

City of Houston, Texas, Ordinance No. 1999- 387

AN ORDINANCE APPROVING THE PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN FOR REINVESTMENT ZONE NUMBER TEN, CITY OF HOUSTON, TEXAS (LAKE HOUSTON); 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. 97-1589, adopted December 17, 1997, the City created Reinvestment Zone Number Ten, City of Houston, Texas (the "Lake Houston Zone") for the purposes of development within the area of the City generally bounded by the San Jacinto River, east branch, on the north, Lake Houston on the east and south and Montgomery County on the west (the "Lake Houston area"); and

WHEREAS, the Board of Directors of the Lake Houston Zone has approved the Project Plan and Reinvestment Zone Financing Plan attached hereto for the development of the Lake Houston Zone; and

WHEREAS, the City Council must approve the Project Plan and Reinvestment Zone Financing Plan; **NOW, THEREFORE**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the findings contained in the preamble of this Ordinance are declared to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That the Project Plan and Reinvestment Zone Financing Plan attached hereto for Reinvestment Zone Number Ten, City of Houston, Texas, are hereby determined to be feasible and are approved.

Section 3. That the City Secretary is directed to provide copies of the Project Plan and Reinvestment Zone Financing Plan to each taxing unit levying ad valorem taxes in the Lake Houston 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. That 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 21st day of April, 1999.

APPROVED this _____ day of _____, 19____.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is APR 27 1999.



City Secretary

(Prepared by Legal Dep't DEBORAH F. McABEE) 
(DFM/dfm April 12, 1999) Senior Assistant City Attorney
(Requested by Robert M. Litke, Director, Planning and Development)
(L.D. File No. 61-97067-04)

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**REINVESTMENT ZONE NUMBER TEN,
CITY OF HOUSTON
(LAKE HOUSTON REINVESTMENT ZONE)**

**PROJECT PLAN AND REINVESTMENT ZONE
FINANCING PLAN**

December 8, 1998

**REINVESTMENT ZONE NUMBER TEN,
CITY OF HOUSTON**

Project Plan and Reinvestment Zone Financing Plan

OVERVIEW

This document constitutes the Project Plan and Reinvestment Zone Financing plan as required by Chapter 311, Texas Tax Code. The purpose of the proposed reinvestment zone is the design and construction of water, wastewater, and drainage facilities in order to facilitate the development of new residential and commercial properties in the manner committed by the City Council in approving the Kingwood Annexation Service Plan. The proposed reinvestment zone includes open land where such infrastructure is absent and where residential and commercial development would not occur "but for" the creation of such a zone.

The reinvestment zone provides a financing tool to pay for infrastructure development costs in a manner that is consistent and competitive with other development outside the boundaries of the City of Houston (the "City"). Expenditures associated with the design, construction and financing of water, wastewater and drainage facilities, as well as other specific project related costs are to be funded by tax increment revenue derived from new residential and commercial property value increases.

Pursuant to Developer Reimbursement Agreements, the Developers will be reimbursed for funds advanced on behalf of the reinvestment zone for the design and construction of specific public facilities and related project costs as detailed in this Project Plan and Reinvestment Zone Financing Plan. The Developers will dedicate all public improvements to the City.

PROJECT PLAN

1. Maps showing existing uses and conditions of real property in the zone and showing proposed improvements to and proposed uses of the property

The proposed reinvestment zone is approximately 1,351 acres of substantially undeveloped land in Kingwood. This area was annexed into the City on December 11, 1996. The boundaries of the proposed reinvestment zone are shown in Map 1. Map 2 and 3 show existing uses and proposed improvements and proposed uses of the property.

2. Proposed Changes of Zoning Ordinances, The Master Plan of the Municipality, Building Codes, and Other Municipal Ordinances

All construction will be done in conformance with existing building code regulations of the City of Houston. There are no proposed changes of any city ordinance, master plan, or building codes.

3. List of Estimated Non-project Costs

The list of estimated non-project costs reflect the investment that the Developers will make towards the total development. The Developer sponsored costs include all roadway construction, landscaping, parks, and irrigation systems, and pedestrian trails constructed along the public thoroughfares and collector streets, as well as engineering and planning costs associated with these cost items. These items are listed as non-project costs because they are not project-related costs to be paid by the reinvestment zone. These Developer sponsored items are summarized below. The location and estimated cost of the non-project costs are listed in Exhibit A.

<u>Developer Sponsored (non-project costs)</u>	<u>(in thousands)</u>
Planning/Paving and Roadways	\$ 14,122
Amenities	\$ 1,949
TOTAL	\$ 16,071

4. Statement of Method of Relocating Persons to be displaced as a Result of Implementing the Plan

The Reinvestment Zone Project Plan calls for the development of substantially vacant property. Therefore, there is no displacement of property owners or residents.

