Proposals under Consideration

- Kroger Co. Distribution Center Expansion – Tax Abatement
  - District B
- Halliburton Energy Services – Tax Abatement
  - District B
- Menil Foundation – Chapter 380
  - District C
- Fountain Residential Partners – Tax Abatement
  - District I
The Kroger Co. Distribution Center
701 Gellhorn Street

• **Existing Facility**
  – Existing Facility is 962,108 sf
  – 300 Full time employees
  – Company will invest $24M to Upgrade Existing Bldg

• **Expansion Considerations**
  – Need is based on growth in Houston market (new/expanded stores)
  – Evaluating whether to remain in Shelbyville IN or expand in Houston or Dallas
    • Evaluation factors: efficiency, shipping costs, logistics and quality
    • Additional costs to expand vs remaining in Shelbyville approximately $1M
    • City’s tax abatement consideration a key factor in presenting expansion to capital investment committee
  – $17M Investment
  – 15 to 20 new jobs
  – $35,000 Average salary
Kroger
Proposed Tax Abatement Terms

- Kroger will invest approximately $17M to expand facility
  - Approximately $13M subject to tax abatement
  - Includes building and equipment
- Construction to be completed by 3Q 2015
- First year impact is 2017
- 10 year tax abatement
- 75% abatement
- Annual abatement table below:

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<tbody>
<tr>
<td>New Improvements</td>
<td>12,780,000</td>
<td>13,313,000</td>
<td>13,932,780</td>
<td>14,695,355</td>
<td>15,537,714</td>
<td>16,464,032</td>
<td>17,464,760</td>
<td>18,548,699</td>
<td>19,736,525</td>
<td>21,033,771</td>
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<tr>
<td>Abatement at 75%</td>
<td>60,489</td>
<td>63,012</td>
<td>65,945</td>
<td>69,555</td>
<td>73,542</td>
<td>77,926</td>
<td>82,662</td>
<td>87,793</td>
<td>93,415</td>
<td>99,555</td>
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<tr>
<td>Total 10 Yr. Abatement</td>
<td>$773,893</td>
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Assumptions:
1. HCAD will reflect 80% of improvement cost.
2. Annual growth rate at 4% for the first 10 years.
• Houston headquarters
• Began expansion of campus in 2009
• Expansion Plans
  – Almost 1 million additional square feet of new development
  – Estimated 2,000 additional staff count
  – More than $110M in taxable value by January 2014
  – An estimated $21M invested in 2014 and 2015
• Long Term Master Plan
  – Capacity to add an additional 1 million square feet
  – Potential head count increase of more than 3,000

<table>
<thead>
<tr>
<th>Development Size</th>
<th>Pre Development Condition</th>
<th>Phase I</th>
<th>Phase II</th>
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<tbody>
<tr>
<td></td>
<td>323,000 square feet</td>
<td>625,000 square feet to include:</td>
<td>320,000 square feet to include:</td>
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<td></td>
<td></td>
<td>Office Bldg</td>
<td>Modernization to central plant</td>
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<td></td>
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<td>Tech R&amp;D</td>
<td>Two Office Bldgs</td>
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<tr>
<td></td>
<td></td>
<td>Instrumentation Facilities</td>
<td>Parking Garage</td>
</tr>
<tr>
<td>Staff Count</td>
<td>1,800 Employees</td>
<td>2,400 Employees</td>
<td>3,700 Employees</td>
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<tr>
<td>Taxable Value</td>
<td>$17M</td>
<td>$77M</td>
<td>$127M</td>
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<tr>
<td>Annual AV Revenue</td>
<td>$109k</td>
<td>$492k</td>
<td>$801k</td>
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Halliburton has completed Phase I

Phase II
- Completion is expected by April 2015
- Requires the reconstruction of Milner Road due to new development

Expansion produced an economic benefit but created mobility/safety impediment

Milner Road Reconstruction
- Traffic Impact Analysis (June 2013) forecasted increased traffic growth
- PWE requires improvement to a 3 lane street
  - To accommodate increased traffic loads and volume
  - To increase radius to enhance safety for wide turns
- Milner is currently a two lane asphalt street with open ditches
- Milner will be improved to a 3 lane, 7-8” thick concrete street with curb/gutter
- Engineering cost estimate is $3M
Halliburton Proposed Tax Abatement Terms

- Halliburton will construct Milner Road
  - Requirement was not a cost factor in its economic feasibility analysis
- Tax Abatement will reimburse for \( \frac{1}{2} \) cost for Milner ($1.5M) and will only apply to 2014 and 2015 investment
  - Approximately $21M subject to tax abatement
- First year impact is 2017
- Up 10 year tax abatement
  - Maximum abatement is $1.5M
  - Pay back period 9 years
- 50% abatement

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<tbody>
<tr>
<td>New Improvements</td>
<td>148,135,642</td>
<td>157,023,781</td>
<td>166,445,208</td>
<td>176,431,920</td>
<td>187,017,835</td>
<td>198,238,905</td>
<td>210,133,239</td>
<td>222,741,233</td>
<td>236,105,707</td>
<td>250,272,049</td>
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<tr>
<td>Abatement at 50%</td>
<td>66,390</td>
<td>94,435</td>
<td>124,164</td>
<td>155,676</td>
<td>189,079</td>
<td>224,486</td>
<td>262,017</td>
<td>301,800</td>
<td>343,971</td>
<td>388,671</td>
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<td>Total 9 Yr. Abatement</td>
<td>$1,762,018</td>
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Assumptions:
1. HCAD will reflect 80% of Improvement cost.
2. Annual growth rate at 6% for the first 10 years.
About Menil Foundation

