

City of Houston, Texas, Ordinance No. 2011- 975

AN ORDINANCE RELATING TO THE FISCAL AFFAIRS OF THE EAST DOWNTOWN REDEVELOPMENT AUTHORITY ON BEHALF OF REINVESTMENT ZONE NUMBER FIFTEEN, CITY OF HOUSTON, TEXAS (EAST DOWNTOWN ZONE); APPROVING THE FISCAL YEAR 2012 OPERATING BUDGET FOR THE AUTHORITY AND THE FISCAL YEARS 2012-2016 CAPITAL IMPROVEMENTS BUDGET FOR THE ZONE; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED THERETO; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, the East Downtown Redevelopment Authority (“Authority”), a local government corporation acting on behalf of the City in connection with Reinvestment Zone Number Fifteen, City of Houston, Texas (“Zone”), has submitted an Operating Budget for Fiscal Year 2012 (“Operating Budget”) and a five-year Capital Improvements Budget for Fiscal Years 2012-2016 (“CIP Budget,” and, collectively with the Operating Budget, “Budgets”) to the City Council for approval pursuant to the interlocal agreement among the City, the Authority, and the Zone approved by Ordinance No. 2000-663 (“Tri-Party Agreement”); and

WHEREAS, the City designated the Zone on July 7, 1999 by Ordinance No. 1999-708 over a certain area within the City (“Original Area”) and added additional area to the Zone by Ordinance No. 2007-1441 approved on December 12, 2007 (“Annexed Area”); and

WHEREAS, the Budget is based upon the following revenue assumptions:

1. the Tax Year 2011 Projected Captured Appraised Value of \$165,518,841 which is based on the most current certified property tax roll of the Harris County Appraisal District property values in the Zone as of April 15, 2011; and

2. the tax increment is calculated based on applying the following to the Captured Appraised Value:

a. a City tax rate of \$0.63875/\$100 appraised value of all property in the Zone; and

b. a Houston Independent School District ("HISD") tax rate of \$.0096/\$100 appraised value of property in the Zone which reflects the HISD participation rate specified in the interlocal agreement among HISD, the City, and the Zone approved by Ordinance No. 1999-913 ("HISD Agreement"); and

3. HISD's participation is based on the estimated Captured Appraised Value of the Zone for Tax Year 2011 shown in the Project Plan and Reinvestment Zone Financing Plan for the Zone; and

4. a tax collection rate of:

a. 93.8% for the City and 92.3% for HISD in the Original Area; and

b. 95.0% by the City in the Annexed Area; and

WHEREAS, the Budgets are also based on the following assumptions:

1. Capital improvements for Fiscal Years 2012-2016 include approximately \$2,270,000 for sanitary sewer system grid extensions, and sidewalk and related pedestrian safety infrastructure; and

2. The timely implementation of capital improvements projects in the Budgets may require the Authority to incur debt; and

3. The City's Finance Department will assist the Authority in identifying a cost-efficient method to finance the costs of the capital improvements; and

4. Amounts will be paid from the HISD Tax Increment Participation in the manner prescribed by the HISD Agreement; and

5. The Authority may receive grants from state and federal agencies during Fiscal Year 2012, and may receive grants from other sources, which may require the Authority to pay a local match; and

6. The type and amount of coverage for all forms of insurance will be reasonable and appropriate under the circumstances of the Zone, and the Zone and Authority will pursue the most cost-effective means of obtaining coverage, including but not limited to, competitive bidding; and

WHEREAS, the City Council desires to approve the Budgets; **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 determined to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That the City Council takes cognizance of the fact that in order to implement the Project Plan and Reinvestment Zone Financing Plan for the Zone, as amended, and to make adjustments occasioned by events transpiring during the year, the Authority may need to transfer funds from one Line Item of Project Costs shown on Exhibit "A" to another. The Authority may transfer funds (1) as needed for Debt Service and (2) from one Line Item of Project Costs to another provided that the aggregate of

such transfers does not exceed the lesser of \$400,000 or five percent (5%) of the Project Costs during Fiscal Year 2012. Subject to the foregoing, the Operating Budget attached hereto as Exhibit "A" is hereby approved for the Authority.