REINVESTMENT ZONE FINANCING PLAN

1. A Detailed List describing the estimated project costs of the Zone, Including Administrative Expenses

A list describing the estimated project costs of the zone is described below and in Exhibit A. Creation and administration costs are described below and shown in Exhibit C. Organizational costs for the creation of the zone are estimated at \$200,000. The administration of the reinvestment zone shall be by the Board of Directors under the provisions of Chapter 311, Texas Tax Code. The estimated administrative costs are \$60,000 per year for the first two years of operation and \$25,000 for each year thereafter. The costs shown below are to be advanced by and reimbursed to the Developers pursuant to a Development Agreement. The costs shown below and in Exhibit D are estimates only, and the actual costs are the amounts to be reimbursed to the Developers by the reinvestment zone increment revenue.

Public Improvements & Related Items

Public Utilities

Reinvestment Zone Creation

Reinvestment Zone Administration

TOTAL

Estimated Cost (in thousands)^b

\$ 13,261 ^a

\$ 200

\$ 795

\$ 14,256

- a. Includes estimated costs of engineering and construction of water/sewer/drainage only. Interest and administrative project costs are projected in Exhibit C.
- b. Estimates only. Payment by the reinvestment zone will be based on actual costs incurred by the Developers and the zone.

2. Statement Listing the Kind, Number, and Location of All Proposed Public Works or Public Improvements in the Zone.

The public improvements to be constructed and paid for by the reinvestment zone consist of water, wastewater, and drainage infrastructure, which are required for the development of single family residential and supporting commercial development. The kind, number, and location of all proposed public works or public improvements in the zone are detailed in Exhibit B.

3. Economic Feasibility Study

Exhibit D is a market study, which has been prepared to assess the market for the proposed development. The City and Developers anticipate a strong acceptance of the housing product to be delivered.

4. The Estimated Amount of Bonded Indebtedness to be Incurred

The estimated amount of bonded indebtedness to be incurred is detailed in Exhibit C.

5. The Time When Related Costs or Monetary Obligations are to be Incurred

The time when related costs or monetary obligations are to be incurred is detailed in Exhibit C.

6. Description of the Methods of Financing All Estimated Project Costs and the Expected Sources of Revenue to Finance or Pay Project Costs, Including the Percentage of Tax Increment to be Derived from the Property Taxes of Each Taxing Unit that Levies Taxes on Real Property in the Zone

Description of the methods of financing

The Financing Plan will be implemented in accordance with a separate agreement among the City, the TIRZ and each Developer. Project costs are to be advanced by the Developers. As tax increment is created on each Developer's property, the Developers will be reimbursed for eligible project costs, including interest, from the proceeds of annual issues of City general obligation bonds. City bonds are to be issued to reimburse a Developer only when the Developer's property in the zone provides

sufficient tax increment revenues to pay debt service on the bonds. Tax increment revenue will be applied to pay or reimburse all debt service on the City bonds.

The City has the authority to issue general obligation bonds to finance project costs to the extent of annexed municipal utility districts' voted and unissued bonds. There exist sufficient voted, unissued annexed district bonds to complete the water, sewer and drainage development in the proposed zone. The City will issue water district bonds to reimburse the developer only when it otherwise issues general obligation bonds or may legally issue notes under its then current commercial paper program.

Use of City general obligation bonds, water district bonds, or commercial paper to finance eligible project costs will dramatically decrease interest costs, required reserves, and associated costs of issuance compared to the use of tax increment bonds. Issuance cost savings should be significant. Since bonds issued to finance eligible project costs would be issued as part of regular City issues, incremental issuance costs should be much smaller than stand-alone issuance costs for tax increment bond issues.

This approach protects the City and other taxing jurisdictions from development risks. No bonds will be issued under this plan until adequate tax increment has been created to support bond debt service.

Expected Sources of Revenue to Finance or Pay Project Costs

Proceeds of City general obligation bonds will be used to reimburse project costs. Tax increment revenue will be used to pay all debt service on the bonds. The purpose of the proposed reinvestment zone is to design and construct the necessary water, wastewater, and drainage facilities to facilitate the development of new residential and commercial properties in the manner committed by the City Council in approving the Kingwood Annexation Service Plan. The Developers project the construction of 1,479 single-family units and supporting commercial development through the year 2007. Exhibit C shows the build-out projection of new residential and commercial development.

Exhibit C also shows:

- the increment revenue generated by each participating taxing jurisdiction, and
- the Harris County 50% non-dedicated tax revenue.

