

**Reinvestment Zone Number 17**  
**City of Houston, Texas**

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**Memorial City TIRZ**

**Project Plan**  
**& Reinvestment Zone Financing Plan**

**August 11, 1999**

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## I. OVERVIEW

Tax Increment Reinvestment Zone Number 17, City of Houston, Texas (the “TIRZ” or the “Zone”) is a financing mechanism provided under State of Texas statutes that will be used by the City of Houston (the “City” or “Houston”) to preserve, conserve and redevelop this major activity center. The creation of the TIRZ offers the opportunity to address specific conditions that if not addressed, will pose long term risks to the area by increasing the number of unproductive, under-developed properties and decreasing area property values. Increasing traffic congestion and poor accessibility of major thoroughfares threaten the area’s economic vitality. If these conditions continue unabated, and the commercial area begins to decline, the City of Houston, Harris County and Spring Branch ISD stand to lose significant tax base from stagnation of current value, as well as from the loss of future growth to new developments outside their jurisdictions, specifically to the west.

The 988-acre Zone encompasses approximately 4.6 million square feet of retail space (including both Memorial City Mall, Town and Country Village and Town and Country Mall), 1.6 million square feet of office space, 480,000 square feet of health care facilities, and 150 acres of undeveloped land or underutilized land uses predominantly north of I-10. The area is one of the City’s major activity centers, similar to Greenspoint, Greenway Plaza, the Texas Medical Center, Westchase, and Uptown Houston. Based on 1998 values and tax rates, the real property in the Zone generated approximately \$13.5 million in real property taxes cumulatively to the City, County and Spring Branch Independent School District (“SBISD”).

Proposed TIRZ improvements are intended to create an environment attractive to new high quality development along the north side of the Zone and spur additional development on the south side. The TIRZ is intended to provide the financing mechanism to construct a needed collector street network on both the north and south sides of I-10 within the Zone. A collector street network within the Zone, capable of

handling the commercially generated traffic, is intended decrease the amount of cut-through traffic currently spilling over into the adjacent residential communities.

Educational facilities to be funded through the Zone will help maintain the standing of Spring Branch ISD as a superior school district.

The TIRZ Project Plan and Reinvestment Zone Financing Plan calls for infrastructure and mobility improvements within its boundaries intended to mitigate the impact of commercial activities on adjacent residential areas and help conserve and preserve those neighborhoods. Further, public improvements are intended to encourage a change of land use patterns while promoting compatibility with the adjacent neighborhoods.

Surrounding communities and neighborhoods expressed concern regarding the potential for both positive and negative impacts and sought to have their interests represented on the board and to request specific assurances in the Plan to address community issues. A memorandum of agreement included herein as Part 6 of the Appendices incorporates certain principles that will be adhered to throughout the development of the TIRZ.

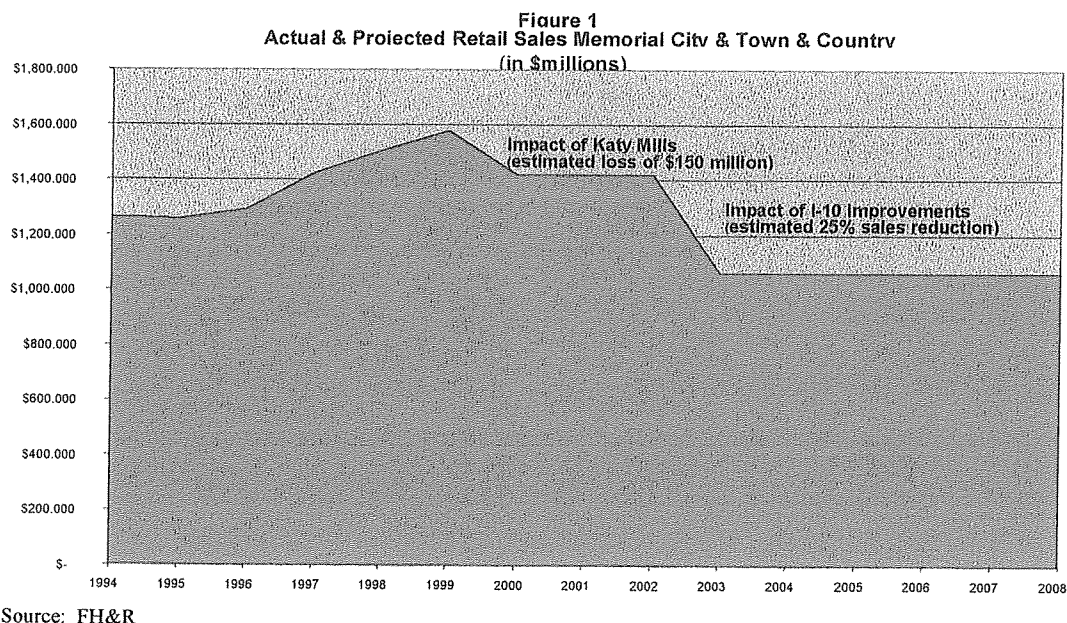
## II. PROJECT PLAN

### Introduction

Tax Increment Reinvestment Zone Number 17, Memorial City, (the “TIRZ” or the “Zone”) seeks to enhance the area’s economic viability in the face of research showing that the area is increasingly impacted by conditions that pose long-term risks to the area. The TIRZ provides a mechanism to help maintain the long-term survivability of this major commercial asset and the adjacent residential areas through the implementation of public mobility and infrastructure improvements. The improvements outlined in this Plan will help mitigate the following conditions:

- **Increased Suburban Competition**

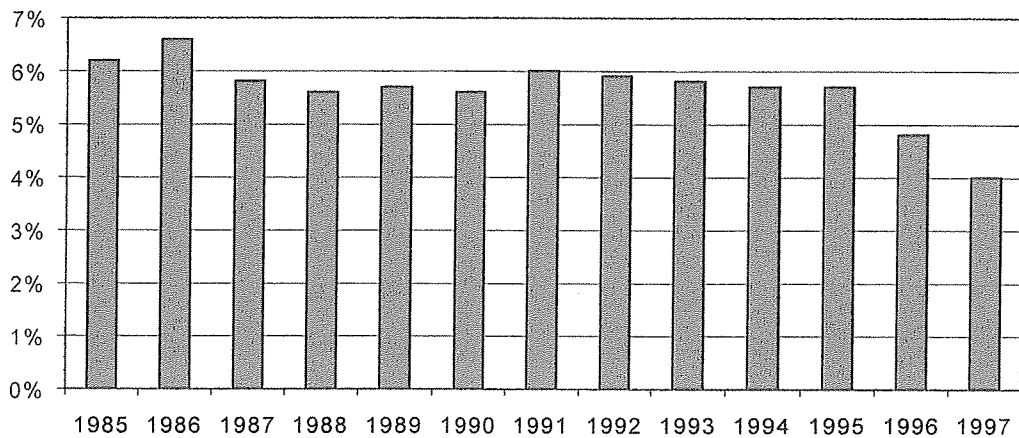
Retail sales in the existing malls and older shopping centers, in north and west Harris County, are likely to significantly decline with the opening of the Katy Mills Mall in Fort Bend County. It is estimated that a third of the retail sales (\$150 million annually) will be siphoned directly from the Memorial City trade area. In addition, as the chart below reflects, retail sales are forecasted to decline an additional 25% due to the extended re-construction planned for I-10.



- **Declining Market Share**

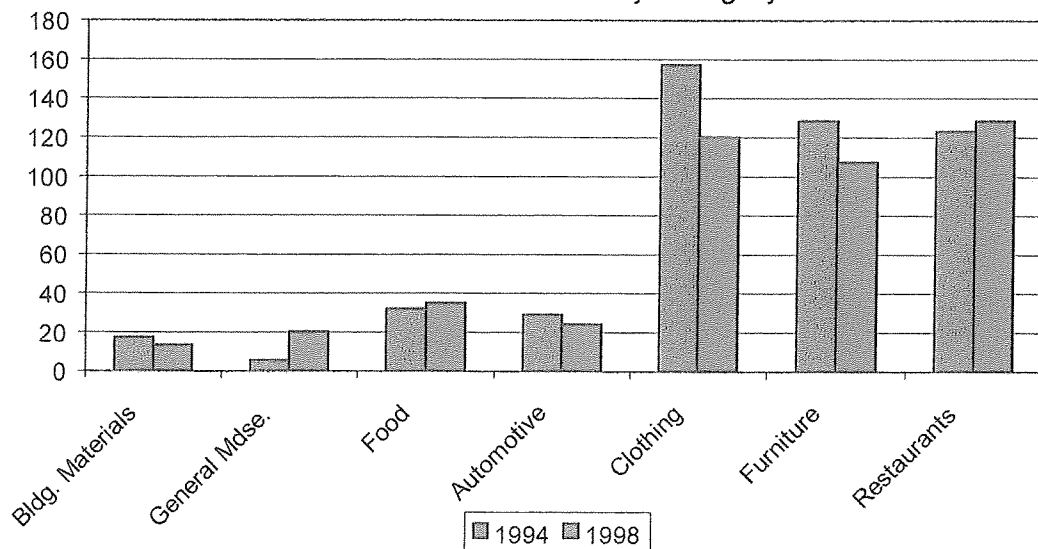
The risk of stagnation or decline is becoming evident. The Memorial City area's share of the regional market is declining as retailers move outward to capture the increasing suburban residential market. Since 1994 the number of retail outlets in the Memorial City trade area has declined by 6.7%. The charts below reflect these emerging trends.