Section 3. That the CIP Budget attached hereto as Exhibit "B" is hereby approved for the Zone.

Section 4. That not later than the end of Fiscal Year 2013, the Directors of the City's Finance Department and Planning and Development Department (or any successors with the responsibility of preparing a budget for the Zone) shall determine the amount of money necessary to (1) complete and pay for the estimated costs of all projects listed in the Project Plan and Reinvestment Zone Financing Plan of the Zone, (2) pay any tax increment bonds or notes issued for the Zone, and (3) pay any other obligations of the Zone. If the Directors' analysis shows that more revenues will be available than necessary to make the payments described in the preceding sentence, the Directors shall initiate the process to reduce the portion of the tax increment produced by the City and paid into the Tax Increment Fund of the Zone pursuant to applicable law.

Section 5. That not later than March 31, 2012, the Zone and the Authority shall, in cooperation with City representatives (1) identify surplus funds in the Authority's Fiscal Year 2012 Operating Budget based on the difference between Zone revenues and the Fiscal Year 2012 Operating Budget for the Authority approved by the City; and (2) make available any surplus Zone funds, through appropriate agreement, for projects identified by the City that are eligible for tax increment funding, such as affordable housing, areas of public assembly, incremental costs of municipal services attributable

to development and redevelopment in the Zone, and capital projects that benefit the City and the Zone. The agreement may provide for the payment of surplus funds into one or more accounts established by the City or may provide for direct payment by the Authority for the purpose. The Zone and the Authority shall consider amendments to the Zone's Project Plan and Reinvestment Zone Financing Plan that may be necessary to accomplish this purpose, and shall expedite any such amendments.

Section 6. That the Director of the Finance Department is directed to assist the Authority in identifying a cost-efficient method for financing public infrastructure consistent with financing principles used by the City.

Section 7. The approval of this Budget is contingent upon receipt by the Director of the Finance Department of a document signed by the Administrator of the Authority and/or Zone disclosing the name of each owner or developer of property within the Zone from which the Administrator has received compensation during the last five calendar years, and the amount of compensation by owner by year. Compensation may be expressed by category as follows:

Category I	Less than \$1,000.00
Category II	At least \$1,000.00 but less than \$10,000.00
Category III	At least \$10,000.00 but less than \$50,000.00
Category IV	At least \$50,000.00 but less than \$100,000.00
Category V	At least \$100,000.00 but less than \$500,000.00
Category VI	At least \$500,000.00 but less than \$1,000,000.00
Category VII	\$1,000,000.00 or more

Section 8. 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 16th day of November, 2011.

APPROVED this _____ day of _____, 2011.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is NOV 22 2011.



City Secretary

(Prepared by Legal Department Donna Capps)
(DRC:drc November 10, 2011) Assistant City Attorney
(Requested by Andy Icken, Chief Development Officer)
(L.D. File No. 0619900058051)

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AYE	NO	
		ABSENT-OUT OF CITY CITY BUSINESS MAYOR PARKER
••••	••••	COUNCIL MEMBERS
✓		STARDIG
✓		JOHNSON
		ABSENT-OUT OF CITY ON PERSONAL BUSINESS GLUTTERBUCK
		ABSENT-OUT OF CITY CITY BUSINESS ADAMS
		ABSENT-CITY BUSINESS SULLIVAN
✓		HOANG
✓		PENNINGTON
✓		VICE MAYOR PRO TEM PRESIDING GONZALEZ
✓		RODRIGUEZ
✓		COSTELLO
✓		LOVELL
		ABSENT-OUT OF CITY ON PERSONAL BUSINESS NORIEGA
✓		BRADFORD
✓		JONES
CAPTION	ADOPTED	

