



Downtown
Redevelopment
Authority

Board of Directors Meeting
December 13, 2022

Tax Increment Reinvestment Zone, Number Three
City of Houston

Downtown Redevelopment Authority
Tax Increment Reinvestment Zone Number Three, City of Houston

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December 13, 2022

TABLE OF CONTENTS

	<u>Page</u>
Minutes of Previous Meetings	
a. Authority & Zone – November 8, 2022	3
Financials	
a. Check Registers – November 2022	9
Downtown Redevelopment Authority Private Development Agreements	
Policy and Criteria	10
Office Conversion Feasibility Study	20
Collaborative Committee Assignments and Discussion	22
Presentation of GBeta program	No Materials
Other Business	
a. Project Status Report.....	23

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

November 8, 2022

The Board of Directors (the “Board”) of the Downtown Redevelopment Authority (the “Authority”) convened in regular session, in person and open to the public, at Trebly Park inside the Tout Suite Restaurant, located at 1515 Fannin Street, Houston, TX 77010, on the 8th of November 2022, and the roll was called of the duly constituted officers and members of the Board, to wit:

Curtis Flowers	Chair
Michele Sabino	Vice Chair
Barry Mandel	Secretary
Regina Garcia	Director
Keith Hamm	Director
James Harrison	Director
Sherman Lewis	Director
Tiko Reynolds-Hausman	Director
William Taylor	Director

and all of said persons were present except Directors Barry Mandel, Keith Hamm, Regina Garcia, and Sherman Lewis.

Also present were Allen Douglas, Executive Director; Kris Larson, President; Jana Gunter, Director of Finance; Jamie Perkins, Executive Assistant & Paralegal; and Yeneby Angeles, Administrative Assistant; all with the Authority; Robert Pieroni, Director of Economic Development with Central Houston, Inc. (“CHI”); Brett DeBord, Director of Operations & Capital Projects; Lonnie Hoogeboom, Director of Planning & Urban Design; Dusty McCartney, Construction Project Manager; and Shelby Pipken, Marketing Director; all with the Houston Downtown Redevelopment Authority (“HDMD”); Algenita Davis, Government and Community Affairs Officer; Melissa Beeler with Air Alliance Houston; Andrew Busker with the City of Houston; and Clark Lord with Bracewell LLP.

DETERMINE QUORUM; CALL TO ORDER

Chair Curtis Flowers conducted a roll call. Quorum was established and the meeting was called to order at 12:06 PM.

INTRODUCTION OF GUESTS AND PUBLIC COMMENTS

Chair Flowers requested all meeting attendees introduce themselves and welcomed all. There were no comments from the public.

MINUTES OF PREVIOUS MEETINGS

The Board considered approving the minutes of the October 11, 2022, joint meeting. No discussion took place. Upon a motion made and seconded, the Board approved the minutes of the October 11, 2022 joint Board meeting as presented.

FINANCE & ADMINISTRATION

Check Register – October 2022

Chair Flowers called on Jana Gunter to present the check register for the month of October. Ms. Gunter provided highlights of notable items on the check register ending on October 31, 2022. Discussion ensued and questions were asked and answered.

Upon a motion made and seconded, a motion to accept the October 2022 check registers was called and accepted as presented.

First Quarter Financial Statements

Ms. Gunter continued and provided a report of the first quarter financial statements. She noted applicable highlights and asked for comments and questions. There were no questions or discussion for this item.

Upon a motion duly made and seconded, the Board voted unanimously to accept the first quarter financial statements as presented.

First Quarter Investment Report

Ms. Gunter concluded the Finance and Administration updates by giving an overview of the first quarter investment report. She called for discussion or questions.

There being none, a motion was called and seconded, and the Board accepted the first quarter financial statements as presented.

AUTHORIZE THE RESOLUTION ADOPTING THE EIGHTH AMENDED PROJECT PLAN AND REINVESTMENT FINANCING PLAN (“the Plan”)

Chair Flowers called on Executive Director Douglas to begin the discussion on this item. Executive Director Douglas summarized the history of the proposed Plan, noting how the annexation will benefit the Authority by allowing it to collect tax increments to help fund and develop public improvements to future developments planned for the annexed land. He clarified these improvements must benefit the general public and that the proposed annexation included in the Plan is completely separate from and not tied to any proposed developments or developers within the annexation.

He went on to mention the Mayor is in favor of this annexation and Plan and how the property along Allen Parkway is a highly sought-after piece of land. Pending acceptance of Board approval, the Plan would then go before Houston City Council for their approval through the development of a City Ordinance. Discussion ensued, and questions were asked and answered.

Chair Flowers then called for a motion to approve the execution of the Resolution needed to adopt the Plan. A motion was called, then seconded, and the Board approved the execution of the necessary Resolution adopting the Plan as presented.

OTHER BUSINESS

Project Status Report

Executive Director Douglas gave an update on notable items included in the Project Status Report, which was included in the materials previously provided. He stated the grand opening of Trebly Park is scheduled for December 17 and the Barbara Jordan Plaza Committee will meet on November 14.

Next, Mr. Pieroni touched on highlights of the Economic Development department. He announced the Italian Showcase event taking place on November 30, and the Launch Pad Showcase scheduled for November 17. He noted invites will be sent to the Board to both of these events. Mr. Pieroni also went more in-depth with details of the Office Conversion Project, noting the December 1, 5:00 p.m. deadline for applicants to respond and submit their documents to the published Request for Proposal. No further action was required.

NEXT MEETING

Chair Flowers announced the next Board and Committee meetings are scheduled on the following dates beginning at noon:

- Capital Projects – Wednesday, November 23rd
- Economic Development – Friday, November 25th
- Executive Committee – Thursday, December 1st
- Board of Directors – Tuesday, December 13th

ADJOURNMENT

There being no further business to come before the Board, a motion was called to adjourn at 12:51 PM.

