

City of Houston, Texas, Ordinance No. 2014- 839

AN ORDINANCE RELATING TO THE FISCAL AFFAIRS OF LAKE HOUSTON REDEVELOPMENT AUTHORITY ON BEHALF OF REINVESTMENT ZONE NUMBER TEN, CITY OF HOUSTON, TEXAS (LAKE HOUSTON ZONE); APPROVING THE FISCAL YEAR 2015 OPERATING BUDGET FOR THE AUTHORITY AND THE FISCAL YEARS 2015-2019 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 by Ordinance No. 99-853 on August 11, 1999, by Ordinance No. 2011-741 on August 24, 2011, and by Ordinance No. 2014-254 on April 2, 2014 ; and

WHEREAS, the Lake Houston Redevelopment Authority (the "Authority"), a local government corporation acting on behalf of the City in connection with Reinvestment Zone Number Ten, City of Houston, Texas (the "Zone"), has submitted an Operating Budget for Fiscal Year 2015 (the "Operating Budget") and a five-year Capital Improvements Budget for Fiscal Years 2015-2019 (the "CIP Budget," and, collectively with the Operating Budget, the "Budgets") to the City Council for approval pursuant to that certain agreement among the City, the Authority, and the Zone approved by Ordinance No. 2014-256; and

WHEREAS, the Budgets are based upon the assumption that the Zone may receive grants from state and federal agencies during Fiscal Year 2015 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 2015 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 \$400,000 or

five percent of the Project Costs during Fiscal Year 2015. 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 March 31, 2015, the Zone and the Authority shall, in cooperation with City representatives: (1) identify surplus funds in the Authority's Fiscal Year 2015 Operating Budget based on the difference between Zone revenues and the Fiscal Year 2015 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 5. That the Authority is authorized to spend any grant money not reflected in the Operating Budget that are received during Fiscal Year 2015 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 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

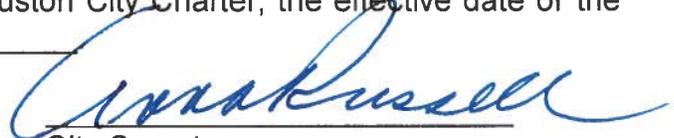
Section 8. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; 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 10th day of September, 2014.

APPROVED this _____ day of _____, 2014.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is SEP 16 2014



City Secretary

(Prepared by Legal Department Donna Capps GMD)
(DRC:drc August 22, 2014) Assistant City Attorney
(Requested by Andrew F. Icken, Chief Development Officer, Office of the Mayor)
(L.D. File No. 0421300016006)

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AYE	NO	
✓		MAYOR PARKER
••••	••••	COUNCIL MEMBERS
✓		STARDIG
✓		DAVIS
✓		COHEN
✓		BOYKINS
✓		MARTIN
✓		NGUYEN
✓		PENNINGTON
✓		GONZALEZ
✓		GALLEGOS
✓		LASTER
✓		GREEN
✓		COSTELLO
✓		ROBINSON
✓		KUBOSH
✓		BRADFORD
✓		CHRISTIE
CAPTION	ADOPTED	

CAPTION PUBLISHED IN DAILY COURT
REVIEW
DATE: SEP 16 2014

EXHIBIT "A"

**Fiscal Year 2014 Operating Budget for
Lake Houston Zone**

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2015 BUDGET PROFILE

Fund Summary
 Fund Name: Lake Houston Redevelopment Authority
 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 (TY2014):	\$	787,905,381
	Current Taxable Value (TY2013):	\$	741,665,561
	Acres:		3,382.38
	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 6/30/13)	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	7,705,754	12,854,096
Wastewater Treatment		7,000,000	-	7,000,000
		-	-	-
		-	-	-
		-	-	-
		-	-	-
Total Capital Projects	\$	90,590,490	\$ 29,316,172	\$ 61,274,318
Affordable Housing		-	-	-
School & Education/Cultural Facilities		60,000,000	64,898,240	(4,898,240)
Financing Costs		-	1,231,000	(1,231,000)
Administration Costs/ Professional Services		1,540,000	881,138	658,862
Creation Costs		260,000	260,000	-
Total Project Plan	\$	152,390,490	\$ 96,586,550	\$ 55,803,940

D E B T	Additional Financial Data	FY2014 Budget	FY2014 Estimate	FY2015 Budget
	<u>Debt Service Other</u>	\$	1,890,628	\$ 2,785,274
Principal	\$	1,572,169	\$ 2,800,000	\$ 1,572,169
Interest	\$	118,457	\$ 185,274	\$ 118,457
		Balance as of 6/30/13	Projected Balance as of 6/30/14	Projected Balance as of 6/30/15
<u>Year End Outstanding (Principal)</u>				
Bond Debt	\$	-	\$ -	\$ -
Bank Loan	\$	-	\$ -	\$ -
Line of Credit	\$	-	\$ -	\$ -
Developer Agreement	\$	16,290,085	\$ 15,426,756	\$ 14,822,756
Other	\$	4,820,454	\$ 2,220,454	\$ 648,285

