

City of Houston, Texas, Ordinance No. 1999- 823

AN ORDINANCE APPROVING THE FIRST AMENDMENT OF THE PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN FOR REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON, TEXAS (MEMORIAL-HEIGHTS); AUTHORIZING THE CITY SECRETARY TO DISTRIBUTE SUCH PLANS; CONTAINING VARIOUS PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, by City of Houston Ordinance No. 96-1337, adopted December 18, 1996, the City created Reinvestment Zone Number Five, City of Houston, Texas (the "Memorial-Heights Zone") pursuant to Chapter 311 of the Texas Tax Code (the "Code") for the purposes of redevelopment in the area of the City generally referred to as the Memorial-Heights area; and

WHEREAS, the Board of Directors of the Memorial-Heights Zone has adopted and recommended, and the City has approved, by City of Houston Ordinance No. 97-594, adopted May 21, 1997, the Project Plan and Reinvestment Zone Financing Plan (the "Plans") for the Memorial-Heights Zone; and

WHEREAS, Chapter 311 of the Code authorizes the amendment of the Plans; and

WHEREAS, the Board of Directors of the Memorial-Heights Zone, at its August 10, 1999, board meeting, considered and adopted proposed amendments to the Plans (the "Amendments"), and recommended the Amendments for approval by the City Council; and

WHEREAS, before the Board of Directors of the Memorial-Heights Zone may implement the Amendments, the City Council must approve the Amendments; and

WHEREAS, the Plans, as amended by the Amendments, continue to provide that one-third of the tax increment is dedicated to providing low-income housing during the term of the Memorial-Heights Zone; and

WHEREAS, a public hearing on the Amendments is required to be held by the provisions of Section 311.011 of the Code; and

WHEREAS, the City Council finds that notice of the public hearing was published in a newspaper of general circulation within the City in the time and manner required by law; and

WHEREAS, the City Council conducted a public hearing on the proposed Amendments on August 11, 1999; and

WHEREAS, at the public hearing, interested persons were allowed to speak for or against the proposed Amendments and the concept of tax increment financing; and

WHEREAS, evidence was received and presented at the public hearing in favor of the proposed Amendments and the concept of tax increment financing; **NOW, THEREFORE,**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, 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 and are hereby adopted as part of this Ordinance.

Section 2. That the Project Plan and the Reinvestment Zone Financing Plan (the "Plans") approved by City of Houston Ordinance No. 97-594, passed and adopted on May 21, 1997, are hereby amended as follows:

- A. By substituting Exhibit C: Financing Analysis - Estimate of Cash Flows From Reinvestment Zone - Plan A and page 14R attached hereto as Attachment "1" for Exhibit C: Financing Analysis - Estimate of Cash Flows From Reinvestment Zone - Plan A and page 14 in the Plans;
- B. By substituting Exhibit D: Financing Analysis - Estimate of Cash Flows From Reinvestment Zone - Plan B and page 15R attached hereto as Attachment "2" for Exhibit D: Financing Analysis - Estimate of Cash Flows From Reinvestment Zone - Plan B and page 15 in the Plans;
- C. By substituting page 18R attached hereto as Attachment "3" for page 18 in the Plans;
- D. By substituting page 19R attached hereto as Attachment "4" for page 19 in the Plans;
- E. By substituting page 20R attached hereto as Attachment "5" for page 20 in the Plans;
- F. By substituting page 26R attached hereto as Attachment "6" for page 26 in the Plans;

- G. By substituting Exhibit L: Plan A Project Costs and page 27R attached hereto as Attachment "7" for the Plan A Budget - Project Costs table at page 27 in the Plans;
- H. By substituting Exhibit M: Plan B Project Costs as page 29R attached hereto as Attachment "8" for the Plan B Budget - Project Costs table at page 29 in the Plans;
- I. By substituting page 33R attached hereto as Attachment "9" for page 33 in the Plans;
- J. By adding a new section VIII: TIRZ Improvements - Plan B and pages 34R, 35R and 36R, attached hereto as Attachment "10"; and
- K. By renumbering and paginating existing sections VIII, IX and X and pages 33 through 36 in the Plans as IX, X and XI and pages 37R, 38R and 39R in the Plans.