Figure 2A  
Share of Regional Retail Sales



Source: FH&R and State Comptroller

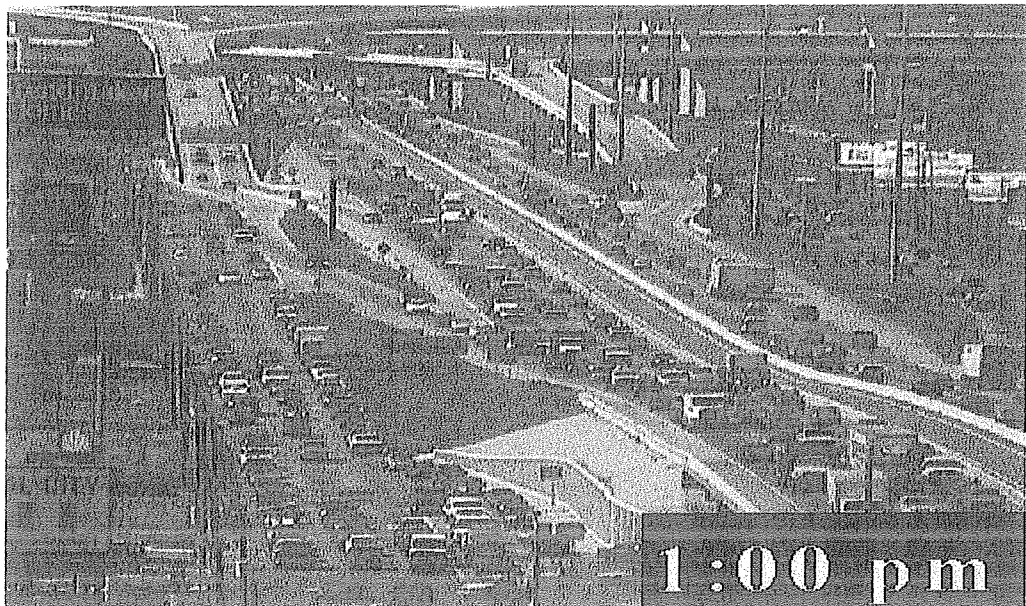
Figure 2B  
Number of Retail Outlets by Category



Source: FH&R and State Comptroller

- **Existing congestion resulting from the lack of east-west thoroughfares and insufficient roadway capacity**

According to a traffic analysis by Walter P. Moore and Assoc., I-10, the only continuous major east-west roadway through the Zone, carries more than 207,000 vehicles per day, almost triple its original design capacity of 79,200. Similar congestion levels exist on Gessner Road, one of the few north-south thoroughfares in the area. On weekdays and weekends more than 45,000 vehicles per day squeeze into six through lanes near I-10. The following view, looking west along I-10 at Memorial City at 1:00 p.m. during a weekday, illustrates the severe congestion that currently exists in the area during non-peak times. These conditions continuously limit access to area businesses and promote cut-through traffic on residential streets.



**Figure 3: I-10 at Gessner, 1:00pm weekday**

- **Long term mobility concerns stemming from the pending 10-year reconstruction of I-10**

Congestion is expected to worsen when I-10 reconstruction begins in 2003. According to research conducted by the Transportation Research Board,



businesses burdened with increasing levels of congestion will tend to relocate in areas of less congestion.

- **Lack of utility capacity to serve additional development**

The commercial area encompassed by the TIRZ was not with sufficient street systems. Aged and stressed infrastructure within the Zone, built three decades ago, is no longer sufficient and needs to be replaced and enlarged to support meaningful growth and redevelopment.

Public improvements in the Zone, such as mobility improvements and utility upgrades, will create an environment that can support an additional 10 million square feet of office, retail and medical related development that would otherwise leapfrog to suburban communities. It is estimated that \$1 billion in new private development could be attracted to the Zone as a result of proposed public improvements estimated to cost \$98 million. The improvements and subsequent private development will increase the value of all taxable real property within and around the Zone resulting in greater tax revenue to all taxing jurisdictions.

### Existing Uses and Conditions of Real Property (311.011(b)(1))

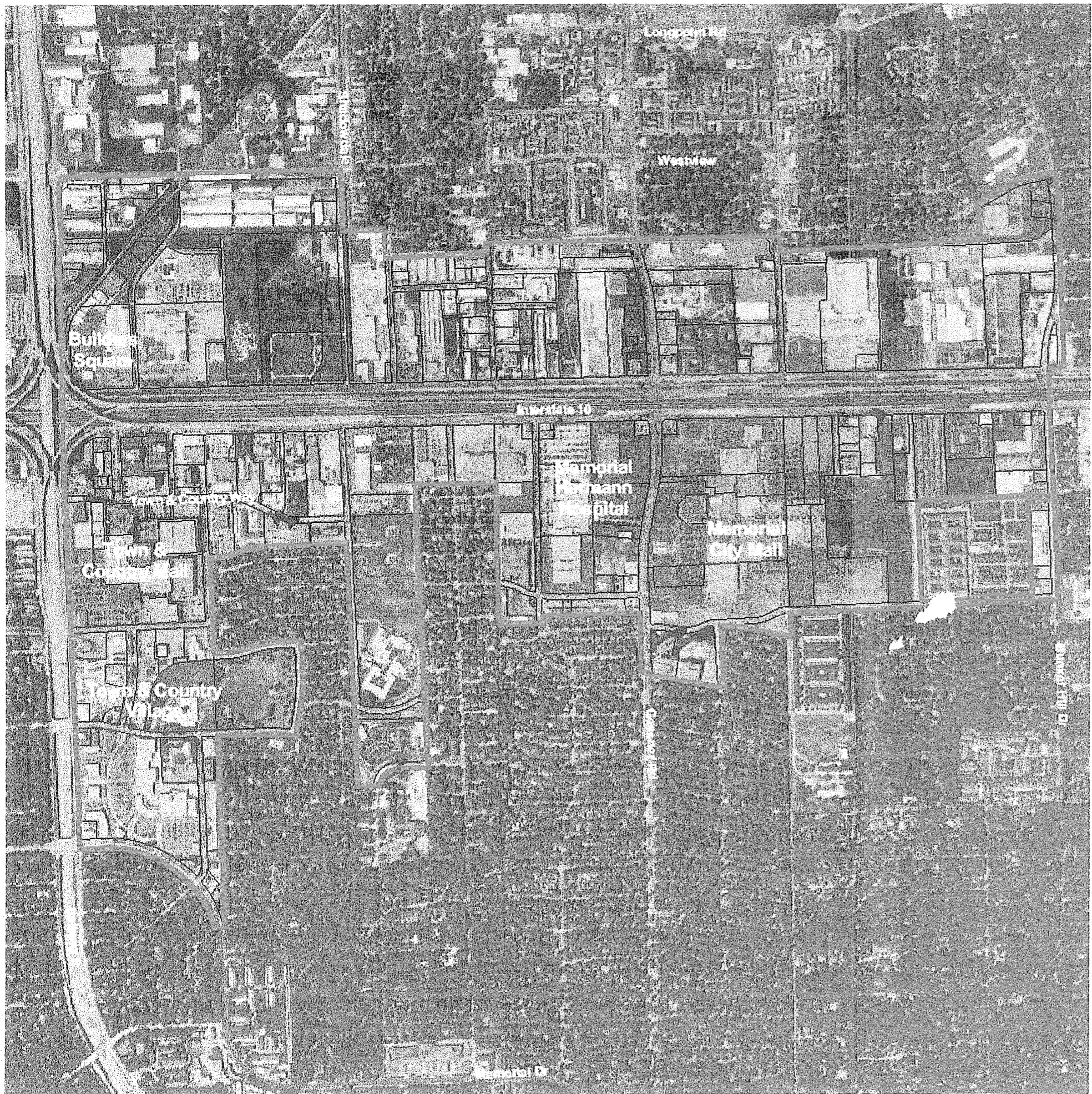
The Zone includes approximately 988 acres and is generally located along the Katy Freeway (I-10) between Bunker Hill Drive and Beltway 8. The Zone, shown on Figure 4 (page 8), encompasses a mix of commercial, medical, retail, industrial and multi-family uses with varying degrees of tenancy, condition and value. Base year 1999 value for the Zone is estimated at \$445 million.