Percentage of Increment Dedicated to the Zone

The percentages of tax value increment to be dedicated to the reinvestment zone and to be derived from the property taxes of each participating taxing unit are:

City of Houston 100% Dedicated
Harris County 50% Dedicated

75% (\$0.665/\$100) of total increment participation
25% (\$0.214/\$100) of total increment participation

Tax Increment Fund

The City created and established a Tax Increment Fund for the Zone, which may be divided into sub-accounts as authorized by subsequent ordinances. A separate account will be created for the property of each Developer. All Tax Increments, as defined below, from a Developer's property will be deposited in the related account of the Tax Increment Fund. The Tax Increment Fund and each account shall be maintained at the depository bank of the City of Houston and shall be secured in the manner prescribed by law for funds of Texas cities. The annual Tax Increment shall equal the property taxes levied by the City or any other taxing unit participating in the zone for that year on the captured appraised value, as defined by the Tax Increment Act (the "Act"), of real property located in the zone that is taxable by the City or any other taxing unit participating in the zone, less any amounts that are to be allocated from the Tax Increment pursuant to the Act.

All revenues from the sale of any tax increment bonds, notes, or other obligations hereafter issued by the City for the benefit of the zone, if any; revenues from the sale of property acquired as part of the project plan and reinvestment zone financing plan, if any; and other revenues to be used in the zone shall be deposited into the Tax Increment Fund. Tax increment revenue derived from a Developer's property and proceeds of bonds issued to reimburse a Developer will be deposited to the related account in the Tax Increment Fund. Prior to termination of the zone, money shall be disbursed from each account within the Tax Increment Fund only to pay project costs, as defined by the Texas Tax Code, for the related property in the zone, to satisfy the claims of holders of tax increment bonds or notes issued for the Zone, or to pay obligations incurred pursuant to agreements allocable to the related property and entered into to implement the project plan and reinvestment zone financing plan and achieve their purposes pursuant to Section 311.010(b) of the Texas Tax Code.

7. The Current Total Appraised Value of Taxable Real Property in the Zone

The current total appraised value of real property in the zone is \$6,100,000.

8. The Estimated Captured Appraised Value of the Zone During Each Year of its Existence

It is projected that taxable property values in the zone will increase to approximately \$253,971,556 by the year 2008. Exhibit C shows the annual captured appraised value of these new improvements or increases in value of pre-existing property during the build-out period.

9. Duration of the Zone

The City of Houston established the zone by City of Houston Ordinance No. 97-1589. The ordinance established that the zone took effect on January 1, 1998 and termination of the operation of the zone shall occur on December 31, 2027. The Zone may terminate at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of the proposed general obligation bonds, notes or other obligations, if any, that all project costs, bonds, and interest on bonds have been paid in full.

MAPS

- Map 1: Map of Proposed Reinvestment Zone
- Map 2: Map Showing Existing Uses and Conditions of Real Property in the Zone
- Map 3: Map Showing Proposed Improvements To and Proposed Uses

EXHIBITS

- Exhibit A Listing of kind, number and location of proposed public works and improvements, estimated project costs (excluding administrative expenses)
- Exhibit B Build-out Schedule for Developers
- Exhibit C Tax collection analysis and tax rate impact (page 1)
Projection of taxable valuation (page 2)
Unlimited tax bonds summary of costs (page 3)
- Exhibit D Market and Economic Feasibility Study

Appendix

- Appendix A Boundary Description of Reinvestment Zone

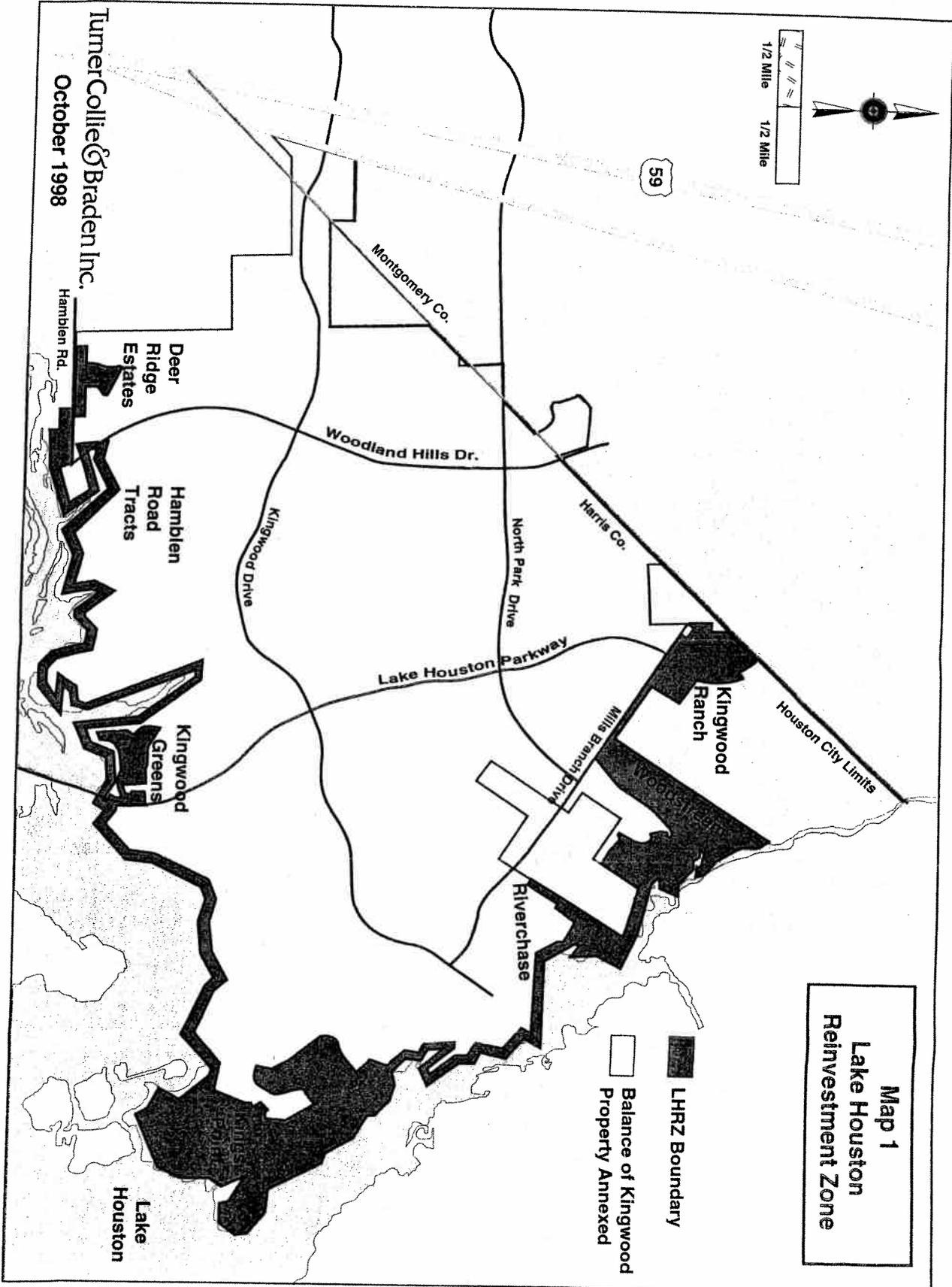
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MAPS