The Plans as so amended (the "Amended Plans") are hereby determined to be feasible and are approved. The appropriate officials of the City are authorized to take all steps reasonably necessary to implement the Amended Plans.

Section 3. That the City Secretary is directed to provide copies of the Amended Plans to each taxing unit levying ad valorem taxes in the Memorial-Heights Zone.

Section 4. That City Council officially finds, determines, recites and declares a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the

time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. That City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 5. There exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 11th day of August, 1999.

APPROVED this _____ day of _____, 1999.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is AUG 17 1999


 City Secretary

(Prepared by Legal Dept. 
 (MAM/mam 08/06/99) Assistant City Attorney
 (Requested by Robert M. Litke, Director, Planning and Development)
 (L. D. File No. 34-96378-16)

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AYE	NO	
✓		MAYOR BROWN
••••	••••	COUNCIL MEMBERS
✓		TATRO
✓		YARBROUGH
✓		WONG
✓		BONEY
✓		TODD
✓		DRISCOLL
✓		KELLEY
ABSENT-ON PERSONAL BUSINESS		FRAGA
✓		CASTILLO
ABSENT-OUT OF CITY ON PERSONAL BUSINESS		PARKER
ABSENT-ON PERSONAL BUSINESS		ROACH
ABSENT-OUT OF CITY CITY BUSINESS		SANCHEZ
ABSENT		BELL
ABSENT		ROBINSON
CAPTION	ADOPTED	

EXHIBIT C: FINANCING ANALYSIS - ESTIMATE OF CASH FLOWS FROM REINVESTMENT ZONE - PLAN A

MEMORIAL HEIGHTS REINVESTMENT ZONE NUMBER FIVE
ESTIMATE OF CASH FLOWS FROM TAX INCREMENT REINVESTMENT ZONE

PLAN A: Participation City / County / HISD

TAX YEAR	TOTAL TAXABLE VALUE	CUMULATIVE TAX INCREMENT	HISD TAX INCREMENT	CITY TAX INCREMENT REV. (\$0.665/\$100)	COUNTY TAX INCREMENT REV. (\$0.42/\$100)	HISD TAX INCREMENT (\$1.459/\$100)	INCREMENT REVENUE (6/7)	CUMULATIVE INCREMENT (6/7)	HISD TAX EDUCATIONAL (AMOUNTS >\$0.64 currently @ \$0.819)	HISD TAX (6/7) NON EDUCATIONAL @ \$0.64
1997	25,951,340	BASE	BASE	121,097	76,482	173,327	370,906	370,906	57,776	115,551
1998	44,724,630	18,773,290	18,613,290	307,377	194,133	669,710	1,171,220	1,542,126	375,937	293,773
1999	73,602,981	47,651,641	47,321,641	441,988	279,151	962,074	1,683,212	3,225,339	540,054	422,020
2000	94,471,356	68,520,016	67,980,016	521,708	329,500	1,133,438	1,984,645	5,209,984	636,248	497,190
2001	106,829,971	80,878,631	80,088,631	560,912	354,260	1,218,249	2,133,421	7,343,405	683,856	534,393
2002	112,907,691	86,956,351	86,081,351	600,849	379,484	1,305,871	2,286,205	9,629,610	733,042	572,829
2003	119,099,065	93,147,725	92,272,725	626,620	395,760	1,362,412	2,384,792	12,014,402	764,781	597,631
2004	123,094,218	97,142,878	96,267,878	641,468	405,138	1,382,848	2,429,454	14,443,856	776,253	606,595
2005	125,396,079	99,444,739	97,711,896	656,594	414,691	1,403,591	2,474,876	16,918,732	787,896	615,694
2006	127,740,986	101,789,646	99,177,575	672,003	424,423	1,424,645	2,521,070	19,439,802	799,715	624,930
2007	130,129,743	104,178,403	100,665,238	687,700	434,337	1,446,014	2,568,051	22,007,853	811,711	634,304
2008	132,563,169	106,611,829	102,175,217	703,690	444,436	1,467,705	2,615,830	24,623,683	823,886	643,818
2009	135,042,100	109,090,760	103,707,845	719,979	454,724	1,489,720	2,664,423	27,288,106	836,245	653,476
2010	137,567,387	111,616,047	105,263,463	736,573	465,204	1,512,066	2,713,843	30,001,950	848,788	663,278
2011	140,139,897	114,188,557	108,442,415	753,478	475,881	1,534,747	2,764,105	32,766,055	861,520	673,227
2012	142,760,513	116,809,173	108,445,051	770,698	486,757	1,557,768	2,815,223	35,581,277	874,443	683,325
2013	145,430,135	119,478,795	110,071,727	788,240	497,836	1,581,135	2,867,211	38,448,488	887,559	693,575
2014	148,149,679	122,198,339	111,722,803	806,111	509,123	1,604,852	2,920,085	41,368,574	900,873	703,979
2015	150,920,078	124,968,738	113,398,645	824,315	520,620	1,628,924	2,973,860	44,342,434	914,386	714,538
2016	153,742,283	127,790,943	115,099,624	842,861	532,333	1,653,358	3,028,552	47,370,986	928,102	725,257
2017	156,617,264	130,665,924	116,826,119	12,784,262	8,074,270	26,512,454	47,370,986	14,843,070	11,669,383	
TOTAL										