- 501(c )(3) nonprofit corporation
- Established in 1954
- Private art collection of approx. 17,000 pieces of artwork & rare books
- Largest private collection in the U.S.
- Operates mostly on endowment earnings, donations and rental income
- Admission is free to all guests

Financial Statistics FY13
- Revenue source
  - 62% from donations/fundraising
  - 24% from endowment earnings
  - 3% from program services (book store)
  - 11% from net rental income

Financial Statistics FY14
- Revenue source
  - 41% donations/contributions
  - 45% from endowment earnings
  - 11% from net rental income
  - 3% from program services
Campus Expansion Plan – 30 Acres

- Museum and non-museum development
- Up 900,000 sf over four phases
- Increase tourism and attract visitors
  - Increase by 50% to 270,000 visitors annually
- Enhance residential options
- Museum Enhancements
  - Menil Drawing Institution
  - Revitalization of the Bungalows
  - Park and landscape features
- Non-museum development
  - High End Multi Family
    - In partnership with private developer
  - Neighborhood serving ground retail
  - Streets, traffic improvements and utilities to serve the site
Planned Investment to Implement Master Plan

- Over $300M Investment
- Menil will initiate capital campaign
- Menil is pursuing partnerships to meet investment goal and project outcome

![Diagram showing Master Plan Capital Contributions]

- Development Partner(s) (leveraged investment in large scale development, infill development, restoration) $164m
- Menil (Capital Campaign & Land Value) $147m
Proposal for Chapter 380 Incentive

- Menil will construct all public improvements and public accessible amenities
  - Street Improvements surrounding site
  - Water, sewer & storm utilities to extend to the site

- Vertical development will span over four phases to include:
  - The construction of a multi-family development
  - The renovation and improvements to the bungalows
  - Construction of ground floor neighborhood retail
    - Restaurants
    - Retail shops

- Proposal is for reimbursement of public streets, traffic improvements, utilities and park improvements from property taxes generated from new development
- Street Improvements and/or traffic improvements
  - W. Alabama/Mandell
  - Mandell/Richmond
  - Construction:
    - W. Main
    - Loretta
    - Colquitt
  - Cost Estimates
    - $3.4M
- Utilities
  - Water, Storm and Sewer
  - $1.4M
Menil

- **Park Space**
  - 2.6 Acres
  - 2016 Groundbreaking
  - Full public access
    - COH Park Hours
  - Maintained by Menil
  - Cost estimate $8.7M
    - $76/sf
    - Compares to COH
Menil
Proposed 380 Agreement Terms

- Project represents approximately $300M investment
  - Includes land
  - Approximately $250M towards vertical development (including museum bldgs)
  - Approximately $170M reflected as taxable value
- Phase I construction planned to begin 2015
- Phase IV planned to be completed by 2024
- First year impact is 2018
- Reimbursement of 50% of property taxes from new development
- Maximum Reimbursement $10M over 20 years
- Year 1 payment estimated at $150k from Phase I
- Payments grow incrementally to include all 4 Phases
- Estimated payback term is 18 years
- Year 18 payment estimated at $900k
Fountain Residential Partners Completed or Planned Houston Projects

- Specializes in Student Housing
- Completed more than $1B in projects since 2000
- Developed student housing in the following markets:
  - Texas Christian
  - Univ. of North Tx.
  - U of H
  - Oregon State
  - UT – San Antonio

Pioneers at University of Houston

The Vue on MacGregor
347 Beds; 100% Leased
Opened in August 2014

Campus Vue
465 beds
Delivery August 2015
Fountain Residential
The Site at I45 and Cullen Boulevard

Note: Enhancements may be modified in conjunction with planned DOT project.
Fountain Residential
The Site at I45 and Cullen Boulevard

Note: Enhancements may be modified in conjunction with planned DOT project.
Fountain Residential
Cullen Blvd Proposed Development

- Student housing for U of H and TSU
- Four Story
- 190 units with 527 beds
- $22M Investment
Fountain Residential Tax Abatement Terms

- Fountain Residential will invest approximately $22M
  - Approximately 80% ($17.2M) reflected as taxable value
- Construction to begin 2015 through August 2016
- Tax Abatement Effective Jan. 2017
- First year impact is 2018
- 10 year tax abatement
- 90% abatement
  - Project Site is located within a high poverty census block (21.24%)
- Subject to recapture if project exceeds expected performance
- Annual abatement table below:

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<tbody>
<tr>
<td>Fiscal year</td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
<td>2024</td>
<td>2025</td>
<td>2026</td>
<td>2027</td>
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<tr>
<td>New Improvements 1</td>
<td>17,248,560</td>
<td>17,766,017</td>
<td>18,298,997</td>
<td>18,847,967</td>
<td>19,413,406</td>
<td>19,995,808</td>
<td>20,595,683</td>
<td>21,213,553</td>
<td>21,849,960</td>
<td>22,505,459</td>
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<tr>
<td>Abatement at 90%</td>
<td>97,967</td>
<td>100,906</td>
<td>103,933</td>
<td>107,051</td>
<td>110,263</td>
<td>113,571</td>
<td>116,978</td>
<td>120,487</td>
<td>124,102</td>
<td>127,825</td>
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<tr>
<td>Total Abatement</td>
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<td>1,123,082</td>
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</table>

Assumptions:
1. HCAD will reflect 80% of Improvement cost.
2. Annual growth rate at 4% for the first 10 years.