1/2 Mile 1/2 Mile

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Map 1
Lake Houston
Reinvestment Zone

 LHRZ Boundary
 Balance of Kingwood Property Annexed

TurnerCollie&Braden Inc.
 October 1998

Hamblen Rd.

Deer Ridge Estates

Hamblen Road Tracts

Kingwood Greens

Lake Houston

Montgomery Co.

Woodland Hills Dr.

Kingwood Drive

Harris Co.

North Park Drive

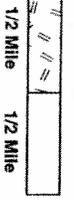
Lake Houston Parkway

Mills Branch Drive

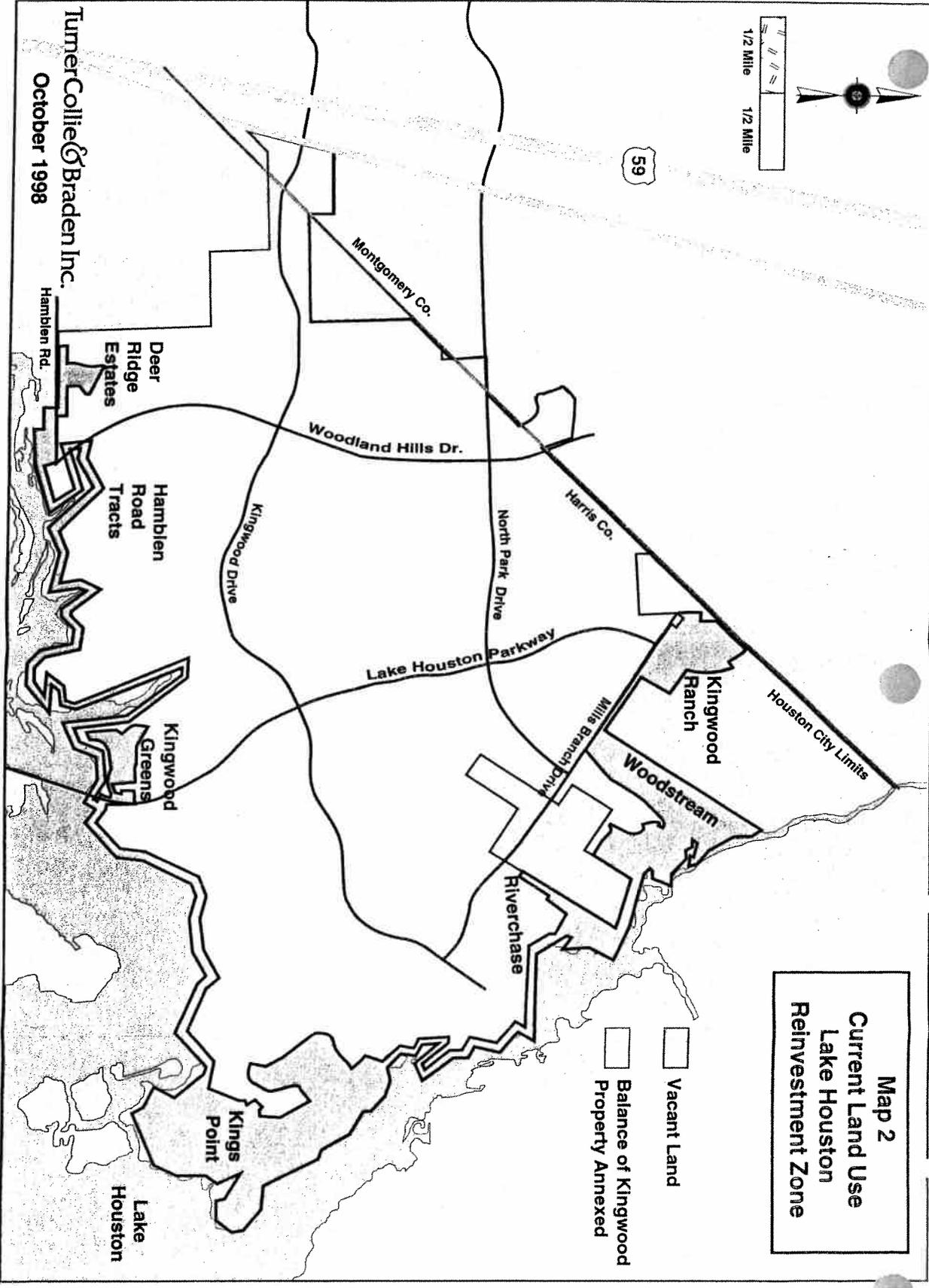
Kingwood Ranch

Houston City Limits

Riverchase



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Map 2
Current Land Use
Lake Houston
Reinvestment Zone

TurnerCollie & Braden Inc.
October 1998

Hamblen Rd.

Deer Ridge Estates

Hamblen Road Tracts

Kingwood Greens

Kings Point

Lake Houston

Montgomery Co.

Woodland Hills Dr.

Kingwood Drive

Harris Co.

