

**MINUTES OF REGULAR MEETING
OF
DOWNTOWN REDEVELOPMENT AUTHORITY**

April 8, 2014

The Board of Directors (the "Board") of Downtown Redevelopment Authority (the "Authority") convened in regular session, open to the public, at the offices of Houston Downtown Management District, on the 8th day of April, 2014, and the roll was called of the duly constituted officers and members of the Board, to-wit:

F. Xavier Pena	Chair
Curtis B. Lampley	Vice-Chair
Deborah Keyser	Secretary
Curtis Flowers	Treasurer/Investment Officer
Michele Sabino	Director
Keith Edward Hamm	Director
Barry Mandel	Director
James Harrison	Director
Regina Garcia	Director

and all of said persons were present except Directors Lampley, Sabino, and Harrison, thus constituting a quorum.

Also present were: Bob Eury, President, Ryan Leach, Executive Director, and Brianna Garner, Administrative Assistant of the Authority; Jackie Traywick, Kathleen Chisley, and Algenita Scott Davis of Central Houston, Inc.; Lonnie Hoogeboom and Heather Swift of Houston Downtown Management District (HDMD); Clark Lord of Bracewell & Giuliani LLP; Ralph De Leon of the City of Houston; Lieutenant Minh Tran of the Houston Police Department; and Nancy Sarnoff of the Houston Chronicle.

DETERMINE QUORUM; CALL TO ORDER

Chair Pena noted that a quorum was present and called the meeting to order.

INTRODUCTION OF GUESTS AND PUBLIC COMMENTS

Chair Pena requested all meeting attendees to briefly introduce themselves and welcomed all. Chair Pena introduced new Board Director Regina Scott, new Executive Director and General Counsel Ryan Leach, and new Governmental and Community Affairs Officer Algenita Scott Davis.

APPROVE MINUTES OF PREVIOUS MEETINGS

The Board considered approving the minutes of March 11, 2014 and of March 18, 2014. Following discussion, upon a motion made by Director Mandel and seconded by Director Keyser, the Board voted unanimously to approve the minutes of March 11, 2014 and March 18, 2014.

FINANCIAL REPORT

Check Register

Ms. Traywick reported that the expenditures listed on the check register were reoccurring operating expenses and anticipated expenses for approved projects and recommended full approval by the Board.

Following discussion, upon a motion made by Director Mandel and seconded by Director Hamm, the Board voted unanimously to approve the check register and ratify all expenses.

Third Quarter Financial and Investment Reports

Ms. Traywick presented the financial statements and investment reports for the third quarter ending March 31, 2014. Upon a motion made by Director Flowers and seconded by Director Garcia, the Board voted unanimously to approve the Third Quarter Financial and Investment Reports as presented.

BUDGET AND FINANCE COMMITTEE REPORT

Director Flowers provided the Board with a report from the recent Budget and Finance Committee. Specifically, Director Flowers mentioned that the Committee discussed hiring a consultant to provide accounting services to the Authority. He also informed the Board that the Committee met with First Southwest to discuss other investment pool options for the Authority.

Following discussion, Director Keyser made a motion to enter into a contract and related expenditures with Melissa Morton for Accounting Services and authorized Authority staff to make investments in the LOGIC Government Investment Pool. Director Hamm seconded the motion and the motion carried unanimously.

Ms. Traywick informed the Board that the draft Fiscal Year 2015 budget would be sent to the Board for their review before the next meeting. She explained that the goal would be to approve the budget in substantially final form at the May meeting and release it to the City of Houston for City Council approval.

MUNICIPAL SERVICES/HPD OVERTIME PROGRAM

Lieutenant Tran presented the municipal services report and provided an overview of the criminal statistics within the Central Business District, as well as programming efforts and expenses.

STREETSCAPE ENHANCEMENT

Authorization of Main Street Improvements Phase II consultant services proposal

Mr. Hoogeboom reported the Authority staff received a cost estimate of \$8.4 Million for the proposed upgrades along Main Street. The project's consultants are prepared to move forward into Phase II with permission from the Board.

After some discussion, Director Mandel made a motion to authorize the appropriate officers of the Authority to execute the work order and related expenditures up to \$1,500,000 to Morris Architects for professional services related to the Main Street Improvement Project. Director Flowers seconded the motion and the motion carried unanimously.

Authorize reimbursement to HDMD for sidewalk repairs at 800 block of Main Street

This item was tabled for the May Board of Directors meeting.

Authorize reimbursement to HDMD and Alliance Realty Partners, LLC to implement Main Street design concepts at Block 334

Mr. Hoogeboom presented the expenditure request to the Board. This expenditure will help design and construct the sidewalks adjacent to Alliance's Block 334 before its opening date and would be a part of the Main Street Improvements Project.

