

FORM 132.M
(Approving/Authorizing)

City of Houston Ordinance No. 97-119

AN ORDINANCE APPROVING AND AUTHORIZING AN INTERLOCAL AGREEMENT BETWEEN THE CITY OF HOUSTON, TEXAS, REINVESTMENT ZONE NUMBER TWO AND THE HOUSTON INDEPENDENT SCHOOL DISTRICT FOR THE PARTICIPATION OF THE HOUSTON INDEPENDENT SCHOOL DISTRICT IN THE REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS; MAKING VARIOUS FINDINGS AND PROVISIONS RELATING TO THE SUBJECT; AND DECLARING AN EMERGENCY.

* * * *

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

Section 1. The City Council hereby approves and authorizes the contract, agreement or other undertaking described in the title of this Ordinance, in substantially the form as shown in the document which is attached hereto and incorporated herein by this reference. The Mayor is hereby authorized to execute such document and all related documents on behalf of the City of Houston. The City Secretary is hereby authorized to attest to all such signatures and to affix the seal of the City to all such documents.

Section 2. The Mayor is hereby authorized to take all actions necessary to effectuate the City's intent and objectives in approving such agreement, agreements or other undertaking described in the title of this ordinance, in the event of changed circumstances.

Section 3. The City Attorney is hereby authorized to take all action necessary to enforce all legal obligations under said contract without further authorization from Council.

Section 4. There exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

FORM 132.M
(Approving/Authorizing)

PASSED AND ADOPTED this 29th day of January, 1997.

APPROVED this _____ day of _____, 19____.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is FEB 04 1997.

Cynthia Russell
City Secretary

(Prepared by Legal Dept. *To Wigan*)
(JSW:WHU: 12/27/96) Assistant City Attorney
(Requested by Director, Finance & Administration)
(L.D. File No. 34-94350-02)

c:@wpdocs@whor1352

Midtown Zone

Midtown Reinvestment Zone
Bienville Building
3401 Louisiana Street, Suite 255
Houston, Texas 77002

B. Index

The City, HISD and the Midtown Zone hereby agree to the terms and conditions of this Agreement. This Agreement consists of the following sections:

Section	Description	Page
I.	Parties	1
II.	Definitions	5
III.	Background	6
IV.	Obligations of HISD	6
V.	Obligations of City and Midtown Zone	8
VI.	Term and Termination	9
VII.	Miscellaneous	9

Exhibit "A" — City of Houston Ordinance No. 94-1345

Exhibit "B" — City of Houston Ordinance No. 95-1322

C. Parts Incorporated

All of the above described sections and documents are hereby incorporated into this Agreement by this reference for all purposes.

IN WITNESS HEREOF, the City, HISD and Midtown Zone have made and executed this Agreement in multiple copies, each of which is an original.

CITY OF HOUSTON

HOUSTON INDEPENDENT SCHOOL DISTRICT

Mayor Date

Paula Orsillo
President, Board of Trustees Date

ATTEST/SEAL:

City Secretary Date

Laurie Ginter
Secretary, Board of Trustees Date

COUNTERSIGNED:

City Controller Date

Rod Payne
Superintendent of Schools Date

APPROVED:

APPROVED AS TO FORM:

Director Date
Department of Finance and Administration

Donald R. Brehm 12/12/96
Attorney Date

APPROVED AS TO FORM:

Sr. Assistant City Attorney Date
L.D. No. 349436002

REINVESTMENT ZONE NUMBER TWO,
CITY OF HOUSTON, TEXAS (Midtown Zone)

Doug O. Williams

By: Doug O. Williams Date
Title: Chairman, Board of Directors

ATTEST/SEAL:

Nicole Cao 1-10-97

By: Date
Title: Secretary, Board of Directors

[The remainder of this page is intentionally left blank.]

II. DEFINITIONS

As used in this Agreement, the following terms shall have meanings set out below:

"Agreement" means this agreement between the City, HISD and Midtown Zone.

"Agreement Term" is defined in Section VII.

"Captured Appraised Value" means the captured appraised value of the Midtown Zone as defined by Chapter 311, Texas Tax Code.

"City" is defined in Section I of this Agreement and includes its successors and assigns.