North Park Drive

Lake Houston Parkway

Mills Branch Drive

Kingwood Ranch

Woodstream

Riverchase

Houston City Limits

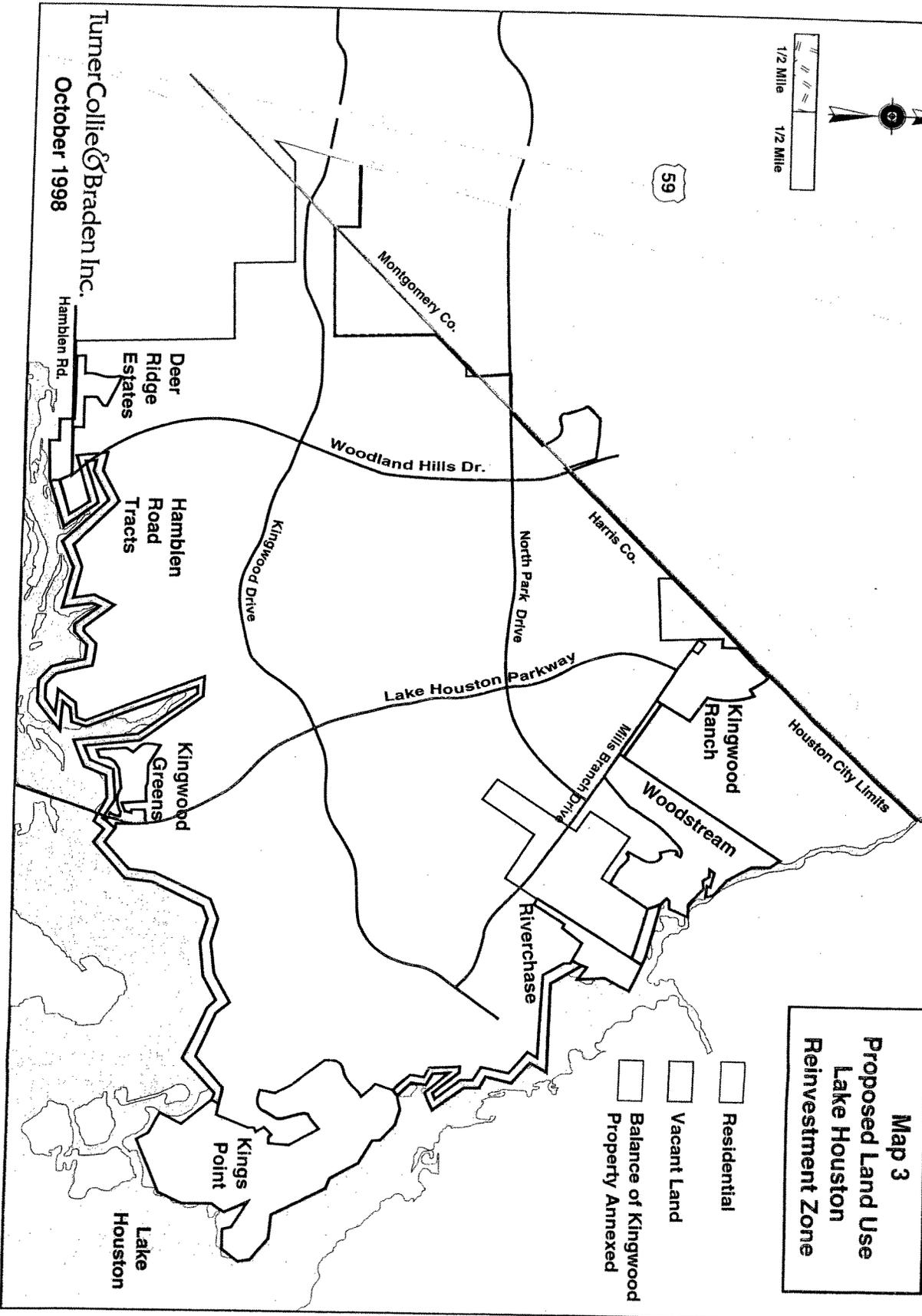
Vacant Land

Balance of Kingwood Property Annexed



1/2 Mile 1/2 Mile

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Map 3
Proposed Land Use
Lake Houston
Reinvestment Zone

Turner Collier & Braden Inc.
October 1998

Hamblen Rd.

Deer Ridge Estates

Hamblen Road Tracts

Kingwood Greens

Kings Point

Lake Houston

Woodland Hills Dr.

Kingwood Drive

Lake Houston Parkway

North Park Drive

Mills Branch Drive

Riverchase

Montgomery Co.

Harris Co.

Houston City Limits

- Residential
- Vacant Land
- Balance of Kingwood Property Annexed
- Property Annexed

EXHIBITS

Exhibit A
Lake Houston Tax Increment Reinvestment Zone
Listing of Kind, Number and Location of Proposed Public Works and Public Improvements
Estimated Project Costs, Excluding Administrative Expenses

Project Location	Development Year	Number of Homes	TIRZ Costs	Developer Sponsored Costs	
			Public Utilities (Thousands)	Planning/Roadways (Thousands)	Amenities (Thousands)
I. Friendswood Development Company Projects					
Kingwood Greens Section 4	1997 - 2002	87	\$0	\$1,566	\$171
Kings Point Section 10	1998 - 1999	87	\$20	\$766	\$351
Kings Point Section 11	2000 - 2001	110	\$1,391	\$1,079	\$309
Kings Point Section 12	2002	19	\$0	\$254	\$3
Kings Point Section 13	2003 - 2004	60	\$1,000	\$929	\$117
Kings Point Section 14	2005 - 2006	60	\$1,030	\$952	\$72
Riverchase Section 3	1998	75	\$923	\$687	\$5
Riverchase Section 4	1999	75	\$695	\$697	\$26
Riverchase Section 5	2000	74	\$724	\$700	\$27
Woodstream Section 3	1998	100	\$0	\$528	\$26
Woodstream Section 4	1999	80	\$500	\$597	\$293
Woodstream Section 5	2000	80	\$513	\$946	\$72
Woodstream Section 6	2001	80	\$552	\$527	\$6
Woodstream Section 7	2002	85	\$566	\$556	\$6
