

City of Houston, Texas, Ordinance No. 2014-1193

AN ORDINANCE RELATED TO REINVESTMENT ZONE NUMBER EIGHT, CITY OF HOUSTON, TEXAS (GULFGATE ZONE); APPROVING THE THIRD AMENDED PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN FOR THE ZONE; AUTHORIZING THE CITY SECRETARY TO DISTRIBUTE SUCH PLANS; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE FOREGOING SUBJECT; PROVIDING FOR SEVERABILITY; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, by Ordinance No. 1997-1524, adopted on December 10, 1997, the City Council of the City of Houston, Texas (the "City"), created Reinvestment Zone Number Eight, City of Houston, Texas (the "Zone"), pursuant to Chapter 311 of the Texas Tax Code, as amended (the "Code"), for the purposes of development and redevelopment in the area of the City generally referred to as the Memorial City area; and

WHEREAS, by Ordinance No. 1997-1572, adopted on December 17, 1997, the City approved the Project Plan and Reinvestment Zone Financing Plan for the Zone, as adopted and recommended by the Board of Directors of the Zone (the "Plan"); and

WHEREAS, the Code authorizes the Board of Directors of the Zone to adopt an amendment to the Plan, which amendment becomes effective upon approval by the City Council; and

WHEREAS, the Board of Directors of the Zone adopted and recommended the first amendment to the Plan which the City Council approved by Ordinance No. 1999-0707 on July 7, 1999; and

WHEREAS, the Board of Directors of the Zone adopted and recommended the second amendment to the Plan which the City Council approved by Ordinance No. 1999-0824 on August 11, 1999; and

WHEREAS, the Board of Directors of the Zone, at its November 5, 2014 board meeting, considered and adopted another set of proposed amendments to the Plan (“Third Amendment”), and has recommended the Third Amendment to the Plan for approval by the City Council; and

WHEREAS, before the Board of Directors of the Zone may implement the Third Amendment to the Plan, the City Council must approve the Third Amendment to the Plan; and

WHEREAS, the City Council finds that notice of the public hearing was published in a newspaper of general circulation within the City in the time and manner required by law; and

WHEREAS, the City Council approved the enlargement of the boundaries of the zone pursuant to Ordinance No. 2014-*1192*; and

WHEREAS, the Third Amendment includes projects for the enlarged Zone; and

WHEREAS, before the Board of Directors of the Zone may implement the Third Amendment to the Plan, the City Council must approve the Third Amendment to the Plan; and

WHEREAS, the City Council conducted a public hearing on the proposed Third Amendment on December 3, 2014; and

¹ Ordinance number of the ordinance enlarging the boundaries of the zone to be inserted by the City Secretary.

WHEREAS, at the public hearing, interested persons were allowed to speak for or against the proposed Third Amendment and the concept of tax increment financing; and

WHEREAS, evidence was received and presented at the public hearing in favor of the proposed Third Amendment and the concept of tax increment financing; and

WHEREAS, the City desires to approve the Third Amendment and to enlarge the boundaries of the Zone; **NOW, THEREFORE,**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. Findings. That the facts and recitals contained in the preamble of this Ordinance are found and declared to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. Approval of the Third Amendment. That the Plans are hereby amended by adding "Part C," attached to this Ordinance as Exhibit "A." The Third Amendment is hereby determined to be feasible and is approved. The appropriate officials of the City are authorized to take all steps reasonably necessary to implement the Third Amendment.

Section 3. Distribution to Taxing Units. That the City Secretary is directed to provide copies of the Third Amendment to each taxing unit levying ad valorem taxes in the Zone.

Section 4. Severability. That if any provision, section, subsection, sentence, clause, or phrase of this Ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void, or invalid, the validity of the remaining provisions of this Ordinance shall not be affected thereby, it being the

intent of the City Council in adopting this Ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness, or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

Section 8. Emergency. 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 17th day of December, 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 DEC 23 2014.


 City Secretary

(Prepared by Legal Department ^{GMD})
 (SEK, December 1, 2014) Steven Kirkland, Senior Assistant City Attorney
 (Requested by Andrew F. Icken, Chief Development Officer, Mayor's Office of Economic Development)
 (L.D. File No. _____)

| 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: DEC 23 2014

EXHIBIT "A"

**PART C – THIRD AMENDMENT TO THE PROJECT PLAN
AND REINVESTMENT ZONE FINANCING PLAN
FOR THE GULFGATE ZONE**

**TAX INCREMENT REINVESTMENT ZONE NUMBER EIGHT
CITY OF HOUSTON, TEXAS**

**THIRD AMENDED
PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN**

November 25, 2014

REINVESTMENT ZONE NUMBER EIGHT, CITY OF HOUSTON, TEXAS

Part C – Third Amended Project Plan and Reinvestment Zone Financing Plan

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REINVESTMENT ZONE NUMBER EIGHT, CITY OF HOUSTON, TEXAS
Third Amended Project Plan and Reinvestment Zone Financing Plan

Introduction

The Reinvestment Zone Number Eight, City of Houston, Texas, ("T.I.R.Z. #8," "Gulfgate," or "Zone") was created by the City Council of the City of Houston, Texas ("City") on December 10, 1997, by Ordinance No. 97-1524 and enlarged by Ordinance No. 1999-0706. The primary goals of the Zone are expanded to provide a source of funding through tax increments generated by redevelopment to better eliminate the blight and substandard conditions existing and provide a way to remediate unsafe and unsanitary conditions in the Zone, and encourage the sound growth of the residential, retail, and commercial sectors in the Zone through the purchase, demolition and reconstruction of property, as well as design and construction of improved mobility systems, streetscape enhancements, pedestrian amenities, public utility system upgrades, adequate public facilities, and parkland and public space improvements.