- **Existing Land Uses**

The Zone currently encompasses the following land uses, which are illustrated on Figure 5 (page 9):

Land Use	Acreage	Percentage of Total
Commercial (1)	518.43	52.5%
Industrial	77.11	7.8%
Multi-Family	6.60	0.7%
Public (2)	85.57	8.7%
Single-family residential	1.16	0.1%
Utilities	12.38	1.3%
Vacant/Undeveloped	63.40	6.4%
I-10 Right-of-Way	101.78	10.2%
Other Rights-of-Way	121.75	12.2%
<b>Total</b>	<b>988.18</b>	<b>100%</b>

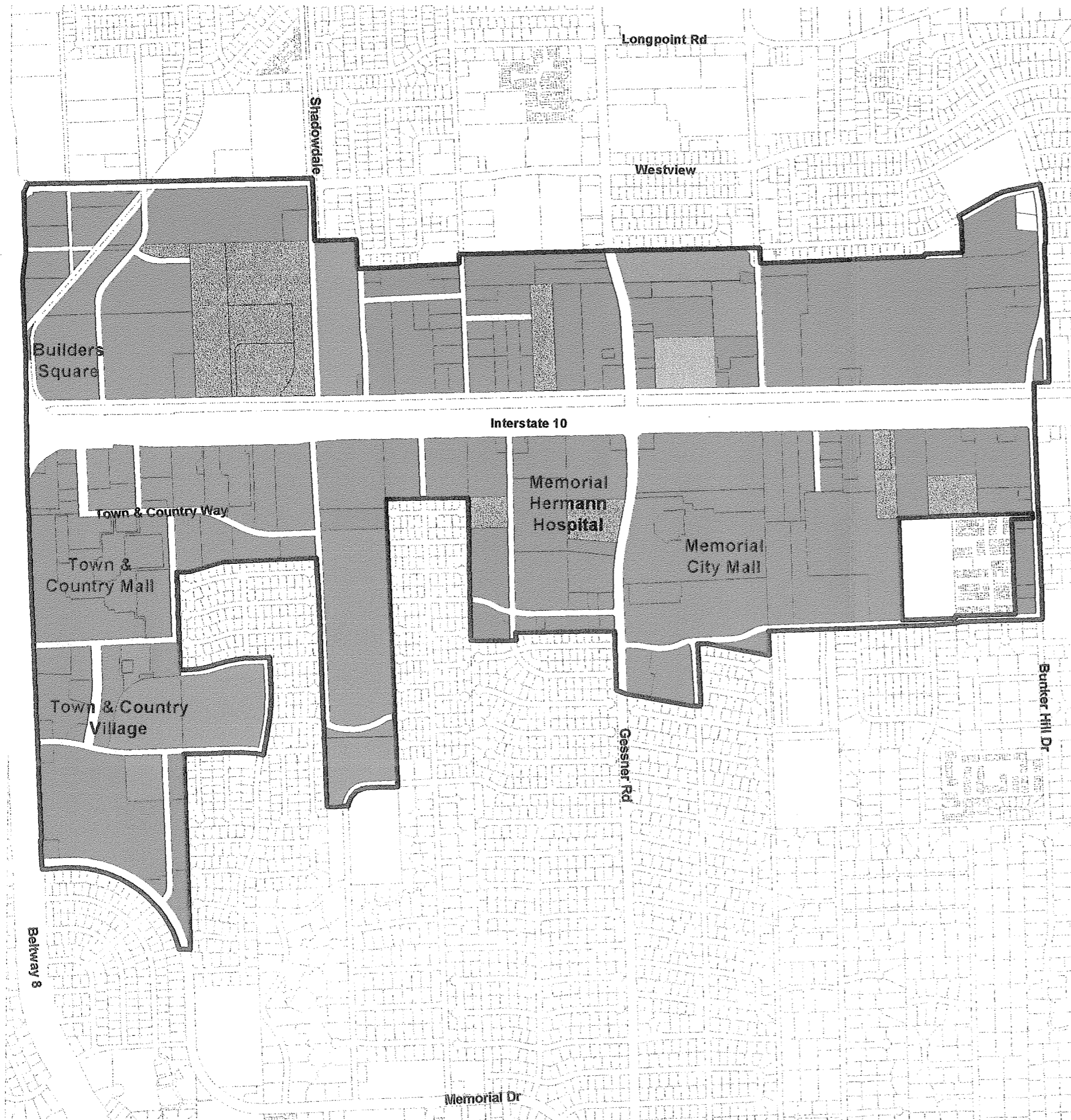
- 1) Office, retail, medical
- 2) schools, parks, churches



# Memorial City TIRZ



FIGURE 4



## Legend

- Land Use
- Commercial
  - Industrial
  - Multi-Family
  - Public
  - Single-Family
  - Utilities
  - Vacant

# Memorial City TIRZ Land Use

500 0 500 1000 Feet



FIGURE 5

- **Economic Conditions**

The southern portion of the Zone is dominated by two malls (Town and Country and Memorial City), several large shopping centers, a major hospital, and several office buildings. The following photos illustrate the decline and vacancies evident at Town and Country Mall.



**Figure 6A: One of two vacant movie theaters at Town & Country Mall that face the Sam Houston Tollway.**



**Figure 6B: Example of vacant retail space at Town & Country Mall.**

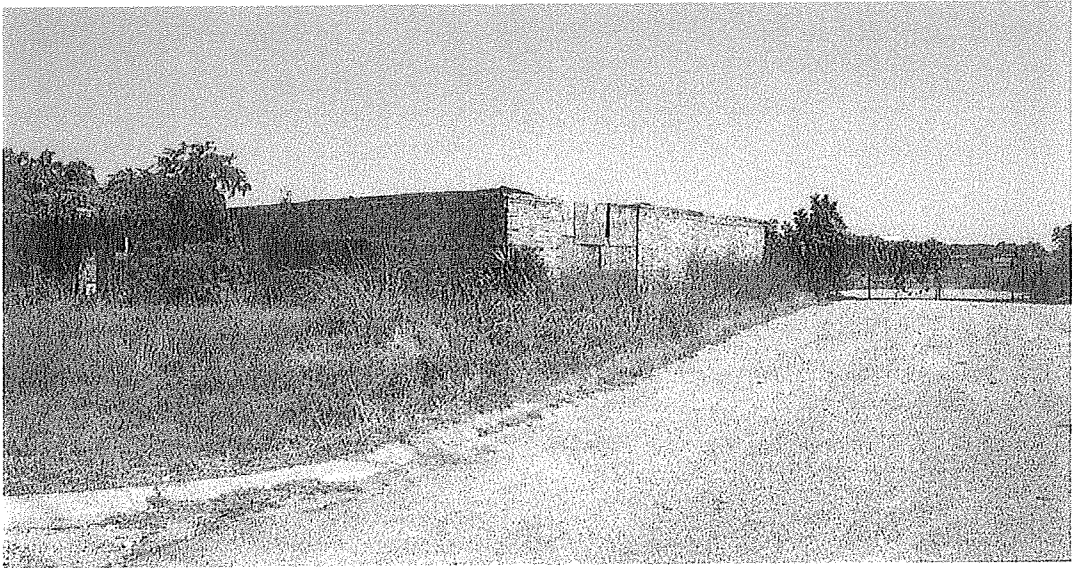


**Figure 6C: Example of vacant retail space at Town & Country Mall. The entire third floor of the mall is currently unused.**



**Figure 6D: Growing retail vacancies have reduced property values of the mall and sales tax revenue**

While the southern portion of the Zone is just beginning to show symptoms of decline, the northern portion is already in decline. The hodgepodge of uses, which include big-box retail, light industry, self-storage facilities, isolated multi-family residential, free standing small businesses, and vacant land, are steadily declining. Poor access and inadequate utilities have resulted in abandoned structures and under-utilized parcels along Old Katy Road.



**Figure 7: Vacant and deteriorated sites along Old Katy Road.**



**Figure 8: North side commercial area roadway without adequate drainage, sidewalks, or capacity.**

- **Mobility Deficiencies**

**Existing congestion resulting from the lack of east-west thoroughfares**

There are no continuous parallel east-west collector streets between Barryknoll and I-10. Similarly on the north side of I-10 there are no continuous east-west collector streets between Westview and I-10. The lack of east-west collector streets to serve the commercial property between residential areas and I-10 overloads the north-south thoroughfares, concentrates east-west trips on the I-10 service roads, and promotes residential cut-through traffic.

Recent 24-hour traffic counts show volumes on Gessner to be 45,000 vehicles per day while volumes on the I-10 service roads are approximately 55,000 vehicles per day. These volumes equate to levels of service (LOS) D, E, and F for various sections of Gessner and the I-10 service roads. Based on a scale from A (free flowing traffic) to F (severe congestion), these roadways are operating at less than 40-percent of free flowing speed. At these levels of congestion there are virtually no gaps in the traffic to allow vehicles to enter from adjacent roadways or developments.

