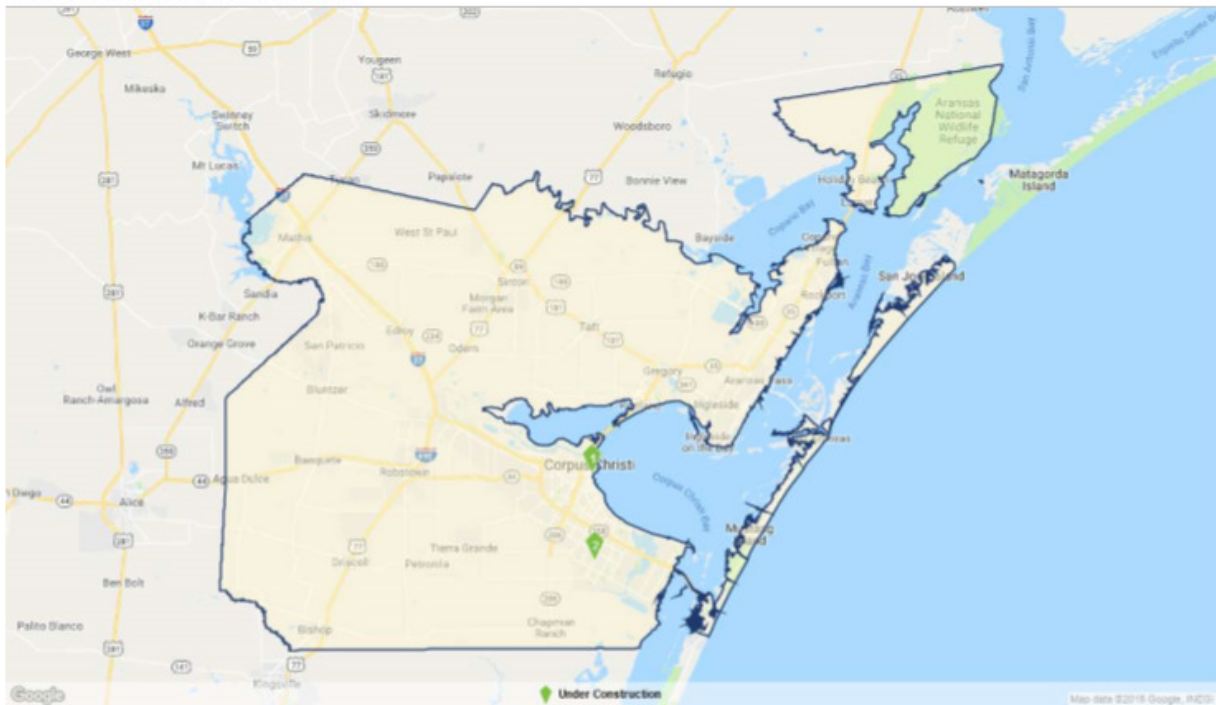


Demand	Survey	5-Year Avg
12 Mo. Absorption SF	-121,419	58,548
12 Mo. Leasing SF	282,112	306,086

There is 50,000sf under construction in two buildings. The buildings are 100% pre-leased.

Figure 33: Office Under Construction

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	501 S Shoreline Blvd	★★★★☆	40,000	-	Mar-2018	Apr-2019	-
2	S Staples St	★★★★☆	10,000	1	Mar-2018	Jan-2019	Golden Real Estate & Constructio...

Island Markets

Island Residential

In 2009, The Corpus Christi Association of realtors provided CDS | Spillette with data from the Multiple Listing Service (MLS) for 2007 through year to date 2009 for North Padre Island (both TIRZ and non-TIRZ areas).



Table 18: Median Home Sale Prices

North Padre Island

Year	Median Closing Price	Change
2007	\$231,000	
2008	\$232,500	\$1,500
2009 YTD	\$192,500	-\$40,000

The data, as presented in the table to the left show that the median closing prices for the time period indicated a significant shift in pricing for 2009.

Source: Corpus Christi Association of Realtors

At 2018, local realtors from Coastline Properties, Coldwell Banker, and Padre Escapes along with local appraiser Rick Sowash provided data on the North Padre real estate market to CDS. Interior SFR have shown the most appreciation over the past ten years at 32.9%, followed by Water SFR at 28.4%.

Table 19: Island Residential Sales

Year	Interior SFR			Water SFR			Interior Condo/Townhome			Water Condo/Townhome		
	Avg Price	# Sold	DOM	Avg Price	# Sold	DOM	Avg Price	# Sold	DOM	Avg Price	# Sold	DOM
2009	\$197,000	77	31	\$344,923	73	138	\$146,328	46	93	\$162,265	51	184
2010	\$185,196	91	84	\$347,461	109	164	\$116,227	35	154	\$159,006	58	140
2011	\$186,260	86	96	\$352,965	113	144	\$120,026	27	81	\$135,745	56	169
2012	\$186,286	118	91	\$370,500	115	143	\$156,551	88	100	\$159,333	77	188
2013	\$215,451	128	147	\$397,758	136	152	\$152,700	26	127	\$169,951	95	143
2014	\$220,374	126	120	\$440,169	130	129	\$165,294	27	248	\$179,918	85	152
2015	\$252,305	104	119	\$425,113	104	129	\$146,389	22	176	\$187,222	64	139
2016	\$246,177	144	99	\$446,713	138	162	\$191,713	71	154	\$196,469	36	165
2017	\$258,633	147	128	\$440,527	134	137	\$170,707	39	153	\$198,246	81	199
2018	\$261,802	180	110	\$442,789	121	119	\$174,845	50	180	\$203,171	89	219

Sources: Coastline Properties, Coldwell Banker, and Padre Escapes

Multifamily

There are 272 multifamily rental units on the island. Vacancy is at 7.1%.

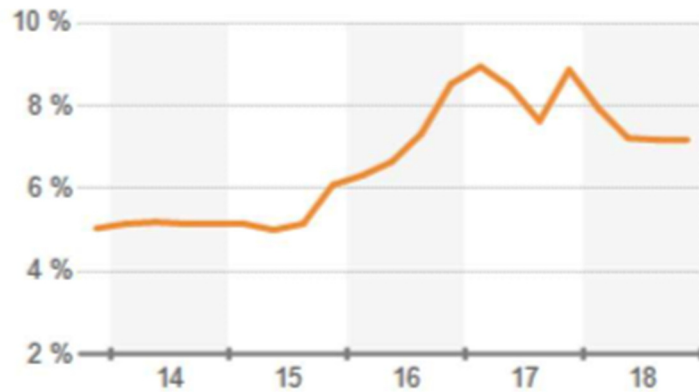
There are no Class A units in this market. The newest property was constructed in 2008, over ten years ago according to CoStar.

Vacancy has been steadily increasing from 2015 to 2017. Recently, vacancy has decreased somewhat.

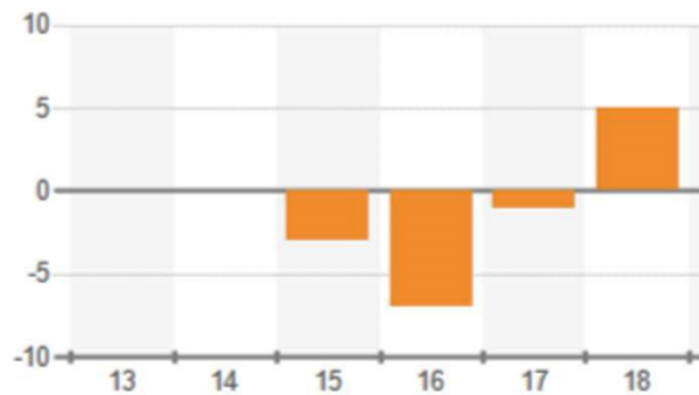
Absorption has been fairly negative on the island over the past four years.

Figure 34: Island Multifamily Trends 2014-2018

Vacancy Rate



Absorption Units



Source: CoStar

Table 20: Island Multifamily Supply

Building Address	Building Name	Building Class	Number Of Units	Vacancy %	Year Built
15301-A-15301-C Bonasse Ct		C	3	0	2002
15302-101-15302-106 Bonasse Ct		C	6	0	1985
15305 Bonasse Ct		B	4	0	2003
15305-A-15305-B Bonasse Ct		C	2		2002
15306-201-15306-204 Bonasse Ct		C	4	0	
15309-A-15309-C Bonasse Ct		C	3	0	2001
15310-A-15310-D Bonasse Ct		C	4	0	2005
15313-A-15313-D Bonasse Ct		B	4	0	2001
15314-A-15314-C Bonasse Ct		B	3	0	2005
15317-1601-15317-1606 Bonasse Ct		B	2	0	1999
15318-A-15318-D Bonasse Ct		B	8	12.5	1992
15322-601-15322-604 Bonasse Ct		B	4	0	
15325-A-15325-D Bonasse Ct		B	4	0	
15325-E-15325-H Bonasse Ct		B	4	0	2001
15326-701-15236-704 Bonasse Ct		B	4	0	
15330-801-15330-804 Bonasse Ct		B	4	0	
15334-900-15330-1005 Bonasse Ct		B	10	10	
15337-1101-15337-1203 Bonasse Ct		B	6	16.67	
14418-101-14418-203 Cabana	Shuffleboard Condominiums	C	6	0	1985
14142 E Cabana		C	13	15.38	1983
14414 E Cabana St		C	2	0	
14130-101-14130-106 Cabana East St		B	6	16.67	
14137-1-14137-4 Cabana East St		B	4	0	
14142-1-14142-4 Cabana East St		B	13	7.69	1983
14402-A-14402-F Cabana East St		B	6	16.67	1992
14406-1-14406-6 Cabana East St		B	6	16.67	1979
14409-1-14409-4 Cabana East St		B	4	0	1998
14502-101-14502-203 Cabana East St		B	6	16.67	
14401 Commodores Dr	Fairway Villas	B	8	12.5	
14427-A-1-14427-B-18 Compass St		C	18	11.11	
14435-A-14435-F Compass St		B	6		
14439-1-14439-13 Compass St		B	14	7.14	
15409 Fortuna Bay Dr		B	18	11.11	1998
15125 Leeward Dr	Lake Shore Villas	B	16	6.25	
15300 Leeward Dr		B	16	6.25	
14300 S Padre Island Dr		B	20	10	
14213 Sand Dollar Ave		C	1		1966
15422 Seamount Cay Ct	La Joya de la Costa	B	13	0	