ASSUMPTIONS:

1. Build-out Schedule based on attached Development Assumptions Spreadsheet.
2. Appraised Value appreciation of 1.87%.
3. Assumes 97% Collection.
4. Assumes 20% Homestead Exemption. Also Assumes additional \$5,000 exemption for HISD.
5. Jurisdiction participation shown at 1999 rate, over the life of the Zone participation levels may vary in accordance with the interlocal agreements.
6. HISD 1998 tax participation rate applied is \$0.96. The HISD School & Educational Facility receives \$0.32/\$100; the Zone receives \$0.64/\$100.
7. HISD tax participation rate is \$1.459 from 1999 through the end of the life of the Zone; \$0.819/\$100 applied to HISD School & Educational Facility; and \$0.64/\$100 applied to the Zone.

EXHIBIT D: FINANCING ANALYSIS - ESTIMATE OF CASH FLOWS FROM REINVESTMENT ZONE - PLAN B

MEMORIAL HEIGHTS - REINVESTMENT ZONE NUMBER FIVE
ESTIMATE OF CASH FLOWS FROM TAX INCREMENT REINVESTMENT ZONE

PLAN B - Participation: City / County / HISD

TAX YEAR	TOTAL TAXABLE VALUE	CUMULATIVE TAX INCREMENT	HISD TAX INCREMENT	CITY TAX INCREMENT REV. (\$0.665/\$100)	COUNTY TAX INCREMENT REV. (\$0.42/\$100)	HISD TAX INCREMENT (\$1.459/\$100)	INCREMENT REVENUE (6/7)	CUMULATIVE INCREMENT (6/7)	HISD TAX EDUCATIONAL (AMOUNTS >\$0.64) currently @ \$0.819	HISD TAX (6/7) NON EDUCATIONAL @ \$0.64
1997	25,951,340	BASE	BASE	0	0	0	0	0	51,816	103,632
1998	42,804,630	16,853,290	16,893,290	108,712	68,660	155,448	332,820	332,820	176,647	138,039
1999	48,517,077	22,565,737	22,235,737	145,560	91,933	314,687	552,180	885,000	333,224	260,395
2000	68,436,346	42,485,006	41,945,006	274,050	173,084	593,618	1,040,752	1,925,752	441,185	344,760
2001	82,276,106	56,324,766	55,534,766	363,323	229,467	785,945	1,378,735	3,304,487	536,878	419,539
2002	94,406,669	68,455,329	67,580,329	441,571	278,887	956,417	1,676,875	4,981,362	550,903	430,498
2003	96,172,074	70,220,734	69,345,734	452,959	286,079	981,402	1,720,440	6,701,802	565,190	441,663
2004	97,970,491	72,019,151	71,144,151	464,560	293,406	1,006,853	1,764,819	8,466,621	573,668	448,288
2005	99,802,539	73,851,199	72,211,314	476,377	300,870	1,021,956	1,799,203	10,265,824	582,273	455,012
2006	101,668,847	75,717,507	73,294,483	488,416	308,473	1,037,286	1,834,174	12,099,998	591,007	461,837
2007	103,570,054	77,618,714	74,393,901	500,680	316,219	1,052,845	1,869,743	13,969,741	599,873	468,765
2008	105,506,814	79,555,474	75,509,809	513,173	324,109	1,068,637	1,905,919	15,875,660	608,871	475,796
2009	107,479,792	81,528,452	76,642,456	525,899	332,147	1,084,667	1,942,713	17,818,373	618,004	482,933
2010	109,489,664	83,538,324	77,792,093	538,864	340,335	1,100,937	1,980,136	19,798,509	627,274	490,177
2011	111,537,121	85,585,781	78,958,974	552,071	348,676	1,117,451	2,018,199	21,816,708	636,683	497,530
2012	113,622,865	87,671,525	80,143,359	565,525	357,174	1,134,213	2,056,912	23,873,620	646,233	504,993
2013	115,747,612	89,796,272	81,345,509	579,231	365,830	1,151,226	2,096,287	25,969,907	655,927	512,568
2014	117,912,093	91,960,753	82,565,692	593,193	374,648	1,168,494	2,136,335	28,106,242	665,766	520,256
2015	120,117,049	94,165,709	83,804,177	607,416	383,631	1,186,022	2,177,069	30,283,311	675,752	528,060
2016	122,363,238	96,411,898	85,061,240	621,905	392,782	1,203,812	2,218,499	32,501,810	685,888	535,981
2017	124,651,430	98,700,090	86,337,159	636,665	402,104	1,221,869	2,260,638	34,762,449	10,823,062	8,520,723
TOTAL				9,450,148	5,968,515	19,343,786	34,762,449			