After some discussion, Director Keyser made a motion to authorize the appropriate officers of the Authority to execute the design and construction of streetscape improvements at Block 334 and project related expenditures up to \$85,000 as part of the Main Street Improvement Project. Director Mandel seconded the motion and the motion carried unanimously.

HISTORIC PRESERVATION

Ratify 500 Fannin, LLC Consent to Assignment

Ms. Traywick presented the assignment request to the Board, which entails changing the Development Agreement's assignee from 500 Fannin, LLC to The Episcopal Health Foundation.

After some discussion, Director Hamm made a motion to authorize approval by the Executive Director of the assumption of the duties of 500 Fannin, LLC by the new buyer, The Episcopal Health Foundation. Director Garcia seconded the motion and the motion carried unanimously.

ECONOMIC DEVELOPMENT REQUEST

Authorization of due diligence of potential property acquisition, development and leasing for potential residential, retail, public space, parking and any other commercial activity within the Zone or within an area of downtown that benefits the Zone

By authority granted under Texas Government Code §551.072, Chair Pena deferred discussion until Executive Session later on the agenda.

OTHER BUSINESS

Ms. Swift updated the Board on the HDMD’s retail and marketing efforts.

EXECUTIVE SESSION

The Board went into Executive Session at 1:23 PM pursuant to Sections §551.072 of the Texas Government Code. Present for the Executive Session were the following: all present Board members noted in these minutes, Mr. Clark Lord, Mr. Bob Eury, Ms. Brianna Garner, Ms. Jackie Traywick, and Mr. Ralph De Leon.

RECONVENE IN OPEN SESSION AND TAKE ACTION ON MATTERS DISCUSSED IN EXECUTIVE SESSION

The Board reconvened in open session at approximately 1:49 PM.

Director Keyser made a motion to approve a RESOLUTION AUTHORIZING THE AUTHORITY OR ITS AGENT TO PERFORM DUE DILIGENCE FOR THE DEVELOPMENT, LEASE, OR PURCHASE OF REAL PROPERTY INTERESTS FOR POTENTIAL ECONOMIC DEVELOPMENT, RESIDENTIAL, AND OTHER COMMERCIAL USES AS A PART OF THE PROJECT PLAN AND FINANCING PLAN; RATIFYING ACTIONS REGARDING SAME; AUTHORIZING THE AUTHORITY OR ITS AGENT TO TAKE ALL NECESSARY ACTIONS REGARDING SAME; APPROVING VARIOUS FINDINGS AND OTHER MATTERS INCIDENTAL TO SUCH DUE DILIGENCE OF PROPERTIES; AUTHORIZING AND COMMITTING FUNDS RELATED THERETO, attached hereto. Director Hamm seconded and the motion carried unanimously.

NEXT MEETING

Tuesday, May 13 at noon.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned.

[Signature page follows]



Secretary, Board of Directors

DRA/ TIRZ #3 PAID INVOICE DETAIL: March 2014

PAYEE	CHECK	MEMO	AMOUNT
Bee-Line Delivery Service	1569	Courier Service	\$ 24.08
Morris Architects	1570	Main Street Improvement Architectural Service	\$ 71,179.14
Phoenicia Specialty Foods	1571	Catering Services	\$ 79.63
Bracewell & Giuliani	1572	Legal Counsel	\$ 3,628.75
Matrix Structural Engineers	1573	Engineering: 806 Main Street	\$ 6,000.00
Houston Downtown Management District	1574	Reimbursement- Catering BOD Meeting	\$ 330.00
Bee-Line Delivery Service	1575	Courier Service	\$ 35.40
D'Lish Catering	1576	Catering- BOD Meeting	\$ 318.26
Houston Downtown Management District	1577	Reimbursements	\$ 7,476.09
Morris Architects	1578	Main Street Improvement Architectural Service	\$ 18,057.79
		Total Outgoing Funds	\$ 107,129.14

**DOWNTOWN REDEVELOPMENT AUTHORITY
FINANCIAL AND INVESTMENT REPORTS
THE THIRD QUARTER AS OF MARCH 31, 2014
FISCAL YEAR 2014**

Downtown Redevelopment Authority
Statement of Net Position
March 31, 2014 and March 31, 2013

