

City of Houston, Texas, Ordinance No. 2013-984

AN ORDINANCE RELATING TO THE FISCAL AFFAIRS OF REINVESTMENT ZONE NUMBER TEN, CITY OF HOUSTON, TEXAS (LAKE HOUSTON ZONE); APPROVING THE FISCAL YEAR 2014 OPERATING BUDGET AND THE FISCAL YEARS 2014-2018 CAPITAL IMPROVEMENT PROJECTS BUDGET FOR THE ZONE; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, the City designated Reinvestment Zone Number Ten, City of Houston, Texas ("Zone"), on December 17, 1997 by Ordinance No. 97-1589, and enlarged the boundaries of the Zone on August 11, 1999 by Ordinance No. 99-853; and

WHEREAS, the City's Finance Department has submitted to the City Council for approval a Fiscal Year 2014 Operating Budget ("Operating Budget") and a five-year Capital Improvement Projects Budget for Fiscal Years 2014-2018 ("CIP Budget," and, collectively with the Operating Budget, "Budgets") for the Zone that the City Council desires to approve; and

WHEREAS, the Budgets are based upon the following assumptions:

1. The Zone may receive grants from state and federal agencies during Fiscal Year 2014, and may receive grants from other sources, which may require the Zone to pay a local match; and

WHEREAS, the City has experienced an incremental increase in the cost of providing municipal services as a result of the creation of the Zone and the development and redevelopment of the land in the Zone; and

WHEREAS, the City Council finds that it is appropriate to recover its incremental costs of municipal services for Fiscal Year 2014 from the tax increment produced by the

City and paid into the Tax Increment Fund of the Zone, subject to complying with the provisions of Texas Tax Code Section 311.010(i); and

WHEREAS, the City Council finds that the incremental costs of providing municipal services set forth in the Operating Budget attached hereto as Exhibit "A" are reasonable and will be paid from the tax increment produced by the City and paid into the Tax Increment Fund of the Zone; 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, and to make adjustments occasioned by events transpiring during the year, the Zone 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 Zone 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 Four Hundred Thousand Dollars (\$400,000) or five percent (5%) of the Project Costs during Fiscal Year 2014. Subject to the foregoing, the Operating Budget attached hereto as Exhibit "A" is hereby approved for the Zone.

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

Section 4. That not later than March 31, 2014, the Zone shall, in cooperation with City representatives: (1) identify surplus funds in the Zone's Fiscal Year 2014 Operating Budget based on the difference between Zone revenues and the Fiscal Year 2014 Operating Budget for the Zone 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 Zone for the purpose. The Zone 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 5. That the Zone is authorized to spend any grant money not reflected in the Operating Budget that it receives during Fiscal Year 2014 in the manner prescribed by law. In the event the Zone is required to pay a matching share of any such grant, the Zone, after consultation with and approval by the City's Chief Development Officer, may spend an amount not to exceed ten (10%) of the Operating Budget for such match.

Section 6. That the City's Chief Development Officer is directed to assist the Zone in identifying a cost-efficient method for financing public infrastructure consistent with financing principles used by the City.

Section 7. That approval of this Budget is contingent upon receipt by the City's Chief Development Officer of a document signed by the Administrator of the 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.

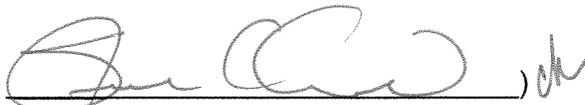
PASSED AND ADOPTED this 6th day of November, 2013.

APPROVED this _____ day of _____, 2013.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is NOV 12 2013.


City Secretary

(Prepared by Legal Department )
 (SEK:sek October 10, 2013) Assistant City Attorney
 (Requested by Andrew F. Icken, Chief Development Officer)
 (L.D. File No. 0421300016002)

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AYE	NO	
✓		MAYOR PARKER
••••	••••	COUNCIL MEMBERS
✓		BROWN
✓		DAVIS
✓		COHEN
✓		ADAMS
✓		MARTIN
✓		HOANG
✓		PENNINGTON
✓		GONZALEZ
✓		RODRIGUEZ
✓		LASTER
✓		GREEN
✓		COSTELLO
✓		BURKS
ABSENT DUE TO BEING ILL		NORIEGA
✓		BRADFORD
✓		CHRISTIE
CAPTION	ADOPTED	