"Countersignature Date" means that date shown as the date countersigned by the City Controller on the signature page of this Agreement.

"HISD" is defined in Section I of this Agreement and includes its successors and assigns.

"HISD Tax Increment Participation" means the amount of the HISD Tax Levy on the Captured Appraised Value which HISD agrees to contribute to the Midtown Zone pursuant to Subsection A and B of Section IV of this Agreement.

"Midtown Area" shall mean the Midtown area of the City and neighboring areas, as more particularly described in Ordinance No. 94-1345 and Ordinance No. 95-1322.

"Midtown Zone" means Reinvestment Zone Number Two, City of Houston, Texas (Midtown), created by the City on December 14, 1994, by Ordinance No. 94-1345, and enlarged on December 13, 1995, by Ordinance No. 95-1322, both attached as Exhibits "A" and "B," respectively, and includes its successors and assigns.

"Tax Increment Fund" means the tax increment fund created by the City in the City Treasury for the Midtown Zone.

Otherwise, the terms used herein shall have the meanings ascribed to them in Chapter 311, Texas Tax Code or the Texas Education Code, as applicable.

III. BACKGROUND

By Ordinance No. 94-1345, dated December 14, 1994, the City created the Midtown Zone for the purposes of redevelopment in the Midtown Area. By Resolution No. 95-96, dated June 28, 1995, the City approved the creation of the Midtown Redevelopment Authority whose purpose is to promote the common good and general welfare of the Midtown Area, to promote, develop, encourage and maintain employment, commerce and economic development in Houston and to perform the other purposes described in its Articles of Incorporation. By Ordinance No. 95-1322 the City expanded the boundaries of the Midtown Zone. The City and Harris County currently contribute their tax increments produced in the Midtown Zone to the Midtown Zone. HISD desires to participate in the Midtown Zone in consideration for the agreements set forth below.

IV. OBLIGATIONS OF HISD

A. Tax Increment Participation by HISD

For and in consideration of the agreements of the parties set forth herein, and subject to the remaining subsections of this section, HISD agrees to participate in the Midtown Zone by contributing one hundred percent (100%) of the tax increment produced in the Midtown Zone attributable to HISD to the Tax Increment Fund during the term of this agreement.

B. Tax Increment Limitation

The amount to be contributed by HISD (the "HISD Tax Increment Participation") is the amount of taxes collected by HISD each year during the term of this Agreement at an HISD tax rate levy of \$0.96 per \$100 of valuation on the Captured Appraised Value. If the total tax levy

is less than \$0.96 per \$100 valuation, then the HISD Tax Increment Participation is the total tax levy of HISD.

HISD's obligation to participate in the Midtown Zone shall be restricted to its tax increment collected on the Captured Appraised Value in the Midtown Zone. HISD shall not be obligated to pay its HISD Tax Increment Participation from other HISD taxes or revenues or until the HISD Tax Increment in the Midtown Zone is actually collected. The obligation to pay the HISD Tax Increment Participation shall accrue as taxes representing the HISD tax increment are collected by HISD and payment shall be due on the first day of each calendar quarter. The City and the Midtown Zone agree that no interest or penalty will be charged to HISD. Taxes collected by HISD on the Captured Appraised Value as a result of an HISD tax levy at a tax rate greater than \$0.96 per \$100 valuation shall be retained by HISD.

C. Changes in Applicable Laws

In the event that the laws applicable to HISD or tax increment reinvestment zones are changed so that the participation of HISD in the Midtown Zone decreases the amount of state and local funds available to HISD, the City and the Midtown Zone agree that the HISD Tax Increment Participation shall be decreased by the amount of the decrease in HISD state and local funding as a result of HISD's participation in the Midtown Zone.

D. Expansion of Midtown Zone

The obligation of HISD to participate in the Midtown Zone is limited to the area described in Exhibits "A" and "B" attached hereto. HISD's participation shall not extend to the tax increment on any additional property added to the Midtown Zone by the City unless HISD approves the participation.

E. Board of Directors

HISD shall have the unequivocal right to appoint to and maintain one (1) member on the Midtown Zone Board of Directors. HISD may also appoint and maintain as many nonvoting ex officio members on the Midtown Board of Directors as HISD may desire.

