

City of Houston, Texas, Ordinance No. 2015-839

**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 2016 OPERATING BUDGET FOR THE AUTHORITY AND THE FISCAL YEARS 2016-2020 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 2016 (the "Operating Budget") and a five-year Capital Improvements Budget for Fiscal Years 2016-2020 (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 2016 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 2016 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 2016. 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, 2016, the Zone and the Authority shall, in cooperation with City representatives: (1) identify surplus funds in the Authority's Fiscal Year 2016 Operating Budget based on the difference between Zone revenues and the Fiscal Year 2016 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 2016 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 7<sup>th</sup> day of September, 2015.

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is SEP 08 2015.

[Signature]  
City Secretary

[Signature] GND  
Senior Assistant City Attorney

(Prepared by Legal Department  
(SEK; August 24, 2015)  
(Requested by Andrew F. Icken, Chief Development Officer, Office of the Mayor)  
(L.D. File No. \_\_\_\_\_)

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AYE	NO	
/		<b>MAYOR PARKER</b>
....	....	<b>COUNCIL MEMBERS</b>
/		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 08 2015

**EXHIBIT "A"**

**Fiscal Year 2015 Operating Budget for  
Lake Houston Zone**

CITY OF HOUSTON  
ECONOMIC DEVELOPMENT DIVISION  
FISCAL YEAR 2016 BUDGET PROFILE

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

P R O J E C T  P L A N	<b>Base Year:</b>		1997
	<b>Base Year Taxable Value:</b>	\$	8,959,080
	<b>Projected Taxable Value (TY2015):</b>	\$	877,963,907
	<b>Current Taxable Value (TY2014):</b>	\$	831,165,456
	<b>Acres:</b>		3668.11
	<b>Administrator (Contact):</b>		Ralph De Leon
	<b>Contact Number:</b>		(832) 832-5910

N A R R A T I V E	<b>Zone Purpose:</b>
	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 6/30/14)	Variance
	<b>Capital Projects:</b>			
Public Utilities	\$	53,030,640	\$ 17,812,418	\$ 35,218,222
Street Reconstruction		60,000,000	3,798,000	56,202,000
Cultural and Public Facilities		41,059,850	7,707,904	33,351,946
Wastewater Treatment		8,330,000	-	8,330,000
		-	-	-
		-	-	-
		-	-	-
		-	-	-
<b>Total Capital Projects</b>	\$	162,420,490	\$ 29,318,322	\$ 133,102,168
Affordable Housing		-	-	-
School & Education/Cultural Facilities		60,000,000	75,111,322	(15,111,322)
Financing Costs		-	1,231,000	(1,231,000)
Administration Costs/ Professional Services		2,040,000	1,282,968	777,032
Creation Costs		260,000	260,000	-
<b>Total Project Plan</b>	\$	224,720,490	\$ 107,183,612	\$ 117,536,878

D E B T	Additional Financial Data	FY2015 Budget	FY2015 Estimate	FY2016 Budget
	<u>Debt Service Other</u>	\$	1,690,626	\$ -
Principal	\$	1,572,169	\$ -	\$ 2,014,199
Interest	\$	118,457	\$ -	\$ 141,187
		<b>Balance as of 6/30/14</b>	<b>Projected Balance as of 6/30/15</b>	<b>Projected Balance as of 6/30/16</b>
<u>Year End Outstanding (Principal)</u>				
Bond Debt	\$	-	\$ -	\$ -
Bank Loan	\$	-	\$ -	\$ -
Line of Credit	\$	-	\$ -	\$ -
Developer Agreement	\$	16,039,525	\$ 15,235,525	\$ 12,403,975
Other	\$	2,153,275	\$ 2,153,275	\$ -

CITY OF HOUSTON  
 ECONOMIC DEVELOPMENT DIVISION  
 FISCAL YEAR 2016 BUDGET PROFILE

Fund Summary  
 Fund Name: Lake Houston Redevelopment Authority  
 TIRZ: 10  
 Fund Number: 7568/50

TIRZ Budget Line Items	FY2016 Budget	FY2015 Estimate	FY2016 Budget
<b>RESOURCES</b>			
RESTRICTED Funds - Capital Projects	\$ -	\$ -	\$ -
RESTRICTED Funds - Affordable Housing	\$ -	\$ -	\$ -
RESTRICTED Funds - Bond Debt Service	\$ -	\$ -	\$ -
UNRESTRICTED Funds	\$ 3,521,657	\$ 3,643,498	\$ 5,756,336
<b>Beginning Balance</b>	\$ 3,521,657	\$ 3,643,498	\$ 5,756,336
City tax revenue	\$ 3,894,299	\$ 3,935,437	\$ 4,222,059
County tax revenue	\$ -	\$ -	\$ -
ISD tax revenue	\$ 8,910,690	\$ 9,424,877	\$ 9,813,291
ISD tax revenue - Pass Through	\$ -	\$ -	\$ -
Community College tax revenue	\$ -	\$ -	\$ -
<b>Incremental property tax revenue</b>	\$ 12,804,989	\$ 13,360,114	\$ 14,035,360
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
<b>Miscellaneous revenue</b>	\$ -	\$ -	\$ -
COH TIRZ interest	\$ 14,761	\$ 15,667	\$ 24,752
Interest Income	\$ -	\$ -	\$ -
<b>Other Interest Income</b>	\$ 14,761	\$ 15,667	\$ 24,752
	\$ -	\$ -	\$ -
<b>Grant Proceeds</b>	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
<b>Proceeds from Bank Loan</b>	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
<b>Contract Revenue Bond Proceeds</b>	\$ -	\$ -	\$ -
<b>TOTAL AVAILABLE RESOURCES</b>	\$ 16,341,407	\$ 17,019,279	\$ 19,816,438