The Gessner Road/I-10 intersection has been identified as a high priority and slated for a City of Houston CIP improvement. However, since 1985 funds have been continually shifted to other CIP projects. Inadequate available rights of way complicated by multiple property ownership have made creating a street network in the area infeasible within the City's CIP planning efforts. The criticality and magnitude of the needed improvements can be quantified if viewed as a percentage of the total CIP. The improvements proposed within the Zone boundary would represent one-fifth of the total annual City CIP budget. Without the TIRZ in place, implementation of these comprehensive improvements is also beyond the resources of individual developers and property owners.



**Long-term mobility concerns stemming from the pending 10-year reconstruction of I-10**

I-10 was designed to carry 79,200 vehicles per day and is operating at 207,000 vehicles per day. As a result, cut through traffic and area bottlenecks are routine. Pending I-10 reconstruction poses even greater disruption and places many small businesses, especially north of I-10, in jeopardy of closing during an extended 10 year construction period. The TIRZ provides for improvements to the street network that will provide better east-west mobility during I-10 construction. Reducing growing traffic pressure along the I-10 corridor and existing thoroughfares like Gessner will help stabilize existing businesses during the reconstruction period.

- **Utility Deficiencies**

**Lack of drainage and utility capacity to serve additional development**

Existing utility systems are aging, in need of repair or replacement. This is especially true on the north side of I-10 where the growth potential is significant and the existing infrastructure has the least capacity.

**Municipal Ordinances (311.011(b)(2))**

Other than ordinances directly associated with the creation of the Zone and adoption of the Project Plan and Reinvestment Zone Financing Plan, no changes to development ordinances or building codes are required.

**Non-Project Costs (311.011(b)(3))**

The non-project costs consist of the private investment in the area forecast to be constructed based on current market demand and estimated future demand. These projections are shown below and on Figure 9 (page 16).

New Zone Development	Square Feet	Dollar Value (1)
Office Space	4,350,000	\$ 456,750,000
Memorial Mall	518,000	\$ 41,440,000
Retail Space	982,000	\$ 78,560,000
Retail Pad - 3 facilities annually	600,000	\$ 78,000,000
Memorial Hermann Hospital	300,000	\$ 51,000,000
Professional Office-Hospital	710,000	\$ 88,750,000
Hotels - 900 Units	630,000	\$ 65,992,500
Residential - 3000 Units	2,400,000	\$ 149,623,200
<b>Total</b>	<b>10,490,000</b>	<b>\$ 1,010,115,700</b>

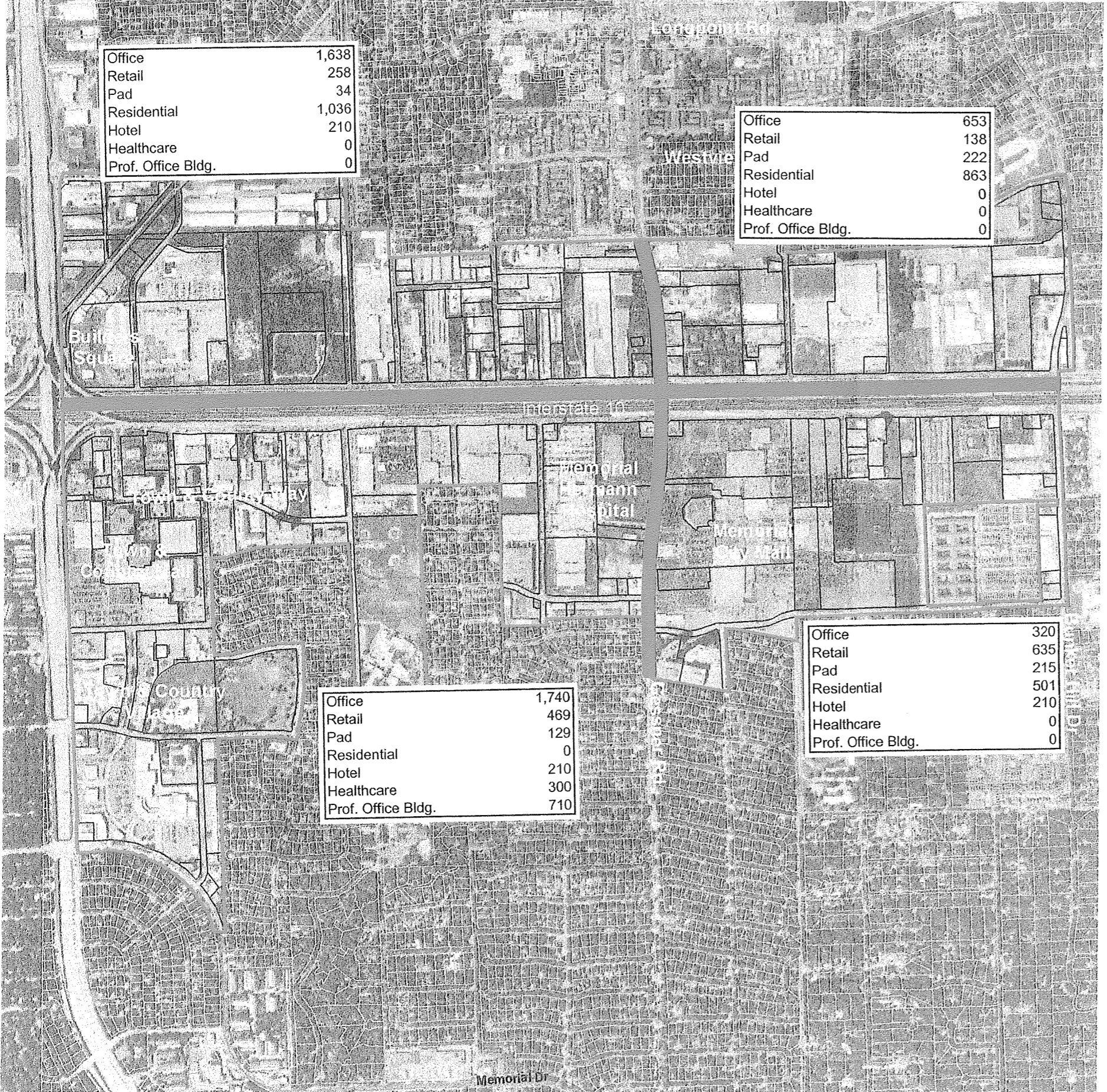
1) 1999 values

City of Houston Capital Improvement Program non-project costs consist of the following projects:

Westview Improvements	\$7,065,000
<u>North I-10 Detention Pond (Gessner/Conrad Sauer)</u>	<u>\$9,600,000</u>
<b>Total</b>	<b>\$16,665,000</b>

In addition, the Harris County Municipal Management District No. 1, which was created by the State Legislature on May 26<sup>th</sup>, 1999, will fund projects and programs that will work with TIRZ improvements to enhance the economic viability of the area. Property owners within the Management District, shown on Figure 10 (page 17), will be assessed to fund improvements that are not financed by the TIRZ. These will include improvements such as public safety, maintenance of public areas, street amenities, security, beautification, and transportation planning. These activities will supplement and work with the large capital improvements proposed by the TIRZ.