V. OBLIGATIONS OF CITY AND MIDTOWN ZONE

A. Street Right of Way

To the extent requested by HISD, the City and the Midtown Zone agree that monies from the Tax Increment Fund shall be used, at no cost to HISD, to pay to the City the following costs that otherwise would be incurred by HISD with respect to the construction and operation of any educational facilities constructed by or on behalf of HISD in the Midtown Zone pursuant to the Project Plan and Reinvestment Zone Financing Plan: (a) the cost of abandonment of any street right of way by the City on behalf of HISD and (b) the cost of water and sewer utility connections and construction outside the boundaries of HISD property. The City shall use proceeds from the preceding sentence for infrastructure improvements or other projects identified in the Midtown Zone Project Plan and Reinvestment Zone Financing Plan.

B. Project Plans and Financing Plans

The parties agree that the Superintendent of Schools of HISD shall be permitted to review and comment upon any the Midtown Zone project plan and reinvestment zone financing plan and any amendments thereto to before the plans or any amendments to these plans are submitted to the City Council for City approval. Any Midtown Zone project plan and reinvestment zone financing plan shall provide for the construction of educational facilities within or to serve the Midtown Zone.

C. Financing and Construction of Educational Facilities

At the time the HISD Tax Increment Participation produces a tax increment of \$1,800,000 per year attributable to HISD, the Midtown Zone and the City agree to proceed with the financing, site acquisition, design and construction of HISD school facilities at a cost not to exceed the amount of debt that can be amortized with \$1,200,000 per year at the prevailing interest rate market conditions. If the Midtown Zone acquires property for the construction of an educational facility to be operated by HISD to serve the Midtown Zone, the Midtown Zone shall convey the property to HISD at the request of HISD.

In the alternative, at any time at the sole option of HISD, the Midtown Zone and the City agree that they will cause the Midtown Redevelopment Authority ("Authority") or other party of HISD's choice to finance and construct school facilities that will be leased to HISD. Two-thirds of HISD's Tax Increment Participation ("School Facilities Tax Increment Component") will be used to pay principal and interest on the debt of the Authority (or other party chosen by HISD) incurred to finance and construct the school facilities ("School Facilities Debt"). If the School Facilities Tax Increment Component is not adequate to pay the School Facilities Debt, HISD shall pay the deficit ("Debt Deficit") from HISD available funds. HISD shall be repaid the Debt Deficit plus interest at the School Facilities Debt interest rate from the first available School Facilities Tax Increment Component not needed to pay the School Facilities Debt. The lease of the school facilities will permit HISD to acquire the school facilities at a price equal to the amount required to defease the School Facilities Debt or at \$1 if there is no School Facilities Debt outstanding.

If the Midtown Zone and the City fail to fulfill their obligations with respect to HISD's exercise of either of the foregoing options, HISD shall be entitled to withhold two-thirds of its tax

increment, but not to exceed \$1.2 million per year, until the Midtown Zone and the City perform the option selected by HISD.

All moneys used to finance and construct HISD school facilities shall come from or be financed by the Midtown Zone HISD tax increments or the School Facilities Tax Increment Component. The City shall never be obligated to expend any funds other than funds derived from the Midtown Zone to finance and construct HISD school facilities.

D. Control of Educational Facilities

The parties agree that all decisions regarding location, construction and educational content of HISD educational facilities in or to serve the Midtown Zone will be in the control of HISD. Nothing in this subsection shall be construed to relieve HISD of the obligation to comply with all City ordinances and regulations applicable to the construction and operation of any educational facility by or on behalf of HISD.

VI. TERM AND TERMINATION

A. Agreement Term

This Agreement shall become effective as of the date of the final signature hereto, and shall remain in effect until December 31, 2021.

The first payment of increment taxes by HISD under this Agreement shall be for those taxes levied by HISD in the year 1997 and the last payment by HISD under this Agreement is for those taxes levied by HISD in the year 2021. No payment shall be made by HISD for any increment taxes levied in the year 1996.