Barry Mandel, Secretary
Downtown Redevelopment Authority
("Authority")

DRAFT

**MINUTES OF THE REGULAR MEETING
OF THE
TAX INCREMENT REINVESTMENT ZONE NUMBER THREE**

November 8, 2022

The Board of Directors (the "Board") of the Tax Increment Reinvestment Zone Number Three (the "Zone") convened in regular session, in person and open to the public, at Trebly Park inside the Tout Suite Restaurant, located at 1515 Fannin Street, Houston, TX 77010, on the 8th of November 2022, and the roll was called of the duly constituted officers and members of the Board, to wit:

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Barry Mandel	Secretary
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Barry Mandel, Secretary
Downtown Redevelopment Zone ("Zone")

DRAFT

PROJECT NAME	<u>Downtown Redevelopment Authority Private Development Agreements Policy and Criteria</u>
REQUEST	Request the DRA Board review and authorize the document “Downtown Redevelopment Authority Private Development Agreements Policy and Criteria” for use in guiding the Authority and developers.
DESCRIPTION	The goal of the proposed “policy and criteria” document is meant to enunciate a policy for considering public funds requests in terms of the public infrastructure and public benefits/purpose tied to a given private development proposal. The document further lays out a set of guidelines to support fair, clear and predictable decisions by the Authority Board, and to provide a set of fair, clear and predictable guidelines for private developers to assist in the formation of development agreements for advancing the application of public funds to private developer requests for financial assistance for public infrastructure and public benefits. The proposed enumerated guidelines will assist in rationalizing the process for public funding assistance and act as a governor of expectations by private developers. The proposed guidelines vary from requirements that must be upheld (such as development only within the boundaries of the Zone) to considerations for the Board to examine (such as the importance of “significant private development” to counterbalance the request for public funds for public benefits).
PROJECT HISTORY	<p>The proposed document is an amalgamation of best practices along with the application of state and local legal requirements, compiled to generate a set of fair, clear, and predictable guidelines in response to private developer requests for Zone participation in funding private development projects that have public infrastructure and/or public benefits components.</p> <p>12/1/2022 – Executive Committee met with staff and leadership to review and discuss a draft of the “Downtown Redevelopment Authority Private Development Agreements Policy and Criteria”. The Executive Committee agreed to bring a recommendation for adopting this policy and criteria to the full Board.</p>
ACTION ITEM	Authorize implementation of the document “Downtown Redevelopment Authority Private Development Agreements Policy and Criteria” as a set of guidelines for use by the Authority and as guidance for private developers.
CONTACTS	<p>CHI: Kris Larson, President</p> <p>CHI: Allen Douglas, Chief Operating Officer & DRA Executive Director</p>

Downtown Redevelopment Authority Private Development Agreements Policy and Criteria

Purpose: To establish policy and criteria outlining necessary and sufficient conditions to assist the Downtown Redevelopment Authority (“Authority” or “Board” or “DRA”) & staff when considering development agreements proposed by private parties to jointly fund eligible developments.

These agreements typically take the form of economic development reimbursement contributions, whether the reimbursement is authorized as a direct payment reimbursing eligible costs (as with the façade grant program) or as an indirect payment as a percentage of a property’s tax bill reimbursed yearly upon proof of tax payment (as with the Downtown Living Initiative program).

Goal: To create a fair, clear, and predictable process for evaluating private capital investment that conforms with the Authority’s Project Plan and Strategic Alignment Plan and adheres to state and local legal requirements in a way that serves to maximize the public benefit of reimbursed tax increment funds via a private development.

Fair policy and criteria support equitable decision-making from the Authority both across differing private development proposals and between those proposals and requests for Zone funds from competing needs in separate DRA projects. Fair policy and criteria also enhance the certainty among private developers that their eligible proposals will receive appropriate review.

Clear policy and criteria assist the Authority in reasonably and objectively reviewing the viability of proposals and authorizing the use of incremental tax funds generated within the Zone. Authority adopted policies and criteria also provide applicants and the public with clear expectations regarding the Authority’s considerations for requests to participate.

Predictable policy and criteria enhance Authority decision-making by highlighting those private development projects most promising to the public while underscoring specific areas for further negotiation. Predictable policy and criteria also foster private investment within the Zone by maximizing rationality in the deployment of public funds into qualifying private developments.

General: The Authority continues to encourage and facilitate strategic new private investment in Downtown Houston within the designated boundaries of the

Zone. The DRA Board has the authority to support the development or redevelopment of properties in the Zone by entering into development agreements that provide Zone benefits including reimbursement to private entities incurring the costs of certain, eligible expenses. The Authority has precedent for participating in private development agreements within the terms of an established program, as it did with the Downtown Living Initiative. The Authority may also consider engaging in private development agreements on a case-by-case basis within the terms of the policy and criteria established herein. In all instances, eligible expenses put forth by private development must directly involve public infrastructure or sufficiently reflect a provable public purpose.

[Board authority derives from Texas Constitution, Article III, Sec. 52(a), Texas Tax Code 311, City Ordinance 2005-1051]

Funding:

The Authority collects funds for use toward public improvements and eligible programs through its designated Tax Increment Reinvestment Zone. Tax increment is captured tax revenue based on the difference between the initial taxable value of a property assessed at the time that property is annexed into the Zone and any increased assessed taxable value that may have resulted from market valuation increases, as well as direct and adjacent new investment.

Public Infrastructure

And

Public Purpose:

In consideration of development projects in the Zone which will address blight, enhance property values and tax revenues, produce additional jobs, and align with the Project Plan amendments affirmed by City Council, the Authority may determine that it is in the best interests of the Zone and the City to enter into an economic development benefits agreement with a private entity for reimbursement of eligible public infrastructure and/or public purpose costs associated with a capital project.