ASSUMPTIONS:

- Build-out Schedule based on attached Development Assumptions Spreadsheet.
- Appraised Value appreciation of 1.87%.
- Assumes 97% Collection.
- Assumes 20% Homestead Exemption. Also Assumes additional \$5,000 exemption for HISD.
- Jurisdiction participation shown at 1999 rate; over the life of the Zone participation levels may vary in accordance with the interlocal agreements.
- HISD 1998 tax participation rate applied is \$0.96. The HISD School & Educational Facilities receives \$0.32/\$100; and the Zone receives \$0.64/\$100.
- HISD tax participation rate is \$1.459 from 1999 through the end of the life of the Zone; \$0.819 applied to HISD School & Educational Facilities; and \$0.64 applied to the Zone.

C. Impact of City of Houston Participation

By 2008, the incremental value resulting from the development of Plan A funded by the TIRZ should generate total *City* tax revenues of \$687,700, based on current tax rates. If Plan B is implemented, by 2013 the incremental value resulting from the development funded by the TIRZ should generate total City tax revenues of \$579,231, based on current tax rates. These revenue estimates are based on a twenty percent (20%) homestead exemption and a ninety-seven percent (97%) tax collection rate. The annual TIRZ increment will be available to the TIRZ for reimbursement to the developer for funds it advanced on behalf of the TIRZ and other budgeted expenses.

D. Impact of HISD and Harris County Participation

Harris County and HISD have indicated to the City that they plan to participate in the TIRZ. Harris County will participate at 100% of its tax rate (excluding Harris County Flood Control District, Harris County Hospital District, Port of Houston Authority, and Harris County Department of Education), which currently equates to a participation of \$0.42 per \$100 value. HISD will participate at 69% of its tax rate until 1999 when its participation rate will rise to 100%. The Zone will pay HISD the portion of its participation above \$0.64/\$100 to fund schools and educational facilities. Over the life of the Zone, HISD will contribute approximately \$26.5 million under Plan A or \$19.3 million under Plan B to the Zone and will receive approximately \$14.8 million under Plan A or \$10.8 million under Plan B for educational facilities.

Under current law, with the participation of the City, Harris County and HISD, an average annual revenue of approximately \$1.6 million is expected to be generated for Plan A or \$1.2 million for Plan B to finance TIRZ public improvements, repay Security Capital for funds it advanced on behalf of the TIRZ and fund the TIRZs budgeted expenses. The obligation to repay Security Capital is limited to the tax increments and any investment income or profit derived thereon; no other funds, revenues or taxes of the City, Harris County, HISD or any other governmental entities will be pledged to repay Security Capital.

The development assumptions and resulting property value estimates for Plan A and Plan B are detailed in Exhibits E and F on pages 16 and 17. The City, County and

HISD property tax revenue generated from the value of the incremental development for Plan A and Plan B detailed in Exhibits C and D on pages 14 and 15.