EXHIBIT "A"

**Fiscal Year 2013 Operating Budget for
Lake Houston Zone**

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2014 BUDGET PROFILE

Fund Summary
 Fund Name: Lake Houston Zone
 TIRZ: 10
 Fund Number: 7558/50

P R O F I L E	Base Year:	1997
	Base Year Taxable Value:	\$ 616,686,747
	Projected Taxable Value (TY2013):	\$ 720,042,434
	Current Taxable Value (TY2012):	\$ 678,257,882
	Acres:	33,185.70
	Administrator (Contact):	City of Houston
Contact Number:	(832) 393-0985	

N A R R A T I V E	Zone Purpose:
	Tax Increment Reinvestment Zone Number Ten, City of Houston, Texas was created to provide plans and programs needed to facilitate planned residential and commercial developments and in a manner consistent with the Kingwood Annexation Service Plan which annexed the area into the City of Houston.

P R O J E C T P L A N		Total Plan	Cumulative Expenses (to 6/30/12)	Variance
	Capital Projects:			
Public Utilities	\$	38,030,640	\$ 17,812,418	\$ 20,218,222
Street Reconstruction		25,000,000	3,798,000	21,202,000
Cultural and Public Facilities		20,559,850	7,129,754	13,430,096
Wastewater Treatment		7,000,000	-	7,000,000
		-	-	-
		-	-	-
		-	-	-
Total Capital Projects	\$	90,590,490	\$ 28,740,172	\$ 61,850,318
Affordable Housing		-	-	-
School & Education/Cultural Facilities		60,000,000	56,863,867	3,136,133
Financing Costs		-	1,231,000	(1,231,000)
Administration Costs/ Professional Services		1,540,000	804,810	735,190
Creation Costs		260,000	260,000	-
Total Project Plan	\$	152,390,490	\$ 87,899,849	\$ 64,490,641

D E B T	Additional Financial Data	FY2013 Budget	FY2013 Estimate	FY2014 Budget
		Debt Service Other	\$ 1,757,443	\$ 2,785,274
	Principal	\$ 1,572,169	\$ 2,600,000	\$ 1,572,169
	Interest	\$ 185,274	\$ 185,274	\$ 118,457
		Balance as of 6/30/12	Projected Balance as of 6/30/13	Projected Balance as of 6/30/14
	Year End Outstanding (Principal)			
	Bond Debt	\$ -	\$ -	\$ -
	Bank Loan	\$ -	\$ -	\$ -
	Line of Credit	\$ -	\$ -	\$ -
	Developer Agreement	\$ 16,291,047	\$ 15,427,718	\$ 14,782,501
	Other	\$ 4,359,384	\$ 1,759,384	\$ 187,215

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2014 BUDGET PROFILE

Fund Summary
 Fund Name: Lake Houston Zone
 TIRZ: 10
 Fund Number: 7558/50

TIRZ Budget Line Items	FY2013 Budget	FY2013 Estimate	FY2014 Budget
RESOURCES			
RESTRICTED Funds - Capital Projects	\$ -	\$ -	\$ -
RESTRICTED Funds - Affordable Housing	\$ -	\$ -	\$ -
RESTRICTED Funds - Bond Debt Service	\$ -	\$ -	\$ 1,100,000
UNRESTRICTED Funds	\$ 2,816,364	\$ 3,428,662	\$ 1,024,613
Beginning Balance	\$ 2,816,364	\$ 3,428,662	\$ 2,124,613
City tax revenue	\$ 3,125,227	\$ 3,206,973	\$ 3,468,847
County tax revenue	\$ -	\$ -	\$ -
ISD tax revenue	\$ 7,731,860	\$ 8,034,373	\$ 8,593,724
ISD tax revenue - Pass Through	\$ 1,461,629	\$ -	\$ -
Community College tax revenue	\$ -	\$ -	\$ -
Incremental property tax revenue	\$ 12,318,716	\$ 11,241,346	\$ 12,062,571
Miscellaneous revenue	\$ -	\$ -	\$ -
COH TIRZ interest	\$ 36,331	\$ 43,675	\$ 14,761
Interest Income	\$ -	\$ -	\$ -
Other Interest Income	\$ 36,331	\$ 43,675	\$ 14,761
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Proceeds from Bank Loan	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Contract Revenue Bond Proceeds	\$ -	\$ -	\$ -
TOTAL AVAILABLE RESOURCES	\$ 15,171,411	\$ 14,713,683	\$ 14,201,945