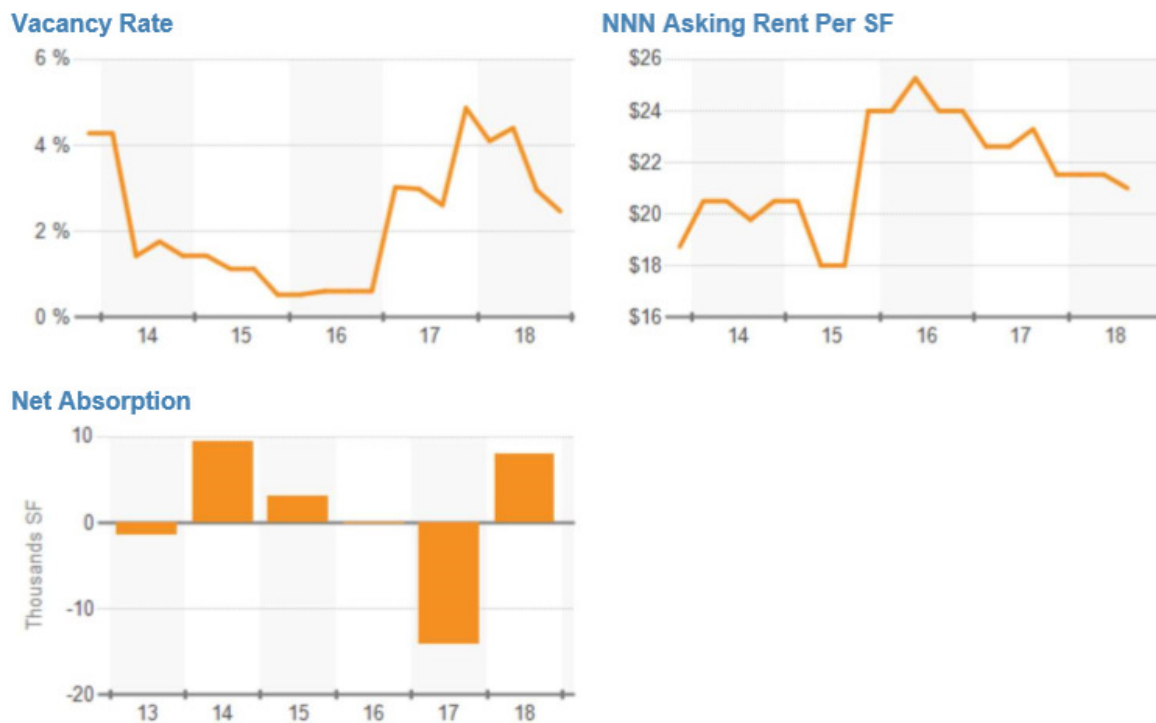
Building Address	Building Name	Building Class	Number Of Units	Vacancy %	Year Built
15217 Windward Dr		B			2008
TOTAL/AVERAGES			275	5.52	1994

Although not reported by CoStar, Island realtors have indicated that 200 units are planned on the island by an undisclosed developer.

Retail

There are 56 retail/commercial buildings on the island with a total of 341,481 square feet. The vacancy rate is 2.5% with rents at \$21NNN on average. Currently there is one 10,566 square feet of space under construction (Dollar General). Absorption has been mildly positive at 5740sf on average per year over the past five years.

Figure 35: Island Retail Trends



Source: CoStar

Table 21: Island Retail Supply

Building Address	Building Name if Applicable	Building Park if Applicable	Building Status	Rentable Building Area	Percent Leased	Year Built
14802 Compass St			Existing	3,520	100	1998
14812 Compass St			Existing	1,355	100	
14814 Compass St			Existing	1,530	100	1999
15241 Leeward Dr			Existing	6,536	100	1986
14330-C Padre Island Dr			Existing	2,750	100	1980
15541 Padre Island Dr			Existing	1,290	100	1970
15817 Padre Island Dr S			Existing	928	100	1970
13309 S Padre Island Dr			Existing	301	100	
13313 S Padre Island Dr			Existing	1,004	100	2005
13313-B S Padre Island Dr			Existing	237	100	
13915-13947 S Padre Island Dr		Day & Night Boardwalk	Existing	10,000	100	1978
14005 S Padre Island Dr			Existing	3,277	100	1994
14049 S Padre Island Dr			Existing	8,111	100	1985
14201 S Padre Island Dr			Existing	8,618	100	2005
14225 S Padre Island Dr		Big Shell Plaza	Existing	10,000	70	1984
14237 S Padre Island Dr			Existing	4,065	100	1997
14245 S Padre Island Dr	Loma Alta Plaza		Existing	24,754	100	2007
14330 S Padre Island Dr			Existing	21,155	75.63	2001
14401 S Padre Island Dr			Existing	1,483	100	2002
14426 S Padre Island Dr			Existing	7,190	100	2003
14457 S Padre Island Dr		Padre Station	Existing	7,901	100	2007
14493-A-14493-I S Padre Island Dr	Mail & More Plaza		Existing	12,097	100	1996
14501 S Padre Island Dr			Existing	7,772	100	2004
14514 S Padre Island Dr			Existing	19,719	100	
14517 S Padre Island Dr			Existing	1,521	100	1983
14525 S Padre Island Dr			Existing	11,578	100	2007
14601 S Padre Island Dr			Existing	3,945	100	2000
14602 S Padre Island Dr			Existing	5,078	100	1984
14613 S Padre Island Dr			Existing	6,392	100	1995
14630 S Padre Island Dr			Existing	2,727	100	1986
14633 S Padre Island Dr			Existing	4,989	100	1983
14701 S Padre Island Dr	Marina Plaza	Marina Plaza	Existing	4,667	100	2006
14805 S Padre Island Dr			Existing	323	100	1993
14813 S Padre Island Dr			Existing	2,233	100	1994
15101 S Padre Island Dr			Existing	2,224	100	2000
15121 S Padre Island Dr			Existing	2,475	100	2005
15125 S Padre Island Dr			Existing	2,212	100	2006
15137 S Padre Island Dr			Existing	4,563	100	1988
15217 S Padre Island Dr		Padre Professional Plaza	Existing	16,203	100	2004
15233 S Padre Island Dr	Stripes - Citgo		Existing	3,180	100	1995
15302 S Padre Island Dr			Existing	16,773	100	2004

Building Address	Building Name if Applicable	Building Park if Applicable	Building Status	Rentable Building Area	Percent Leased	Year Built
15313 S Padre Island Dr			Existing	4,531	100	
15326 S Padre Island Dr	North Padre Retail Center		Existing	15,946	100	2008
15370 S Padre Island Dr			Existing	7,514	100	
15402 S Padre Island Dr			Under Construction	10,566	100	2018
15605 S Padre Island Dr			Existing	4,000	100	1990
15605-a S Padre Island Dr			Existing	2,213	100	1990
15605-B S Padre Island Dr			Existing	3,321	100	2001
15605-C S Padre Island Dr			Existing	4,242	100	
15715 S Padre Island Dr	Tradewinds Business Center		Existing	7,200	100	2004
15962 Palmira Ave			Existing	6,328	100	
14301 S Padre Island Dr			Existing	2,296	100	1986
15137 SPID Dr			Existing	3,366	100	1988
14414 Tx-361			Existing	3,357	100	1986
14430 Tx-361			Existing	5,000	100	1987
14414 Whitecap Blvd			Existing	3,954	100	1992
15202-B Windward Dr	Holiday Inn		Existing	971	100	
TOTAL/AVERAGES				341,481	99.05	1995

Source: CoStar

TIRZ Consumer Buying Power

As shown earlier in this report, the City's effective buying income of \$60,804 on average per household is considered low compared to the TIRZ EBI at \$91,194.

Table 22: Household Effective Buying Income

City of Corpus Christi

Category	Number	% of Total
Total Households	124,221	
EBI Less than \$15,000	16,348	13.16%
EBI \$15,000 to \$24,999	14,866	11.97%
EBI \$25,000 to \$34,999	14,216	11.44%
EBI \$35,000 to \$49,999	20,084	16.17%
EBI \$50,000 to \$74,999	25,118	20.22%
EBI \$75,000 to \$99,999	17,426	14.03%
EBI \$100,000 to \$124,999	6,750	5.43%
EBI \$125,000 to \$149,999	3,856	3.10%
EBI \$150,000 to \$199,999	2,724	2.19%
EBI \$200,000 to \$249,999	628	0.51%
EBI \$250,000 to \$499,999	1,740	1.40%
EBI \$500,000 or more	465	0.37%
2017 Average Effective Buying Income	\$60,804	

Source: US Census, American Community

Survey, PCensus

TIRZ 2

Category	Number	% of Total
Total Households	634	
EBI Less than \$15,000	18	2.77%
EBI \$15,000 to \$24,999	32	4.99%
EBI \$25,000 to \$34,999	53	8.42%
EBI \$35,000 to \$49,999	137	21.66%
EBI \$50,000 to \$74,999	151	23.78%
EBI \$75,000 to \$99,999	75	11.89%
EBI \$100,000 to \$124,999	43	6.78%
EBI \$125,000 to \$149,999	38	6.06%
EBI \$150,000 to \$199,999	41	6.41%
EBI \$200,000 to \$249,999	10	1.60%
EBI \$250,000 to \$499,999	27	4.34%
EBI \$500,000 or more	8	1.30%
2017 Average Effective Buying Income	\$91,194	

Source: US Census, American Community Survey, PCensus

Retail Sales Trends

Zip Code 78418 includes the Island as well as the mainland area near the bridge. Sales for the zip indicates that 2016 had higher overall sales compared to 2014 and 2017. Motor Vehicles and Parts showed a significant increase in sales in 2016. Food and Beverage stores show the highest retail sales. This category includes grocery stores which are located on the mainland in the zip code.