	<u>2014</u> <u>YTD Balance</u>	<u>2013</u> <u>YTD Balance</u>
Assets		
Cash	\$ 61,981	\$ 260,495
Investments - Project Funds	612,799	615,463
Investments - Debt Service	22,472	132,432
Investments - General	10,419,796	8,627,772
Tax Increments Receivable	8,550,714	5,850,000
Other Receivables & Prepaid Expenses	-	2,127
Cost of Issuance	458,505	653,626
Total Assets	<u>\$ 20,126,267</u>	<u>\$ 16,141,916</u>
Liabilities		
Accounts Payable	\$ -	\$ 129,335
Accrued Interest Payable	48,414	43,221
Notes Payable Due in One Year	475,000	-
Bonds Payable Due in One Year	1,850,000	-
Notes Payable Due After One Year	1,025,000	2,375,000
Bonds Payable Due After One Year	17,175,000	20,830,000
Total Liabilities	<u>20,573,414</u>	<u>23,377,556</u>
Net Position		
Net Position	(447,148)	(7,235,640)
Total Liabilities & Net Position	<u>\$ 20,126,267</u>	<u>\$ 16,141,916</u>

**Downtown Redevelopment Authority
Statement of Activities
Nine Months Ended March 31, 2014**

	2014 <u>Q3 Actual</u>	2014 <u>YTD Actual</u>	2014 <u>YTD Budget</u>	<u>Fav (Unfav) Variance</u>
Revenues				
Tax Increments	\$ 3,739,675	\$ 11,219,024	\$ 11,219,024	0
Other Revenues	7,391	34,837	-	34,837
Interest Income	925	3,522	14,034	(10,512)
Total Revenues	<u>\$ 3,747,991</u>	<u>\$ 11,257,383</u>	<u>\$ 11,233,058</u>	<u>\$ 24,326</u>
Transfers				
HHFC Payment	187,500	562,500	562,500	-
Administrative Fees	129,329	387,987	387,987	0
HISD Adjustment	572,608	1,717,823	1,717,823	-
	<u>889,437</u>	<u>2,668,310</u>	<u>2,668,310</u>	<u>0</u>
Net Revenues	<u>\$ 2,858,554</u>	<u>\$ 8,589,073</u>	<u>\$ 8,564,747</u>	<u>\$ 24,326</u>
Expenses				
Project Costs	1,420,445	1,906,754	3,097,602	1,190,848
Municipal Services	-	-	-	-
Accounting	(9,300)	-	9,000	9,000
Auditing	-	14,750	15,000	250
Administrative Contractor	11,704	92,555	81,606	(10,949)
Legal Fees	(45,533)	34,856	16,538	(18,318)
Insurance	-	501	1,969	1,468
Consulting Fees	-	2,675	15,128	12,453
Office Expense	-	9,569	6,214	(3,355)
Interest Expense - COH	26,813	80,438	80,438	-
Interest Expense - Bonds	118,431	362,783	372,146	9,363
Cost of Issuance Amortization	-	-	-	-
Special Obligation - Rosemont Bridge	-	-	-	-
Total Expenses	<u>\$ 1,524,871</u>	<u>\$ 2,504,879</u>	<u>\$ 3,695,638</u>	<u>\$ 1,190,759</u>
Change in Net Position	1,333,682	6,084,194	4,869,109	1,215,085
Net Position Beginning of Year		(6,531,341)	(6,531,341)	-
Net Position End of Period		<u>\$ (447,148)</u>	<u>\$ (1,662,233)</u>	<u>\$ 1,215,085</u>

Downtown Redevelopment Authority
Statement of Activities
Nine Months Ended March 31, 2014 and March 31, 2013

	<u>2014</u> <u>YTD Actual</u>	<u>2013</u> <u>YTD Actual</u>	<u>Fav (Unfav)</u> <u>Variance</u>
Revenues			
Tax Increments	\$ 11,219,024	\$ 5,850,000	5,369,024
Other Revenues	34,837	41,269	(6,432)
Interest Income	3,522	9,990	(6,468)
Total Revenues	\$ 11,257,383	\$ 5,901,259	\$ 5,356,124
Transfers			
HHFC Payment	562,500	-	(562,500)
Administrative Fees	387,987	-	(387,987)
HISD Adjustment	1,717,823	-	(1,717,823)
	<u>2,668,310</u>	<u>-</u>	<u>(2,668,310)</u>
Net Revenues	\$ 8,589,073	\$ 5,901,259	\$ 2,687,814
Expenses			
Project Costs	1,906,754	2,248,926	342,172
Municipal Services	-	-	-
Accounting	-	6,800	6,800
Auditing	14,750	11,000	(3,750)
Administrative Contractor	92,555	102,256	9,700
Legal Fees	34,856	81,014	46,158
Insurance	501	527	27
Consulting Fees	2,675	4,485	1,811
Office Expense	9,569	5,498	(4,071)
Interest Expense - COH	80,438	152,900	72,463
Interest Expense - Bonds	362,783	399,218	36,436
Cost of Issuance Amortization	-	-	-
Special Obligation - Rosemont Bridge	-	2,780,000	2,780,000
Total Expenses	\$ 2,504,879	\$ 5,792,623	\$ 3,287,744
Change in Net Position	6,084,194	108,636	5,975,558
Net Position Beginning of Year	(6,531,341)	(7,344,276)	812,934
Net Position End of Period	\$ (447,148)	\$ (7,235,640)	\$ 6,788,492