Public Infrastructure:

The Authority may enter into an agreement that it considers necessary to further the Project Plan and Reinvestment Zone Financing Plan and achieve the Zone's purpose pursuant to that Plan. The Zone may dedicate, pledge, or otherwise provide for the use of revenue in the tax increment fund to pay any project costs that benefit the Zone, including but not limited to project costs relating to the cost of affordable housing, areas of public assembly, the remediation of conditions that contaminate public or private land or buildings, the preservation of the facade of a private or public building, the demolition of public or private buildings, public educational facilities, transit facilities, or the construction of a road, sidewalk, or other public infrastructure, such as but not limited to public sanitary sewer and storm water systems, landscaping including tree canopy, traffic lights and streetscape, vegetation, lighting, way-finding, trash receptacles and benches within the boundaries of a Zone.

[Board authority derives from Section 311.010(b) of the Texas Tax Code]

Public Purpose:

The Authority has the power to enter into agreements that benefit the public purpose of the Zone and also advance business and commercial activity in the Zone. The Authority may provide contributions for a project to induce investment in the Zone, so long as that induced investment carries sufficient public purpose, which may include developing and diversifying the economy of the Zone, eliminating unemployment and underemployment in the Zone, and developing or expanding transportation, business, and commercial activity in the Zone, including programs to make grants and loans from the tax increment fund of the Zone in an aggregate amount for activities that benefit the Zone and stimulate business and commercial activity in the Zone.

[Board authority derives from and must adhere to Article III, Section 52(a) of the Texas Constitution, Section 311.010(h) of the Texas Tax Code, and City Ordinance No. 2005-1051]

The expenditure of public funds accomplishes a public purpose when:

- (1) the expenditure's predominant purpose is to accomplish a public purpose, not solely to benefit private parties; and,
- (2) the Authority or other public entity retains public control over the funds to ensure that the public purpose is accomplished and to protect the public's investment; and,
- (3) the Zone or other public entity is ensured of receiving a return benefit.

Expanding upon these three requirements:

(1) The Authority has the right and responsibility to determine whether a public purpose is served by a particular expenditure, and to respond to any proposed development agreement accordingly. Benefits from a private development agreement may be recognized as serving both a private and public purpose, and an expenditure which incidentally benefits a private party is not invalidated if it is made for the direct accomplishment of a legitimate public purpose. Thus, an incidental benefit to a private developer is acceptable if, in the opinion of the Authority, the agreement is predominantly for the direct accomplishment of a legitimate public purpose in the Zone.

(2) The Board has the authority and responsibility to see that sufficient controls are established when designating the use of public funds to ensure that the expenditure serves a public purpose. The form in which sufficient control takes place varies by application.

(3) What constitutes a sufficient return benefit in any given case will

depend on a number of factors with the ultimate consideration being a project's consistency with the Authority's Project Plan amendments and Strategic Alignment Plan. Sufficient return benefit, under this consideration, need not be equal but there must not be such a gross disparity in the return benefit as to suggest unconscionability, bad faith, or fraud.

Guidelines:

The following policy guidelines are meant to establish parameters to assist the Authority in its decision-making processes as well as to provide direction for those in the private sector seeking public funds. In order for an economic redevelopment project to be eligible to receive DRA assistance, it must satisfy all of the following criteria:

1. The project site must be located within the boundary of the Zone as designated by City Council. A map of the current Zone boundaries is attached as MAP 1. While not legally required, currently all property within the Zone is contiguous.
2. The proposed redevelopment must conform to all building codes, permits, and City Ordinances.
3. The proposed redevelopment must result in the retention and/or creation of permanent jobs, or the addition of residential units within the Zone as determined by the Board. Each development agreement will contain provisions for compliance.
4. To satisfy the requirement of "return benefit" and accomplish a public purpose, the proposed redevelopment must involve significant private investment so as to assure adequate yield of tax increment financing revenues. As determined by the Board, construction related to private investment must yield such captured valuation as to exceed any committed Zone funds by at least five-fold. Thus, for each 1 million committed by the Zone the related private investment yields an incremental valuation increase of 5 million. The Board may adopt "return benefit" considerations that involve 'areas' of need within the Zone, such as workforce or affordable or accessible housing; institutional accommodations such as educational facilities; enhanced connectivity benefits; or, retail opportunities that address access and equity such as grocery, pharmacy, or medical facilities.
5. Pursuant to the Board's review and amendment, the maximum time period in which expenses are eligible for reimbursement from the Zone for any one project shall not exceed fifteen years from

the inception of the first year of reimbursement.

6. Authority assistance shall be administered and paid to the ownership entity on a reimbursement basis and will be fully described in the development agreement between the Authority and developer. The agreement shall be written in accordance with the terms of this policy and will serve as a legally binding contract, which will enjoy the full effect of law. The agreement will include a schedule of estimated annual reimbursement payments.
7. Subject to the other limitations of this policy, the amount of eligible and captured incremental tax value contributed through reimbursement shall not exceed 80% of the yearly assessed tax on the project property.
8. In the event of a transfer or sale of the property, the development agreement may be assigned to the new owner of the property with prior written consent by the DRA. The proposed new buyer shall be required to submit information to the Authority regarding proposed job and/or residential additions and any other information required by the Authority for it to make a determination regarding the assignment of the agreement. Such an assignment will be in accord with the guidelines and the executed agreement and will not be unreasonably withheld.
9. The developer shall provide a pro forma analysis of the project to the Authority's legal counsel. Said analysis shall be used, in part, to verify the need for reimbursement and reasonableness of the request.
10. Integral to any project proposal, the developer shall provide specific analysis in support of any claim of 'public improvement' for which it seeks reimbursement whether claimed as public infrastructure or public benefit. Support for such a claim may be satisfied through the clear application of designated easements, public covenants, or prior and continued public ownership. Developer shall assume responsibility for the maintenance and operation of all property to which developer has granted easements or covenants to a public entity.
11. If approved by the Authority Board, eligible costs for off-site public infrastructure may also be eligible for payment of accrued interest on unpaid reimbursable costs at an agreed upon rate of interest. Off-site public infrastructure shall be located outside of the project building typically in the public rights of way or public easements, or on public property. Interest will accrue from the

later date of the developer having paid for the eligible cost item or the Authority having begun to capture project tax increment revenues.