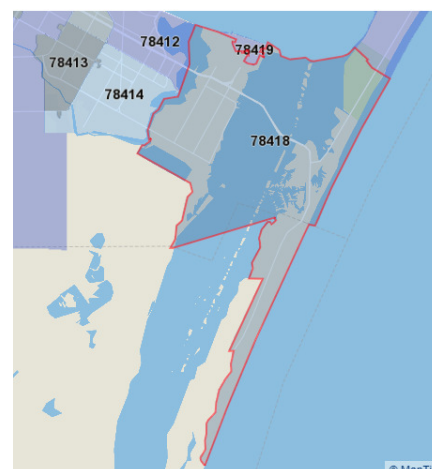


Table 23: Actual Retail Sales in 78418, 2015 to 2Q 2018

NAICS Code	NAICS Category	2015	2016	2017	Q1/2 2018
441	Motor Vehicle & Parts Dealers	22,456,588	62,722,935	38,263,075	12,117,784
442	Furniture & Home Furnishings	1,285,595	1,060,777	1,023,515	354,838
443	Electronics and Appliance Stores	2,127,992	2,113,229	2,280,399	1,033,070
444	Building Material & Garden Equipment	N/A			
445	Food & Beverage Stores	107,783,682	109,877,975	119,606,377	66,926,032
446	Health & Personal Care Stores	10,530,417	10,669,152	10,649,472	
447	Gasoline Stations	37,661,222	38,472,476	37,705,472	10,770,863
448	Clothing & Clothing Accessories	3,721,323	3,678,557	3,956,405	2,137,977
451	Sporting Goods, Hobby, Book, & Music	6,696,769	6,578,340	7,368,645	3,469,950
452	General Merchandise	64,481,599	65,793,124	68,093,933	34,124,660
453	Miscellaneous Store Retailers	6,701,435	5,890,635	5,379,046	2,493,606
721	Accommodations	1,803,774	883,539	1,285,067	1,150,162
722	Drinking and Eating Places	50,220,192	51,656,544	53,305,124	28,260,462
	Grand Total	315,470,588	359,397,283	348,916,530	162,839,404

Source: Texas Comptroller of Public Accounts for 2015-2018

Retail Surplus/Leakage

Comparing 2017 actual sales to projected expenditures there is a surplus in several categories. The aggregate expenditure estimates for the zip are lower in Food and Beverage Stores, Sporting Goods/Hobby/Book, and General Merchandise. This indicates that residents outside the zip are shopping inside the zip for these items (tourists). The category representing the highest surplus is Food and Beverage Stores which includes grocery stores.

Leakage is occurring in this zip in Motor vehicles/Parts, Furniture/Furnishings, Clothing/Accessories, and Food Services. Where Leakage occurs, an opportunity is indicated in the market. The TIRZ could definitely benefit from these retailers.

Table 24: Comparison of Actual Sales with Expected Household Expenditures for ZIP 78418

BUSINESS CATEGORY DESCRIPTION	Actual Sales 2017	Total Expenditures Demand	Surplus or (Leakage)
Motor Vehicle & Parts (441)	38,263,075	73,831,776	(35,568,701)
Furniture and Home Furnishings Stores (442)	1,023,515	6,787,756	(5,764,241)
Food and Beverage Stores (445)	119,606,377	40,590,664	79,015,713
Health and Personal Care Stores (446)	10,649,472	19,700,266	(9,050,794)
Clothing and Clothing Accessories Stores (448)	3,956,405	16,637,994	(12,681,589)
Sporting Goods, Hobby, Book, and Music Stores (451)	7,368,645	3,831,046	3,537,599
General Merchandise Stores (452)	68,093,933	43,503,888	24,590,045
Food Services and Drinking Places (722)	53,305,124	72,059,023	(18,753,899)

Source: Texas Comptroller of Public Accounts 2018, PCensus

78418 PRIZM Segments (Potential Rating Index for Zip Marketers)

Psychographic analysis is used to identify consumer segments and match retail demand categories in the trade area. CDS has broken down the market area resident populations utilizing a consumer segmentation methodology. This system is used to understand and profile the population in the market area for the purpose of targeting the largest consumer lifestyle segments. Every household is defined in terms of 66 demographically and behaviorally distinct groups. Specific lifestyle segments will be quantified and ranked for the trade area. The top segments, described in this section, are correlated to likes, dislikes and purchase behavior relative to retail goods and services. The largest household segment in the Zip is White Picket Fences (13.9%) followed by Country Squires (10%).

Table 25: Top 10 PRIZM Segments of the Population in the Competitive Market Area

Households by PRIZM Segment	Households	% of Total Households
29 White Picket Fences	1,944	13.93%
Residents in White Picket Fences look a lot like the stereotypical American household of a generation ago: upper-middle-class and married with children. But the current version reflects changing patterns, with some parents just beginning to start families while others approach the empty-nest stage as their children age. They enjoy reading, following sports, and DIY projects and crafts.		
05 Country Squires	1,396	10.01%
The wealthiest residents in exurban America live in Country Squires, an oasis for affluent Baby Boomers who've fled the city for the charms of small-town living. In their bucolic communities noted for their recently built homes on sprawling properties, the families of executives live in six-figure comfort.		
36 Toolbelt Traditionalists	1,305	9.35%
Like many other older segments, Toolbelt Traditionalists have empty nests. If something needs to be fixed, they are likely to do the work themselves with their own power tools or paint. They enjoy the benefits of AARP and are frequent QVC and HSN shoppers.		
09 Big Fish, Small Pond	1,237	8.87%
Older, upper-class, college-educated professionals, the members of Big Fish, Small Pond are often among the leading citizens of their small-town communities. These upscale, empty-nesting couples enjoy the trappings of success, including belonging to country clubs, maintaining large investment portfolios, and spending freely on computer technology.		

Households by PRIZM Segment	Households	% of Total Households
59 New Melting Pot	1,081	7.75%
New Melting Pot neighborhoods are populated by a blend of ethnically diverse, young families and singles in the nation's second cities. They are mainly high school graduates that rent and work in a mix of service jobs. They are big fans of gospel music, wrestling, and monster trucks.		
53 Lo-Tech Singles	905	6.49%
Lo-Tech Singles are older households centered mainly in the nation's second cities. Residents are below average in their technology use, choosing instead a night out at a restaurant as their evening entertainment.		
30 Pools & Patios	449	3.22%
Pools & Patios is a segment of middle-aged suburban families. In these stable neighborhoods graced with backyard pools and patios, residents work as white-collar managers and professionals, and are now at the top of their careers. They are above average technology users, often researching products and shopping online.		
38 Hometown Retired	435	3.12%
Hometown Retired consists of older, midscale couples with no kids at home. Somewhat set in their ways, they are slow to adopt and below average in their use of technology. They watch the news on television and enjoy reading and eat out occasionally at places that they deem to offer a good value.		
37 Bright Lights, Li'l City	425	3.05%
Not all of America's chic sophisticates live in major metros. Bright Lights, Li'l City is a group of well-off, college educated, middle-aged couples settled in the nation's satellite cities and suburbs. Despite living further out from the urban downtowns, they still like to go out on the town with frequent meals out and karaoke evenings.		
67 Park Bench Seniors	367	2.63%
Park Bench Seniors are typically retired singles living in the racially diverse neighborhoods of the nation's satellite cities. With modest educations and incomes, these residents maintain low-key, sedentary lifestyles. They spend a lot of time watching TV, especially talk shows and game shows.		

Source: US Census, American Community Survey, PCensus

Office

The Island office market includes 25 buildings with 157,042 square feet of space. The majority of the space is Class B as opposed to Class A which uses the latest finishes, upgrades, and amenities. The office market has a 100% occupancy rate. Unfortunately, rents were not reported in this market. There is no construction currently in this market. There has been no new construction since 2008 at which time approximately 25,800 sf was built.

Table 26: Island Office Supply

Building Address	Building Name if Applicable	Building Class	Rentable Building Area	Percent Leased	Year Built
14602 Compass St		B	3,153	100	2000
14650 Compass St	Compass Plaza	B	13,139	100	
14015 Fortuna Bay Dr		B	2,471	100	
14302 Nemo Ct		B	2,183	100	2004
14200 S Padre Island Dr		B	2,486	100	1979
14252 S Padre Island Dr	Visitor Information Center	B	2,470	100	
14433 S Padre Island Dr	The Medical Center	B	18,393	100	2004
14537 S Padre Island Dr		B	20,000	100	
14641 S Padre Island Dr		B	1,985	100	2006
14717 S Padre Island Dr		B	7,335	100	1999
14725 S Padre Island Dr		B	22,410	100	2004
14937 S Padre Island Dr		B	1,886	100	2002
14941 S Padre Island Dr		B	1,626	100	1994
14945 S Padre Island Dr		B	4,868	100	1998
15033 S Padre Island Dr		B	2,499	100	2004
15037 S Padre Island Dr		B	3,600	100	1995
15105 S Padre Island Dr		B	2,486	100	1997
15201 S Padre Island Dr		B	8,862	100	2005
15201-15209 S Padre Island Dr	Bldg. B	B	10,739	100	2008
15209-200--230 S Padre Island Dr	Executive Suites	B	919	100	2004
15481 S Padre Island Dr		B	3,432	100	1984
15962 Palmira		B	1,848	100	1997
13702 Sea Horse Ave		C	1,612	100	1999
15217 South Padre Island Dr	Phase II	B	15,000	100	2008
14617 South Padre Island Dr	Lot #3	C	1,640	100	1986
TOTALS/AVERAGES			157,042	100	1998

Source: CoStar; CDS

Tourism and Hospitality

The Gulf Coast tourism region contains 20 counties and includes five prominent MSAs: Houston-The Woodlands-Sugar Land (which includes Galveston), Beaumont-Port Arthur, Corpus Christi, Victoria, and Brownsville. The Gulf Coast region's share of domestic travel to and within Texas ranked no. 2 out of the seven Texas tourism regions in 2017. This region saw an increase of total tourism spending in 2017 by +9.3%. Top tourism activities within the region include Beach/Waterfront Activities, Shopping, Dining Experiences, Nightlife, and Historic Sites.

Corpus Christi received approximately 9.9 million visitors in 2017 according to research by the Corpus Christi Convention and Visitors Bureau (CVB), about 74% of area visitors are from Texas. Tourism generates an annual economic impact of \$1 billion for the Corpus Christi Region.

North Padre Island attracts tourists for its beaches and fishing. To accommodate these visitors, there is a large stock of vacation rental housing. North Padre Island (78418) offers hotel/Condo properties in sixteen hotels containing 736 rooms.

Historical data for hotels in the 78418 zip code show a fluctuation in number of rooms over the past five years.