Section One

The Part A Plan and the Part B Plan

In December 1997 the City approved Gulfgate's first Project Plan and Reinvestment Zone Financing Plan by Ordinance No. 97-1572 (Part A Plan), as amended on August 17, 1999, by Ordinance No. 1999-824 (Part B Plan). The Part A Plan and the Part B Plan collectively consisted of a comprehensive plan for redevelopment in the Zone with project costs consisting of purchase, demolition and reconstruction of property, as well as relocation and reconstruction of infrastructure, mobility improvements, and streetscape enhancements.

Section Two

The Part C Plan

The Zone and the City now propose the third amendment to the Project Plan and Reinvestment Zone Financing Plan (Part C Plan). The Part C Plan consists of (i) a summary of the redevelopment efforts of the Zone, (ii) a restatement of the Zone's redevelopment goals for the Zone, (iii) the redesignation of the Zone's project cost categories and allocations to align with current goals, and (iv) the anticipated use of expenditures for the cost of operating Zone and project facilities.

A. Summary of Redevelopment Efforts

Significant redevelopment and reinvestment has occurred in Gulfgate since inception of the Zone. More, as intended with creation and expansion of the Zone, improvements to Gulfgate Mall and adjacent properties has served as a catalyst for private reinvestment in surrounding areas, most notably in neighborhoods and commercial areas north of the Zone.

The initial wave of development is transforming neighborhoods north of Gulfgate Mall, with specific emphasis in the East End, but reinvestment south of the Mall has remained limited. Substantial recent and ongoing public and nonprofit investment focused around William P. Hobby Airport offers a unique and timely opportunity to expand the Zone and couple its resources with those of other partners such as the City of Houston, Scenic Houston and the Hobby Area Management District to enhance revitalization efforts and spur private activity. Capital improvements underway or in design include improvements to the airport, reconstruction and enhancement of corridors such as Broadway Street, and visual enhancements and streetscape improvements along Broadway Street and Airport Boulevard. The link between capital improvements and successful redevelopment is evidenced by the large-scale success of Gulfgate Mall.

As Gulfgate continues to serve as a catalytic focal point for reinvestment in areas along the Gulf Freeway, it has further capacity to improve the commercial, residential and public environments for surrounding neighborhoods, commercial centers and areas of employment, thereby further bolstering private investment and the overall economic condition of southeast Houston. Reinvestment through the Zone has the particular opportunity to bring new life to areas such as the Bellfort Avenue Corridor, Telephone Road Corridor, Dixie Road Corridor, Long Road Corridor, Mykawa Road Area, and the previously noted Broadway Street Corridor.

B. Redevelopment Plan Concepts and Goals

The redevelopment concepts and goals of the Part C Plan restate the prior redevelopment concepts and goals, updated based on the results of the Zone's redevelopment efforts. To the extent that prior statements of redevelopment concepts conflict with the concepts and goals articulated in the Part C Plan, the concepts and goals outlined below control.

Goal 1: Improve and enhance major and/or strategic corridors and opportunities for connectivity throughout the Zone

The expanded Zone will place increased emphasis on continuing to improve the network of roadways, sidewalks, trails, and transit sites for purposes of reconditioning or reconstructing deteriorating infrastructure, improving mobility, increasing multimodal connectivity, and improving the appearance of the corridor network. Initial efforts will include partial funding for expansion of streetscape and pedestrian enhancements along Broadway Street in coordination with roadway reconstruction efforts by the City of Houston. Funds from Scenic Houston and the Hobby Area Management District will be leveraged for additional private and public funds. Streetscape enhancements could further be expanded to include support and expansion of enhancement efforts by the Houston Airport System along Airport Boulevard. Roadway reconstruction and streetscape improvements could likewise extend along Bellfort Avenue through the commercial areas that extend to Telephone Road. Other major investment areas include:

- Belfort Avenue Corridor. Improvements to include roadway reconstruction along the length of the roadway from Telephone Road to Martin Luther King, including advocacy for a “complete streets” approach to the extent practical, appropriate to the character of the corridor and as financing becomes available. The possibility of pedestrian and bikeway enhancements will allow the corridor to be multifunctional to the extent practical. Visual enhancements are envisioned along the corridor that will tie into improvements along Broadway Street and positively impact adjacent commercial areas and neighborhoods.
- Telephone Road Corridor. Improvements proposed include roadway reconstruction that follow the “complete streets” philosophy, including the possibility of pedestrian enhancements and other multifunctional improvements to the extent practical and as financing becomes available. Visual enhancements are critical to the Telephone Road corridor as a major north-south route to local commercial areas and neighborhoods, but also for travelers to and from Hobby Airport.
- Dixie Road Corridor. Improvements focus upon roadway reconstruction appropriate to each phase of the roadway extending from Mykawa Road to Reveille Street, including application of “complete streets” concepts, as well as visual enhancements as is practical and as financing becomes available.
- Long Road Corridor. Improvements focus upon roadway reconstruction, including possible accommodation of extended rail service in the event that the corridor is a candidate for rail transit service. Like preceding roadway corridors, improvements within the Long Road Corridor extending from Interstate 610 to Reveille Street are proposed to follow the “complete streets” format to the extent practical and as financing becomes available.
- Mykawa Road Area. Improvements within the Mykawa Road area are intended to spur neighborhood reinvestment and preservation while also creating economic opportunity and encourage creation of affordable housing. Improvements include infrastructure and roadway improvements in the areas surrounding Mykawa Road to offset development costs. Improvements in vacant or underperforming areas offer the opportunity for new development while similar improvements in existing commercial areas and neighborhoods promote reinvestment and long term sustainability.
- Enhancement of the areawide system of bike pathways that are either planned or currently in place, such as the signed shared lanes along Belfort Avenue and the trail network under development along Sims Bayou.
- Systemwide visual enhancements that improve safety, wayfinding and the overall experience of traveling throughout the Zone, including use of visual enhancement to unify the area under a common theme. Examples of such

improvements are similar to elements proposed along Broadway Street, including landscaping, signage, monumentation, lighting, street furniture, street and sidewalk treatments, intersection improvements, and bridge enhancements, among other items.

- Areawide strategic acquisition and clearance of property for purposes of targeted blight removal in order to promote public safety, preservation and enhancement of existing commercial areas, neighborhood reinvestment and preservation, and overall improvement of economic opportunity.

Goal 2: Enhance public infrastructure, facilities and services throughout the Zone

Similar to treatment of corridors, expansion of the Zone will allow for enhancements to the physical infrastructure and public facilities within the Zone to provide adequate capacity and to enhance provision of critical public services.

Goal 3: Develop and enhance open green space, parks, plazas, and other similar improvements within the Zone.

The Zone will place a new effort on development of green space and green connection opportunities, as well as redevelopment of existing spaces for the creation of cohesive and vibrant communities within the Zone as well as attracting economic investment from outside of the Zone. There is an established need for public open spaces consisting of parks, plazas, public squares, natural areas, recreational amenities, cultural amenities, and landscaping in public right-of-way as a means to carry out the vision for creating a series of communities with open spaces, connectivity and mixed uses along strategic corridors. Parks and plazas help foster social interactions that define the public realm and urban culture. Incorporation of Glenbrook Golf Course and the surrounding green space provides an opportunity for participation in improvements at this location, as well as along Sims Bayou. Improvements along the esplanades of Broadway Street and Airport Boulevard will serve as a model for additional improvements along other major corridors throughout the Zone.

Goal 4: Facilitate development and redevelopment of vacant, underdeveloped and underperforming areas of the Zone through targeted real estate acquisition, strategic demolition and land improvements.

Improvements to Gulfgate Mall, Hobby Airport, Broadway Street and Airport Boulevard substantially improve the marketability of property within the Zone and implementation of goals to enhance infrastructure, connectivity, mobility, visual quality and adequate services will further positively influence the development position of area sites. The Zone has the opportunity to even further improve the economic position of the area through targeted blight removal to eliminate impediments that make property difficult to develop. This includes acquisition of property, demolition of structures, remediation to remove site impediments, and potentially construction of facilities such as parking or

stormwater management if appropriate to spur appropriate development activity, promote private investment and improve economic opportunities for existing and future residents and business owners.

Targeted real estate acquisitions of blighted properties to catalyze redevelopment is a goal that has proven success within the Zone. The Part A Plan envisioned and realized Gulfgate Mall as the focus area of activities and, as a result, reinvestment has occurred, although it has been largely limited to areas north of the Zone. An expanded Zone will combine the catalytic capabilities of Gulfgate Mall with substantial existing and proposed improvements associated with William P. Hobby airport, including airport improvements, complete reconstruction of Broadway Street, and streetscape improvements along Airport Boulevard.

The Zone will utilize said catalytic nodes, removal of blighted or underperforming structures, as well as targeted acquisitions of additional property to induce complimentary projects, increase local economic opportunity, and improve safety and services for area residents and business owners.

The Zone will expedite capital improvement projects by managing the projects and using tax increment to finance them. It will further add value to strategic improvements by using tax increment to leverage additional improvements above those contemplated by typical and traditional improvement as a means of increasing value and functionality, enhancing reinvestment potential, and also serving as a model for best practices to surrounding property owners. Map 1, attached hereto, depicts the non-exclusive list of corridors and areas of focus within the Zone, such as the Belfort Avenue corridor and the Mykawa Road area, as described above. The Zone will continue to enhance public infrastructure in order to keep pace with expanding demands and to spur reinvestment in currently developed locations, as well as new development on vacant properties.