# Development Projections By Quadrant in 1000s of Square Feet



## Memorial City TIRZ

500 0 500 1000 Feet

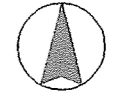
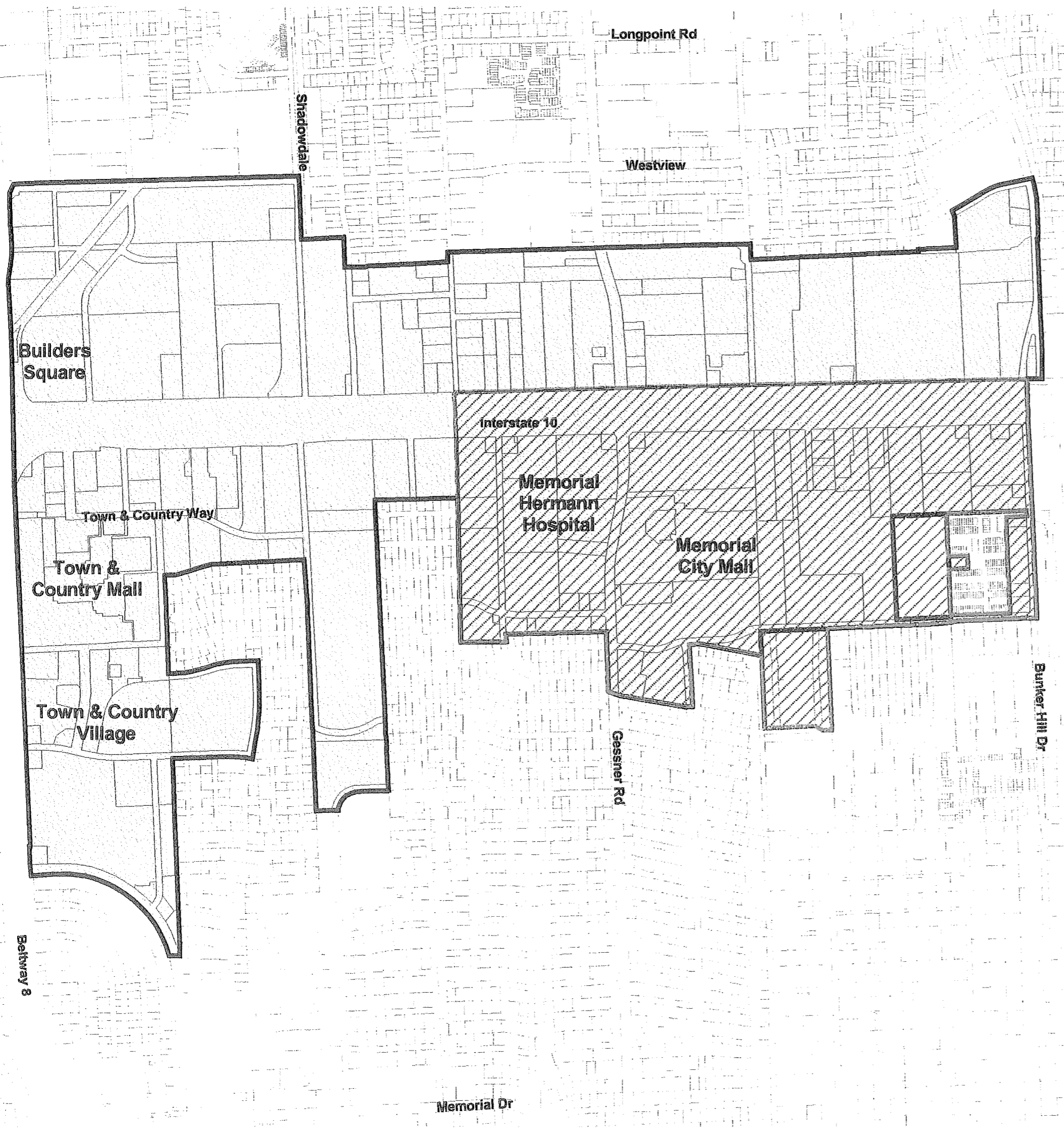




FIGURE 9



## Legend

-  Management District Boundary
-  TIRZ Boundary

# Memorial City TIRZ Boundaries

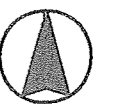


FIGURE 10

**Method of Relocation (311.011(b)(4))**

No relocation is anticipated by the Memorial City TIRZ Project Plan.

**Proposed Public Improvements (311.011(c)(2))**

The following improvements are proposed:

<b>Proposed Improvements</b>	<b>Estimated Cost (1)</b>
<b>Proposed Road and Street Improvements</b>	
Bunker Hill	\$1,618,800
Kingsride	\$372,000
Gessner	\$6,811,200
Witte	\$1,440,000
Frostwood	\$1,774,800
Conrad Sauer	\$1,098,000
Wisterwood	\$1,098,000
Westbough	\$810,000
Lumpkin	\$1,874,400
Town and Country Way	\$4,379,400
Clarey Lane	\$14,584,800
Barryknoll	\$1,112,400
Shadowdale	\$2,719,200
TSM - CCTV Incident Mngmt & Traffic Control	\$2,400,000
Miscellaneous Road Reconstruction	\$3,736,681
<b>Subtotal</b>	<b>\$45,829,681</b>
<b>Infrastructure Improvements</b>	
Water Projects	\$2,829,600
Sewer Projects	\$2,557,800
Drainage Projects	\$26,737,800
<b>Subtotal</b>	<b>\$32,125,200</b>
Traffic Signal Improvements (14 intersections)	\$2,100,000
Parks, Landscaping	\$11,889,119
NTP, Noise Attenuation, Safety Walls, Walkways	\$5,500,000
Estimated Financing Costs (2)	\$100,000,000
School and Educational Facility Improvements (3)	\$99,819,796
<b>TOTAL ESTIMATED PUBLIC IMPROVEMENTS</b>	<b>\$297,263,796</b>

(1) Estimated Costs include contingencies and engineering.

(2) Includes issuance costs and interest carry at an estimated rate of 6.5%.

(3) This Plan does not include cost of financing for any School or Educational Facilities.

### III. REINVESTMENT ZONE FINANCING PLAN

#### Estimated Project Cost Description (311.011(C)(1))

TIRZ IMPROVEMENTS	TIRZ REQUESTED (1)
<b>INFRASTRUCTURE IMPROVEMENTS</b>	
Water	\$ 2,829,600
Wastewater	\$ 2,557,800
Drainage	\$ 26,737,800
Road Widening/Reconstruction	\$ 16,897,200
New Roadways	\$ 22,795,800
Transportation System Management	\$ 2,400,000
Miscellaneous Roadway Replacement	\$ 3,736,681
Traffic Signal Improvements	\$ 2,100,000
NTP, Noise/Safety Walls, Engineering Study	\$ 5,500,000
Park Improvements & Landscaping	\$ 11,889,119
<b>SUBTOTAL</b>	<b>\$ 97,444,000</b>
<b>Schools and Educational Facility Improvements (2)</b>	<b>\$ 99,819,796</b>
Estimated Financing Costs (3)	\$ 100,000,000
TIRZ Creation - Professional	\$ 100,000
TIRZ Creation - Legal	\$ 100,000
TIRZ Administration	\$ 356,000
<b>SUBTOTAL</b>	<b>\$ 100,556,000</b>
<b>TOTAL TIRZ REQUESTED</b>	<b>\$ 297,819,796</b>

(1) Estimated costs include engineering and contingencies.

(2) This Plan does not include cost of financing for any School or Educational Facilities.

(3) Includes issuance costs and interest carry at an estimated rate of 6.5%.

Pursuant to Chapter 311 of the Texas Tax Code, school and educational facility improvements provided through TIRZ financing may be located inside or outside the Zone.

## Proposed Public Improvements (311.011(c)(2))

The Zone public improvements shown on Figures 11-14 (pages 22-25) consist of the following:

Proposed Improvements	Estimated Cost (1)
<b>Proposed Road and Street Improvements</b>	
Bunker Hill	\$1,618,800
Kingsride	\$372,000
Gessner	\$6,811,200
Witte	\$1,440,000
Frostwood	\$1,774,800
Conrad Sauer	\$1,098,000
Wisterwood	\$1,098,000
Westbough	\$810,000
Lumpkin	\$1,874,400
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Drainage Projects	\$26,737,800
<b>Subtotal</b>	<b>\$32,125,200</b>
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Parks, Landscaping	\$11,889,119
NTP, Noise Attenuation, Safety Walls, Walkways	\$5,500,000
Estimated Financing Costs (2)	\$100,000,000
School and Educational Facility Improvements (3)	\$99,819,796
<b>TOTAL ESTIMATED PUBLIC IMPROVEMENTS</b>	<b>\$297,263,796</b>

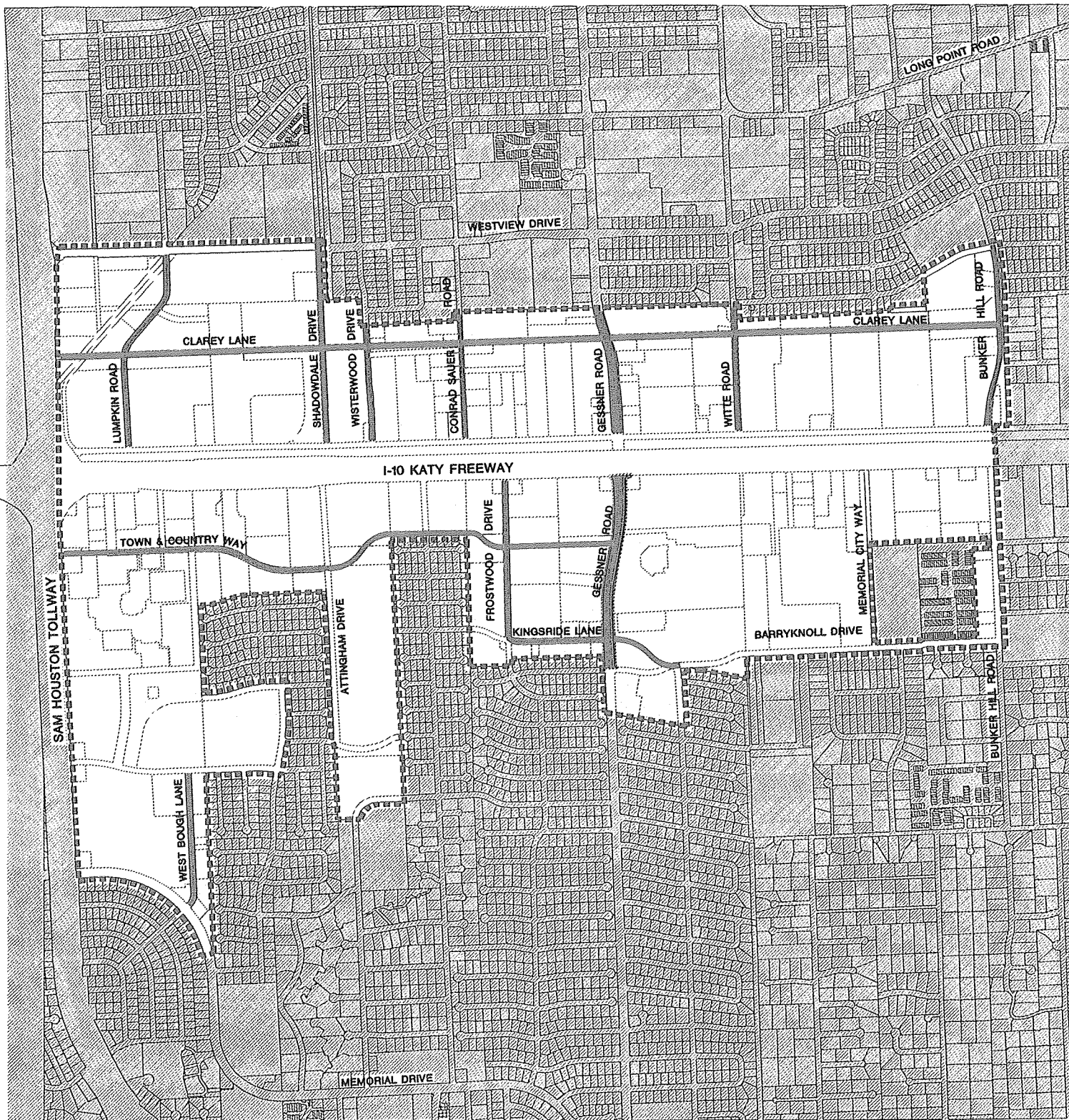
(1) Estimated Costs include contingencies and engineering.