The Project Plan and Reinvestment Zone Financing Plan A estimates a total project cost of \$32,614,991 and Plan B estimates a total project cost of \$28,594,983. Participation from the following jurisdictions toward these improvements are:

City of Houston = 100% of tax levy on incremental value

Harris County = 100% of tax levy (excluding Flood Control District, Hospital District, Port of Houston Authority and Department of Education) on incremental value

HISD = 69% of tax levy on incremental value (100% starting in 1999) with \$0.64/\$100 going toward non-educational facilities project costs and the remainder going to school and educational facility project costs

IV. Tax Rates

The Project Plan does not and cannot call for increases in tax rates by any governmental unit above those levied on all properties based on property value.

V. Project Plan Description

Security Capital proposes to develop the largest master planned community within the 610 Loop. The development will be a mixed-use, residential and retail community. The developer proposes to develop 1,000 dwelling units, including a 96 unit senior citizen housing complex. In addition, Security Capital proposes to sell a portion of land within the TIRZ to developers who would build an approximate 110,000 to 150,000 square foot retail center with a full service supermarket.

A. Public Infrastructure Improvements

The Project Plan includes private and public sector infrastructure improvements and area improvements to encourage development of mixed-use residential redevelopment (See Section XII – TIRZ Improvements – Project Plan). The TIRZ Project Costs (See Projected Budget for Plan A and Plan B, pages 27 and 29) for these improvements, including administrative and financing costs, total \$17,771,921 for Plan A and Plan B. The projected taxable value of improvements within the TIRZ resulting from the development of Project Plan A are estimated to be \$102 million, and in Plan B are estimated to be \$76 million. The main difference in Plan B and Plan A costs is a \$3.9

million higher financing expense. The lower tax value of Plan B results in a lower increment revenue available to pay down the loan. However, it is estimated that prior to final development build-out the Plan B taxable value in place would permit the City to exercise its option to refinance the loan. In the event that the debt is refinanced at the end of the year 2000, Plan B budget costs would only be \$1.0 million higher than Plan A.

Existing land uses and conditions are illustrated in Exhibit G on page 21. Exhibit H on page 22 illustrates the Project Plan A land uses based on the abandonment of the railroad spur. The design envisions a master planned community with complementary land uses. The proposed retail center will have access to both Washington Avenue and Studemont Drive and will be large enough to accommodate a neighborhood supermarket and other shops. If the spur is not removed, Plan B will be implemented. See Plan B in Exhibit I on page 23.

The proposed improvements to be funded by the TIRZ include construction of approximately 2.1 miles of public streets and paved permanent access easements with public utilities including water, sewer and drainage system lines, environmental remediation of approximately 50 acres, landscaping and perimeter fencing, improvements to Spotts Park and acquisition and renovation of the old railroad bridge to be incorporated into the City's Hike and Bike trails. Exhibits J and K on pages 24 and 25 identify the general location of the proposed improvements. The development is projected to be completed in 2006. This completion date is contingent upon resolution of the problems caused by the existing incompatible land uses and market conditions.

B. Educational Facility Improvements

The budget for the Houston Independent School District ("HISD") does not currently include funding for the acquisition or construction of an educational facility within the TIRZ. HISD representatives have indicated that existing elementary schools are facing overcrowding. The Project Plan recognizes the need for the development of an educational facility in the area with the increased population. The Zone will pay HISD the portion of its participation above \$0.64/\$100 to fund school and educational facilities. It is estimated that HISD will receive \$14.8 million under Plan A or \$10.8million under Plan B for educational facilities over the life of the Zone. These educational facilities are not required to be located in the Zone, but must be in the City of Houston.

VI. Budget – Project Costs

A breakdown of the estimated budget for the TIRZ is detailed on the following pages. The developer will advance funds for the improvements and will be reimbursed as provided in separate agreements and other documentation between Security Capital, the City and the TIRZ. Line item amounts may be adjusted with approval of the TIRZ Board of Directors, as long as the total reimbursement does not exceed the Financing Plan budget. Any increases over the Financing Plan budget amount must be approved by Security Capital, the City, and the City Council as an amendment to the Project Plan.

The proposed budget provides that the portion of HISD's participation above \$0.64/\$100 will be available for schools and educational facilities to be developed or improved as needed by HISD. These educational facilities are not required to be located in the Zone, but must be in the City of Houston.