12. Each development agreement shall designate a milestone event that signifies project completion (such as the issuance of a temporary certificate of occupancy). That event will vary depending upon the type of project, but it shall be fair, clear and predictable for all parties.
13. Reimbursement under the terms of an agreement shall not begin before the first full year of tax assessment after project completion.
14. If approved by the Authority Board, eligible expenses for on-site public facilities are eligible for reimbursement without interest. Reimbursement shall not begin until the Authority has begun to capture project tax increment revenues.
15. The obligation of the Authority to reimburse the developer for eligible costs shall be subordinate to existing and future debt obligations of the Authority. To the extent that other debt obligations reduce the ability of the Authority to reimburse the developer, the term of reimbursement may be extended for an appropriate period of time to assure reimbursement.
16. The developer shall prepare or cause to be prepared the plans and specifications for the public improvements – whether designated as public infrastructure or public benefits -- as described in the development’s project costs as applicable and submit the same to the Authority for approval. The Authority shall approve or reject the proposed plans and specifications within thirty (30) business days of submission. In the event of the rejection of the plans and specifications, the Authority shall include specific reasons for such rejection in writing. The Authority and developer each agree to exercise commercially reasonable efforts to promptly resolve any objections to the proposed plans and specifications. On approval of the plans and specifications by the Authority, the same shall constitute the final plans and specification. Any modifications (other than corrective changes) to the Final Plans and Specifications shall be submitted to the Authority for its reasonable approval. For purposes hereof, “corrective changes” mean any necessary and reasonable changes required to correct defects or deficiencies in construction as originally contemplated by the plans and specifications, or as may be necessary to obtain required permits, inspections or approvals from governmental authorities.

17. The Authority shall pay the reimbursement to the ownership entity of the project in annual installments by October 1st of each year beginning no sooner than the first full operating year after the agreed upon event that marks the project completion and ending under the terms of the agreement, subject to and conditioned upon the following:
- (i) no later than September 1st in the First Full Operating Year, the ownership entity shall provide to the Authority:
 - (a) three (3) full and complete sets of final “record” drawings for the project, including public improvements, whether public infrastructure or public benefits, and
 - (b) a summary of all project costs eligible for reimbursement that accurately details related expenses, receipts for qualifying expenses, plus appropriate releases and lien waivers in forms acceptable to the Authority; and
 - (ii) no later than September 1st in each calendar year beginning with the first full operating year, the ownership entity shall annually provide to the Authority:
 - (a) evidence that all ad valorem taxes due to all taxing jurisdictions for the present or future tax account or accounts relative to the project have been paid in full; and
 - (b) evidence that the ownership entity still operates the project for the use as funded under the agreement; and
 - (c) evidence that the public improvements are built and maintained in accordance with the development agreement, final plans and specifications including compliance with all City regulations; and
 - (d) evidence that the public has sufficient and appropriate access to the public benefits identified in the agreement; and
 - (e) any other information reasonably requested by the Authority and related to the public improvements.

18. The DRA has the authority to create a designated fund from portions of a project's incremental increase in value. The Board may consider that achieving a sufficient degree of public benefit may include the creation of a designated fund established prior to the triggered reimbursement payments and comprised of the development tax increment produced by a project. The designated funds shall be earmarked for public infrastructure and public purpose projects authorized by the Authority to address public community enhancement to the development. The terms of such a fund would be established within the development agreement.

Policy

Changes:

These guidelines may be modified or waived by the Authority at any time, and without notice. The Executive Director shall periodically perform a review of the guidelines and prepare a report recommending any changes to the policy necessary to improve the effectiveness of the policy. The Executive Director may recommend elimination of the policy if financial conditions warrant if the goals of the policy are deemed to be accomplished or based on other factors.