C. Authorized Projects and Project Costs

The amended and restated project costs are detailed in Table 1, below. The dollar amounts for each category are approximate and may be amended from time to time by the Board of Directors of the Zone with approval of the City Council.

Table 1: Tax Increment Reinvestment Zone No. 8 Project Costs

| | Part A | Part B | | Part C | Total Project Costs |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------|
| | Original Zone Project Costs | 1st Amendment Project Costs | 2nd Amendment Project Costs | 3rd Amendment Project Costs | |
| Original Zone Project Costs | | | | | |
| Property Acquisition | \$5,250,000 | | | | |
| Related Costs and Creation Fees | \$1,250,000 | | | | |
| Financing Costs | \$8,251,920 | | | | |
| HISD Schools and Educational Facilities | | | \$12,043,725 | | |
| Total Original Zone Project Costs | \$14,751,920 | | | | |
| 1st/2nd Amendment/Annexation Projects | | | | | |
| Box Culvert Removal | | \$2,116,150 | | | |
| Contingency & Engineering | | \$560,780 | | | |
| Right Turn Lane Additions | | \$100,000 | | | |
| Traffic Signalization | | \$500,000 | | | |
| Contingency & Engineering | | \$159,000 | | | |
| Refurbished Crosswalk | | \$100,000 | | | |
| Landscaping & Irrigation | | \$127,870 | | | |
| Contingency & Engineering | | \$33,886 | | | |
| TIRZ Annexation: Professional/Legal Fees | | \$210,000 | | | |
| Related Costs & Interest Carry | | \$680,000 | | | |
| HISD Annexation School & Education Facilities | | | \$3,823,497 | | |
| 3rd Amendment/Annexation Projects | | | | | |
| Areawide Projects | | | | | |
| Parks, Trails, Public Spaces | | | | \$4,000,000 | |
| Public Facilities | | | | \$5,000,000 | |
| Targeted Blight Removal Costs | | | | \$5,000,000 | |
| Corridor and Area Projects | | | | | |
| Long Road Corridor | | | | \$15,530,000 | |
| Dixie Road Corridor | | | | \$10,950,000 | |
| Bellfort Avenue Corridor | | | | \$14,250,000 | |
| Telephone Road Corridor | | | | \$11,300,000 | |
| Broadway Street Corridor | | | | \$2,300,000 | |
| Mykawa Area | | | | \$16,000,000 | |
| Total 3rd Amendment Projects | | | | \$84,330,000 | |
| Total Project Costs | \$14,751,920 | \$4,587,686 | \$15,867,222 | \$84,330,000 | \$119,536,828 |

D. Project Plan

Existing and Proposed Uses of Land (Texas Tax Code § 311.011(b)(1)): Map 1, attached hereto, depicts the existing land uses in the original and annexed areas of the Zone. Proposed land uses shall include similar, but enhanced, multi-family and single family residential, commercial retail, office, hotel and travel related activity, heavy commercial and industrial, public and institutional, transportation, park and open spaces with increasingly diminished undeveloped land over time.

Proposed Changes of Zoning Ordinances, Master Plan of Municipality, Building Codes, and Other Municipal Ordinances (Texas Tax Code § 311.011(b)(2)): All construction will be performed in conformance with the City's existing rules and regulations. There are no proposed changes to any City ordinance, master plan, or building code.

Estimated Non-Project Costs (Texas Tax Code § 311.011(b)(3)): The project costs referenced in Table 1 are inclusive of project costs to be incurred by the Zone only. The costs that would otherwise be project costs but are derived from other parties, such as the Texas Department of Transportation or private sources, are non-project costs. Funding identified in Table 1 for corridor improvement projects will be leveraged to acquire non-project funding.

The City of Houston is investing heavily in improvements to William P. Hobby Airport in preparation for international service and an increase in demand, as well as making substantial improvements to Broadway Street and Airport Boulevard – in total more than \$280 million in improvements to be completed by 2017. The Hobby Area Management District and Scenic Houston are acquiring funds to complete an additional \$7.5 million in enhancements to Broadway Street - \$2,300,000 of which will be project costs to be funded by TIRZ No. 8. The remainder will be privately raised as non-project costs.

Other corridor improvement projects are expected to leverage non-project funding as follows:

- Bellfort Avenue - \$26,500,000
- Telephone Road - \$38,200,000
- Dixie Road - \$15,200,000
- Long Road - \$12,250,000

The Hobby Area Management District will be making additional non-project improvements throughout the boundaries of the district to further spur neighborhood stability and preservation, economic opportunity, and quality of life improvements.

All of this is in addition to, and intended to catalyze, non-project cost contributions by the private sector through new development and redevelopment. The expanded Zone includes over 1,800 acres of vacant property available to be developed throughout the life of the Zone.

Method of Relocating Persons to be Displaced, if any, as a Result of Implementing the Plan (Texas Tax Code § 311.011(b)(4)): It is not anticipated that any residents will be displaced or relocated as a result of the Part C Plan.

