City of Houston, Texas, Ordinance No. 2011 - 970

AN ORDINANCE RELATING TO THE FISCAL AFFAIRS OF THE SOUTH POST OAK REDEVELOPMENT AUTHORITY ON BEHALF OF REINVESTMENT ZONE NUMBER NINE, CITY OF HOUSTON, TEXAS (SOUTH POST OAK ZONE); APPROVING THE FISCAL YEAR 2012 OPERATING BUDGET FOR THE AUTHORITY; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * * * *

WHEREAS, the South Post Oak Redevelopment Authority (the "Authority"), a local government corporation acting on behalf of the City in connection with Reinvestment Zone Number Nine, City of Houston, Texas (the "Zone"), has submitted an Operating Budget for Fiscal Year 2012 (the "Budget") to the City Council for approval pursuant to that certain agreement among the City, the Authority, and the Zone approved by Ordinance No. 99-923 (the "Agreement"); and

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

1. The Tax Year 2011 uncertified Captured Appraised Value of $71,941,723 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 uncertified Captured Appraised Value:

   a. A City tax rate of $.63875/$100 appraised value;

b. A Houston Independent School District ("HISD") tax rate of $1.15670/$100 appraised value, which reflects the HISD participation rate specified in the Interlocal agreement among HISD, the City, and the Zone approved by Ordinance No. 1999-913 (the "HISD Agreement"); and

c. A Harris County tax rate of $.38805/$100 appraised value pursuant to the Interlocal Agreement among Harris County, the City, and the Zone approved by Ordinance No. 2002-1147 (the "Harris County Agreement"); and

3. HISD's participation is based on the uncertified 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. The tax collection rates are as follows:

a. 69.6% by the City;

b. 86.1% for HISD; and

c. 78.0% for Harris County; and

WHEREAS, the Budget is also based on the following assumptions:

1. 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

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

3. Amounts will be paid from the Harris County Tax Increment Participation in the manner prescribed by the Harris County Agreement; and

4. 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 the Authority will pursue the most cost-effective means of obtaining coverage, including but not limited to, competitive bidding.

WHEREAS, the City Council desires to approve the Budget; **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 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. Unless approved by the City Council, the Authority may transfer funds only (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 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 not later than the end of Fiscal Year 2013, the Director of the City's Finance Department (or any successor 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 Director's analysis shows that more revenues will be available than necessary to make the payments described in the preceding sentence, the Director 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 4. 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 Authority is authorized to spend any grant money not reflected in the Operating Budget that it receives during Fiscal Year 2012 in the manner prescribed by law. In the event the Authority is required to pay a matching share of any such grant, the Authority, after consultation with and approval by the Director of the

City's Finance Department, may spend an amount not to exceed 10% of the Operating Budget for such match.

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 2 2 2011.

_____
City Secretary

(Prepared by Legal Department _____)
(MFC:mfc November 8, 2011) Assistant City Attorney
(Requested by Andrew F. Icken, Chief Development Officer)
(L.D. File No. 0610900025006)
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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	

CAPTION PUBLISHED IN DAILY COURT REVIEW DATE: NOV 2 2 2011

EXHIBIT "A"

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2012 BUDGET PROFILE

Fund Summary
Fund Name: **South Post Oak Redevelopment Authority**
TIRZ: **09**
Fund Number: **7557/64**

PROFILE

Base Year:		1997
Base Year Taxable Value:	$	13,580
Projected Taxable Value (TY2011):	$	71,955,303
Current Taxable Value (TY2010):	$	71,949,694
Acres:		262.7 acres
Administrator (Contact):		Knudson & Associates, LLC
Contact Number:		713-463-8200

NARRATIVE

Zone Purpose:

Creation of a master-planned community with commercial, recreational improvements and residential, of which 80% of the homes are affordable housing (homes at or below the maximum home sales price for the City's Homebuyers Assistance Program).

Accomplishments in FY11 (Projects Underway):

In fiscal year 2011, the South Post Oak TIRZ accomplished:

- The TIRZ made its annual developer reimbursement payment. All public improvements in the Project Plan have been completed.

PROJECT PLA

	Total Plan	Cumulative Expenses (to 6/30/10)	Variance
Capital Projects:			
Public Improvements	$ 4,563,450	$ 5,018,905	$ (455,455)
Site Improvements	695,742	2,287,416	(1,591,674)
Lot Development	82,200	-	82,200
Developer Advances	1,941,559	4,046,320	(2,104,761)
Total Capital Projects	$ 7,282,951	$ 11,352,641	$ (4,069,690)
Education Facilities	5,485,747	1,412,273	4,073,474
Administration/Operations	300,000	286,400	13,600
Creation Costs	332,635	385,692	(53,057)
Total Project Plan	$ 13,401,333	$ 13,437,006	$ (35,673)

DEBT

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		$ -	$ -
Developer Agreement	$ 5,318,140	$ 3,985,189	$ 3,244,312
Other		$ -	$ -

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2012 BUDGET DETAIL

Fund Summary
Fund Name: **South Post Oak Redevelopment Authority**
TIRZ: **09**
Fund Number: **7557/64**