VII. MISCELLANEOUS

A. Severability

In the event any term, covenant or condition herein contained shall be held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant or condition herein contained, provided that such invalidity does not materially prejudice either HISD, the City or the Midtown Zone in their respective rights and obligations contained in the valid terms, covenants or conditions hereof.

In the event any term, covenant or condition shall be held invalid and affects in any manner the limitations on HISD's contributions or participation, then this Agreement shall be void as to HISD and HISD shall have no liability for any incremental or other payments as may otherwise be provided for in this Agreement.

B. Entire Agreement

This Agreement merges the prior negotiations and understandings of the parties hereto and embodies the entire agreement of the parties, and there are no other agreements, assurances, conditions, covenants (express or implied) or other terms with respect to the covenants, whether written or verbal, antecedent or contemporaneous, with the execution hereof.

C. Written Amendment

Unless otherwise provided herein, this Agreement may be amended only by written instrument duly executed on behalf of each party.

D. Notices

All notices required or permitted hereunder shall be in writing and shall be deemed delivered when actually received or, if earlier, on the third (3rd) day following deposit in a United

States Postal Service post office or receptacle with proper postage affixed (certified mail, return receipt requested) addressed to the respective other party at the address prescribed in Section I of this Agreement or at such other address as the receiving party may have theretofore prescribed by notice to the sending party.

E. Non-Waiver

Failure of any party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on, and to enforce by any appropriate remedy, strict compliance with any other obligation hereunder or to exercise any right or remedy occurring as a result of any future default or failure of performance.

F. Assignment

No party shall assign this Agreement at law or otherwise without the prior written consent of the other parties.

No party shall delegate any portion of its performance under this Agreement without the written consent of the other parties.

G. Successors

This Agreement shall bind and benefit the parties and their legal successors. This Agreement does not create any personal liability on the part of any officer or agent of the City or of any trustee, officer, agent or employee of HISD.

H. No Waiver of Immunity

No party hereto waives or relinquishes any immunity or defense on behalf of itself, its trustees, officers, employees, and agents as a result of its execution of this Agreement and performance of the covenants contained herein.

City of Houston, Texas, Ordinance No. 94-1345

AN ORDINANCE DESIGNATING A CONTIGUOUS GEOGRAPHIC AREA, GENERALLY BOUNDED BY I-45 ON THE NORTH, HWY. 288 ON THE EAST, U.S. HWY. 59 ON THE SOUTH, AND BAGBY STREET AND SPUR 527 ON THE WEST (MIDTOWN), AS REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS; CREATING A BOARD OF DIRECTORS FOR SUCH ZONE; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; PROVIDING A SEVERABILITY CLAUSE; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, the City Council has received a petition, as supplemented (the "Petition"), requesting that a contiguous geographic area in Houston, Texas, generally bounded by I-45 on the North, Hwy. 288 on the East, U.S. Hwy. 59 on the South, and Bagby Street and Spur 527 on the West (Midtown), be designated as a reinvestment zone under the provisions of Chapter 311 of the Texas Tax Code; and

WHEREAS, the Petition was submitted by the owners of property constituting at least fifty percent of the appraised value of the property in the proposed reinvestment zone according to the most recent certified appraisal roll for Harris County, Texas, the county in which the proposed zone is located; and

WHEREAS, the City Council passed Resolution No. 94-24, as amended by Resolution No. 94-31, authorizing the preparation of a preliminary reinvestment zone financing plan and the publication of notice of a public hearing on the creation of the proposed zone; and

WHEREAS, the City has prepared a preliminary reinvestment zone financing plan and has presented the plan to the governing body of each taxing unit that levies taxes on real property in the proposed reinvestment zone; provided notice to each such taxing unit of the

public hearing on the creation of the proposed zone and made a formal presentation to representatives of Harris County and Houston Independent School District pursuant to Section 311.003 of the Texas Tax Code; and

WHEREAS, the preliminary reinvestment zone financing plan provides that City of Houston ad valorem taxes are to be deposited into the tax increment fund, and that taxes of other taxing units may be utilized in the financing of the proposed zone; and

WHEREAS, a notice of the December 7, 1994, public hearing on the creation of the proposed zone was published on November 30, 1994, in the Houston Chronicle and the Houston Post, newspapers of general circulation in the City; and