E. Reinvestment Zone Financing Plan

Estimated Project Costs (Texas Tax Code § 311.011(c)(1)): Table 1 details proposed public improvement to be funded utilizing resources from Tax Increment Reinvestment Zone No. 8. As set forth in the Part C Plan, the dollar amounts are approximate and may be amended from time to time by the Board of Directors of the Zone with approval of the City Council. The financing costs are a function of project financing needs and will vary with market conditions from the estimates shown on Table 1. The project categories describe generally the kind of improvements contemplated by this Part C Plan.

Proposed Kind, Number, and Location of all Proposed Public Works or Public Improvements to be Financed in the Zone (Texas Tax Code § 311.011(c)(2)): These details are described throughout the Part C Plan, including but not limited to those presented in Map 1, such as roadway, streetscape and overall enhancements along corridors such as Bellfort Street, Telephone Road, Broadway Street, Dixie Road, Long Road, and Mykawa, and may also include projects such as trail enhancements along Sims Bayou with potential connectivity to improvements along Broadway Street, relocation or development of public facilities throughout the area, and various infrastructure improvements throughout the Zone.

Economic Feasibility (Texas Tax Code § 311.011(c)(3)): An economic feasibility study was completed for the Gulfgate area in 1997 by CDS Market Research. The study documents the economic potential in the Zone. Exhibit 1 constitutes updated incremental revenue estimates for this Part C Plan. The incremental revenue estimates are projected to be sufficient to cover the costs of the proposed redevelopment and infrastructure improvements in the Zone for the remainder of the Zone.

Estimated Amount of Bond Indebtedness; Estimated Time When Related Costs or Monetary Obligations Incurred (Texas Tax Code § 311.011(c)(4), § 311.011(c)(5)): Issuance of notes and bonds by the Zone will occur as tax increment revenues allow. The value and timing of the issuance of notes or bonds will correlate to debt capacity as derived from the attached revenue and project schedules, as well as actual market conditions for the issue and sale of such notes and bonds.

Methods and Sources of Financing Project Costs and Percentage of Increment from Taxing Units Anticipated to Contribute Tax Increment to the Zone (Texas Tax Code § 311.011(c)(6)): Methods and sources of financing include the issuance of notes and bonds, as well as collaboration with developers and other entities for grant funding and partnerships. Tax increment associated with this Part C Plan will consist of contributions from the City of Houston and Harris County. This figure is calculated using a City contribution of \$0.63108/\$100 of assessed valuation and a Harris County contribution of \$0.41730/\$100 of assessed valuation. No contribution is expected from the Houston Independent School District for purposes of Part C Plan only.

Current Total Appraised Value of Taxable Real Property (Texas Tax Code § 311.011(c)(7)): As of October 2014, the current appraised value of taxable real property is \$1,261,445,877 (with \$117,810,245 in the Original Zone and \$1,073,278,622 in the Expanded Zone).

Estimated Captured Appraised Value of Zone During Each Year of Existence (Texas Tax Code § 311.011(c)(8)): The estimated captured appraised value for Part C is contained in Exhibit 1.

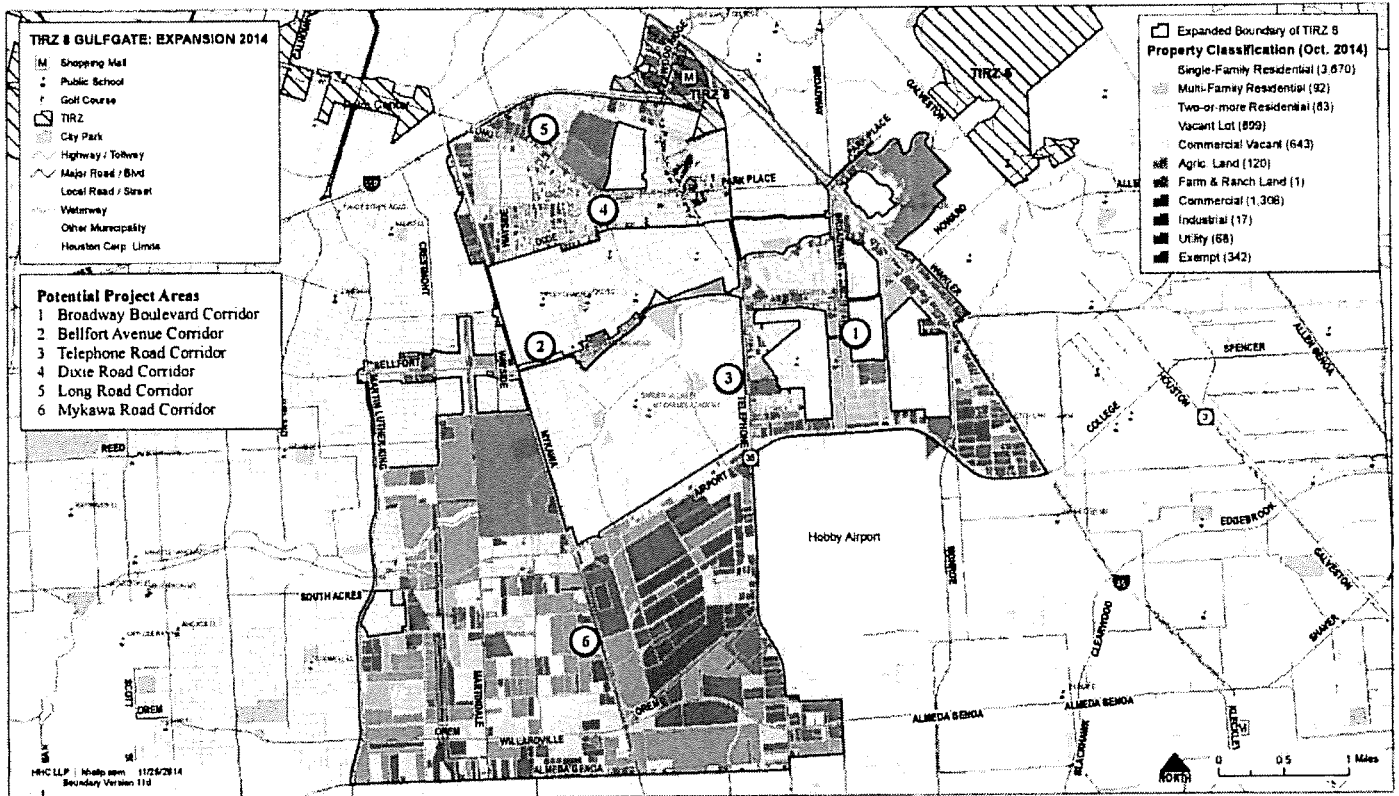
Zone Duration (Texas Tax Code § 311.011(c)(9)): The Zone will terminate on December 31, 2044.