EXHIBIT L: PLAN A PROJECT COSTS

TIRZ IMPROVEMENTS		
Capital Costs		
Public Improvements		
Utility Lines		
Water		
Single Family/Townhome	262,000	
Multi Family	123,000	
Sanitary Sewer	327,375	
Stormwater	436,500	
Subtotal Utility Lines		1,148,875
Water Impact Fees		158,800
Wastewater Impact Fees		555,800
Paving Plan B		
Public/41' Paving Sect.	62,500	
Private/UE/28' Paving Sect	781,850	
Subtotal Paving		844,350
Landscape/Irrigation	870,000	870,000
Perimeter Fencing	284,375	284,375
Park Improvements		500,000
Pedestrian Bridge		300,000
Intersection Improvements (Studemont @ Washington)		150,000
SUBTOTAL		4,812,200
Financing Costs (1)		5,019,428
Subtotal Financing		5,019,428
Real Property Assemble / Associated Costs		
(2) Land Acquisition / Relocation	2,647,320	
(3) Land Sale Recovery	(2,047,320)	
Environmental Cleanup	2,000,000	
Subtotal		2,600,000
Professional Services (4)		1,185,000
Subtotal		1,185,000
HISD Schools & Educational Facilities		
HISD Schools & Educational Facilities		14,933,164
Relocation-(See Real Property Assembly Above)		-
Organizational		165,000
Operating		-
Interest (1)-(See Financing Costs Above)		-
General Revenue Contributions by Municipality		-
Municipality Payments Required		-
TOTAL - TIRZ NUMBER FIVE		32,699,685
City Cost Reimbursement		
Police		-
Fire		-
Street Lights		5,400
Solid Waste		-
Subtotal		5,400
TOTAL		32,705,085

(1) Interest at 9.5%.

(2) Cost for additional land required by development.

(3) Proceeds of sale of property to adjacent owners.

(4) Includes Engineering, Planning, Creation, Administration and Legal Fees.

(5) If required TIRZ increment can fund acquisition of school site under separate Financing between City and HISD.

EXHIBIT M: PLAN B PROJECT COSTS

TIRZ IMPROVEMENTS		
Capital Costs		
Public Improvements		
Utility Lines		
Water		
Single Family/Townhome	262,000	
Multi Family	123,000	
Sanitary Sewer	383,625	
Stormwater	511,500	
Subtotal Utility Lines		1,280,125
Water Impact Fees		158,800
Wastewater Impact Fees		555,800
Paving Plan B		
Public/41' Paving Sect.	281,250	
Private/UE/28' Paving Sect	781,850	
Subtotal Paving		1,063,100
Landscape/Irrigation	1,065,000	1,065,000
Perimeter Fencing	284,375	284,375
Park Improvements		500,000
Pedestrian Bridge		300,000
Intersection Improvements (Studemont @ Washington)		150,000
SUBTOTAL		5,357,200
Financing Costs (1)		8,959,321
Subtotal Financing		8,959,321
Real Property Assemble / Associated Costs		
(2) Land Acquisition / Relocation	100,000	
(3) Land Sale Recovery	-	
Environmental Cleanup	2,000,000	
Subtotal		2,100,000
Professional Services (4)		1,185,000
Subtotal		1,185,000
HISD Schools & Educational Facilities		
HISD Schools & Educational Facilities		10,903,863
Relocation-(See Real Property Assembly Above)	-	
Organizational	165,000	
Operating	-	
Interest (1)-(See Financing Costs Above)	-	
General Revenue Contributions by Municipality	-	
Municipality Payments Required	-	
TOTAL - TIRZ NUMBER FIVE		28,670,384
City Cost Reimbursement		
Police	-	
Fire	-	
Street Lights	5,400	
Solid Waste	-	
Subtotal		5,400
TOTAL		28,675,784

(1) Interest at 9.5%.

(2) Cost for additional land required by development.

(3) Proceeds of sale of property to adjacent owners.

(4) Includes Engineering, Planning, Creation, Administration and Legal Fees.

(5) If required TIRZ increment can fund acquisition of school site under separate Financing between City and HISD.