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2014 BUDGET PROFILE

Fund Summary
 Fund Name: Lake Houston Zone
 TIRZ: 10
 Fund Number: 7558/50

TIRZ Budget Line Items	FY2013 Budget	FY2013 Estimate	FY2014 Budget
EXPENDITURES			
Accounting	\$ -	\$ -	\$ 9,000
Administration Salaries & Benefits	\$ 20,000	\$ 23,890	\$ 20,000
Auditor	\$ 9,000	\$ 13,000	\$ 9,000
Bond Services/Trustee/Financial Advisor	\$ 8,500	\$ -	\$ 8,500
Insurance	\$ 900	\$ -	\$ 900
Office Administration	\$ 5,000	\$ -	\$ 500
TIRZ Administration and Overhead	\$ 43,400	\$ 36,890	\$ 47,900
Engineering Consultants	\$ -	\$ -	\$ -
Legal	\$ 25,000	\$ 42,855	\$ 43,000
Construction Audit	\$ -	\$ -	\$ -
Planning Consultants	\$ -	\$ -	\$ -
Program and Project Consultants	\$ 25,000	\$ 42,855	\$ 43,000
Management consulting services	\$ 68,400	\$ 79,745	\$ 90,900
Capital Expenditures (See CIP Schedule)	\$ 400,000	\$ 176,000	\$ 1,085,000
	\$ -	\$ -	\$ -
TIRZ Capital Expenditures	\$ 400,000	\$ 176,000	\$ 1,085,000
Friendswood	\$ -	\$ -	\$ -
Holley-Guniganti	\$ -	\$ 657	\$ 3,768
Forestar Group/Kingwood Partners	\$ 225,418	\$ 235,134	\$ 196,040
Classic Contractors/Gene Mendel	\$ 37,626	\$ 58,358	\$ 50,583
Amvest-Skylark	\$ 185,134	\$ 269,525	\$ 229,787
Meritage	\$ 69,744	\$ 299,655	\$ 165,039
	\$ -	\$ -	\$ -
Developer / Project Reimbursements	\$ 517,922	\$ 863,329	\$ 645,217
CO Debt Service			
Principal	\$ 1,572,169	\$ 2,600,000	\$ 1,572,169
Interest	\$ 185,274	\$ 185,274	\$ 118,457
System debt service	\$ 1,757,443	\$ 2,785,274	\$ 1,690,626
TOTAL PROJECT COSTS	\$ 2,743,765	\$ 3,904,348	\$ 3,511,743

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2014 BUDGET PROFILE

Fund Summary
 Fund Name: Lake Houston Zone
 TIRZ: 10
 Fund Number: 7558/50

TIRZ Budget Line Items	FY2013 Budget	FY2013 Estimate	FY2014 Budget
Payment/transfer to ISD - educational facilities	\$ 7,731,860	\$ 8,034,373	\$ 8,593,724
Payment/transfer to ISD - educational facilities (Pass Through)	\$ 1,461,629	\$ -	\$ -
Administration Fees:			
City	\$ 156,261	\$ 160,349	\$ 173,442
County	\$ -	\$ -	\$ -
ISD	\$ -	\$ -	\$ -
HCC	\$ -	\$ -	\$ -
Affordable Housing:			
City	\$ -	\$ -	\$ -
County	\$ -	\$ -	\$ -
ISD to City of Houston	\$ -	\$ -	\$ -
Municipal Services (Payable to COH)	\$ 490,000	\$ 490,000	\$ 490,000
Total Transfers	\$ 9,839,750	\$ 8,684,722	\$ 9,257,166
Total Budget	\$ 12,583,515	\$ 12,589,070	\$ 12,768,909
RESTRICTED Funds - Capital Projects	\$ -	\$ -	\$ -
RESTRICTED Funds - Affordable Housing	\$ -	\$ -	\$ -
RESTRICTED Funds - Debt Service	\$ -	\$ 1,100,000	\$ 1,100,000
UNRESTRICTED Funds	\$ 2,587,896	\$ 1,024,613	\$ 333,036
Ending Fund Balance	\$ 2,587,896	\$ 2,124,613	\$ 1,433,036
Total Budget & Ending Fund Balance	\$ 15,171,411	\$ 14,713,683	\$ 14,201,945