CITY OF HOUSTON  
 ECONOMIC DEVELOPMENT DIVISION  
 FISCAL YEAR 2016 BUDGET PROFILE

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

TIRZ Budget Line Items	FY2015 Budget	FY2015 Estimate	FY2016 Budget
<b>EXPENDITURES</b>			
Accounting	\$ 10,250	\$ 9,814	\$ 10,250
Administration Salaries & Benefits	\$ 15,000	\$ 12,791	\$ 95,000
Auditor	\$ 11,000	\$ 12,812	\$ 13,000
Tax Consultant	\$ 8,500	\$ 8,274	\$ 8,500
Insurance	\$ 900	\$ 1,966	\$ 900
Office Administration	\$ 500	\$ -	\$ 10,000
<b>TIRZ Administration and Overhead</b>	<b>\$ 48,150</b>	<b>\$ 45,257</b>	<b>\$ 137,650</b>
Engineering Consultants	\$ 250,000	\$ 255,286	\$ 50,000
Legal	\$ 30,000	\$ 46,951	\$ 60,000
Construction Audit	\$ 2,000	\$ -	\$ 5,000
Planning Consultants	\$ -	\$ -	\$ -
<b>Program and Project Consultants</b>	<b>\$ 282,000</b>	<b>\$ 302,237</b>	<b>\$ 115,000</b>
<b>Management consulting services</b>	<b>\$ 328,150</b>	<b>\$ 347,494</b>	<b>\$ 252,650</b>
Capital Expenditures (See CIP Schedule)	\$ -	\$ -	\$ 250,000
<b>TIRZ Capital Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 250,000</b>
Friendswood	\$ -	\$ -	\$ 1,800,000
Holley-Guniganti	\$ 1,550	\$ 1,550	\$ 1,550
Forestar Group/Kingwood Partners	\$ 281,550	\$ 281,550	\$ 400,000
Classic Contractors/Gene Mendel	\$ 73,600	\$ 73,600	\$ 100,000
Amvest-Skylark	\$ 226,800	\$ 226,800	\$ 260,000
Meritage	\$ 220,500	\$ 220,500	\$ 270,000
<b>Developer / Project Reimbursements</b>	<b>\$ 804,000</b>	<b>\$ 804,000</b>	<b>\$ 2,831,550</b>
CO Debt Service			
Principal	\$ 1,572,169	\$ -	\$ 2,014,199
Interest	\$ 118,457	\$ -	\$ 141,187
<b>System debt service</b>	<b>\$ 1,690,626</b>	<b>\$ -</b>	<b>\$ 2,155,386</b>
<b>TOTAL PROJECT COSTS</b>	<b>\$ 2,822,776</b>	<b>\$ 1,151,494</b>	<b>\$ 5,489,686</b>
Payment/transfer to ISD - educational facilities	\$ 8,910,690	\$ 9,424,677	\$ 9,813,281
Payment/transfer to ISD - educational facilities (Pass Through)	\$ -	\$ -	\$ -
Administration Fees:			
City	\$ 194,715	\$ 196,772	\$ 211,103
County	\$ -	\$ -	\$ -
ISD	\$ -	\$ -	\$ -
HCC	\$ -	\$ -	\$ -
Affordable Housing:			
City	\$ -	\$ -	\$ -
County	\$ -	\$ -	\$ -
ISD to City of Houston	\$ -	\$ -	\$ -
Municipal Services (Payable to COH)	\$ 490,000	\$ 490,000	\$ 490,000
<b>Total Transfers</b>	<b>\$ 9,595,405</b>	<b>\$ 10,111,449</b>	<b>\$ 10,514,394</b>
<b>Total Budget</b>	<b>\$ 12,418,181</b>	<b>\$ 11,262,943</b>	<b>\$ 16,003,980</b>
RESTRICTED Funds - Capital Projects	\$ -	\$ -	\$ -
RESTRICTED Funds - Affordable Housing	\$ -	\$ -	\$ -
RESTRICTED Funds - Debt Service	\$ -	\$ -	\$ -
UNRESTRICTED Funds	\$ 3,923,226	\$ 5,756,336	\$ 3,812,458
<b>Ending Fund Balance</b>	<b>\$ 3,923,226</b>	<b>\$ 5,756,336</b>	<b>\$ 3,812,458</b>
<b>Total Budget &amp; Ending Fund Balance</b>	<b>\$ 16,341,407</b>	<b>\$ 17,019,279</b>	<b>\$ 19,816,438</b>

Notes.