Hurricane Harvey which hit in August of 2017 has influenced the market with higher occupancies and REVPAR due to construction workers in the nearby areas.

A detailed list of hotels within zip code 78418 are in the table at right. The hotels that are differing in type, quality, and size. The most recent occupancy figures show a range from 45.8% to 72.9% for an average of 64.7%. REVPAR on average is \$82.22.

All of the highlighted properties (orange) are located within TIRZ #2. As seen TIRZ#2 has a higher RevPAR than the City overall.

Holiday Inn Gulf Beach with 149 rooms is closed and under remodel due to Hurricane Harvey. The hotel is expected to re-open for Summer 2019.

Table 27: MSA Historical Hotel Trends 78418

Year	# Rooms	\$ Room Revenue	Occupancy	RevPAR
2013	715	\$16,318,643	50.9%	\$63.54
2014	735	\$16,551,080	51.9%	\$65.30
2015	709	\$15,897,110	53.1%	\$67.95
2016	715	\$15,455,190	51.8%	\$66.08
2017	736	\$19,259,113	64.7%	\$82.22

Source: Source Strategies, CDS

Table 28: 78418 Hotel Performance, 2017

Hotel Name	# Rooms	\$ Room Revenue	Occupancy	RevPAR
Schlitterbahn	32	\$1,966,369	68.6%	\$168.35
Island House	44	\$2,098,446	72.9%	\$131.32
Fortuna Bay	8	\$94,525	69.2%	\$128.43
Bluff's Landing	24	\$743,247	65.8%	\$84.85
Best Western	40	\$1,227,663	68.8%	\$84.09
Holiday Inn Gulf Beach	149	\$3,378,023	56.8%	\$83.05
Holiday Inn Express	79	\$2,394,483	70.4%	\$83.04
Vacation Resorts Int'l	9	\$133,827	45.8%	\$81.35
La Quinta	60	\$1,706,347	70.7%	\$77.92
Regina Wilbanks	7	\$48,951	47.2%	\$76.01
Padre Escapes	48	\$1,250,476	56.3%	\$71.64
El Constantine Condo	24	\$450,668	51.4%	\$70.03
Hawthorn Suites	54	\$1,373,525	55.5%	\$69.69
Passport Inn	22	\$234,485	66.8%	\$38.76
Monterrey Motel	24	\$56,125	71.4%	\$25.42
Padre Motel	44	\$237,714	66.6%	\$19.65
TOTAL 78418	736	\$19,259,113	64.7%	\$82.22
TOTAL Corpus Christi	7,875	\$182,380,838	62.5%	\$65.58
TIRZ #2	552	\$16,080,485	63.82%	\$87.78

Source: Source Strategies 2017 Annual, 2018 data not available at time of report. Orange highlighted properties are in the TIRZ

Island Development Trends

The table below illustrates the 2010 - 2018 record of building permits. Commercial permitting occurred throughout the period (see the Commercial summary below). The most significant category of permitting was single family residences, the City issued 888 permits for new construction during the last nine years.

The new Commercial construction consisted of the projects listed in the table on the next page.

Table 29: Island Building Permit Trends

Number of Permits	2010	2011	2012	2013	2014	2015	2016	2017	2018*
Commercial	1	1		2	4	2	3	2	6
Residential									
New apartments									
New condo / townhouse	15	2		17	63	45	13	10	
New single family	30	39	101	151	111	94	130	113	119
Permit Valuations									
Commercial	1,539,671	211,000		1,623,408	1,015,153	450,344	3,875,000	747,690	3,217,002
Residential									
New apartments									
New condo / townhouse	922,400	181,200		1,786,419	6,596,510	7,812,048	2,338,347	3,013,402	
New single family	7,802,356	15,008,455	18,179,455	34,967,752	32,619,793	38,879,947	54,709,017	38,305,723	50,024,219

Source: City of Corpus Christi *thru 12/17/18

The commercial permits over the past eight years have totaled \$13,097,668. The square footage added to the market was 157,272 as shown in Table 30.

Table 30: TIRZ Commercial Development Permits

2010-2018

Tenant Name	Application Description	Permit Valuation	Permit Square Footage
SEASHORE MID. ACAD.-NEW	SEASHORE MIDDLE ACADEMY BLD 2-NEW	\$136,200	10,120
SEASHORE LEARNING -NEW	SEASHORE LEARNING CENTER BLD 5-NEW	\$112,000	6,336
PACKERY PARKING RR-NEW	PACKERY CHANNEL S. PARKING LOT RESTROOMS BLD 1-NEW	\$61,600	440
PACKERY PARKING RR-NEW	PACKERY CHANNEL S. PARKING LOT RESTROOMS BLD2-NEW	\$61,600	440
STORAGE BUILDING	COMMERCIAL NEW BUILDING	\$47,000	4,000
PELICAN PLAZA	PELICAN PLAZA-NEW	\$1,539,671	17,135
THE ISLAND CARWASH	New Commercial Construction	\$211,000	1,666
	NEW COMMERCIAL BUILDING	\$1,412,908	18,586
NORTH PADRE BOAT CENTER	3600 S.F. METAL BLDG. 1000 SF OFF., & 2600SF SHOP	\$210,500	3,600
PEZZI CONSTRUCTION	NEW CONSTRUCTION OF BUILDING	\$133,153	1,342
GRACE COMMUNITY CHURCH	NEW CONSTRUCTION	\$543,000	5,595
SMA SCHOOL CAFETERIA	SMA SCHOOL CAFETERIA	\$292,000	2,640
JOHN PEZZI	STORAGE BUILDING	\$47,000	4,000
PADRE ESCAPES LAUNDRY	NEW LAUNDRY FACILITY	\$250,000	2,919
VERIZON TOWER	New concrete equipment pad w/canopy	\$30,000	312
BEACHWALK PLACE	NEW CONSTRUCTION OF CLUBHOUSE	\$170,344	2,457
RUNNING LIGHT PUD	new pool house for Running Light PUD	\$7,000	140
COMPASS MEDICAL OFFICE	New Dr Office	\$368,000	3,296
	MICROTEL MOTEL	\$3,500,000	30,998
	WALDRON LAUNDRY	\$497,000	4,770
	ISLAND JOES COFFEE	\$250,690	2,255
SEASHORE MIDDLE ACADEMY	BUS BARN	\$71,940	1,500
SEASHORE LEARNING	NEW CLASSROOM BLDG 4	\$462,000	4,587
SEASHORE LEARNING	NEW CLASSROOM BLDG 5	\$1,050,000	10,030
SEASHORE LEARNING	NEW CLASSROOM BLDG 3	\$588,000	5,622
PADRE BALLI RV PARK PHASE 1		\$339,950	1,846
DOLLAR GENERAL STORE		\$705,112	10,640

Source: City of Corpus Christi

New Development In Process

Lively Beach

The most significant development project planned for the TIRZ in the 2009 update was Tortuga Dunes, located immediately north of the Packery Channel. This was to be an upscale residential development with 92 single family lots plus townhome sites. There was also land reserved for a Phase II with additional home lots and potentially condominiums. The developer projected the first homes to be built in 2010, with the pace of construction picking up rapidly in 2011.



UPDATE: Tortuga Dunes was never completed past the infrastructure. Currently the development under construction is now “Lively Beach”, a 160 unit rental condo facility.

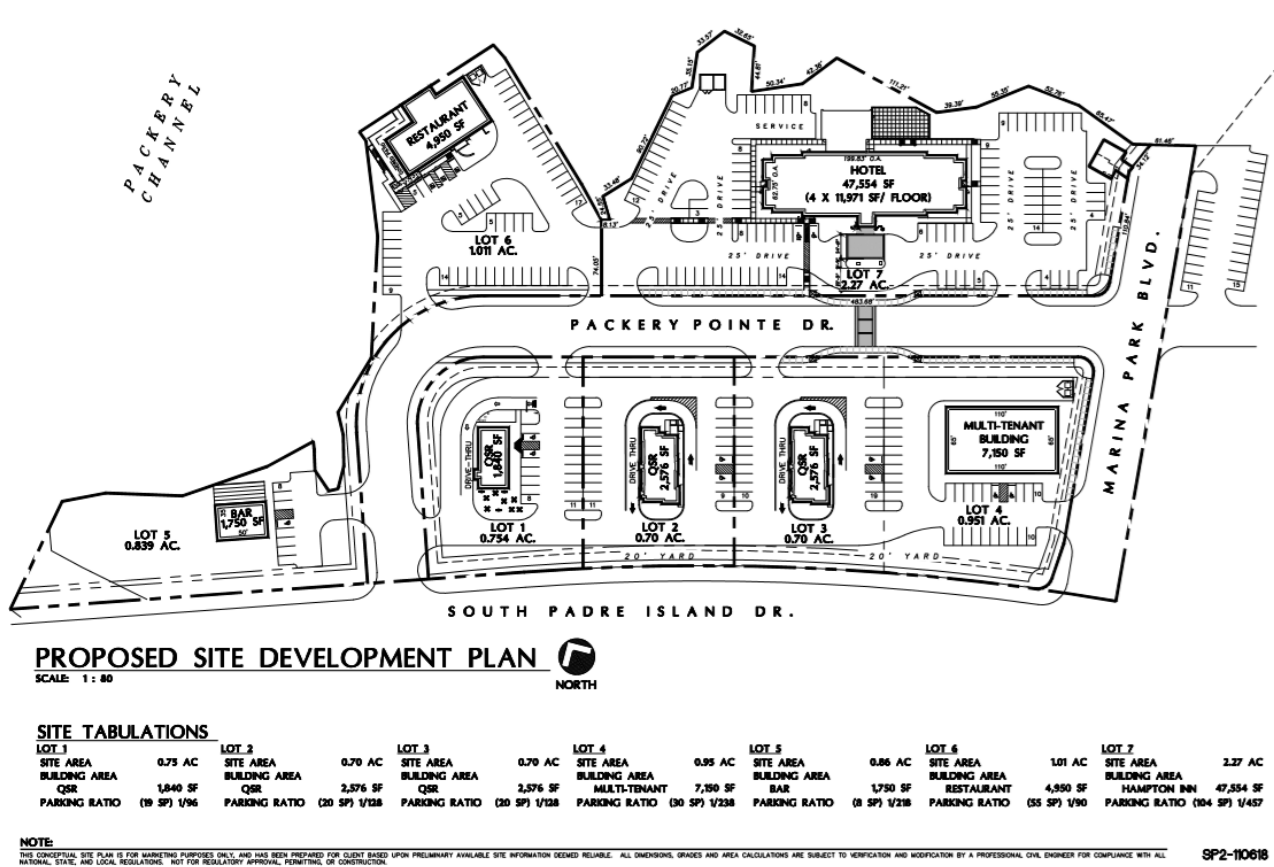
Phase 1 will consist of 28 Efficiency units, 14 one-bedroom units, and 4 two-bedroom units. This phase is scheduled to open February 2020. The new developer/owner is Jeff Lambkin.