EXHIBIT "A"
Operating Budget

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2012 BUDGET PROFILE

Fund Summary
 Fund Name: East Downtown Redevelopment Authority
 TIRZ: 15
 Fund Number: 7563/64

P R O F I L E	Base Year:		1999
	Base Year Taxable Value:	\$	32,031,620
	Projected Taxable Value (TY2011):	\$	134,795,776
	Current Taxable Value (TY2010):	\$	135,744,838
	Acres:		387.02 acres
	Administrator (Contact):		City of Houston
	Contact Number:		713-837-9573

N A R R A T I V E	Zone Purpose:
	Mobilize investment and tax base expansion in the East Downtown area by investing resources to design and reconstruct all the basic City infrastructure including Water Lines, Storm Sewer Lines, Sanitary Sewer Lines, Streets and Sidewalks. Provide for environmental cleanup where needed to enable redevelopment to occur. Construction of parking facilities to support retail development.
	Accomplishments in FY11 (Projects Underway):
	In fiscal year 2011, the East Downtown TIRZ accomplished:
	<ul style="list-style-type: none"> - Amended the Project Plan and Reinvestment Zone Financing Plan. - Extended the termination date for the Zone to December 31, 2040. - Increased the Debt Authorization for the Zone to \$55 million. - Authorized an Economic Development Agreement with the City of Houston and the Dynamo Stadium LLC for the Development, Construction, Operation and Maintenance of a Multi-Purpose Sports and Entertainment Facility. - Authorized an Interlocal Agreement for Zone participation with Harris County. - Approved an Interlocal Agreement with the City of Houston, Harris County, the Harris County-Houston Sports Authority. - Authorized a Loan Agreement with Compass Bank for funding of Infrastructure improvements at the Dynamo Stadium site. - Authorized a Funding Agreement for Project Design and Construction with the City of Houston for Infrastructure Improvements related to the development of the Dynamo Stadium site.

P R O J E C T P L A N		Cumulative Expenses		
		Total Plan	(to 6/30/10)	Variance
	Capital Projects:			
	Water Lines	\$ 1,230,500	\$ 116,143	\$ 1,114,357
	Storm Sewer	2,209,400	413,920	1,795,480
	Sanitary Sewer	1,113,950	48,396	1,065,554
	Streets	9,845,750	2,227,263	7,618,487
	Sidewalks	774,000	255,607	518,393
	Cultural and Public Facilities	20,000,000	-	20,000,000
	Parking Facilities	30,500,000	-	30,500,000
	Environmental Clean-up	1,000,000	-	1,000,000
	Total Capital Projects	\$ 66,673,600	\$ 3,061,329	\$ 63,612,271
	Affordable Housing	-	-	-
	Financing Costs	23,822,727	971,334	22,851,393
	Education Facilities	13,201,622	1,654,908	11,546,714
	Creation Costs	840,000	1,720,932	(880,932)
	Total Project Plan	\$ 104,537,949	\$ 7,408,503	\$ 97,129,446

D E B T	Additional Financial Data	FY2011 Budget	FY2011 Estimate	FY2012 Budget
		Debt Service		
	Principal	-	-	-
	Interest	-	-	-
		Balance as of 6/30/10	Projected Balance as of 6/30/11	Projected Balance as of 6/30/12
	Year End Outstanding (Principal)			
	Bond Debt	-	-	-
	Bank Loan	-	19,958,333	19,323,901
	Developer Agreement	\$ 1,010,579	\$ 542,383	-
	Other	-	-	-

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2012 BUDGET DETAIL

Fund Summary
Fund Name: East Downtown Redevelopment Authority
TIRZ: 15
Fund Number: 7563/64