3.	Land Acquisition/Easement Vacation/Relocation (net)	\$600,000
	Costs associated with acquiring land, easements and relocations necessary for implementation of the Project Plan.	
4.	Professional Services – TIRZ Creation and Operation	\$1,185,000
	Services such as planning, legal, engineering, and other related services associated with the creation and operation of the Zone.	
5.	TIRZ Administration Costs (20 years)	\$165,000
	Consulting services related to the long-term administration of the District.	
	TOTAL PLAN A	\$17,771,921
6.	School and Educational Facilities (not included in developer financing)	\$14,843,070

VIII. Proposed Schedule for Development of Public Improvements

Below is an outline of the projected schedule for construction and installation of improvements:

1. Year One to Year Five – May 1, 1997 to December 31, 2001

Activities shall include: remediation, construction, related professional activities, and business relocation and condemnation if necessary, as outline in the Project Plan.

The services and improvements of the TIRZ are as follows:

- a. Acquisition and condemnation, as a last resort if required, of appropriate property. If any relocation occurs as a result of this activity, it will be done pursuant to City policy.
- b. Environmental remediation of land within the TIRZ east of Studemont, railroad ROW and certain tracts located west of Studemont.
- c. Construction of public water, sewer, drainage, restricted access ways for the completion of Phase II of the Memorial Heights apartment family community and Phase I of the planned single

VIII. TIRZ Improvements – Plan B

1. Capital Costs

- a. Preparation of Residential Development Sites \$1,994,725
Provide public water, sewer and drainage utility lines to support all proposed land uses. Pay City of Houston water and wastewater impact fees associated with all proposed land uses.
- b. Spotts Park Improvements and Common Area Improvements \$1,849,375
Public improvements to Spotts Park including, but not limited to, infrastructure improvements, play/recreational areas, tennis courts, nature trails, Houston Police Department patrol kiosk, and interior landscaping, lighting, irrigation, signage, fencing, and Studemont median improvements.
- c. Pedestrian Bridge \$300,000
Convert existing, abandoned railroad bridge over Buffalo Bayou and Memorial Drive for pedestrian/bike use to extend trail system to Spotts Park and provide an additional crossing over Allen Parkway.
- d. Intersection Improvements \$150,000
Improvements to the intersection of Washington Avenue and Studemont in keeping with the Washington Avenue Coalition concepts.
- e. City Cost Reimbursement
Reimbursement to the City of Houston for additional service provision requirements resulting from the proposed mixed-use residential community.
- 1) *Police Services*

The proposed TIRZ is located in police beats 2A40 and 2A50. According to the Planning Division of the Houston Police Department, the addition of an estimated

2,400 new residents and new commercial enterprises will not impact the area nor require additional officers or capital expenses.

2) Fire Services

The closest fire station, Fire Station Number 6, is located at 3402 Washington, just north of the TIRZ. The Houston Fire Department Planning Division's current facilities are adequate to serve the proposed development. Therefore, no additional expenses are projected to result from the proposed development.

3) Street Lights \$5,400

Annual operating expense for street lights on newly constructed streets will be paid for by the TIRZ for the life of the Zone. The City will not incur additional expense for the lights within the Zone.

4) Solid Waste Collection

The City currently provides solid waste service to all single family homes on public streets. It does not provide service to multi-family and commercial properties not to single family homes on private streets. The proposed development includes only commercial, multi-family and private street, single family detached subdivisions. Therefore, there will be no additional expense to the City resulting from the proposed development.

f. Environmental Cleanup \$2,000,000

Costs associated with eliminating environmental problems and site restoration resulting from prior land uses, and obtaining TNRCC certification for residential land use.

f. Street Paving \$1,063,100

2. Financing Costs

Interest on the funds loaned by the developer to the Zone. \$8,959,321

3.	Land Acquisition/Easement Vacation/Relocation	\$100,000
	Costs associated with acquiring land, easements and relocations necessary for implementation of the Project Plan.	
4.	Professional Services – TIRZ Creation and Operation	\$1,185,000
	Services such as planning, legal, engineering, and other related services associated with the creation and operation of the Zone.	
5.	TIRZ Administration Costs (20 years)	\$165,000
	Consulting services related to the long-term administration of the District.	
	TOTAL PLAN B	\$17,771,921
6.	School and Educational Facilities	\$10,823,062
	(not included in developer financing)	