WHEREAS, Harris County, pursuant to Section 311.003, Texas Tax Code, has waived the Tax Code requirement that it receive sixty (60) days' notice of the public hearing on the creation of the proposed zone by action of its Commissioner's Court on October 25, 1994; and

WHEREAS, the Houston Independent School District, pursuant to Section 311.003, Texas Tax Code, has waived the requirement that it receive sixty (60) days' notice of the public hearing on the creation of the proposed zone by action of its Board of Trustees on November 3, 1994; and

WHEREAS, at the public hearing, interested persons were allowed to speak for or against the creation of the proposed zone, its boundaries, or the concept of tax increment financing; and

WHEREAS, evidence was received and presented at the public hearing in favor of the creation of the proposed zone under the provisions of Chapter 311, Texas Tax Code, and no one appeared or presented evidence in opposition to the creation of the proposed zone;

WHEREAS, no owner of real property in the proposed zone protested the inclusion of his property in the proposed zone; **NOW, THEREFORE**,

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

Section 1. Findings

(a) That the facts and recitations contained in the preamble of this Ordinance are hereby found and declared to be true and correct and are adopted as part of this Ordinance for all purposes.

(b) That the City Council further finds and declares that the proposed improvements in the zone will significantly enhance the value of all the taxable real property in the proposed zone and will be of general benefit to the City.

(c) That the City Council further finds and declares that the proposed reinvestment zone meets the criteria of Section 311.005 of the Texas Tax Code because:

(1) The proposed zone is an area that substantially impairs or arrests the sound growth of the City; retards the provision of housing accommodations; constitutes an economic and social liability and is a menace to the public health, safety, morals and welfare in its present condition and use because of the presence of unsanitary and unsafe conditions; the deterioration of site or other improvements;

the predominance of inadequate sidewalk and street layout; the presence of a substantial number of substandard, deteriorated and deteriorating structures; and the existence of conditions that endanger life or property by fire or other cause; and

- (2) The proposed zone is an area described in a petition submitted by the owners of property constituting at least 50 percent of the appraised value of the property in the area requesting that the area be designated as a reinvestment zone;

(d) That the City Council, pursuant to the requirements of Chapter 311, Texas Tax Code, further finds and declares:

- (1) That the proposed zone is a contiguous geographic area located wholly within the corporate limits of the City of Houston;
- (2) That the total appraised value of taxable real property in the proposed zone, or in existing reinvestment zones, if any, does not exceed fifteen percent of the total appraised value of taxable real property in the City and in industrial districts created by the City;
- (3) That the proposed zone does not contain more than fifteen percent of the total appraised value of real property taxable by Harris County or the Houston Independent School District;

- (4) That development or redevelopment within the boundaries of the proposed zone will not occur solely through private investment in the reasonably foreseeable future.

Section 2. Designation of the Zone

That the City, acting under the provisions of Chapter 311, Texas Tax Code (the "Act"), including Section 311.005(a)(5), does hereby create and designate a reinvestment zone over the area described in Exhibit "A" and depicted in the map attached hereto as Exhibit "B." The reinvestment zone shall hereafter be identified as Reinvestment Zone Number Two, City of Houston, Texas, (the "Zone"). The City Council specifically declares that the Zone is designated pursuant to Section 311.005(a)(5) of the Texas Tax Code.

Section 3. Board of Directors

That there is hereby created a Board of Directors for the Zone, which shall consist of nine (9) members. Position One on the Board of Directors shall be filled by the State Senator representing the area included within the Zone or his designee. Position Two on the Board shall be filled by the State Representative representing the area included within the Zone or his designee. The Mayor is hereby authorized to nominate and appoint the remaining seven (7) members of the Board to Positions Three through Nine, subject to the consent and approval of the City Council provided, however, that Harris County shall be entitled to appoint a director to Position Nine if Harris County approves the payment of all or part of the tax increment attributable to Harris County; and, that the Houston Independent School District ("HISD") shall

be entitled to appoint a director to Position Eight if HISD approves the payment of all or part of the tax increment attributable to HISD.