Packery Pointe

At December 2018, land was being cleared on the Packery Channel Park site. The Packery Pointe development project is a 9.12 acre site owned by Turner Holdings. At January 2019 the preliminary plans include a Hampton Inn, Full Service restaurant, Bar, three Quick Serve restaurants, and a multi-tenant shopping center per Wandita Ford Turner, COO.

A site plan follows including 20,842 square feet retail/commercial and a 47,554 square foot hotel with 80 to 104 rooms depending on final pro forma.

Figure 36: Packery Pointe Site Plan



Impacts on Island Development

Plan CC Comprehensive Plan (September, 2016)

The predominant residential land use in the City of Corpus Christi is the single-family dwelling at a range of densities. Plan CC designates density levels for single-family housing, duplexes, townhouses, multifamily development, and mixed-use development, which can include housing. The purpose of this approach is to show multifamily housing locations. All residential categories also include schools, churches, and neighborhood-serving public uses. Where small enclaves of residential uses are surrounded by existing or planned light-industrial or intensive commercial uses, rezoning should not perpetuate or enlarge these enclaves.

Single-Family • Low-density residential: up to 3 units per acre • Medium-density residential: 4 to 13 units per acre (including two-family dwellings) • High-density residential: more than 13 units per acre

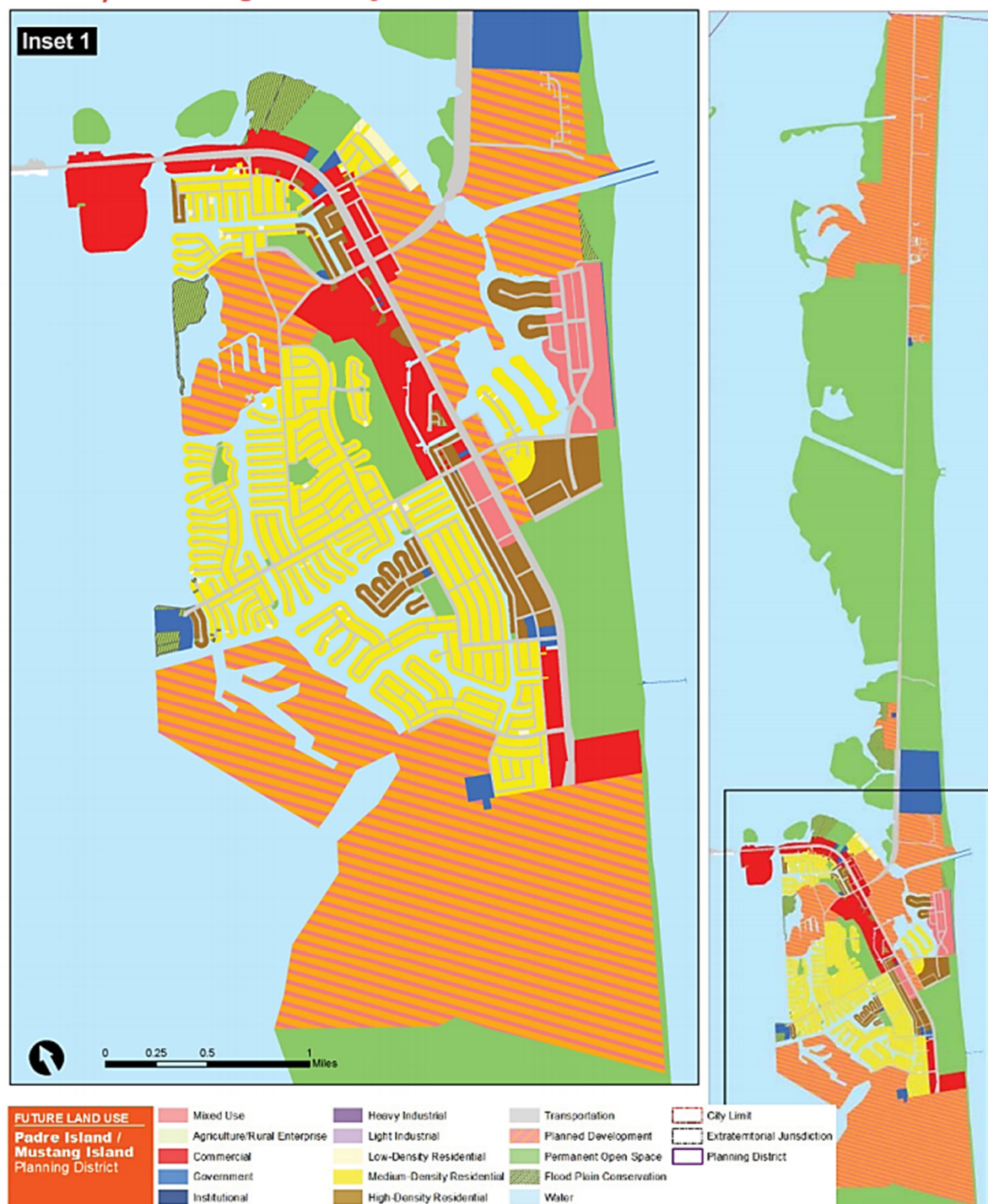
Multifamily • Multifamily development can range from small apartment buildings with three or four units and townhouse developments to large apartment buildings. • Smaller buildings of no more than three stories can coexist with neighborhoods of predominantly single-family housing, preferably located at intersections or on collector streets.

Preferred locations for larger buildings include downtown and downtown-adjacent areas, locations within a walkable distance of urban village cores, and transportation and transit corridors.

Commercial land uses include retail and office uses that are typically open to the public at large. Other commercial uses, such as wholesale and distribution businesses, are included in the light industry category because they have similar impacts, such as high volumes of trucking. In Corpus Christi, 60 percent of retail development is located in the SH 358/South Padre Island Drive corridor. The concentration of retail and other commercial businesses in this corridor is unlikely to change, particularly because so much of it is located on frontage roads to the highway. The desired change is for redevelopment and transformation of this commercial area into higher-value and more attractive development with higher design standards. Schools, churches, and neighborhood-serving public uses can be included in commercial land use areas.

Planned development areas are lands that are currently undeveloped or underutilized but may be suitable in the future for a variety of uses, taking into account environmental and other constraints. Designated on Padre and Mustang islands and in the potential annexation areas, planned development areas are expected to require a rezoning tied to a master planning process or an Area Development Plan.

*Padre/Mustang Planning District **Future Land Use***



Regional Parkway PEL, March 2017

In 2017 the Corpus Christi Metropolitan Planning Organization (MPO) and the City of Corpus Christi — a regional transportation planning unit led by a Transportation Policy Committee comprised of area officials completed a study for the proposed federal/state funded Regional Parkway, which in its initial stages will connect Padre Island to State Highway 286, the Crosstown extension.

The purpose of the proposed Parkway is to alleviate congestion on South Padre Island Drive and provide an evacuation route for the growing Southside and Padre Island.

The Parkway would run parallel to SPID about seven miles south of it. At its eastern end on the Island it would terminate three miles south of Bob Hall Pier and two miles north of the National Seashore at its closest point. The east-west distance would be 15 miles. An extension of Rodd Field Road connecting with the Parkway would run 3.5 miles. All sections would be within the City's Extraterritorial Jurisdiction giving the city a measure of authority.

While the road would lead increased traffic quickly and conveniently onto the Island — creating more opportunity for business and residential development along its path with the added benefit of expansion of the tax base — the National Seashore's long pristine stretches would remain well to the south.

The study area for the Regional Parkway PEL Study is composed of Segment A and Segment B of the RPMC. These segments are located within the area for which CCMPO is required to perform transportation planning activities. The study area is south of the Corpus Christi city limits, specifically the Southside Planning District and the Flour Bluff Planning District, but within the City's extraterritorial jurisdiction (ETJ). The study area also crosses the northern limits of the Laureles Division of the King Ranch. The Regional Parkway PEL study area generally comprises of a one-mile buffer bounded on the east by PR 22 and on the west by SH 286. The PEL Study Area defines Segments A and B and is inclusive of the proposed extension of Rodd Field Road, which is bounded on the north by its intersection with Yorktown Boulevard. The Study Area limits are graphically depicted below.