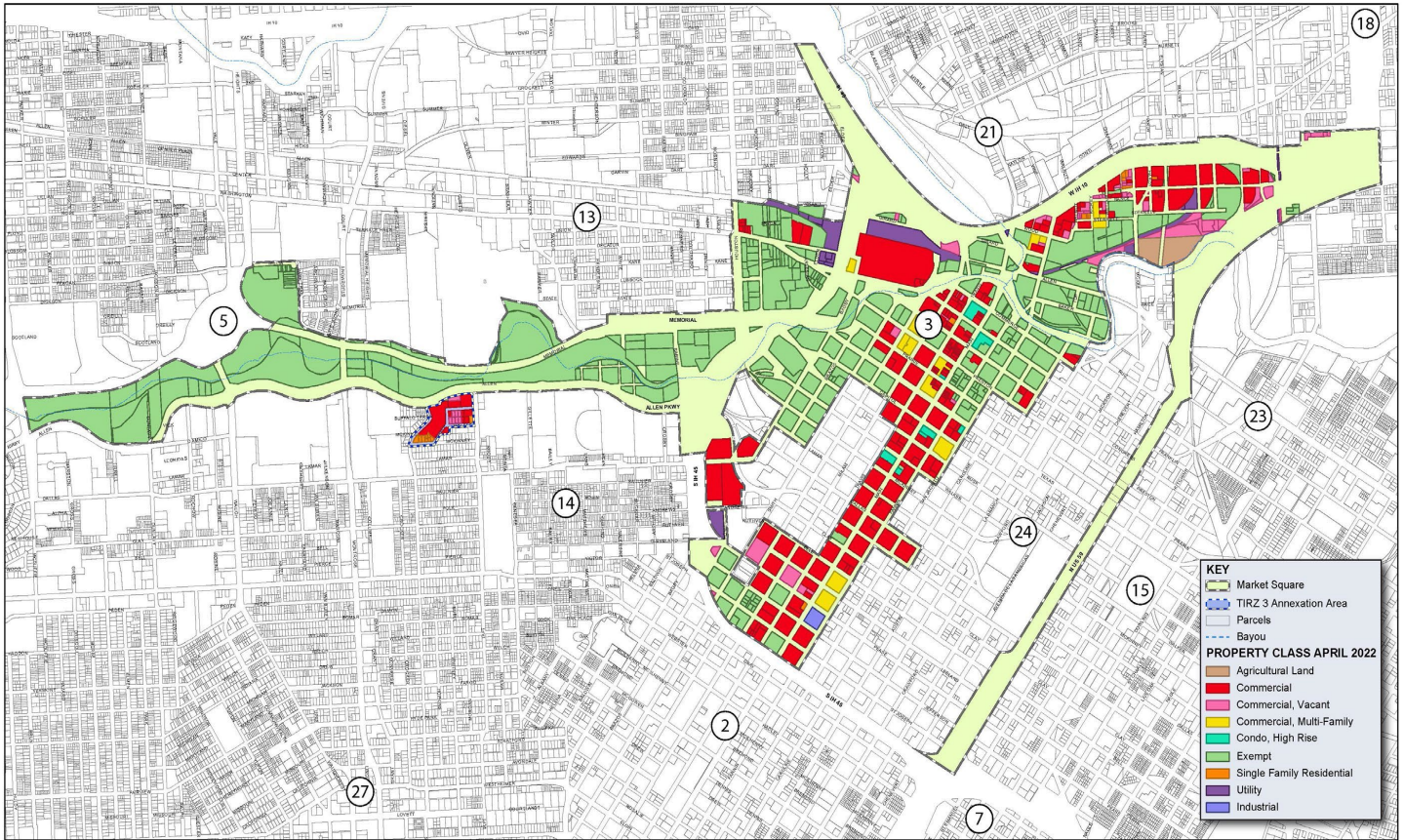
Contact for more information:

Allen Douglas, Executive Director
Downtown Redevelopment Authority
Tax Increment Reinvestment Zone No. 3
1221 McKinney Street
Suite 4250
Houston, Texas 77010

TEL: 713-650-1470
CELL: 216-375-8447
e-mail: jadouglas@downtowntirz.com

MAP 1

TAX INCREMENT REINVESTMENT ZONE #3 ANNEXATION AREA | LAND USE



Data Source: HCAD April 2022

PROJECT NAME	Commercial Real Estate Conversion Program
PROJECT PLAN	Economic Development
REQUEST	Recommend to the DRA Board that the Authority authorize staff leadership to negotiate and construct an Agreement, not to exceed \$200,000, with the highest scoring applicant for the Office Conversion Request for Proposal (RFP).
DESCRIPTION	<p>Pursuant to the DRA board's recommendation to build an adaptive reuse program that could incentivize certain underutilized office buildings within the TIRZ to consider converting to residential, retail and/or institutional uses, staff circulated a Request for Proposals (RFP) seeking consultants to carry out a feasibility study. Staff held a pre-proposal conference, issued addenda to questions from interested consultants, and received proposals on December 1st.</p> <p>A selection committee of staff & leadership met on Monday, December 5th to review, discuss and evaluate the proposals.</p> <p>The staff evaluation committee considered the following:</p> <ul style="list-style-type: none"> • Consultant's vision of adaptive reuse. • Consultant's consideration and provision of: <ul style="list-style-type: none"> ○ Economic challenges related to conversions. ○ Technical challenges including legal, regulatory, and permitting concerns. ○ Ability to provide comprehensive programmatic reuse plans. ○ A detailed fee structure for each building under study. • Experience and performance in conducting similar feasibility studies as related to office conversion. • Team Composition including sub-consultants and specialists. <ul style="list-style-type: none"> ○ Team leaders, including individual biographies, from the lead and sub-consultants as well as commitment to DBE standards. <p>The above considerations were discussed at the December 7th EDC meeting. The Committee reviewed these considerations and now brings this recommendation for Board approval, allowing staff to move forward in negotiating with the consultant receiving the highest evaluation score, and to build an Agreement, through those negotiations with the consultant.</p> <p>Upon the conclusion of negotiations with the consultant and the formation of an Agreement, staff will bring a draft Consultant Agreement to the Board for authorization to begin the study pursuant to the terms of the Agreement.</p> <p>Completion of the feasibility study will provide staff with the data to build a program for an office conversion project within the TIRZ.</p>
PROJECT HISTORY	The adaptive reuse project, presented first to the Board this past June, recognizes that with the flight to quality in Downtown Houston's office market, coupled with the reduction in demand for office space due to the shift to hybrid and remote work, older but non-historic office buildings constructed in the 1970s, 1980s and 1990s are expected to experience tenancy challenges resulting in widespread structural vacancy and obsolescence. As other cities have recognized in their adaptive reuse programs, the economic challenges of conversion will most likely require an incentive program to encourage adaptive reuse in much the same way that Houston's historic structures have received tax credits for renovation, or through a program similar to the Downtown Living Initiative that incentivized the construction of mid- and high-rise

residential structures in the Downtown Houston market. Noting the challenges, we regard adaptive reuse as a formidable opportunity for advancing Downtown Houston's residential capacity, providing opportunity for a range of residential spaces reflecting a range of median incomes, and for creatively reimagining former office space Downtown to meet differing demands.