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 *	$ 296,503	$ 827,221	$ 236,295
Beginning Fund Balance	**$ 296,503**	**$ 827,221**	**$ 236,295**
City tax revenue	$ 301,677	$ 333,629	$ 321,210
ISD tax revenue	$ 527,555	$ 478,231	$ 456,855
ISD tax revenue - Pass Through	$ -	$ 634,566	$ -
County tax revenue	$ 245,122	$ 200,798	$ 191,992
Community College tax revenue	$ -	$ -	$ -
Incremental property tax revenue	**$ 1,074,354**	**$ 1,647,224**	**$ 970,057**
COH TIRZ Interest Income	$ 4,000	$ 4,000	$ 4,000
Miscellaneous revenue	**$ 4,000**	**$ 4,000**	**$ 4,000**
Interest Income	$ 1,275	$ 1,275	$ 1,016
Other Interest Income	**$ 1,275**	**$ 1,275**	**$ 1,016**
	$ -	$ -	$ -
Developer Advances	**$ -**	**$ -**	**$ -**
	$ -	$ -	$ -
Grant Proceeds	**$ -**	**$ -**	**$ -**
	$ -	$ -	$ -
Special assessment bond proceeds	**$ -**	**$ -**	**$ -**
	$ -	$ -	$ -
Proceeds from bank loan	**$ -**	**$ -**	**$ -**
TOTAL AVAILABLE RESOURCES	**$ 1,376,132**	**$ 2,479,720**	**$ 1,211,368**

EXPENDITURES			
Accounting	$ 6,500	$ 6,500	$ 6,500
Administration Consultant	$ 15,000	$ 15,000	$ 15,000
Adminstration Salaries & Benefits	$ -	$ -	
Auditor	$ 10,400	$ 10,400	$ 10,400
Financial Advisor	$ -	$ -	
Insurance	$ 1,000	$ 1,000	$ 1,000
Office Expenses	$ -	$ -	$ -
TIRZ Administration and Overhead	**$ 32,900**	**$ 32,900**	**$ 32,900**
Engineering Consultants	$ -	$ -	
Legal (Vinson & Elkins)	$ 6,000	$ 6,000	$ 6,000
Construction Audit	$ -	$ -	
Project/Program Management	$ -	$ -	$ -
Program and Project Consultants	**$ 6,000**	**$ 6,000**	**$ 6,000**
Management consulting services	**$ 38,900**	**$ 38,900**	**$ 38,900**
Capital Expenditures (See CIP Schedule)	$ -	$ -	$ -
TIRZ Capital Expenditures	**$ -**	**$ -**	**$ -**

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2012 BUDGET DETAIL

Fund Summary
Fund Name: **South Post Oak Redevelopment Authority**
TIRZ: **09**
Fund Number: **7557/64**

TIRZ Budget Line Items	FY2011 Budget	FY2011 Estimate	FY2012 Budget
Pyramid Residential Community Corporation			
Principal	$ 540,000	$ 1,332,951	$ 740,877
Interest	$ 430,000	$ 218,687	$ 164,233
Developer / Project Reimbursements	**$ 970,000**	**$ 1,551,638**	**$ 905,110**
Bond Debt Service			
Principal - Infrastructure	$ -		
Interest - Infrastructure	$ -		
Loan debt service			
Principal	$ -		
Interest	$ -		
Other Debt Items			
Line of Credit Repayment	$ -		
Loan fees	$ -	$ -	$ -
System debt service	**$ -**	**$ -**	**$ -**
TOTAL PROJECT COSTS	**$ 1,008,900**	**$ 1,590,538**	**$ 944,010**
Payment/transfer to ISD - Educational Facilities	$ 206,390	$ 188,162	$ 178,661
Payment/transfer to ISD - Educational Facilities (Pass Through)	$ -	$ 423,044	$ -
Adminstration Fees:			
City	$ 15,084	$ 16,681	$ 16,061
County	$ -	$ -	$ -
ISD	$ 25,000	$ 25,000	$ 25,000
Affordable Housing:			
City	$ -	$ -	$ -
ISD to City of Houston	$ -	$ -	$ -
Transfer to Harris County	$ -	$ -	$ -
Municipal Services (Payable to COH)	$ -	$ -	$ -
Total Transfers	**$ 246,474**	**$ 652,887**	**$ 219,722**
Total Budget	**$ 1,255,374**	**$ 2,243,425**	**$ 1,163,732**
RESTRICTED Funds - Capital Projects	$ -	$ -	$ -
RESTRICTED Funds - Affordable Housing	$ -	$ -	$ -
RESTRICTED Funds - Bond Debt Service	$ -	$ -	$ -
UNRESTRICTED Funds	$ 120,758	$ 236,295	$ 47,636
Total Ending Fund Balance	**$ 120,758**	**$ 236,295**	**$ 47,636**
Total Budget & Ending Fund Balance	**$ 1,376,132**	**$ 2,479,720**	**$ 1,211,368**

Notes:
The TY10/FY11 Estimate for incremental property tax revenue and transfers from the City of Houston, all ISDs, Harris County, and Community Colleges 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 2 and the Harris County Appraisal District's tax year 2011 projections by property use category.