**Downtown Redevelopment Authority
Project Cost Detail
Nine Months Ended March 31, 2014**

Project Costs	<u>2014 YTD Actual</u>	<u>2014 YTD Budget</u>	<u>Fav (Unfav) Variance</u>
Capital Improvement Projects			
Market Square Park	\$ -	\$ -	\$ -
Julia Ideson Plaza	32,589	115,473	82,884
City Hall Sidewalk Improvements	-	-	-
East/West Street Improvements	193,609	-	(193,609)
Main Street Upgrades	268,205	150,000	(118,205)
Congress Street Bridge Lighting	-	55,000	55,000
TxDOT Sidewalk Improvements	101	-	(101)
Total Capital Improvement Projects	<u>494,503</u>	<u>320,473</u>	<u>(174,030)</u>
Sabine to Bagby Promenade	91,560	136,558	44,998
Buffalo Bayou Park	532,651	675,000	142,349
GreenStreet	215,165	100,000	(115,165)
International Coffee Building	569	-	(569)
The Heritage Society	75,812	-	(75,812)
402 Main	461	257,571	257,110
412 Main	1,659	800,000	798,341
806 Main	8,528	-	(8,528)
202 Travis	83	300,000	299,917
500 Fannin	-	-	-
HUD Section 108 Program	-	-	-
Comcast NBC Studios	124,550	108,000	(16,550)
Downtown Living Initiative	13,147	-	(13,147)
Economic Development/Retail Program	2,322	400,000	397,678
Alley Theater	17,049	-	(17,049)
Houston Ballet Bridge	900	-	(900)
Houston Parks Board Bike Trails	300,000	-	(300,000)
Texaco Building	21,889	-	(21,889)
Club Quarters	-	-	-
Hotel Alessandra	4,808	-	(4,808)
Alliance Block 334	427	-	(427)
Holiday Inn/Savoy Hotel	668	-	(668)
SkyHouse Houston	-	-	-
Total Developer/Project Reimbursements	<u>1,412,251</u>	<u>2,777,129</u>	<u>1,364,878</u>
Total Project Costs	<u><u>1,906,754</u></u>	<u><u>3,097,602</u></u>	<u><u>1,190,848</u></u>

DOWNTOWN REDEVELOPMENT AUTHORITY INVESTMENT REPORT
 FOR THE THIRD QUARTER AND PERIOD ENDED MARCH 31, 2014
 FISCAL YEAR 2014

INVESTMENT TYPE	DATE OF PURCHASE	DATE OF MATURITY	BEGINNING BOOK VALUE	BEGINNING BOOK VALUE	CHANGES		INCOME RECEIVED THIS PERIOD	ENDING BOOK VALUE	ENDING MARKET VALUE	MATURITY VALUE
					PURCHASES	SALES & REDEMPTIONS				
DEBT SERVICE FUND (NEW)										
THE BANK OF NEW YORK	VARIOUS	N/A	259,334	259,334	-	236,861	-	22,473	22,473	22,473
TOTAL DEBT SERVICE FUND			259,334	259,334	-	236,861	-	22,473	22,473	22,473
PLEGGED REVENUE										
THE BANK OF NEW YORK	VARIOUS	N/A	565,685	565,685	7,391	573,077	-	(0)	(0)	(0)
TOTAL PLEGGED REVENUE			565,685	565,685	7,391	573,077	-	(0)	(0)	(0)
PROJECT FUND (NEW)										
THE BANK OF NEW YORK	VARIOUS	N/A	612,799	612,799	-	-	-	612,799	612,799	612,799
TOTAL PROJECT FUND			612,799	612,799	-	-	-	612,799	612,799	612,799
TEXAS STAR FUND										
TEXSTAR	VARIOUS	N/A	11,795,795	11,795,795	574,001	1,950,000	925	10,419,796	10,419,796	10,419,796
TOTAL TEXSTAR FUND			11,795,795	11,795,795	574,001	1,950,000	925	10,419,796	10,419,796	10,419,796
OTHER	VARIOUS	N/A	-	-	-	-	-	-	-	-
TOTAL INVESTMENTS			13,233,613	13,233,613	581,393	2,759,938	925	11,055,068	11,055,068	11,055,068

*Average interest rate 0.0474%, Year to Date Earnings \$2,598