(2) Includes issuance costs and interest carry at an estimated rate of 6.5%.

(3) This Plan does not include cost of financing for any School or Educational Facilities.

All improvement costs are estimates and based on 1999 dollars. Actual improvement costs will be based on final engineering and construction costs as determined by the public bid process in the year the improvement construction begins. It is the intent that these projects will be designed, sequenced and constructed in a manner that preserves the integrity of adjacent neighborhoods.





# Transportation Improvement Plan

## Memorial City TIRZ

THE ILLUSTRATED TIRZ IMPROVEMENTS ARE SUBJECT TO CHANGE PER GOVERNMENT AGENCY APPROVALS. ANY SUCH CHANGE WILL NOT REQUIRE PLAN AMENDMENT.

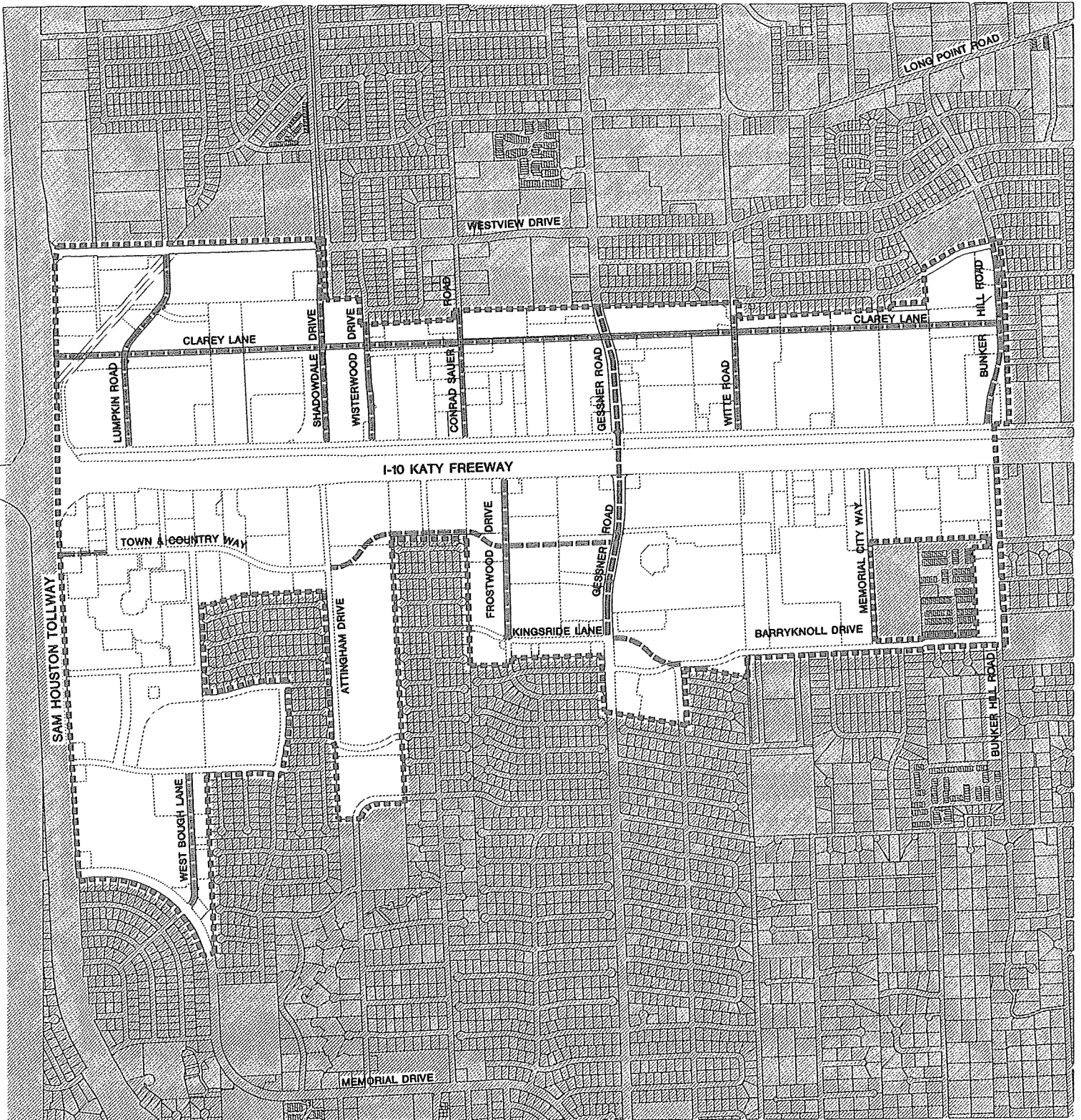
NEW ROADWAY	—————
ROADWAY WIDENING	—————
TIRZ BOUNDARY	▬▬▬▬▬▬▬▬



# Potable Water Improvement Plan Memorial City TIRZ

THE ILLUSTRATED TIRZ IMPROVEMENTS ARE SUBJECT TO CHANGE PER GOVERNMENT AGENCY APPROVALS. ANY SUCH CHANGE WILL NOT REQUIRE PLAN AMENDMENT.