Figure 37: Regional Parkway PEL

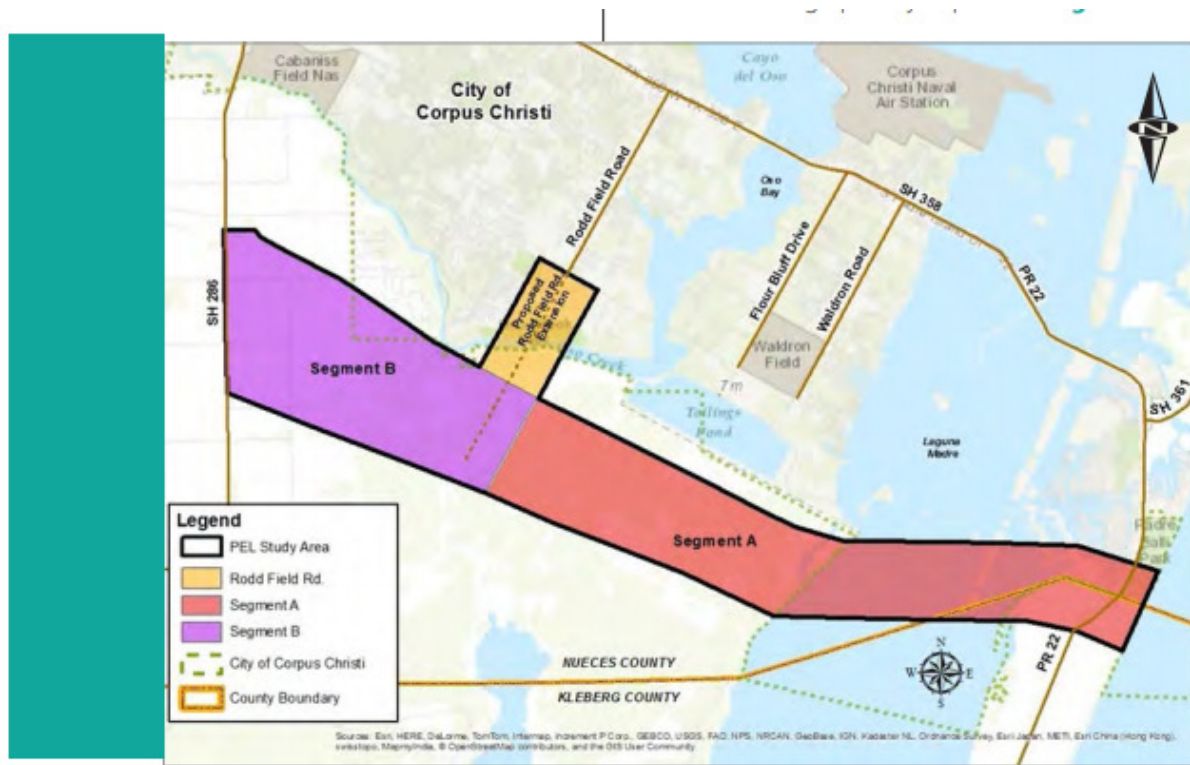


Figure 2: Regional Parkway PEL Study Area

Segment A begins on North Padre Island and extends west approximately 10 miles inland. This segment ranges in width from approximately 1.3 miles in the east to about 1.7 miles wide in the west and includes about 9,000 acres. The majority of this segment occurs within Nueces County; only a small portion of the southeastern edge of this segment lies within Kleberg County.

The modeling results suggest up to 7.6 percent of local traffic from South Padre Island Drive (SH 358) and PR 22 will divert to the proposed Regional Parkway alignment. The greatest diversion is projected for vehicles traveling to Padre/Mustang Islands. The traffic analysis indicates that network traffic operations will improve with the construction of a Regional Parkway alignment alternative from within Segments A, B, and/or the Rodd Field Road Extension. shift in traffic from away SH 358/PR 22, suggesting Regional Parkway will serve as an alternate access to and from Padre and Mustang Islands.

Next steps in the project planning process may include incorporation of the results of this PEL into the City of Corpus Christi's Urban Transportation Plan. Future planning efforts should include: further evaluation of strategies to avoid, minimize, and mitigate environmental impacts; consideration of additional connecting facilities; and assessment of potential funding strategies. Additionally, amendments to the City's Unified Development Code may be necessary to accommodate implementation of Regional Parkway.

Metropolitan Transportation Plan 2015 - 2040

The study area consists of Nueces and San Patricio counties. The Office of the State Demographer for the State of Texas distributes the most widely used population projections for Texas. Projection estimates in these tables and the methodology for migration scenarios have been revised as of November 2012 by the Texas State Data Center and Office of the State Demographer – now housed at University of Texas San Antonio. The following Table 3.3 represents population projections for the study area:

TABLE 3.3: POPULATION PROJECTIONS AND PERCENT CHANGE SINCE 2010										
YR	TOTAL	PCT*	ANGLO	PCT*	BLACK	PCT*	HISPANIC	PCT*	OTHER	PCT*
2010	405,027	---	139,200	---	13,080	---	241,541	---	11,206	---
2015	422,438	4.3	133,281	- 4.3	13,256	1.3	262,603	8.7	13,298	18.7
2020	440,297	8.7	126,763	- 8.9	13,375	2.3	284,517	17.8	15,642	39.6
2025	458,163	13.1	119,872	- 13.9	13,359	2.1	306,550	26.9	18,382	6.4
2030	473,307	16.9	112,096	- 19.5	13,147	0.5	326,561	35.2	21,503	91.9
2035	484,291	19.6	103,568	- 25.6	12,777	- 2.3	342,987	42.0	24,959	122.7
2040	491,526	21.4	94,742	- 31.9	12,221	- 6.6	355,899	47.3	28,664	155.8
2045	496,301	22.5	86,157	- 38.1	11,535	- 11.8	365,980	51.5	32,629	191.2
2050	499,429	23.3	78,251	- 43.8	10,798	- 17.4	373,488	54.6	36,892	229.2

*PCT – Denotes Percent Change

Schlitterbahn New Ownership

As reported on December 5, 2017, Corpus Christi Business News

An agreement reached in U.S. Bankruptcy Court in San Antonio Monday, Dec. 4., gives the owners of Schlitterbahn Corpus Christi Riverpark and Resort until Jan. 31 to reach an agreement that could keep the property from being sold at auction in February. The ruling came from U.S. Bankruptcy Judge Craig Gargotta, who had earlier ordered the appointment of a Chapter 11 trustee to oversee Upper Padre Island Partners, the company that controls development of 540 acres on Padre Island. That development includes the water park and hotel.

Also included are 270-acres of land surrounding the park which was slated for auction in Nueces County on Tuesday, Dec. 5. Axy's Capital Credit Fund sought to foreclose on that acreage in late November. The land is collateral for a \$16 million loan made to Upper Padre Island Partners.

The water park and resort were to be the centerpiece of the bigger development that included a river walk, residential and commercial properties and a marina. The city has been asked to build a bridge over a canal on Park Road 22 as part of the river walk. That may now be put on hold.

Estimated to be worth about \$552 million when completed, the project has been fraught with trouble since the beginning. Partners Gary Henry, president of Schlitterbahn in New Braunfels, his brother Jeff Henry, who designed all the Schlitterbahn parks, and Paul Schexnailder, who owns the land where the development is to be located, have not agreed on how to proceed.

According to court records, Gary Henry moved to put Upper Padre Island Partners into involuntary bankruptcy earlier in the year to stop Axys from foreclosing on the 270-acre parcel. The company could not file for bankruptcy on its own because all the partners did not agree to it.

The Dec. 4 decision concerns IBC Bank's attempts to foreclose on the actual waterpark and hotel, which was also used as collateral for a loan. The ruling gives the bankruptcy trustee more time to either find a buyer or work out another plan, which could include auctioning off the property.

If no agreement is reached by Jan. 31, IBC will move to foreclose on the property in February. Schlitterbahn opened in Corpus Christi in 2016 after about two years of delayed openings because of changes in the scope of the project.

Liens and work stoppages by contractors who were not being paid plagued the entire construction process. The attraction has yet to make a profit according to bankruptcy filings.

May 1, 2018 Caller Times

Schlitterbahn Corpus Christi has a new owner and management company. On May 1, International Bank of Commerce was the purchaser at the water park's foreclosure sale at the Nueces County Courthouse.

The San Antonio-based company bid \$20 million. There were no counter bids, said Jon Lowe, attorney with Martin & Drought, PC, a law firm in San Antonio.

"It's gone from a bank lender to a real estate-owned situation," Lowe told the Caller-Times. "The bank owns the property, so it has to do everything the owner would have to do: pay the bills, deal with insurance, etc."

The park will continue to operate as a licensed Schlitterbahn Riverpark & Resort, according to a news release.

Previously, IBC was the lien holder on the Schlitterbahn property and took over when Upper Padre Partners, LP, the original developers of the project on North Padre Island, failed to make payments of \$16 million on a 2015 loan, according to Nueces County court documents.

Lowe filed two deeds in the Nueces County district clerk's office. One deed is for the foreclosure sale to IBC. A second deed transferred ownership and management of the property to Diamond Beach Holdings, an affiliate company of IBC.

Figure 38 is a map from Corpus Christi Assistant City Attorney which displays the new ownership of Schlitterbahn park, golf course, and surrounding land. "Blue" area is now held by AXYS Capital and the "beige" is held by IBC.

Figure 38: New Schlitterbahn Ownership



An interview with Stephanie Pickett, General Manager of Schlitterbahn revealed the following Schlitterbahn Improvements:

- Drive-in/dive-in movie theater – November 2018
- Future plans include virtual reality attractions, escape rooms and eSports arenas to the facility (build out 3rd floor).
- The world's first lazy river eSports tournament is set for March.
- Ropes course, beach volleyball
- New restaurant/chef/menu
- Build out the 4th floor – Ballroom/meeting space for 800 capacity
- Complete \$3million Harvey repairs (mostly structural/insurance \$)

CDS made numerous attempts to contact IBC and AXYS directly. Unfortunately, they were unavailable via phone, email, and other contacts.

POTENTIAL DEMAND

Single Family Residential Demand – City of Corpus Christi

Demand for new construction of single-family homes is primarily rooted in the need to house additional population in an area. Therefore, we will quantify demand for new homes within the City based on the previously mentioned Corpus Christi Metropolitan Planning Organization (MPO) forecasts that have been prepared.

Table 31: City Projections

City	2018	2020	2025	2030	2035	Increase 2018- 2035
Population	330,925	338,971	359,086	379,201	399,328	68,403
Households	124,221	127,427	135,444	143,461	151,478	27,257
Employment	193,000	196,613	205,643	214,673	223,715	30,715

*italics denotes projections

Source: PCensus, MPO, CDS

CDS will use the projected growth for 2035 and apply it annually to the current population, households, and employment. Population is projected to grow at a rate of 4,023 per year, while households remain at 1,603 annually (CDS Estimated based on PCensus) and employment at 1,806 annually thru 2035 (Table 32).

To plan and project new housing units, the number of projected housing units is multiplied by the percentage of owners for single family homes. As shown using the 67.75% of households owning in the CMA (2018 estimate) there is a potential demand to support 9,852 new homes through 2030.

Table 32: City Single Family Demand

	2018	2020	2025	2030	2035
Total current and projected City households	124,221	127,427	135,444	143,461	151,478
Incremental household unit demand		3,206	8,017	8,017	8,017
City Single family demand (67.75%)		2,172	5,431	5,431	5,431
City Single Family Demand Annually		1,086	1,086	1,086	1,086

Sources: PCensus for Map Info, Copyright 2018 Tetrad Corporation, CDS

TIRZ Demand for Single Family

Currently, the TIRZ encompasses 0.005% of the City's Households (634 out of 124,221). Single Family development in the TIRZ accounts for 18.69% of the overall household units. Currently the TIRZ includes 37 improved residential lots (inventory) and 173 platted lots.