TIRZ Budget Line Items	FY2011 Budget	FY2011 Estimate	FY2012 Budget
RESOURCES			
RESTRICTED Funds - Capital Projects	\$ -	\$ -	\$ -
RESTRICTED Funds - Affordable Housing	\$ -	\$ -	\$ -
RESTRICTED Funds - Bond Debt Service	\$ -	\$ -	\$ -
UNRESTRICTED Funds	\$ 2,676,958	\$ 2,676,958	\$ 5,371,830
Beginning Fund Balance	\$ 2,676,958	\$ 2,676,958	\$ 5,371,830
City tax revenue	\$ 1,013,249	\$ 1,036,846	\$ 996,698
ISD tax revenue	\$ 926,505	\$ 1,020,436	\$ 903,453
County tax revenue	\$ -	\$ 326,838	\$ 318,786
Community College tax revenue	\$ -	\$ -	\$ -
Incremental property tax revenue	\$ 1,939,754	\$ 2,384,120	\$ 2,218,937
COH TIRZ Interest	\$ -	\$ 6,264	\$ 5,000
Miscellaneous revenue	\$ -	\$ 6,264	\$ 5,000
Interest Income	\$ 11,511	\$ 2,363	\$ 2,000
Other Interest Income	\$ 11,511	\$ 2,363	\$ 2,000
Developer Advance	\$ -	\$ -	\$ -
City of Houston	\$ 1,500,000	\$ 1,556,465	\$ -
Advances	\$ 1,500,000	\$ 1,556,465	\$ -
Grant Proceeds	\$ -	\$ -	\$ -
Special assessment bond proceeds	\$ -	\$ -	\$ -
Compass Bank Loan	\$ -	\$ 20,000,000	\$ -
Proceeds from bank loan	\$ -	\$ 20,000,000	\$ -
TOTAL AVAILABLE RESOURCES	\$ 6,128,223	\$ 26,626,170	\$ 7,597,767
EXPENDITURES			
Accounting	\$ 11,000	\$ 12,093	\$ 9,000
Administration Consultant	\$ 17,000	\$ 17,000	\$ 17,000
Administration Salaries & Benefits	\$ -	\$ -	\$ -
Auditor	\$ 7,000	\$ 7,000	\$ 7,000
Insurance	\$ 947	\$ 830	\$ 900
Tax Consultant	\$ 1,500	\$ 3,546	\$ 2,240
Office Expenses	\$ 4,500	\$ 5,119	\$ 250
TIRZ Administration and Overhead	\$ 41,947	\$ 45,588	\$ 36,390
Legal	\$ 175,000	\$ 86,024	\$ 35,000
Construction Audit	\$ -	\$ -	\$ 5,000
Infrastructure, Economic, and Environmental Services	\$ 200,000	\$ 10,620	\$ 25,000
Program and Project Consultants	\$ 375,000	\$ 96,644	\$ 65,000
Management consulting services	\$ 416,947	\$ 142,232	\$ 101,390
Capital Expenditures (See CIP Schedule)	\$ 1,500,000	\$ 75,000	\$ 2,270,000
TIRZ Capital Expenditures	\$ 1,500,000	\$ 75,000	\$ 2,270,000
Lofts at Ballpark			
Principal	\$ 468,196	\$ 468,196	\$ 542,383
Interest	\$ -	\$ -	\$ -
Dynamo Infrastructure	\$ -	\$ 20,000,000	\$ -
Developer / Project Reimbursements	\$ 468,196	\$ 20,468,196	\$ 542,383
Compass Bank Loan			
Fees	\$ -	\$ 60,000	\$ -
Principal	\$ -	\$ -	\$ -
Interest (Prepayment at Closing)	\$ -	\$ 41,667	\$ 88,333
Interest/Convenience Fee (Due)	\$ -	\$ -	\$ 546,099

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2012 BUDGET DETAIL

Fund Summary
 Fund Name: East Downtown Redevelopment Authority
 TIRZ: 15
 Fund Number: 7563/64