Notes:

EXHIBIT "B"

**Fiscal Years 2013—2017 Capital Improvement Projects Budget for
Lake Houston Zone**

Council District	CIP No.	Project	Fiscal Year Planned Appropriations										Cumulative Total (To Date)	
			Through 2012	Projected 2013	2014	2015	2016	2017	2018	FY14 - FY18 Total				
E	T-1003	Kingwood Park and Community Center	\$ -	176,000	-	-	-	-	-	-	-	-	-	176,000
E	T-1005	Kingwood West Fire Station Land Acquisition	\$ -	-	400,000	-	-	-	-	-	-	-	-	400,000
0	T-1006	Intersection/Pedestrian Safety Improvements	\$ -	-	685,000	-	-	-	-	-	-	-	-	685,000
Totals			\$ -	\$ 176,000	\$ 1,085,000	\$ -	\$ -	\$ -	\$ 1,085,000	\$ 1,261,000				

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Source of Funds	Fiscal Year Planned Appropriations										Cumulative Total (To Date)
	Through 2012	Projected 2013	2014	2015	2016	2017	2018	FY14 - FY18 Total			
TIRZ Funds	-	176,000	1,085,000	-	-	-	-	-	1,085,000	1,261,000	
City of Houston	-	-	-	-	-	-	-	-	-	-	
Grants	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	
Project Total	-	176,000	1,085,000	-	-	-	-	-	1,085,000	1,261,000	

Project: Intersection/Pedestrian Safety Improvements		City Council District		Key Map:		WBS.:				
		Location:	Geo. Ref.:	Geo. Ref.:	Neighborhood:	2017	2018	T-1006		
Description: Signalized Intersection, crosswalks and pedestrian safe to cross infrastructure needed at the intersection of North Park Drive at Woodbridge Pkwy/Hidden Pines Drive. Justification: Increased commercial development and growth of adjacent residential subdivisions have triggered safety considerations and the need for a signalized intersection.		Operating and Maintenance Costs: (\$ Thousands)		2014	2015	2016	2017	2018	Total	
		Personnel	-	-	-	-	-	-	-	\$ -
		Supplies	-	-	-	-	-	-	\$ -	
		Svcs. & Chgs.	-	-	-	-	-	-	\$ -	
		Capital Outlay	-	-	-	-	-	-	\$ -	
		Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
		FTEs	-	-	-	-	-	-	-	
Fiscal Year Planned Expenses										
Project Allocation	Projected Expenses thru 6/30/12	2013 Budget	2013 Estimate	2014	2015	2016	2017	2018	FY14 - FY18 Total	Cumulative Total (To Date)
Phase										
1 Planning	-	-	-	35,000	-	-	-	-	\$ 35,000	\$ 35,000
2 Acquisition	-	-	-	-	-	-	-	-	\$ -	\$ -
3 Design	-	-	-	50,000	-	-	-	-	\$ 50,000	\$ 50,000
4 Construction	-	-	-	600,000	-	-	-	-	\$ 600,000	\$ 600,000
5 Equipment	-	-	-	-	-	-	-	-	\$ -	\$ -
6 Close-Out	-	-	-	-	-	-	-	-	\$ -	\$ -
7 Other	-	-	-	-	-	-	-	-	\$ -	\$ -
Other Sub-Total:	-	-	-	-	-	-	-	-	\$ -	\$ -
Total Allocations	\$ -	\$ -	\$ -	\$ 685,000	\$ -	\$ -	\$ -	\$ -	\$ 685,000	\$ 685,000
Source of Funds										
TIRZ Funds	-	-	-	685,000	-	-	-	-	\$ 685,000	\$ 685,000
City of Houston	-	-	-	-	-	-	-	-	\$ -	\$ -
Grants	-	-	-	-	-	-	-	-	\$ -	\$ -
Other	-	-	-	-	-	-	-	-	\$ -	\$ -
Total Funds	\$ -	\$ -	\$ -	\$ 685,000	\$ -	\$ -	\$ -	\$ -	\$ 685,000	\$ 685,000