Exhibit 2 Original Zone (Part A Plan) combined with Part B and C Plan Annexation Values and Revenues

| Tax Roll 1-Jan | Base Values | | | Current Values | | | City Tax Rate | Harris County Tax Rate | Collection Rate | Revenue | | Cumulative Revenue | |
|-------------------|-------------|------------|---------------|----------------|-------------|---------------|---------------|---------------------------|-----------------|-----------|---------------|--------------------|---------------|
| | Original | Annexed | New Annexed | Original | Annexed | New Annexed | | | | City | Harris County | City | Harris County |
| 2014 | 9 728 120 | 15 399 720 | 1 073 278 622 | 58 366 942 | 57,714 423 | 1 073 278 622 | 0.631060 | 0.417300 | 98% | 562,510 | 371,958 | 562,510 | 371,958 |
| 2015 | 9 728 120 | 15 399 720 | 1 073 278 622 | 60 701 620 | 60,023 600 | 1 069 377 801 | 0.631060 | 0.417300 | 98% | 690,793 | 456,785 | 1,253,303 | 828,743 |
| 2016 | 9 728 120 | 15 399 720 | 1 073 278 622 | 63 129 684 | 62,423 620 | 1 105 718 468 | 0.631060 | 0.417300 | 98% | 821,719 | 548,359 | 2,075,021 | 1,372,102 |
| 2017 | 9 728 120 | 15 399 720 | 1 073 278 622 | 65 654 872 | 64,920 877 | 1 122 304 246 | 0.631060 | 0.417300 | 98% | 955,355 | 700,492 | 3,030,376 | 1,572,595 |
| 2018 | 9 728 120 | 15 399 720 | 1 073 278 622 | 68 281 067 | 67 517 712 | 1 139 138 806 | 0.631060 | 0.417300 | 98% | 1,091,772 | 769,338 | 4,122,147 | 1,841,933 |
| 2019 | 9 728 120 | 15 399 720 | 1 073 278 622 | 71 012,309 | 70,218 420 | 1 156 225 891 | 0.631060 | 0.417300 | 98% | 1,231,042 | 839,216 | 5,353,190 | 2,381,149 |
| 2020 | 9 728 120 | 15 399 720 | 1 073 278 622 | 73 652,802 | 73,027 157 | 1 173 588 280 | 0.631060 | 0.417300 | 98% | 1,373,242 | 940,149 | 6,726,432 | 2,591,291 |
| 2021 | 9 728 120 | 15 399 720 | 1 073 278 622 | 76 606 914 | 75,948 242 | 1 191 172 819 | 0.631060 | 0.417300 | 98% | 1,518,448 | 1021,133 | 8,244,880 | 3,079,474 |
| 2022 | 9 728 120 | 15 399 720 | 1 073 278 622 | 79 879,190 | 78,966 173 | 1 209 040 411 | 0.631060 | 0.417300 | 98% | 1,666,741 | 1,118,203 | 9,911,621 | 3,628,828 |
| 2023 | 9 728 120 | 15 399 720 | 1 073 278 622 | 83 074 356 | 82,145 620 | 1 227 176 017 | 0.631060 | 0.417300 | 98% | 1,818,103 | 1,219,370 | 11,729,825 | 4,257,897 |
| 2024 | 9 728 120 | 15 399 720 | 1 073 278 622 | 86 397 332 | 85,431 445 | 1 245 583 697 | 0.631060 | 0.417300 | 98% | 1,972,919 | 1,320,648 | 13,703,744 | 4,962,646 |
| 2025 | 9 728 120 | 15 399 720 | 1 073 278 622 | 89 857 229 | 88,848 001 | 1 264 267 412 | 0.631060 | 0.417300 | 98% | 2,130,978 | 1,423,056 | 15,831,712 | 5,743,702 |
| 2026 | 9 728 120 | 15 399 720 | 1 073 278 622 | 93 447 355 | 92,402 651 | 1 283 231 424 | 0.631060 | 0.417300 | 98% | 2,292,470 | 1,526,610 | 18,126,192 | 6,602,312 |
| 2027 | 9 728 120 | 15 399 720 | 1 073 278 622 | 97 165 249 | 96,098 757 | 1 302 479 895 | 0.631060 | 0.417300 | 98% | 2,457,490 | 1,631,328 | 20,583,683 | 7,539,640 |