6/8/2022 – The Economic Development Committee considered a recommendation for the appropriate officers to develop a Request for Proposals for the full board to approve.

6/14/2022 – The full board of the Downtown Redevelopment Authority/TIRZ #3 considered and approved the recommendation for the appropriate officers to develop and release a Request for Proposals.

9/2/2022 - The Economic Development Committee reviewed a final draft of the Request for Proposals by the appropriate officers prior to the first advertisement.

10/13/2022 – The RFP was posted publicly to the DRA and IDA websites.

12/1/2022 – Deadline for RFP submittals to be accepted by 5:00 p.m.

12/5/2022 – Staff and leadership met to review, discuss and evaluate submitted proposals.

12/7/2022 – The Economic Development Committee met with staff leadership for an update on the submitted proposals. Leadership seeks Committee approval to bring a recommendation to the full board to move forward with selecting and entering into an agreement with the consultant receiving the highest score.

ACTION ITEM

EDC recommends to the DRA Board that the Authority authorize staff leadership to negotiate and execute an agreement, not to exceed \$200,000, with the highest scoring applicant for the Office Conversion Request for Proposal (RFP) to study the feasibility of adaptive reuse in select structures within the TIRZ.

CONTACTS

DRA: Robert Pieroni, Director of Economic Development

DRA: Allen Douglas, Executive Director



Downtown
Redevelopment
Authority



Collaborative Committee Assignment Preference Form

Name: _____

Board Affiliation:

- Central Houston, Inc.
- Downtown Redevelopment Authority
- Houston Downtown Management District

Background:

As introduced in our recently adopted strategic alignment plan, the organization is moving to a more inclusive and collaborative committee model to replace some of our existing programmatic committees. Each of the current boards have committee structures that are being realigned to better match the strategic plan work program. This restructuring enables intentional collaboration among members from the different boards in pursuit of shared objectives. It will also provide members the benefit of hearing perspectives from other stakeholders to help inform recommendations to their respective boards.

**Existing CHI, DRA, and HDMD executive and fiduciary committees, such as audit, 401k investment, finance, DBE, nominating, and personnel, remain in place.*

Preference:

Please write a "1" and "2" to indicate your first and second preferred options from the committees listed below:

- ___ ENHANCE DOWNTOWN COMMITTEE (GOAL 2 - Clean, safe & beautiful)
- ___ CONNECT DOWNTOWN COMMITTEE (GOAL 3 - Public realm design and activation)
- ___ THRIVE DOWNTOWN COMMITTEE (GOAL 4 - Economic development)
- ___ STAKEHOLDER ENGAGEMENT COMMITTEE (GOAL 5 - Marketing, events, programs and communications)
- ___ No preference / surprise me.
- ___ I prefer to not join a committee at this time.

FROM: Allen Douglas, Executive Director

RE: Downtown Redevelopment Authority/TIRZ #3 Project Status Report

Date: 12/13/2022

CAPITAL PROJECTS	
Allen Parkway Improvements	Ongoing maintenance agreement with Downtown District has been extended for an additional 5 years through May 2027.
Bagby Street Improvements	<p>Construction contract executed with Main Lane Industries, Ltd.; construction began mid-January 2020. Substantial completion achieved November 2021; Contractor is installing planter rails from Dallas to Rusk and tree grates at Sam Houston Park in preparation for final completion inspection.</p> <p>Bagby Street has been recognized with awards from the American Planning Association – Houston & Texas Chapter and the American Society of Civil Engineers – Texas Chapter.</p>
Lynn Wyatt Square for the Performing Arts (Jones Plaza)	<p>Construction contract executed between Houston First and Manhattan Construction; kick-off ceremony occurred on May 14, 2021, with construction started in late May; anticipated opening after April 1, 2023.</p> <p>DRA staff holds bi-weekly progress meetings and at least one site meet per month with Houston First.</p>
Trebly Park	<p>Construction contract executed with Structura; construction began mid- March 2021.</p> <p>A substantial completion inspection for the site was held with the Contractor and Consultants on November 29. The perimeter construction fencing was removed and the Park site was opened to the public on December 2. Contractor is currently addressing punch list items while the tenant continues their move in and training. The restaurant is scheduled for a soft opening in mid-late December.</p>
ECONOMIC DEVELOPMENT AGREEMENTS	
Buffalo Bayou Downtown Trail East	Financial contribution approved by Board in March 2019; MOU executed; first grant reimbursement processed November 2019. Western portion of trail under-construction, eastern portion of trail in re-design due to unstable bayou banks. <u>Staff Leadership will meet with the BBP in December to discuss further progress.</u>
Post Houston	<p>Primary construction completed with grand opening held on November 13, 2021. Staff has initiated ongoing working group meetings with Lovett and Blackwood Farms to structure the success of the farm component of the POST Project. In October, Blackwood Farms, received a \$250,000 grant from the USDA to fund the urban farm and the educational component of their efforts.</p> <p>The Barbara Jordan Plaza Advisory Group (BJPAG) – composed of artists, educators, and preservationists – met in September with Lovett Commercial and commissioned artists to map out the Plaza as a public space for artists in a manner that honors the former Congressperson’s legacy and dedication to public service and celebrates Houston’s rich arts scene. The BJPAG met on November 14th to discuss the Barbara Jordan statue, placement, appearance, associated signage and educational opportunities, as well as pursuing folding the Plaza into the “Monument Trail” along Bagby Street.</p>