**EXHIBIT "B"**

**Fiscal Years 2015—2020 Capital Improvement Projects Budget for  
Lake Houston Zone**

Council District	CIP No.	Project	Fiscal Year Planned Appropriations										Cumulative Total (To Date)	
			Through 2014	Projected 2015	2016	2017	2018	2019	2020	FY16- FY20 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	\$ -											-
E	T-1007	Nedpark Drive/UPRR Grade Separation	\$ -		250,000	1,460,000	1,460,000	26,288,829	26,288,829	55,747,658				55,747,658
<b>Totals</b>			\$ 576,000	\$ -	\$ 250,000	\$ 1,460,000	\$ 1,460,000	\$ 26,288,829	\$ 26,288,829	\$ 55,747,658	\$ 56,323,658			

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Source of Funds	Fiscal Year Planned Appropriations										Cumulative Total (To Date)
	Through 2014	Projected 2015	2016	2017	2018	2019	2020	FY16-FY20 Total			
TIRZ Funds	576,000	-	250,000	292,000	292,000	2,718,000	2,718,000	6,270,000	6,270,000	6,846,000	
City of Houston	-	-	-	-	-	-	-	-	-	-	
Grants	-	-	-	1,168,000	1,168,000	23,570,829	23,570,829	49,477,658	49,477,658	49,477,658	
Other	-	-	-	-	-	-	-	-	-	-	
<b>Project Total</b>	<b>576,000</b>	<b>-</b>	<b>250,000</b>	<b>1,460,000</b>	<b>1,460,000</b>	<b>26,288,829</b>	<b>26,288,829</b>	<b>56,747,668</b>	<b>56,747,668</b>	<b>56,323,668</b>	



Project:	Northpark Drive/UPRR Grade Separation			Key Map:			WBS.:	T-1007		
	City Council District			Geo. Ref.:						
	Location: Served:			Neighborhood:						
Description:	Northpark Drive is one of two major thoroughfares connecting the Kingwood community to IH 69 (US 59). A grade separation is proposed along Northpark Drive over UPRR tracks and FM 494.			Operating and Maintenance Costs: (\$ Thousands)			Total			
	2016	2017	2018	2019	2020					
Justification:	Increased rail traffic on UPRR tracks is causing excessive delays to Kingwood Community. Emergency response time is severely impaired when the tracks are blocked by a train; accident rate at this RR crossing is increasing.									
	Personnel									
	Supplies									
	Svcs. & Chgs.									
	Capital Outlay									
	Total	\$	\$	\$	\$	\$	\$	\$		
	FTEs									
Fiscal Year Planned Expenses										
Project Allocation	Projected Expenses thru 6/30/14	2015 Budget	2015 Estimate	2016	2017	2018	2019	2020	FY16 - FY20 Total	Cumulative Total (To Date)
1 Planning	-	-	-	250,000	-	-	-	-	\$ 250,000	\$ 250,000
2 Acquisition	-	-	-	-	-	-	-	-	\$ -	\$ -
3 Design	-	-	-	-	1,200,000	1,200,000	200,000	200,000	\$ 2,800,000	\$ 2,800,000
4 Construction	-	-	-	-	-	-	25,698,829	25,698,829	\$ 51,397,658	\$ 51,397,658
5 Equipment	-	-	-	-	-	-	-	-	\$ -	\$ -
6 Close-Out	-	-	-	-	260,000	260,000	390,000	390,000	\$ 1,300,000	\$ 1,300,000
7 Other	-	-	-	-	-	-	-	-	\$ -	\$ -
Other Sub-Total:	-	-	-	-	260,000	260,000	390,000	390,000	\$ 1,300,000	\$ 1,300,000
<b>Total Allocations</b>	\$ -	\$ -	\$ -	\$ 250,000	\$ 1,460,000	\$ 1,460,000	\$ 26,288,829	\$ 26,288,829	\$ 55,747,658	\$ 55,747,658
Source of Funds										
TIRZ Funds	-	-	-	250,000	292,000	292,000	2,718,000	2,718,000	\$ 6,270,000	\$ 6,270,000
City of Houston	-	-	-	-	-	-	-	-	\$ -	\$ -
Grants	-	-	-	-	1,168,000	1,168,000	23,570,829	23,570,829	\$ 49,477,658	\$ 49,477,658
Other	-	-	-	-	-	-	-	-	\$ -	\$ -
<b>Total Funds</b>	\$ -	\$ -	\$ -	\$ 250,000	\$ 1,460,000	\$ 1,460,000	\$ 26,288,829	\$ 26,288,829	\$ 55,747,658	\$ 55,747,658