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2015 BUDGET PROFILE

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

TIRZ Budget Line Items	FY2014 Budget	FY2014 Estimate	FY2015 Budget
RESOURCES			
RESTRICTED Funds - Capital Projects	\$ -	\$ -	\$ -
RESTRICTED Funds - Affordable Housing	\$ -	\$ -	\$ -
RESTRICTED Funds - Bond Debt Service	\$ 1,100,000	\$ -	\$ -
UNRESTRICTED Funds	\$ 1,024,613	\$ 4,315,902	\$ 3,521,657
Beginning Balance	\$ 2,124,613	\$ 4,315,902	\$ 3,521,657
City tax revenue	\$ 3,468,847	\$ 3,605,350	\$ 3,894,299
County tax revenue	\$ -	\$ -	\$ -
ISD tax revenue	\$ 8,593,724	\$ 8,553,473	\$ 8,910,690
ISD tax revenue - Pass Through	\$ -	\$ -	\$ -
Community College tax revenue	\$ -	\$ -	\$ -
Incremental property tax revenue	\$ 12,062,571	\$ 12,158,823	\$ 12,804,989
Miscellaneous revenue	\$ -	\$ -	\$ -
COH TIRZ interest	\$ 14,761	\$ 43,675	\$ 14,761
Interest Income	\$ -	\$ -	\$ -
Other Interest Income	\$ 14,761	\$ 43,675	\$ 14,761
	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Proceeds from Bank Loan	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Contract Revenue Bond Proceeds	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
TOTAL AVAILABLE RESOURCES	\$ 14,201,945	\$ 16,518,400	\$ 16,341,407

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2015 BUDGET PROFILE

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

TIRZ Budget Line Items	FY2014 Budget	FY2014 Estimate	FY2015 Budget
EXPENDITURES			
Accounting	\$ 9,000	\$ -	\$ 10,250
Administration Salaries & Benefits	\$ 20,000	\$ 10,253	\$ 15,000
Auditor	\$ 9,000	\$ 8,000	\$ 11,000
Tax Consultant	\$ 8,500	\$ 8,330	\$ 8,500
Insurance	\$ 900	\$ 900	\$ 900
Office Administration	\$ 500	\$ 11,883	\$ 500
TIRZ Administration and Overhead	\$ 47,900	\$ 39,146	\$ 46,150
Engineering Consultants	\$ 100,000	\$ 75,000	\$ 250,000
Legal	\$ 43,000	\$ 10,253	\$ 30,000
Construction Audit	\$ -	\$ -	\$ 2,000
Planning Consultants	\$ -	\$ -	\$ -
Program and Project Consultants	\$ 143,000	\$ 85,253	\$ 282,000
Management consulting services	\$ 190,900	\$ 124,399	\$ 328,150
Capital Expenditures (See CIP Schedule)	\$ 1,085,000	\$ -	\$ -
TIRZ Capital Expenditures	\$ 1,085,000	\$ -	\$ -
Friendswood	\$ -	\$ -	\$ -
Holley-Guniganti	\$ 3,768	\$ 657	\$ 1,550
Forestar Group/Kingwood Partners	\$ 198,040	\$ 235,134	\$ 281,550
Classic Contractors/Gene Mendel	\$ 50,583	\$ 58,358	\$ 73,600
Amvest-Skylark	\$ 229,787	\$ 269,525	\$ 226,800
Meritage	\$ 165,039	\$ 299,655	\$ 220,500
Developer / Project Reimbursements	\$ 645,217	\$ 863,329	\$ 804,000
CO Debt Service			
Principal	\$ 1,572,169	\$ 2,600,000	\$ 1,572,169
Interest	\$ 118,457	\$ 185,274	\$ 118,457
System debt service	\$ 1,690,626	\$ 2,785,274	\$ 1,690,626
TOTAL PROJECT COSTS	\$ 3,611,743	\$ 3,773,002	\$ 2,822,776
Payment/transfer to ISD - educational facilities	\$ 8,593,724	\$ 8,553,473	\$ 8,910,890
Payment/transfer to ISD - educational facilities (Pass Through)	\$ -	\$ -	\$ -
Administration Fees:			
City	\$ 173,442	\$ 180,268	\$ 194,715
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	\$ 9,257,168	\$ 9,223,741	\$ 9,595,405
Total Budget	\$ 12,868,909	\$ 12,996,743	\$ 12,418,181
RESTRICTED Funds - Capital Projects	\$ -	\$ -	\$ -
RESTRICTED Funds - Affordable Housing	\$ -	\$ -	\$ -
RESTRICTED Funds - Debt Service	\$ 1,100,000	\$ -	\$ -
UNRESTRICTED Funds	\$ 233,038	\$ 3,521,657	\$ 3,923,227
Ending Fund Balance	\$ 1,333,038	\$ 3,521,657	\$ 3,923,227
Total Budget & Ending Fund Balance	\$ 14,201,945	\$ 16,518,400	\$ 16,341,407

Notes:

EXHIBIT "B"

**Fiscal Years 2014—2018 Capital Improvement Projects Budget for
Lake Houston Zone**

2015 - 2019 CAPITAL IMPROVEMENT PLAN
TIRZ NO.10 - LAKE HOUSTON REDEVELOPMENT AUTHORITY

CITY OF HOUSTON - TIRZ PROGRAM
Economic Development Division

Council District	CIP No.	Project	Fiscal Year Planned Appropriations										Cumulative Total (To Date)	
			Through 2013	Projected 2014	2015	2016	2017	2018	2019	FY15- FY19 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
E	T-1006	Intersection/Pedestrian Safety Improvements	\$ -	-	-	-	-	-	-	-	-	-	-	-
Totals			\$ 576,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 576,000

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Source of Funds	Fiscal Year Planned Appropriations								Cumulative Total (To Date)
	Through 2013	Projected 2014	2015	2016	2017	2018	2019	FY15- FY19 Total	
TIRZ Funds	576,000	-	-	-	-	-	-	-	576,000
City of Houston	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Project Total	576,000	-	-	-	-	-	-	-	576,000