Amegy on Main / Downtown Launchpad	Staff is continuing to work closely with the resident tenants/licenses on different community initiatives and continuing the ongoing compliance monitoring of the performance and licensing agreements. Staff meets monthly with leadership of the DLP entities and Amegy Bank leadership to discuss future avenues of collaboration such as, communication tools, event calendar, additional seating, marketing. Due to the Thanksgiving holiday, the team did not meet in the month of November.
gener8tor	Staff is continuing ongoing performance and licensing agreement compliance monitoring. On November 17th, gener8tor's pre-accelerator program, gBETA, hosted its 2022 public showcase event at the Downtown Launchpad. The program concluded with 10 top-tier Houston entrepreneurs pitching their startups to a crowd of over 100 investors, mentors, and friends. On November 30, gener8tor hosted the Italian Global Startup Program showcase event at Downtown Launchpad. Similar to the Houston program, the Italian entrepreneurs showcased their growing startups and their efforts to expand into the Houston and US market.
MassChallenge	Staff is continuing ongoing performance and licensing agreement compliance monitoring. This includes reevaluating the MassChallenge licensing agreement and performance agreements for The Downtown Launchpad.
Impact Hub Houston	<p>Staff is continuing ongoing performance and licensing agreement compliance monitoring.</p> <ol style="list-style-type: none"> 1. Adidas announced the Cultivate & BLOOM Impact Accelerator program that they helped develop and are actively managing for them: adidas Cultivate & B.L.O.O.M. Program Elevates Black and Latinx Entrepreneurs to Accelerate Their Growth & Impact. This is the third program they have run for Adidas, connecting diverse entrepreneurs with mentors including Lena Waithe and Felicia Hatcher, upskilling them through business development trainings, and providing *each* entrepreneur with \$100,000 in non-dilutive funding for a total of \$800,000 deployed to black female founders in this recent cohort. 2. Impact Hub Houston Member and Climathon partner, Syzygy Plasmonics, just raised \$76 Million in their Series C round; and announced their first commercial deployment to develop a fully electric chemical reactor for production of clean hydrogen in South Korea. 3. Impact Hub hosted — and sold out — the first TEDxHouston Countdown event this October at POST: TEDxHouston TED (photos of the event are here -- CC free to use for any noncommercial purposes: TEDx Houston Flickr). In the spirit of TED's Countdown initiative, our speakers focused on championing and accelerating climate and sustainability solutions.
The Cannon	Staff is addressing the Cannon operations with regard to their Agreement with Amegy Bank and the Operational Space Management MOU with the Authority to maintain The Downtown Launchpad. Staff provided Amegy Bank with a specific list of short-falls under the terms of the Operational Space Management MOU that we would like Amegy leadership to coordinate a resolution on.

ECONOMIC DEVELOPMENT INITIATIVES	
Houston Angel Network	Pursuant to the Board's authorization staff worked for months with the HAN on finalizing the terms of an agreement. However, due to leadership change, the agreement was never finalized. After several months of being unable to find a resolution, staff is going to meet to evaluate all options for resolution.
2022 DRA Project Plan & Annexation	Staff submitted a revised strategic annexation proposal to the City Planning Department for Mayoral review which has been accepted. This request came before the Executive Committee and the DRA Board in November as a proposed Project Plan and Financial Plan, as has been exercised in the past. The limited annexation holds the promise of assisting the DRA in its mandate to fund the maintenance and operations of Buffalo Bayou, address blight remediation and invigorate Downtown public spaces because the proposed annexation involves a planned redevelopment project that would generate significant incremental tax revenue.
Office Conversion Program	Authorized staff leadership is starting negotiations and development of an Agreement, with the highest-scoring applicant for the Office Conversion Request for Proposal (RFP).

RESIDENTIAL	
Block 387 – Fairfield Residential	The developer provided copies of the Temporary Certificate of Occupancy as issued by City on September 16, 2022, initially satisfying the agreement requirements for project completion. Staff is to schedule an October site and building tour to confirm Continued Compliance with DLI Design Guidelines.

NORTH HOUSTON HIGHWAY IMPROVEMENT PROJECT (“Project”)	
<p>Central Houston staff met virtually with the Federal Highway Administration (FHWA) on March 14, 2022 to discuss Central Houston's work and proposals regarding Segment 3 of the Project. FHWA requested cost-estimates for the proposed Civic Opportunities in Segment 3, which Central Houston supplied to FHWA on April 7, 2022. Central Houston continues to discuss and share its work with various stakeholders to the Project.</p> <p>Currently, the Project pause continues but for the Midtown and Third Ward sections, segments 3A & 3B respectively. TxDOT will begin monthly design meetings on segment 3A in the coming weeks and is moving forward on the design components for the signature bridges between Midtown and Third Ward. Central Houston continues to participate in this work at a facilitation level while directly impacted parties manage funding and final design decisions.</p> <p>On November 15, 2021, the Harris County Commissioners voted unanimously to request the County Attorney to file a stay of the March federal lawsuit brought by the County against TxDOT, permitting the parties to enter into negotiations regarding the environmental and park land concerns voiced in the lawsuit. That lawsuit remains stayed with status reports from the parties every 30 days. Parties continue to negotiate resolution of their concerns.</p> <p>While retention of NHHIP funding in the Texas Transportation Commission's (TTC) annual budget review under the Uniform Transportation Program (UTP) is not a specific consideration this year, as it was in 2021, nevertheless our recent conversations have yielded some concern about the fragility of NHHIP within the UTP process. NHHIP is currently 50% funded through discretionary Category 12 funding approved by the TTC, which is capped by the state as a maximum percentage of their overall project funding. As well, other Texas communities are pressuring the TTC to reallocate NHHIP funding due to the perception of its uncertainty. Although the NHHIP is included in the draft UTP, both GHP and CHI have coordinated on a letter-writing and testimony advocacy strategy to provide a strong showing of local support to the TTC for the project. DRA Directors received a letter from CEO/President Larson requesting a show of support during the public comment period that ended August 8th.</p>	

Four CHI/DRA staff appeared in Austin on August 30 before the TTC to testify on support for keeping the NHHIP funding in the UTP. TTC determined, on August 30th at their regularly scheduled Board Meeting, to continue the NHHIP funding in the UTP after hearing comments from 82 speakers.