At this current rate of 18.69% applied to the expected growth, the TIRZ could absorb 24 new homes by 2035 (Table 33).

Table 33: TIRZ Single Family Demand

	2018	2020	2025	2030	2035
Total current and projected City households	124,221	127,427	135,444	143,461	151,478
Incremental household unit demand		3,206	8,017	8,017	8,017
TIRZ % of City HH growth (.005)		16	40	40	40
TIRZ Single Family (18.69%)		3	7	7	7

Corpus Christi Multifamily Demand

Multifamily development in the City accounts for 29.64% of the overall household units. Based on projections of households in the City, there is demand for 1,658 multifamily units by 2035 (Table 34).

Table 34: City Multifamily Demand

	2018	2020	2025	2030	2035
Total current and projected City households	124,221	127,427	135,444	143,461	151,478
Incremental housing unit demand		3,206	8,017	8,017	8,017
City Multifamily demand (29.64%)		950	2,376	2,376	2,376
Less Pipeline Units		-483			
City Ann. Multifamily Demand Based on HH Projections		233	475	475	475

Absorption in the market has on average been 427 units per year. Using this trend, the estimate of 475 units per year appears to be reasonable.

TIRZ Demand for Multifamily

Currently, the TIRZ encompasses 0.005% of the households. Multifamily accounts for 77.49% of the overall housing units. At this current rate applied to the expected growth, the TIRZ could absorb 105 multifamily units by 2035 (Table 35).

Table 35: TIRZ Multifamily Demand

	2018	2020	2025	2030	2035
Total current and projected City households	124,221	127,427	135,444	143,461	151,478
Incremental household unit demand		3,206	8,017	8,017	8,017
TIRZ % of City HH growth (.005)		16	40	40	40
TIRZ Multifamily (77.49%)		12	31	31	31

Retail Development Demand- Corpus Christi

Currently the City of Corpus includes 55 square feet of retail per person. Historically, 162,000 square feet has been absorbed annually over the past five years.

Table 36: City Retail Demand

	2018	2020	2025	2030	2035
Total current and projected City Population	330,925	338,971	359,086	379,201	399,328
Incremental Population growth		8,046	20,115	20,115	20,115
55 SF Retail Per Person		442,530	1,106,325	1,106,325	1,106,325
Less Retail Pipeline		(68,566)			
Retail Demand Annually Based on Projections		373,964	221,265	221,265	221,265
Annual Retail Demand Based on Historical Absorption		162,000	162,000	162,000	162,000

Based on historical absorption, CDS estimates that 162,000 square feet can be absorbed annually or 2.75 million square feet by 2035.

TIRZ Demand for Retail

Currently, the TIRZ encompasses 0.003% of the City's population. Retail on the Island accounts for 271 square feet per TIRZ resident. At this current rate applied to the expected growth, the TIRZ could absorb 49,050sf by 2035 (Table 37).

Table 37: TIRZ Retail Demand

	2018	2020	2025	2030	2035
Total current and projected City Population	330,925	338,971	35,9086	379,201	399,328
Incremental Population growth		8,046	20,115	20,115	20,115
TIRZ Population .003 of City		24	60	60	60
Island Retail 271 SF Per TIRZ Person		6,504	16,353	16,353	16,353
Less Island Pipeline		-10,460			
Retail Demand Annually		0	3,270	3,270	3,270

Historically the TIRZ has absorbed 5,740 square feet of retail per year. Based on historical trends, the annual demand estimate of 3,200sf appears to be reasonable.

The Packery Pointe development is proposing 20,842 square feet of retail currently. This may be all the retail that the Island can absorb over the next 5 to 10 years. Due to the lack of retail being built or built over the past 10 years, absorption is hard to predict based on population growth alone. The tourism market will contribute seasonally to the success of the retail market.

Office Development Demand - Corpus Christi

An office space per office employee factor for the past five years ranged from a high of 365 square feet in 2010 to a low of 150sf in 2017. In our analysis (Table 38), we will use 250 square feet.

Table 38: City Office Demand

City	2018	2020	2025	2030	2035
Current and Projected Employment	193,000	196,613	205,643	214,673	223,715
Incremental Employment Growth		3,612	9,030	9,030	9,030
52.65% Labor Force/Prof/White Collar		1,901	4,754	4,754	4,754
250 SF Per Job		475,250	1,188,500	1,188,500	1,188,500
Less Pipeline Office		(50,000)			
Incremental Demand		425,250	1,188,500	1,188,500	1,188,500
City Office Annual Demand		212,625	237,700	237,700	237,700

TIRZ Office Demand

The Island includes 25 buildings with 157,042 square feet of space or 1.5% of the overall City office supply. There are 624 employed in the TIRZ, 68.7% are white collar workers or .003 percent of the City's employment.

Table 39: TIRZ Office Demand

City	2018	2020	2025	2030	2035
Current and Projected Employment	193,000	196,613	205,643	214,673	223,715
Incremental Employment Growth		3,612	9,030	9,030	9,030
TIRZ .003 overall Office		14	27	27	27
68.78%TIRZ Labor Force/Prof/White Collar		9	19	19	19
250 SF Per Job		2,407	4,750	4,750	4,750
Incremental Annual Demand		1,203	950	950	950

Over a seven year period, the TIRZ can absorb approximately 7,157 square feet of office space.

Hotel and Tourism

The TIRZ includes 552 rooms with 149 rooms offline due to Harvey. Occupancy is currently 63.8% with RevPAR at \$87.78.

With the reintroduction of 149 rooms and the proposed Hampton Inn at Packery Pointe (80 - 104 rooms), plus the large number of rentals (condos, townhomes homes) on the Island, CDS estimates no immediate new hotel development over the next five to ten years in the TIRZ.

PROPERTY ACCOUNT AND TIRZ VALUE ANALYSIS

The results of the market study update have been translated into projections of new development and TIRZ assessed values for the remaining existing zone term and a potential twenty-year extension.

New Development Projections – Quantities and Values

The projections of new development in the near term are based on the findings of supportable new development in the Market Analysis and an assessment of known projects underway, most notably Lively Beach and Packery Pointe, plus the reopening of the rehabbed Holiday Inn. CDS projected assessed values of these new projects based on existing comparable properties on North Padre Island and southern Corpus Christi.

Key assumptions in the projections include:

- In the absence of a new market dynamic for the Island, supportable new development will adhere to the limits suggested by the Market Analysis.
- Based on anecdotal research obtained during the Market Analysis, the projections assume that Lively Beach will be 100% rental units.
- The major future assumption included in these projections is that a new bridge and associated channel are constructed on Park Road 22 north of the Nemo Court intersection. This improvement will be designed in such a way so as to become an attractive public amenity and destination that supports new commercial development along its adjacent frontages in a walkable outdoor configuration. The completion of this project occurs soon enough to spur initial adjacent retail under construction starting in 2025 and open in 2026. This significant new element of the Island's attractiveness is enough to spur other new developments that happen earlier and in larger quantities than without the bridge and channel project.
- The projections do not incorporate any new development value specific to the current waterpark and hospitality venue at 14353 Commodore Drive.
- All new development is allocated 30% of total new assessed market value during the interim construction year with the remainder added the following year.
- For all new single family and condominium units, 10% of new market value is assumed to be reduced to exemptions at year of completion to calculate new taxable value.

The projections of new development quantities and assessed values are provided in the following tables.

Table 40: Projected TIRZ 2 New Development Quantities

Development Land Use	Calendar Year Of Completion													
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Residential (units)														
Lively Beach		46		40		40		34						
Future condos										30			30	
Future single family				10			10		10		10		10	
Future multifamily apartments										100				
Commercial														
<u>Packery Pointe</u>														
Hotel (rooms)		100												
Retail (sq.ft.)		14,142	6,698											
Reopened hotel (rooms)	149													
Future hotel (rooms)									130					
Future retail (sq.ft.)								15,000						

Development Land Use	Calendar Year Of Completion										Total
	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	
Residential (units)											
Lively Beach											160
Future condos		30			30			30			150
Future single family	10		10		10		10		10		100
Future multifamily apartments	100								100		300
Commercial											
<u>Packery Pointe</u>											
Hotel (rooms)											100
Retail (sq.ft.)											20,840
Reopened hotel (rooms)											149
Future hotel (rooms)					130						260
Future retail (sq.ft.)	15,000							15,000			45,000

Table 41: Projected TIRZ 2 New Development Assessed Values

Development Land Use	Value / Unit	Tax Year (Jan. 1 Valuation) Additional Assessed Value (\$)												
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Residential (units)														
Lively Beach	\$200,000	2,760,000	6,440,000	2,400,000	5,600,000	2,400,000	5,600,000	2,040,000	4,760,000					
Future condos	\$275,000									2,475,000	5,775,000		2,475,000	5,775,000
Future single family	\$700,000			2,100,000	4,900,000		2,100,000	4,900,000	2,100,000	4,900,000	2,100,000	4,900,000	2,100,000	4,900,000
Future multifamily apartments	\$150,000									4,500,000	10,500,000			
Commercial														
<u>Packery Pointe</u>														
Hotel (rooms)	\$47,500	1,425,000	3,325,000											
Retail (sq.ft.)	\$180	763,668	2,143,584											
Reopened hotel (rooms)*	\$20,000	2,980,000												
Future hotel (rooms)	\$47,500								1,852,500	4,322,500				
Future retail (sq.ft.)	\$180							810,000	1,890,000					
TOTAL ADDITIONAL MARKET VALUE		7,928,668	11,908,584	4,500,000	10,500,000	2,400,000	7,700,000	7,750,000	10,602,500	16,197,500	18,375,000	4,900,000	4,575,000	10,675,000
Exemptions on new units					(630,000)			(630,000)		(630,000)	(742,500)			(630,000)
TOTAL ADDITIONAL TAXABLE VALUE		7,928,668	11,908,584	4,500,000	9,870,000	2,400,000	7,700,000	7,120,000	10,602,500	15,567,500	17,632,500	4,900,000	4,575,000	10,045,000