POTABLE WATER IMPROVEMENTS	———
TIRZ BOUNDARY	-----

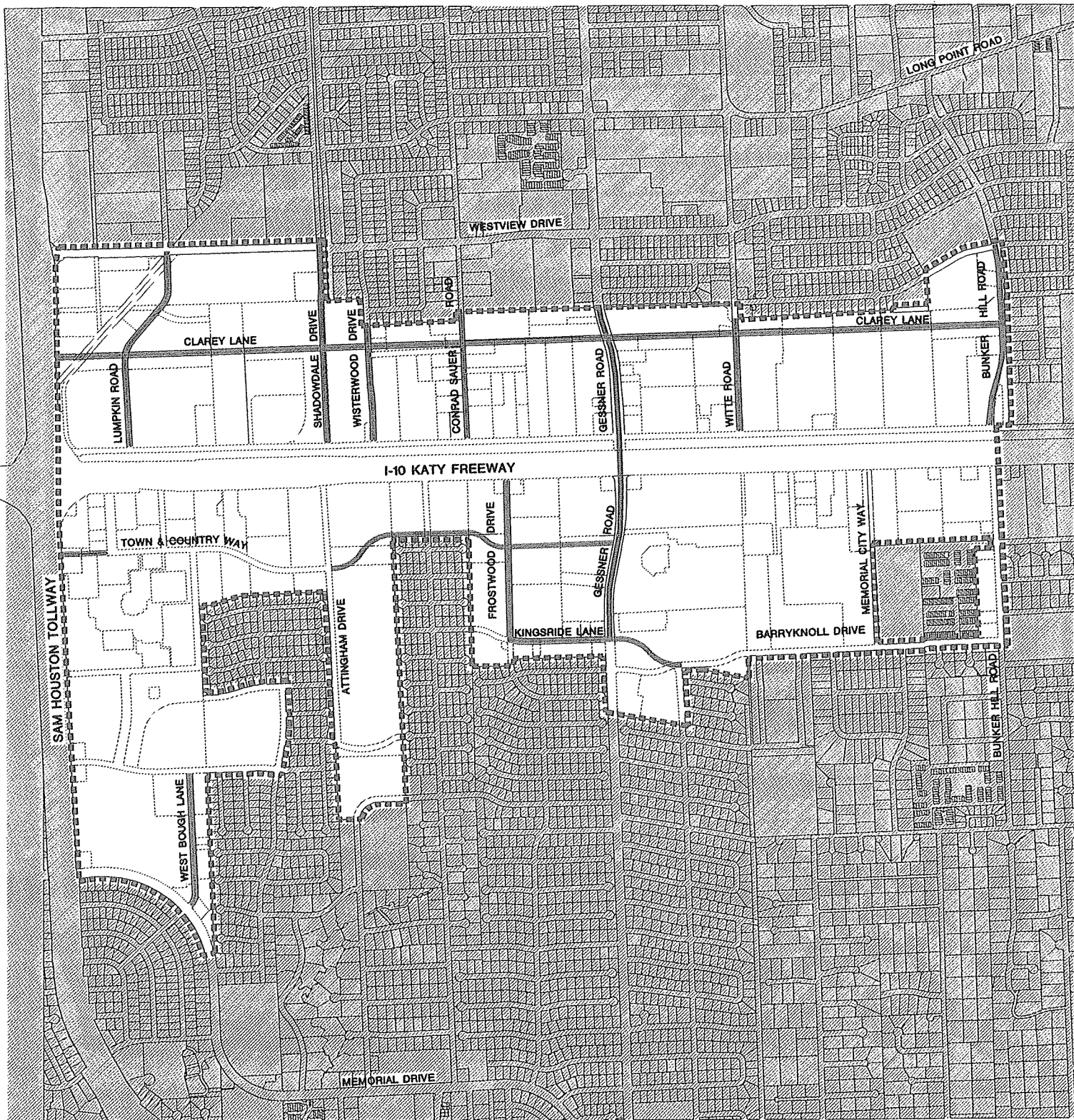


# Wastewater Improvement Plan

## Memorial City TIRZ

THE ILLUSTRATED TIRZ IMPROVEMENTS ARE SUBJECT TO CHANGE PER GOVERNMENT AGENCY APPROVALS. ANY SUCH CHANGE WILL NOT REQUIRE PLAN AMENDMENT.

WASTEWATER IMPROVEMENTS	----
TIRZ BOUNDARY	=====



# Drainage Improvement Plan

## Memorial City TIRZ

THE ILLUSTRATED TIRZ IMPROVEMENTS ARE SUBJECT TO CHANGE PER GOVERNMENT AGENCY APPROVALS. ANY SUCH CHANGE WILL NOT REQUIRE PLAN AMENDMENT.

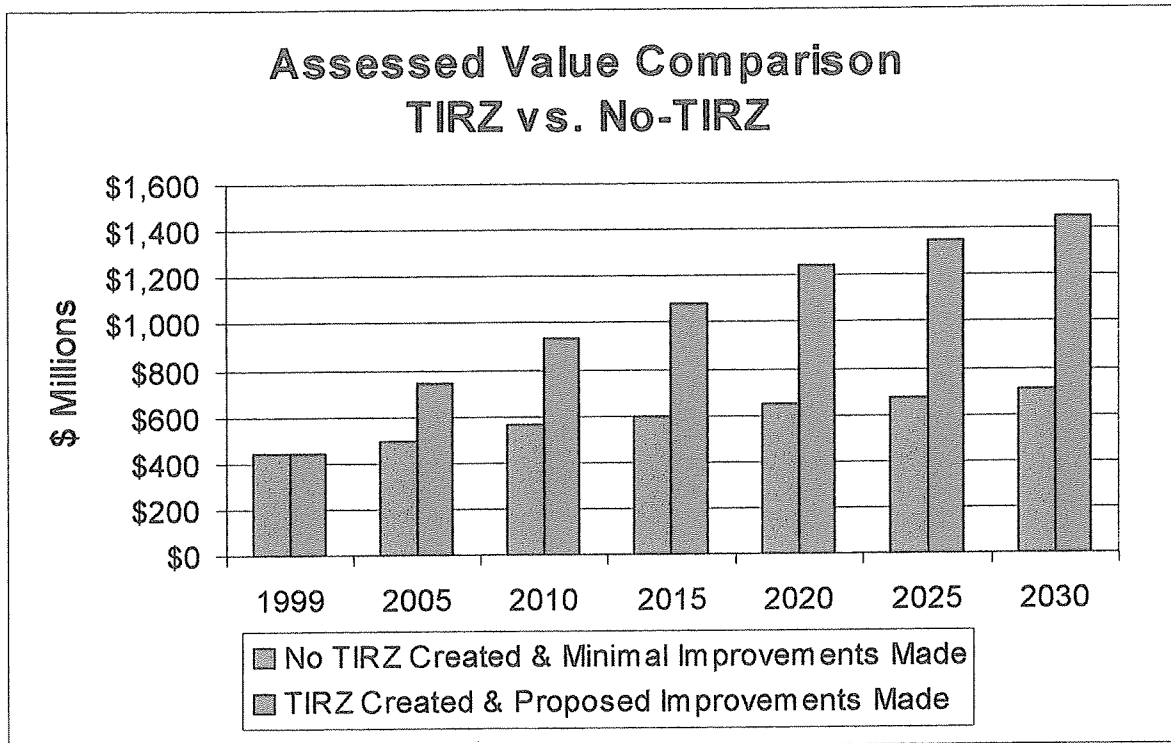
<b>STORM IMPROVEMENTS</b> ———
<b>TIRZ BOUNDARY</b> - - - - -

### **Economic Feasibility Study (311.011(c)(3))**

In accordance with the requirements of Chapter 311.011(c)(3) the firm of FH&R was retained to conduct a market/feasibility study (the "Study") as found in the appendices. FH&R found the Memorial City area to be a mature, generally stable area, but one that is at risk for de-stabilization due to existing and forecasted mobility limitations, aged and stressed infrastructure, and decline caused by increasing vacancies. The results of the study by FH&R indicates that without the public improvements proposed in the TIRZ plan, the area's growth is threatened by the continued decline in retail market share, competition and lack of adequate access. Sales tax records from the State Comptrollers Office found that the share of total taxable retail sales for the Memorial City area has declined from 6.2% in 1985 to 4% in 1997. The department store share of the market declined from 38.1% to 26.6% during the same time.

FH&R estimates that the amount of potential market capture with the TIRZ could increase to almost 10.5 million square feet of new space with the TIRZ improvements. A copy of the Study is included in Appendix 2. Figure 15 on the following page reflects the added value differential projected by implementation of the TIRZ improvements.

Figure 15



**Estimate of Bonded Indebtedness (311.011(c)(4))**

Bonds may be issued, secured by tax increment revenues, the proceeds of which could be used to pay the TIRZ Project Improvement Costs. School and educational facilities not to exceed \$99.8 million will be financed and administered by SBISD. One or more series of bonds may be issued at the time the Zone generates sufficient tax increment revenues to pay principal and interest on such obligations. However, the Zone may elect to reimburse for Project Costs directly from tax increment proceeds as they may become available without the sale of bonds.

**Estimate of Time When Monetary Obligations are Incurred (311.011(c)(5))**

The TIRZ will incur monetary obligation at such time as a particular public improvement is accepted by the City, pursuant to the Development Agreements. All public improvements will be placed for public bid in accordance with the bid guidelines of the City.

**Method of Financing (311.011(c)(6))**

Pursuant to the Development Agreements, Project Costs may be advanced by property owners, other public agencies or developers (“Developer Advances”). It is expected that the Zone will use several methods of financing to reimburse Developer Advances, such as tax-exempt tax increment bonds. It is anticipated that these bonds will be used to finance public improvements and fund developer reimbursements for eligible public improvements in the plan. Additional methods of financing include short-term obligations to be issued in anticipation of bond proceeds or paying for project expenses with cash from the tax increment fund.

The City has requested and is negotiating for participation of both Harris County and SBISD. The revenues to support the proposed financing will be generated through the proposed participation of the following jurisdictions at the rates and participation levels indicated below. The tax rates of the Taxing Jurisdictions shown in the table below are established annually and may be increased or decreased by the Taxing Jurisdiction in any given year. The participation of each Taxing Jurisdiction will be detailed in the Interlocal Agreement between the City, the Zone and the Taxing Jurisdiction.

JURISDICTION	TOTAL TAX RATE	TOTAL PARTICIPATION	PERCENT PARTICIPATION	PERCENTAGE TAX INCREMENT FUND
City of Houston	\$ 0.66500	\$ 0.66500	100%	37%
Harris County (1)	\$ 0.64780	\$ 0.41660	64%	22%
Spring Branch ISD	\$ 1.82000	\$ 0.74000	41%	41%
TOTAL (2)	\$ 3.13280	\$ 1.82160		100%

(1) Harris County Zone participation is projected at 64% with infrastructure improvements tax rate of \$0.41660.  
(2) Total Zone life is 30 years.