Subtotal Friendswood Dev. Co.		1072	\$7,914	\$10,784	\$1,484
II. Other Developers' Projects					
Kingwood Ranch Section 1	1998 - 2000	82	\$1,851	\$711	\$254
Kingwood Ranch Section 2 & 3	1999 - 2001	105	\$733	\$839	\$124
Kingwood Ranch Section 4 & 5	2000 - 2003	100	\$886	\$616	\$43
Kingwood Ranch Section 6 & 7	2001 - 2003	91	\$830	\$602	\$44
Deer Ridge Estates Section 1	1998 - 2003	18	\$417	\$139	
Hamblen Road Tracts	1998 - 2003	11	\$630	\$431	
Subtotal Other Developers		407	\$5,347	\$3,338	\$485
Totals		1479	\$13,261	\$14,122	\$1,949

Exhibit A
Lake Houston Tax Increment Reinvestment Zone
Listing of Kind, Number and Location of Proposed Public Works and Public Improvements
Estimated Project Costs, Excluding Administrative Expenses

- Notes: 1. These development projections and estimated project costs for Friendswood Development Company projects are based on the company's current business plan. Projections and costs for other developers' projects are based on input provided by the developer.
2. Estimated project costs have been inflated at an annual rate of 2.5% indexed to 1997.
3. Public Utility Costs include estimated amounts for design and construction of water distribution lines, sanitary sewer collection facilities and drainage facilities. These costs are to be advanced by the developers and refunded by the TIRZ from the proceeds of bond sales.
4. Planning/Roadways Costs include estimated amounts for landplanning, platting, and design and construction of roadways and appurtenances.
5. Amenities Costs includes estimated amount for parks, greenbelt trails, fences and walls, neighborhood entry markers, irrigation, landscaping of common areas and the design and construction of trails located along major thoroughfares and collectors.
6. TIRZ Costs do not include an allowance for developer's interest, which would be reimbursed from the proceeds of bond sales.