TIRZ Budget Line Items	FY2011 Budget	FY2011 Estimate	FY2012 Budget
System Debt Service	\$ -	\$ 101,667	\$ 634,432
TOTAL PROJECT COSTS	\$ 2,385,143	\$ 20,787,095	\$ 3,548,205
Payment/transfer to ISD - Educational Facilities	\$ 347,439	\$ 341,377	\$ 302,383
Administration Fees:			
City	\$ 50,662	\$ 51,842	\$ 49,835
County	\$ -	\$ -	\$ -
ISD	\$ 25,000	\$ 25,000	\$ 25,000
Affordable Housing:			
City	\$ -	\$ -	\$ -
ISD to City of Houston	\$ -	\$ -	\$ -
Transfer to Harris County	\$ -	\$ 49,026	\$ 47,818
Municipal Services	\$ -	\$ -	\$ -
Total Transfers	\$ 423,101	\$ 467,245	\$ 425,036
Total Budget	\$ 2,808,244	\$ 21,254,340	\$ 3,973,241
RESTRICTED Funds - Capital Projects	\$ -	\$ -	\$ -
RESTRICTED Funds - Affordable Housing	\$ -	\$ -	\$ -
RESTRICTED Funds - Loan Debt Service	\$ -	\$ -	\$ 1,794,753
UNRESTRICTED Funds	\$ 3,319,979	\$ 5,371,830	\$ 1,829,773
Total Ending Fund Balance	\$ 3,319,979	\$ 5,371,830	\$ 3,624,526
Total Budget & Ending Fund Balance	\$ 6,128,223	\$ 26,626,170	\$ 7,597,767

Notes:

The TY10/FY11 Estimate for incremental property tax revenue and transfers from the City of Houston, all ISDs, Harris County, and Community Colleges is based on the Harris County Tax Office collections report dated April 2011.

The TY11/FY12 Budget for incremental property tax revenue and transfers is based on the TY10 Harris County Tax Office collections report dated April 2011 and the Harris County Appraisal District's tax year 2011 projections by property use category.

EXHIBIT "B"

Capital Improvements Plan Budget

2012 - 2016 CAPITAL IMPROVEMENT PLAN
 TIRZ No.15 - East Downtown Redevelopment Authority
 CIP by Project

CITY OF HOUSTON - TIRZ PROGRAM
 Economic Development Division

Council District	CIP No.	Project	Fiscal Year Planned Appropriations								Cumulative Total (To Date)	
			Through 2010	Projected 2011	2012	2013	2014	2015	2016	FY12 - FY16 Total		
I	T-1501	East Downtown Roadway and Utility Improvements	-	75,000	2,145,000	-	-	-	-	-	-	2,220,000
I	T-1502	Polk Sanitary Sewer Project	-	-	125,000	-	-	-	-	-	-	125,000
Totals			-	75,000	2,270,000	-	-	-	-	-	-	2,345,000

2012 - 2016 CAPITAL IMPROVEMENT PLAN
 TIRZ No. 15 - East Downtown Redevelopment Authority
 CIP by Sources of Funds

CITY OF HOUSTON - TIRZ PROGRAM
 Economic Development Division

Source of Funds	Fiscal Year Planned Appropriations										Cumulative Total (To Date)
	Through 2010	Projected 2011	2012	2013	2014	2015	2016	FY12 - FY16 Total			
TIRZ funds	-	-	875,000	-	-	-	-	-	875,000	-	875,000
Revenue bond proceeds	-	-	-	-	-	-	-	-	-	-	-
Proceeds from bank loan	-	-	-	-	-	-	-	-	-	-	-
Developer Advance/Reimbursement	-	-	-	-	-	-	-	-	-	-	-
City of Houston	-	75,000	1,395,000	-	-	-	-	-	1,395,000	-	1,470,000
Grants	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Project Total	-	75,000	2,270,000	-	-	-	-	-	2,270,000	-	2,345,000