Final participation levels will be established in the related interlocal agreements and do not require Plan amendment. SBISD will benefit from future development due to improved mobility provided by the TIRZ and improvements to educational facilities funded by half of its TIRZ participation. It is estimated that the Zone will pay SBISD between \$0.43/\$100 and \$0.58/\$100 of its participation to fund school and educational facilities in accordance with this Project Plan and the interlocal agreement between the City, the Zone and the SBISD. These educational facilities are not required to be located in the Zone, but must be in the City of Houston. It is projected that over the life of the Zone, SBISD will contribute approximately \$127 million to the Zone and will receive up to \$99.8 million for educational facilities. The projections for this revenue are contained on the cash flow analysis on page 30. SBISD zone participation is not being used to cover any projected bonds. If SBISD funding is altered, the Zone budget may be adjusted accordingly without requiring a Plan amendment. The City is also negotiating with the County regarding its participation. Projections made herein contemplate the County participating at 64% (\$0.41660/\$100 rate).

**Current Appraised Value of Taxable Real Property (311.011(c)(7))**

The current appraised value for the Zone is based on available 1998 certified values and is \$445,304,670. The certified 1999 value will be the actual Base Year Value. Revenue generated on the Base Year Value will be paid to the participating jurisdictions over the life of the Zone. The base year value may be amended to reflect the tax-exempt status of certain improvements within the Zone.



**Estimated Captured Appraised Value of Real Property (311.011(c)(8))**

The TIRZ Project Costs will be funded through the Zone's ability to capture and utilize incremental real property ad valorem revenue generated from the anticipated development, known as the captured appraised value. The projected total taxable value within the TIRZ is anticipated to reach approximately \$1,455,420,000 by the end of the Zone, resulting in a captured appraised value of approximately \$1,010,115,000. This estimate is expressed in 1999 dollars with no inflationary growth.

The cash flow schedule on the next page reflects the projected annual captured appraised value and the revenue generated by each jurisdiction's participation. Participation by Harris County and SBISD are projected as illustrated. The development projections on which the estimate of captured appraised value is based are found on page 15 and included in the Appendix 5, Development Projections.

**Duration of Zone (311.011(c)(9))**

The Zone is 30 years ending on July 21, 2029.

PROJECTED TIRZ CASH FLOW

TAX YEAR	CITY/CNTY/ISD TAXABLE VALUE (1)/(2)	CITY/CNTY/ISD TAX INCREMENT	CITY TAX (3) INCREMENTAL REV @ \$0.665	COUNTY TAX (4) INCREMENTAL REV @ \$0.41660	SBISD (5) (9) INCREMENTAL REV @ \$0.30932	TOTAL (6) TAX COLLECTION	ESTIMATED NET DEBT PAYMENT	TIRZ (7) ADMIN EXPENSE	AVAILABLE (8) DIRECT PAY REIMBURSE	TIRZ FUND BALANCE	ISD (9) PROJECT REV \$0.43068
1999	445,304,670	BASE YEAR	0	0	0	0	0	(31,250)	0	0	0
2000	445,304,670	0	0	0	0	0	0	(125,000)	0	0	0
2001	448,424,670	3,120,000	0	0	0	0	0	(125,000)	0	0	0
2002	515,017,050	69,712,380	20,126	12,608	9,361	42,095	0	(75,000)	42,095	42,095	13,034
2003	622,077,050	176,772,380	449,680	281,709	209,165	940,554	0	(75,000)	865,554	865,554	291,230
2004	736,171,930	290,867,260	1,140,270	714,341	530,389	2,385,000	0	(75,000)	2,310,000	2,310,000	738,484
2005	747,291,930	301,987,260	1,876,239	1,175,400	872,719	3,924,359	0	(75,000)	3,849,359	3,849,359	1,215,126
2006	820,384,310	375,079,640	1,947,969	1,220,337	906,084	4,074,389	0	(75,000)	3,999,389	3,999,389	1,261,581
2007	827,504,310	382,199,640	2,419,451	1,515,704	1,125,390	5,060,546	0	(75,000)	4,985,546	4,985,546	1,566,931
2008	878,599,190	433,294,520	2,465,379	1,544,476	1,146,753	5,156,608	0	(50,000)	5,106,608	5,106,608	1,596,676
2009	885,719,190	440,414,520	2,794,966	1,750,952	1,300,059	5,845,977	0	(50,000)	5,795,977	5,795,977	1,810,129
2010	936,814,070	491,509,400	2,840,894	1,779,724	1,321,421	5,942,039	0	(50,000)	5,892,039	5,892,039	1,839,874
2011	965,931,570	520,626,900	3,170,481	1,986,199	1,474,727	6,631,407	0	(50,000)	6,581,407	6,581,407	2,053,328
2012	1,017,026,450	571,721,780	3,358,304	2,103,864	1,562,091	7,024,259	0	(50,000)	6,974,259	6,974,259	2,174,969
2013	1,024,146,450	578,841,780	3,687,891	2,310,339	1,715,396	7,713,627	0	(50,000)	7,663,627	7,663,627	2,388,423
2014	1,075,241,330	629,936,660	3,733,819	2,339,111	1,736,759	7,809,689	0	(50,000)	7,759,689	7,759,689	2,418,167
2015	1,082,361,330	637,056,660	4,063,406	2,545,587	1,890,064	8,499,058	0	(50,000)	8,449,058	8,449,058	2,631,621
2016	1,133,456,210	688,151,540	4,109,334	2,574,359	1,911,427	8,595,120	0	(50,000)	8,545,120	8,545,120	2,661,365
2017	1,140,576,210	695,271,540	4,438,922	2,780,834	2,064,733	9,284,488	0	(50,000)	9,234,488	9,234,488	2,874,819
2018	1,191,671,090	746,366,420	4,484,849	2,809,606	2,086,096	9,380,551	0	(50,000)	9,330,551	9,330,551	2,904,564
2019	1,197,351,090	752,046,420	4,814,437	3,016,082	2,239,401	10,089,919	0	(50,000)	10,019,919	10,019,919	3,116,017
2020	1,244,445,970	799,141,300	4,851,075	3,039,035	2,256,443	10,146,553	0	(50,000)	10,096,553	10,096,553	3,141,746
2021	1,247,565,970	802,261,300	5,154,861	3,229,346	2,397,747	10,781,954	0	(50,000)	10,731,954	10,731,954	3,338,489
2022	1,294,660,850	849,356,180	5,174,987	3,241,954	2,407,108	10,824,048	0	(50,000)	10,774,048	10,774,048	3,351,524
2023	1,297,780,850	852,476,180	5,478,772	3,432,265	2,548,412	11,459,449	0	(50,000)	11,409,449	11,409,449	3,548,267
2024	1,343,625,730	898,321,060	5,498,898	3,444,873	2,557,773	11,501,544	0	(50,000)	11,451,544	11,451,544	3,561,301
2025	1,346,745,730	901,441,060	5,794,620	3,630,133	2,695,326	12,120,079	0	(50,000)	12,070,079	12,070,079	3,752,822
2026	1,388,220,610	942,915,940	5,814,746	3,642,741	2,704,687	12,162,174	0	(50,000)	12,112,174	12,112,174	3,765,857
2027	1,388,220,610	942,915,940	6,082,279	3,810,342	2,829,129	12,721,750	0	(50,000)	12,671,750	12,671,750	3,939,122
2028	1,429,695,490	984,390,820	6,082,279	3,810,342	2,829,129	12,721,750	0	(50,000)	12,671,750	12,671,750	3,939,122
2029	1,429,695,490	984,390,820	6,349,813	3,977,943	2,953,570	13,281,326	0	(50,000)	13,231,326	13,231,326	4,112,387
2030	1,455,420,370	1,010,115,700	6,349,813	3,977,943	2,953,570	13,281,326	0	(50,000)	13,231,326	13,231,326	4,112,387
TOTAL			114,448,559	71,698,150	53,234,930	239,381,639	-	(1,881,250)	237,856,639	237,856,639	74,121,362

(1) Assumes 1999 base year - Base year reflects 1998 tax roll values for a 30 year Zone.

(2) Assumes 97% collection rate.

(3) City of Houston participation at 100% of \$0.665.

(4) Harris County Zone participation of \$0.41660 which is 64% of total which is a Zone tax rate of \$0.6478.

(5) Spring Branch ISD total tax rate of \$1.82 participating at \$0.74.

(6) Reflects revenues collected from participating jurisdictions at a 97% tax collection rate.

(7) TIRZ Administration expense in 1999 is lower due to the reduced number of anticipated meetings. Includes projections for administration, legal, and project management.

(8) Direct Pay Reimburse - net funds available to reimburse developer after debt service expense and TIRZ admin expense.

(9) The percentage of SBISD increment to be used to finance school and educational facilities will be determined in the Interlocal Agreement between the City, the Zone and the SBISD, and may increase up to \$99.8 million.