Exhibit B (CONTINUED)
Lake Houston Tax Increment Reinvestment Zone
Buildout Schedule for Other Developers
Estimated Captured Appraised Value of the Zone During Each Year of Its Existence

Project Description	1998		1999		2000		2001		2002		2003		2004	
	Home Construction	Captured Value (K)												
Kingwood Ranch Section 1	50	\$5,750	22	\$2,530	10	\$1,150								
Kingwood Ranch Sec. 1 Retail														
Kingwood Ranch Section 2 & 3			50	\$5,750	37	\$4,255	18	\$2,070		\$1,350				
Kingwood Ranch Section 4 & 5					25	\$2,875	25	\$2,875	25	\$2,875	25	\$2,875		
Kingwood Ranch Section 6 & 7							26	\$2,980	32	\$3,680	33	\$3,795		
Kingwood Ranch Sec. 6 & 7 Retail								\$2,450						
Deer Ridge Estates Section 1	5	\$4,375	5	\$4,375	5	\$4,375	3	\$1,875						
Hamblien Road Tracts					5	\$2,250	4	\$1,800	2	\$1,250				
Total Home Sales	55		77		82		76		59		58		0	
Total Captured Value		\$10,125		\$12,655		\$14,905		\$14,060		\$9,155		\$6,670		\$0
														\$ 67,570

Note: 1. Captured value is presented in thousands of dollars.

2. Projected value of home construction is in 1997 dollars excluding inflation per the developers' projections.

3. Home construction in a calendar year results in captured appraised value in the following tax year.

Exhibit C
Lake Houston Tax Incremental Reinvestment Zone
Tax collection analysis and tax rate impact
Esmeri City of Houston

Year	Projected Taxable City Tax	Estimated City Tax Rate	Projected Taxable County Tax	Estimated County Tax Rate	Old Year	Beginning Fund Balance	90% of City's Collections	90% of County's Collections	Paid Earnings 4.00%	Admin. Costs	Total Available Funds	Series 2000	Series 2001	Series 2002	Series 2003	Series 2006	Total debt service	Ending Fund Balance
1999	\$24,629,932	\$0.66500	\$23,662,080	\$0.44436	2000	\$0	\$147,470	\$47,315	\$0	(\$60,000)	\$134,785	\$225,300	\$283,750	\$62,730	\$39,500	\$84,250	\$14,515,068	\$134,785
2000	65,333,374	0.66500	62,786,960	0.44436	2001	134,785	391,143	125,330	5,391	(60,000)	596,870	567,032	734,938	176,566	184,119	389,193	2,051,848	361,373
2001	114,387,714	0.66500	109,987,360	0.44436	2002	361,370	684,611	219,933	14,455	(25,000)	1,637,541	567,032	734,938	176,566	184,119	389,193	2,051,848	404,587
2002	136,989,712	0.66500	131,122,480	0.44436	2003	404,587	939,583	302,188	16,183	(25,000)	1,637,541	567,032	734,938	176,566	184,119	389,193	2,051,848	272,821
2003	189,935,652	0.66500	182,846,080	0.44436	2004	272,821	1,136,765	365,623	10,913	(25,000)	1,761,121	567,032	734,938	176,566	184,119	389,193	2,051,848	223,085
2004	214,823,604	0.66500	206,736,160	0.44436	2005	223,085	1,285,719	441,434	8,923	(25,000)	1,906,162	567,032	734,938	176,566	184,119	389,193	2,051,848	207,885
2005	229,147,580	0.66500	220,591,200	0.44436	2006	243,506	1,371,448	441,099	9,740	(25,000)	2,040,793	567,032	734,938	176,566	184,119	389,193	2,051,848	243,506
2006	248,679,568	0.66500	229,878,220	0.44436	2007	378,138	1,428,497	459,670	15,126	(25,000)	2,256,431	567,032	734,938	176,566	184,119	389,193	2,051,848	278,138
2007	248,245,562	0.66500	239,322,480	0.44436	2008	509,526	1,485,730	478,534	20,381	(25,000)	2,469,211	567,032	734,938	176,566	184,119	389,193	2,051,848	309,526
2008	253,971,556	0.66500	244,926,240	0.44436	2009	417,363	1,520,020	489,259	16,693	(25,000)	2,418,837	567,032	734,938	176,566	184,119	389,193	2,051,848	344,600
2009	253,971,556	0.66500	244,926,240	0.44436	2010	366,989	1,520,020	489,259	14,680	(25,000)	2,311,963	567,032	734,938	176,566	184,119	389,193	2,051,848	314,600
2010	253,971,556	0.66500	244,926,240	0.44436	2011	314,600	1,520,020	489,259	12,584	(25,000)	2,235,299	567,032	734,938	176,566	184,119	389,193	2,051,848	260,136
2011	253,971,556	0.66500	244,926,240	0.44436	2012	260,116	1,520,020	489,259	10,405	(25,000)	2,235,299	567,032	734,938	176,566	184,119	389,193	2,051,848	203,451
Total							\$149,510,866	\$4,812,402	\$153,475	(\$395,000)	\$6,472,848	\$7,633,135	\$1,651,844	\$1,537,452	\$2,030,213	\$19,320,492		

Note: An interest rate of 5.000% is assumed on all bond issues.