| 2028 | 9 728 120 | 15 399 720 | 1 073 278 622 | 101 072 659 | 99 942 707 | 1 322 017 093 | 0.631060 | 0.417300 | 98% | 2,626,135 | 1,737,226 | 23,209,818 | 8,556,866 |
| 2029 | 9 728 120 | 15 399 720 | 1 073 278 622 | 105 115 565 | 103 940 415 | 1 341 847 350 | 0.631060 | 0.417300 | 98% | 2,798,505 | 1,843,323 | 26,008,319 | 9,655,188 |
| 2030 | 9 728 120 | 15 399 720 | 1 073 278 622 | 109 320 188 | 108 098 032 | 1 361 975 060 | 0.631060 | 0.417300 | 98% | 2,974,703 | 1,950,636 | 28,983,026 | 10,835,824 |
| 2031 | 9 728 120 | 15 399 720 | 1 073 278 622 | 113 692,995 | 112 421 953 | 1 382 404 606 | 0.631060 | 0.417300 | 98% | 3,154,838 | 2,064,183 | 32,137,864 | 12,100,008 |
| 2032 | 9 728 120 | 15 399 720 | 1 073 278 622 | 118 240,715 | 116 916 631 | 1 403 140 756 | 0.631060 | 0.417300 | 98% | 3,339,019 | 2,184,984 | 35,476,883 | 13,448,952 |
| 2033 | 9 728 120 | 15 399 720 | 1 073 278 622 | 122 970 344 | 121 595 585 | 1 424 187 887 | 0.631060 | 0.417300 | 98% | 3,527,361 | 2,310,057 | 39,004,244 | 14,884,049 |
| 2034 | 9 728 120 | 15 399 720 | 1 073 278 622 | 127 889 157 | 126 459 408 | 1 445 550 685 | 0.631060 | 0.417300 | 98% | 3,719,983 | 2,432,421 | 42,714,216 | 16,406,471 |
| 2035 | 9 728 120 | 15 399 720 | 1 073 278 622 | 133 004 724 | 131 517 784 | 1 467 233 948 | 0.631060 | 0.417300 | 98% | 3,917,005 | 2,551,096 | 46,641,233 | 18,017,567 |
| 2036 | 9 728 120 | 15 399 720 | 1 073 278 622 | 138 324 913 | 136 776 496 | 1 489 242 456 | 0.631060 | 0.417300 | 98% | 4,118,558 | 2,671,101 | 50,759,791 | 19,716,668 |
| 2037 | 9 728 120 | 15 399 720 | 1 073 278 622 | 143 857 909 | 142 249 636 | 1 511 581 092 | 0.631060 | 0.417300 | 98% | 4,324,759 | 2,792,455 | 55,084,550 | 21,511,123 |
| 2038 | 9 728 120 | 15 399 720 | 1 073 278 622 | 149 612 226 | 147 938 621 | 1 534 254 806 | 0.631060 | 0.417300 | 98% | 4,535,775 | 2,915,181 | 59,620,335 | 23,396,304 |
| 2039 | 9 728 120 | 15 399 720 | 1 073 278 622 | 155 596 715 | 153 857 306 | 1 557 268 630 | 0.631060 | 0.417300 | 98% | 4,751,715 | 3,039,246 | 64,374,086 | 25,375,600 |
| 2040 | 9 728 120 | 15 399 720 | 1 073 278 622 | 161 820 583 | 160 011 494 | 1 580 627 660 | 0.631060 | 0.417300 | 98% | 4,972,735 | 3,164,824 | 69,344,786 | 27,450,424 |
| 2041 | 9 728 120 | 15 399 720 | 1 073 278 622 | 168 293 406 | 166 411 954 | 1 604 337 075 | 0.631060 | 0.417300 | 98% | 5,198,984 | 3,292,785 | 74,543,769 | 29,622,209 |
| 2042 | 9 728 120 | 15 399 720 | 1 073 278 622 | 175 025 143 | 173 056 432 | 1 628 402 131 | 0.631060 | 0.417300 | 98% | 5,430,617 | 3,424,200 | 79,974,886 | 31,892,409 |
| 2043 | 9 728 120 | 15 399 720 | 1 073 278 622 | 182 026 148 | 179 991 199 | 1 652 826 163 | 0.631060 | 0.417300 | 98% | 5,667,794 | 3,559,091 | 85,641,180 | 34,262,500 |
| 2044 | 9 728 120 | 15 399 720 | 1 073 278 622 | 189,307,164 | 187 190 816 | 1 677 620 585 | 0.631060 | 0.417300 | 98% | 5,910 682 | 3,694 481 | 91,552 862 | 36,773 981 |