Staff continues to facilitate key community conversations necessary to provide TxDOT design decisions in Segments 3A & 3B, most recently in a meeting held with TxDOT, Midtown-TIRZ 2, Almeda / OST-TIRZ 7, and Greater Southeast Management District on November 3rd.

DOWNTOWN DISTRICT INITIATIVES

Alignment Efforts

EaDo Lofts	In response to this article , CHI has facilitated discussions with TxDOT, the City, the Coalition, and a prominent local developer to determine if the 2 buildings that TxDOT acquired that it doesn't need for the Project can be rehabilitated as affordable housing. The conversations are advancing slowly, though the mold in the properties is significant and we will need TxDOT to find a way to pivot on their demolition plans quickly to prevent the problem from becoming insurmountable. TxDOT's property disposition requirements may serve as the primary barrier that would prevent the creative solution, but we are pursuing discussions through the TTC to determine if there is a more expeditious path.
Office Tenant Recruitment / Retention Incentives	In collaboration with GHP, CHI is convening a group of site selectors to discuss the potential for incentives to provide Downtown with a regional advantage for attracting or retaining key office tenants, particularly those that might assist in diversifying the industrial composition of Downtown tenants.
Street Art for Mankind	After a wildly successful unveiling in October, we are thrilled to have eight murals completed across Downtown. We are working on two more murals, to be painted before the end of 2022 – one on the Hyatt Regency, and another at the 805 Franklin garage. To learn more about the mural project and the artists, visit bigartbiggerchange.com .
Urban Alchemy	Progress continues in seeking an innovative approach to homeless management around the Beacon. Over the past several months, we have socialized and built strong support for engaging with Urban Alchemy (UA) as a pilot approach locally. We have earned support from the Coalition, the Mayor's office, HDMD, the Beacon staff, as well as Harris County OJS and Commissioner Precinct 1 leadership on the approach. Staff recently received a program design / cost proposal from UA which is currently being reviewed by staff and the Beacon and the County.
Return-to-Office Programming	Our RTO programming has been a great success this Fall. We've had 100+ attendees at our weekly Coffee Conversations on Friday mornings from 8:30-10 at Bank of America Tower. This series will continue through the second week of December. Our next, and last, Lobbies & Libations event will be on December 7 at GreenStreet.
Southeast Sidewalks	<p>As the recipient of a 2016 HGAC grant, a long-term project between HDMD (local sponsor) and TxDOT is the construction of sidewalk improvements in the southeast quadrant of downtown, from Polk to Pierce and Fannin to Hamilton. At 56 specific block faces (or segments thereof), sub-standard and inaccessible sidewalks will be replaced by a TxDOT contractor.</p> <p>The project funding is based on an 80-20 capital cost-share for the full grant value \$3,446,245. HDMD carries full funding responsibility for the engineering documents at \$632,000. The project is only surface treatment of sidewalks, with no associated infrastructure, roadway, or landscape improvements. The project is currently set for TxDOT letting in May 2023.</p>

<p>City Lights, Downtown Holiday Magic</p>	<p>The District is partnering with Houston First for a Downtown-wide holiday experience, called <i>City Lights, Downtown Holiday Magic</i>. Starting on November 18, Downtown will come alive with eight holiday villages, each bringing a unique experience on Friday/Saturday nights through the new year.</p> <p>Market Square Park - Mistletoe Square Texas' biggest mistletoe installation returns to historic Market Square Park <i>aka</i> Mistletoe Square for the holidays. Share a smooch with a loved one under this 150-inch ball of greenery hanging from a giant 15-foot candy cane. Snuggle up under the twinkling lights and enjoy a holiday movie – check www.marketsquarepark.com for details – or make your very own gingerbread house with Phoenicia Specialty Foods.</p> <p>Main Street Square – Santa’s Village Santa Claus is coming to town to share the wonder of the season. Get your photo with Kris Kringle every Friday and Saturday starting at 6 pm at Santa’s Village in Main Street Square, known for its vibrantly lit 40-foot water bursts and 250-foot-long, eight-inch-deep reflecting pool. After Santa shares his magic, explore a series of holiday markets taking place every Friday and Saturday.</p> <p>Winter Wonderland on Bagby Street Ensure your season is merry and bright as you stroll through 100,000 twinkling LED lights along recently reconstructed and beautified Bagby Street from Lamar to Preston. Signature elements include giant angel wings, constellation arches and an 80-foot light tunnel across from The Hobby Center for the Performing Arts.</p>
<p>North Canal</p>	<p>The North Canal Project, led by the City of Houston and Harris County Flood Control District (HCFCD), is currently, the highest priority storm resiliency initiative in the Mayor’s Office.</p> <p>\$131M is currently funded through a post-Harvey FEMA grant (\$46M) with local contributions by City (\$20M), County (\$20M), TIRZ 5 (\$25M for White Oak channel modifications at the Yale & Heights bridges), and TxDOT (\$20M as part of the NHHIP stormwater hydraulics and hydrology – H&H – design schematic), Based on the North Canal’s preliminary engineering report by the City’s consultant, HDR, and a preferred alternative based on the H&H cost-benefit analysis, a current budgetary shortfall is being addressed by the parties, but expected to remain on schedule for engineering and construction delivery through 2027.</p> <p>DRA & HDMD have projected budgetary involvement in the civic amenities associated with the North Canal Project upon completion.</p>
<p>Research on Crime Trends in Downtown</p>	<p>With the assistance of local and national law enforcement, staff continues to clarify and refine crime statistic details to better inform Downtown stakeholders and assist in guiding the deployment of enforcement assets in Downtown’s public spaces.</p>