Exhibit C
Lake Houston Tax Incremental Reinvestment Zone
Projection of Taxable Valuation
Issued: City of Houston

Year	Incremental Assessed Valuation	Cumulative Assessed Valuation	20% Homestead Exemption (1)	Net Assessed Valuation	Number of Homes Added	Cumulative Number of Homes	Senior/Disabled Citizens Exemption Eligible Homes (2)	City Exemption Amount (3)	County Exemption Amount (4)	Projected Taxable Valuation for City Tax	Projected Taxable Valuation for County Tax
1999	\$31,140,000	\$31,140,000	(\$6,228,000)	\$24,912,000	156	156	8	(\$772,048)	(\$1,249,920)	\$24,639,952	\$23,662,080
2000	51,445,000	82,585,000	(16,517,000)	66,068,000	268	424	21	(714,126)	(3,281,040)	65,353,874	62,786,960
2001	61,930,000	144,515,000	(28,903,000)	115,612,000	297	721	36	(1,224,216)	(5,624,640)	114,387,784	109,987,360
2002	53,150,000	197,665,000	(39,043,000)	158,622,000	245	966	48	(1,632,288)	(7,499,520)	156,989,712	151,122,480
2003	41,270,000	238,935,000	(47,027,000)	191,908,000	194	1,160	58	(1,972,348)	(9,061,920)	189,935,652	182,846,080
2004	31,450,000	270,385,000	(33,317,000)	237,068,000	166	1,326	66	(2,244,396)	(10,311,840)	214,823,604	206,756,160
2005	18,075,000	288,460,000	(36,932,000)	251,528,000	75	1,401	70	(2,380,420)	(10,936,800)	229,147,580	220,591,200
2006	12,000,000	300,460,000	(59,332,000)	250,728,000	30	1,431	72	(2,448,432)	(11,249,280)	238,679,568	229,878,720
2007	12,000,000	312,460,000	(61,732,000)	250,728,000	30	1,461	73	(2,462,438)	(11,405,520)	248,245,562	239,322,480
2008	7,200,000	319,660,000	(63,172,000)	256,488,000	18	1,479	74	(2,516,444)	(11,561,760)	253,971,556	244,926,240
Total	\$319,660,000				1,479						

Source: The Developers.
 (1) Homestead exemptions do not apply to the assessed valuation attributable to Kingwood Ranch Sections 1, 6 and 7.
 (2) Number of homes eligible for exemption is assumed to be 3% of total number of homes.
 (3) The City's senior or disabled citizen exemption is estimated at \$34,006 per home.
 (4) The County's senior or disabled citizen exemption is estimated at \$156,240 per home.

Exhibit C
Lake Houston Tax Incremental Reinvestment Zone
Unlimited Tax Bonds-- Summary of Costs

Issuer: City of Houston

	Series 2000	Series 2001	Series 2002	Series 2003	Series 2006	Total
Construction Costs						
Creation Costs of Reinvestment Zone	\$200,000					\$200,000
Underground Utility Costs (1)	1,724,500					1,724,500
	2,240,833					2,240,833
		\$3,189,833				3,189,833
		2,164,500	\$1,238,667			2,164,500
				\$1,172,667		1,172,667
					\$500,000	500,000
					\$15,000	15,000
					\$15,000	15,000
Total Construction Costs	\$4,165,333	\$5,354,333	\$1,238,667	\$1,172,667	\$1,530,000	\$13,461,000

	Non Construction Costs					Total
Estimated Costs of Issuance (2)	\$18,035	\$21,730	\$4,806	\$4,557	\$6,452	\$55,580
Developer Interest (3)	\$12,085	287,085	0	0	136,350	935,520
Administrative Expense	14,547	11,851	11,528	12,777	12,198	62,900
Total Non Construction Costs	\$544,667	\$320,667	\$16,333	\$17,333	\$155,000	\$1,054,000
Total Bond Issue Size	\$4,710,000	\$5,675,000	\$1,255,000	\$1,190,000	\$1,685,000	\$14,515,000

(1) Source: The Developers.
(2) Assumes the bonds are sold as part of the City of Houston's public improvement bond issues.
(3) Estimated at prime rate plus 0.75%.