* Incremental increase over 2018 value

Development Land Use	Value / Unit	Tax Year (Jan. 1 Valuation) Additional Assessed Value (\$)									
		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Residential (units)											
Lively Beach	\$200,000										
Future condos	\$275,000		2,475,000	5,775,000		2,475,000	5,775,000		2,475,000	5,775,000	
Future single family	\$700,000	2,100,000	4,900,000	2,100,000	4,900,000	2,100,000	4,900,000	2,100,000	4,900,000	2,100,000	4,900,000
Future multifamily apartments	\$150,000	4,500,000	10,500,000							4,500,000	10,500,000
Commercial											
<u>Packery Pointe</u>											
Hotel (rooms)	\$47,500										
Retail (sq.ft.)	\$180										
Reopened hotel (rooms)*	\$20,000										
Future hotel (rooms)	\$47,500					1,852,500	4,322,500				
Future retail (sq.ft.)	\$180	810,000	1,890,000						810,000	1,890,000	
TOTAL ADDITIONAL MARKET VALUE		7,410,000	19,765,000	7,875,000	4,900,000	6,427,500	14,997,500	2,100,000	8,185,000	14,265,000	15,400,000
Exemptions on new units			(630,000)	(742,500)	(630,000)		(1,372,500)		(630,000)	(742,500)	(630,000)
TOTAL ADDITIONAL TAXABLE VALUE		7,410,000	19,135,000	7,132,500	4,270,000	6,427,500	13,625,000	2,100,000	7,555,000	13,522,500	14,770,000

* Incremental increase over 2018 value

Projected TIRZ 2 Increment and Revenue

The following three tables provide a summary of projected new taxable assessed value in TIRZ 2, based upon the new development projections. Each participating taxing jurisdiction is shown with a separate taxable value, owing to differences in offered exemptions.

The projected TIRZ values and revenue include the following assumptions:

- No additional property is annexed into the TIRZ.
- Existing properties appreciate at an average rate of 3.0% per year. Individual property types will increase or decrease in value at considerably different rates from year to year depending upon overall economic conditions and impactful events such as coastal storms, but a 3.0% rate is a reasonable and conservative rate to apply across all property types over the long term.
- The property tax collection rate is 95%.

Table 42: Projected TIRZ 2 Taxable Value (\$)

Year	Taxing Jurisdictions and Tax Rates			
	City of Corpus Christi \$0.626264	Nueces County \$0.351340	Hospital \$0.117672	Del Mar College \$0.281885
2019	478,974,650	476,821,008	483,595,715	480,516,055
2020	501,272,557	499,054,306	506,032,255	502,860,205
2021	528,219,318	525,934,519	533,121,806	529,854,595
2022	548,565,898	546,212,554	553,615,460	550,250,233
2023	574,892,875	572,468,931		576,627,740
2024	594,539,661	592,042,999		596,326,572
2025	620,075,851	617,504,289		621,916,369
2026	645,798,126	643,149,418		647,693,860
2027	675,774,570	673,046,400		677,727,176
2028	711,615,307	708,805,292		713,626,491
2029	750,596,266	747,701,951		752,667,786
2030	778,014,154	775,033,010		780,147,820
2031	805,929,579	802,859,000		808,127,254
2032	839,409,966	836,247,270		841,673,572
2033	872,002,265	868,744,688		874,333,779
2034	917,297,333	913,942,029		919,698,793
2035	951,948,753	948,492,789		954,422,256
2036	984,777,216	981,217,573		987,324,924
2037	1,020,748,032	1,017,081,600		1,023,372,172

2038	1,064,995,473	1,061,219,048		1,067,698,337
2039	1,099,045,338	1,095,155,620		1,101,829,287
2040	1,139,571,698	1,135,565,288		1,142,439,166
2041	1,187,281,349	1,183,154,747		1,190,234,841
2042	1,237,669,789	1,233,419,389		1,240,711,886

Table 43: Projected TIRZ 2 Assessed Value Increment (\$)

Year	Taxing Jurisdictions and Tax Rates			
	City of Corpus Christi \$0.626264	Nueces County \$0.351340	Hospital \$0.117672	Del Mar College \$0.281885
2019	396,460,783	395,088,667	401,863,374	397,807,458
2020	418,758,690	417,321,965	424,299,914	420,151,608
2021	445,705,451	444,202,178	451,389,465	447,145,998
2022	466,052,031	464,480,213	471,883,119	467,541,636
2023	492,379,008	490,736,590		493,919,143
2024	512,025,794	510,310,658		513,617,975
2025	537,561,984	535,771,948		539,207,772
2026	563,284,259	561,417,077		564,985,263
2027	593,260,703	591,314,059		595,018,579
2028	629,101,440	627,072,951		630,917,894
2029	668,082,399	665,969,610		669,959,189
2030	695,500,287	693,300,669		697,439,223
2031	723,415,712	721,126,659		725,418,657
2032	756,896,099	754,514,929		758,964,975
2033	789,488,398	787,012,347		791,625,182
2034	834,783,466	832,209,688		836,990,196
2035	869,434,886	866,760,448		871,713,659
2036	902,263,349	899,485,232		904,616,327
2037	938,234,165	935,349,259		940,663,575
2038	982,481,606	979,486,707		984,989,740
2039	1,016,531,471	1,013,423,279		1,019,120,690
2040	1,057,057,831	1,053,832,947		1,059,730,569
2041	1,104,767,482	1,101,422,406		1,107,526,244
2042	1,155,155,922	1,151,687,048		1,158,003,289

Table 44: Projected TIRZ 2 Revenue (\$)

Year	Taxing Jurisdictions and Tax Rates				TOTAL
	City of Corpus Christi \$0.626264	Nueces County \$0.309189	Hospital \$0.117672	Del Mar College \$0.281885	
2020	2,358,747	1,160,492	449,237	1,065,292	5,033,767
2021	2,491,408	1,225,798	474,318	1,125,127	5,316,651
2022	2,651,728	1,304,753	504,601	1,197,416	5,658,498
2023	2,772,780	1,364,316	527,511	1,252,033	5,916,640
2024	2,929,413	1,441,438		1,322,670	5,693,521
2025	3,046,302	1,498,933		1,375,421	5,920,656
2026	3,198,229	1,573,721		1,443,949	6,215,898
2027	3,351,264	1,649,048		1,512,978	6,513,290
2028	3,529,609	1,736,864		1,593,405	6,859,878
2029	3,742,844	1,841,899		1,689,540	7,274,282
2030	3,974,762	1,956,150		1,794,089	7,725,000
2031	4,137,885	2,036,429		1,867,678	8,041,991
2032	4,303,968	2,118,162		1,942,604	8,364,734
2033	4,503,159	2,216,233		2,032,438	8,751,831
2034	4,697,068	2,311,688		2,119,899	9,128,654
2035	4,966,551	2,444,446		2,241,382	9,652,379
2036	5,172,710	2,545,932		2,334,369	10,053,010
2037	5,368,023	2,642,054		2,422,479	10,432,556
2038	5,582,032	2,747,397		2,519,010	10,848,439
2039	5,845,282	2,877,042		2,637,711	11,360,035
2040	6,047,862	2,976,724		2,729,111	11,753,697
2041	6,288,974	3,095,419		2,837,860	12,222,253
2042	6,572,823	3,235,203		2,965,853	12,773,879
2043	6,872,609	3,382,845		3,101,026	13,356,480
Total	104,406,031	51,382,984	1,955,666	47,123,339	204,868,020

TIRZ 2 Recommendations

Based on the review of recent market conditions and performance of the various land uses and an assessment of the most significant development and public improvement opportunities, CDS has the following recommendations for the future activities of TIRZ 2.

- CDS finds that the key market-supportable development opportunities on North Padre Island lie primarily within the existing boundaries of the zone, especially the properties adjacent to and east

of the existing water park and hospitality venue at 14353 Commodore Drive. CDS was not able to discern a clear direction for the waterpark apart from the recent improvements that the current owner has undertaken, but it would appear logical that it will continue to be a regional leisure activity draw to Coastal Bend residents and an amenity (though not primary driver of tourism demand) for out-of-area visitors already destined for North Padre Island. The remaining vacant properties around 14353 Commodore Drive and on the east side of Park Road 22 should be able to accommodate projected supportable demand. Also, zone properties on the west side of Park Road 22 at the south end of the zone will be able to accommodate and be desirable for small-scale commercial development. Therefore, CDS does not recommend adding new properties to the zone for now.

- There does not appear to be any major transformative external force that would change the growth trajectory within the zone. However, the City, private property owners and other applicable entities have an opportunity to internally impact the market within the zone with the Park Road 22 bridge project and associated channel connection. Not only would a bridge allow more direct navigation to and from Packery Channel, it could facilitate unique public space improvements that could be part of a “placemaking” effort. CDS recommends that the involved entities work together to create a walkable destination area around the new channel that supports new retail / restaurant / entertainment development by inviting visitors to linger and cross-visit businesses on foot, bicycle etc., as opposed to the car-based strip development in place on the Island today. This will also make these properties attractive for residential and hotel development. CDS’ projections above have assumed such a project and private development to occur in the mid-2020s.

TIRZ funds can be used for the improvements that will be public infrastructure and amenities, such as pedestrian and roadway infrastructure and public parking. Public space landscape and streetscape elements such as lighting, benches, trees, etc. would also be eligible. CDS recommends that the City undertake a master plan effort in cooperation with the bridge-adjacent private property owners to identify the supportive placemaking improvements that will work in synergy with the future mixed-use developments around the channel. This concept planning effort can also be TIRZ-funded, at least to the extent that it is focusing on the public improvement components.

- Furthermore, in order to extend the benefits of the bridge / channel project to the remainder of the zone, CDS recommends that a connective network of landscaped pathways and necessary safe crosswalks for pedestrians, bicycles, etc. be planned and constructed that reach from the new mixed-use destination to other residential and hospitality areas and additional destinations such as 14353 Commodore Drive.
- To accomplish this planning and improvement effort, CDS recommends extending the life of the TIRZ. The projections assume a 20-year extension to 2042. However, depending on the financing approach for future improvements, a longer term may be necessary, particularly if bond financing backed by TIRZ revenue is used.

CDS Community Development Strategies

1001 S. Dairy Ashford, Suite 450
Houston, TX 77077

281.582.0847 (Phone)

713.465.6975 (Fax)

www.cdsmr.com