Notes:
 Original and Annexed Area grow organically at 4%, New Annexed area grows at 1.5% annually
 Harris County Amended Interlocal Agreement states that payment cap is \$ 641,116 or December 31, 2020 for the original area and annexed area
 Harris County Increment Revenue for Tax Year 2017 and beyond is only for the new proposed annexed area

Map 1: Existing Land Use and Potential Improvement Projects



Red = Commercial; Blue = Current Number; Purple = Industrial; Light Yellow = Residential; Gray = Vacant Lot
Orange = Multi-Family Residential; Dark Yellow = Two-or-more Family Res.; Brown = Agric. Land; Green = Exempt; Blue = Utility

Map 2: Project Corridors

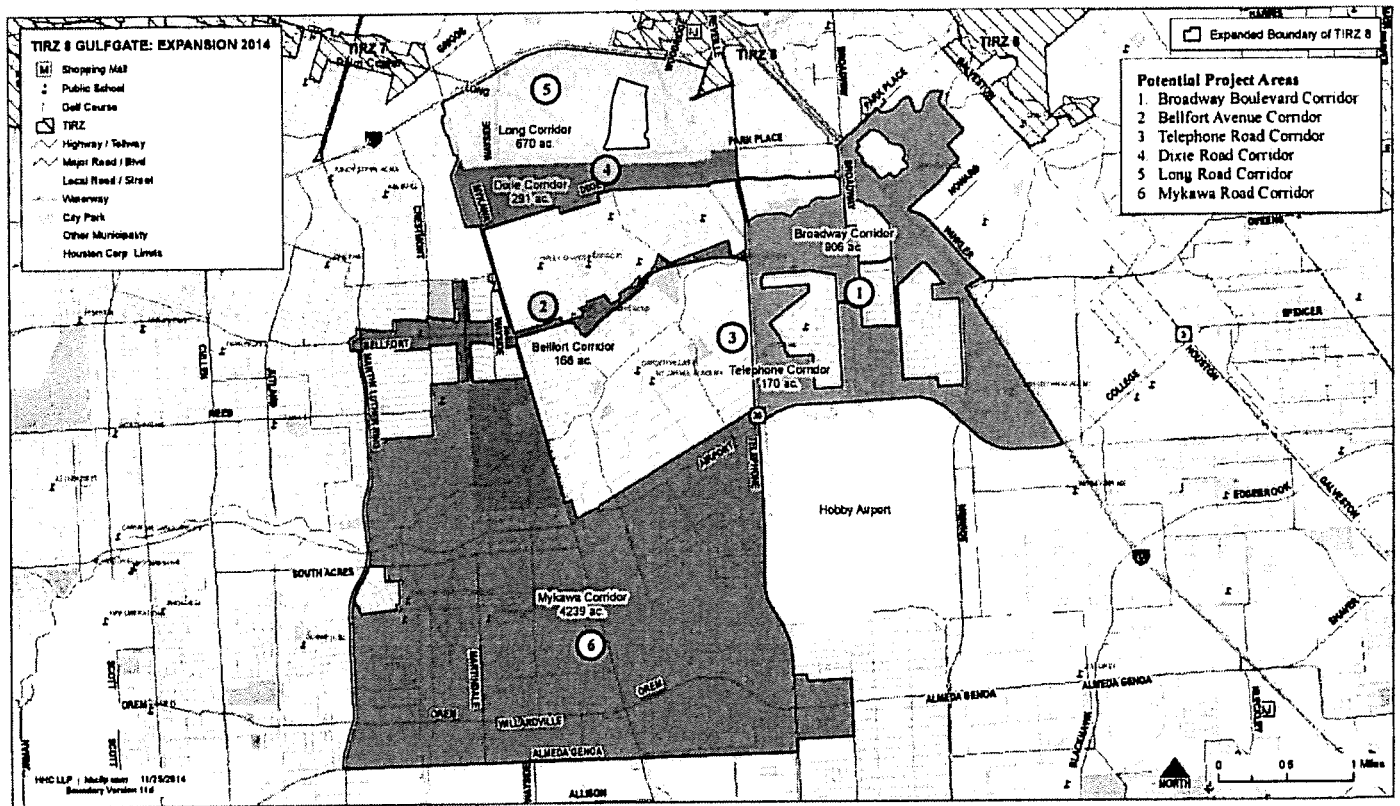


EXHIBIT "B"

MAP OF BOUNDARIES AS ENLARGED

Map 2: Project Corridors