Project:	East Downtown Roadway and Utility Improvements		City Council District		Key Map:		WBS.:		T-1501		
	Location:		Geo. Ref.:		Neighborhood		61				
	Served:		2012		2013		2014				
Description:	Roadway, public utilities and sidewalks reconstruction/replacement, streetscape/pedestrian amenities, and landscaping										
Justification:	Street segments, public utilities and sidewalks are in poor condition. Improvements will benefit area businesses and provide safe pathways for pedestrians.										
Fiscal Year Planned Expenditures											
Project Allocation	Phase	Projected Expenses thru 6/30/10	2011 Budget	2011 Estimate	2012	2013	2014	2015	2016	FY12 - FY16 Total	Cumulative Total (To Date)
1	Planning	-	-	-	-	-	-	-	-	\$	\$
2	Acquisition	-	-	-	-	-	-	-	-	\$	\$
3	Design	-	225,000	75,000	270,000	-	-	-	-	\$ 270,000	\$ 345,000
4	Construction	-	1,275,000	-	1,875,000	-	-	-	-	\$ 1,875,000	\$ 1,875,000
5	Equipment	-	-	-	-	-	-	-	-	\$	\$
6	Close-Out	-	-	-	-	-	-	-	-	\$	\$
7	Other	-	-	-	-	-	-	-	-	\$	\$
Other Sub-Total:											
		\$	\$ 1,500,000	\$ 75,000	\$ 2,145,000	\$	\$	\$	\$	\$ 2,145,000	\$ 2,220,000
Source of Funds											
TIRZ Increment Revenue		-	-	-	750,000	-	-	-	-	\$ 750,000	\$ 750,000
TIRZ Increment Bond Funds		-	-	-	-	-	-	-	-	\$	\$
City of Houston Grant Funds		-	1,500,000	75,000	1,395,000	-	-	-	-	\$ 1,395,000	\$ 1,470,000
Developer Reimbursements		-	-	-	-	-	-	-	-	\$	\$
Total Funds		\$	\$ 1,500,000	\$ 75,000	\$ 2,145,000	\$	\$	\$	\$	\$ 2,145,000	\$ 2,220,000

Project:	Polk Sanitary Sewer Project		City Council District		Key Map:		WBS.:		T-1502	
	Location:	Geo. Ref.:	2012	2013	2014	2015	2016	Total		
Description:	Sanitary sewer connection beneath Polk on Delano between Dallas and Clay.									
Justification:	No existing sanitary sewer facilities exist on Delano between Clay and Dallas or Polk between Nagle and Delano. Service is needed to facilitate a planned single family residential development.									
			Personnel							
			Supplies							
			Svcs & Chgs.							
			Capital Outlay							
			Total	\$	\$	\$	\$	\$	\$	
			FTEs							
Fiscal Year Planned Expenditures										
Project Allocation	Phase	Projected Expenses thru 6/30/10	2011 Estimate	2012	2013	2014	2015	2016	FY12 - FY16 Total	Cumulative Total (To Date)
1	Planning	-	-	-	-	-	-	-	\$	\$
2	Acquisition	-	-	-	-	-	-	-	\$	\$
3	Design	-	-	25,000	-	-	-	-	\$ 25,000	\$ 25,000
4	Construction	-	-	100,000	-	-	-	-	\$ 100,000	\$ 100,000
5	Equipment	-	-	-	-	-	-	-	\$	\$
6	Close-Out	-	-	-	-	-	-	-	\$	\$
7	Other	-	-	-	-	-	-	-	\$	\$
Other Sub-Total:										
		\$	\$	\$ 125,000	\$	\$	\$	\$	\$ 125,000	\$ 125,000
Source of Funds										
TIRZ Increment Revenue		-	-	125,000	-	-	-	-	\$ 125,000	\$ 125,000
TIRZ Increment Bond Funds		-	-	-	-	-	-	-	\$	\$
City of Houston		-	-	-	-	-	-	-	\$	\$
Grant Funds		-	-	-	-	-	-	-	\$	\$
Developer Reimbursements		-	-	-	-	-	-	-	\$	\$
Total Funds		\$	\$	\$ 125,000	\$	\$	\$	\$	\$ 125,000	\$ 125,000