The directors or their designees in Position One and Position Two shall be members of the board by operation of law pursuant to Section 311.009(b), Texas Tax Code. The directors appointed to Positions Three, Four and Five shall be appointed for two year terms, beginning January 1, 1995, while the directors appointed to Positions Six, Seven, Eight and Nine shall be appointed to a one year term, beginning January 1, 1995. All subsequent appointments shall be for two-year terms. The member of the Board of Directors appointed to Position Three is hereby designated to serve as the chair of the Board of Directors for a term beginning January 1, 1995, and ending December 31, 1995. Thereafter, the Mayor shall annually nominate and appoint, subject to City Council approval, a member to serve as chair for a term of one year beginning January 1 of the following year. The City Council authorizes the Board of Directors to elect from its members a vice chairman and such other officers as the Board of Directors sees fit.

The Board of Directors shall make recommendations to the City Council concerning the administration of the Zone. The Board of Directors shall prepare or cause to be prepared and adopt a project plan and a reinvestment zone financing plan for the Zone as described in Section 311.011, Texas Tax Code, and shall submit such plans to the City Council for its approval. The City hereby delegates to the Board of Directors all powers necessary to prepare and implement the project plan and reinvestment zone financing plan, subject to approval by the City Council,

including the power to employ any consultants or enter into any reimbursement agreements payable solely from the Tax Increment Fund established pursuant to Section 6 of this Ordinance subject to the approval of the Director of the Finance and Administration Department, that may be reasonably necessary to assist the Board of Directors in the preparation of the project plan and reinvestment zone financing plan and in the issuance of tax increment obligations.

Section 4. Duration of the Zone

That the Zone shall take effect on January 1, 1995, and termination of the operation of the Zone shall occur on December 31, 2025, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, and the interest on the bonds, have been paid in full.

Section 5. Tax Increment Base

That the Tax Increment Base for the Zone is the total appraised value of all real property taxable by the City and located in the Zone, determined as of January 1, 1995, the year in which the Zone was effective and designated as a reinvestment zone (the "Tax Increment Base").

Section 6. Tax Increment Fund

That there is hereby created and established a Tax Increment Fund for the Zone which may be divided into subaccounts as authorized by subsequent ordinances. All Tax Increments, as defined below, shall be deposited in the Tax Increment Fund. The Tax Increment Fund and any subaccounts shall be maintained at the depository bank of the City and shall be secured in the manner prescribed by law for Texas cities. The annual Tax Increment shall equal the

amount by which the then-current appraised value of all taxable real property located in the Zone exceeds the Tax Increment Base of the Zone less any amounts that are to be allocated from the Tax Increment pursuant to the Act. All revenues from the sale of any tax increment bonds or other notes hereafter issued by the City, if any; revenues from the sale of property acquired as part of the tax increment financing plan, if any; and other revenues to be used in the Zone shall be deposited into the Tax Increment Fund. Money shall be disbursed from the Tax Increment Fund only to pay project costs as defined by the Texas Tax Code, for the Zone, or to satisfy the claims of holders of tax increment bonds or notes issued for the Zone. Pursuant to the provisions of Section 311.011(f), Texas Tax Code, one third of the Tax Increment Fund is hereby dedicated to providing low-income housing in the City during the term of the Zone, and shall be set aside in a separate subaccount or fund within the Tax Increment Fund established for that purpose.

Section 7. Severability

If any provision, section, subsection, sentence, clause or phrase of this Ordinance, or the application of same to any person or set of circumstances, is for any reason held to be unconstitutional, void or invalid, the validity of the remaining provisions of this Ordinance or their application to other persons or set of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or regulations contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or

invalidity of any portion hereof, and all provisions of this Ordinance are declared severable for that purpose.

Section 8. Open Meetings

It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the City Council at which this Ordinance was adopted was posted at a place convenient and rapidly accessible at all times to the general public at the City Hall of the City for the Time required by law preceding this meeting, as required by the Open Meetings Law, Texas Gov't Code Ann., ch. 551, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 9. Notices

The contents of the notice of the public hearing, which hearing was held before the City Council on December 7, 1994, and the publication of said notice, is hereby ratified, approved and confirmed.

Section 10. Emergency

There exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days

of its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 14th day of December, 19994

APPROVED this _____ day of _____, 199__.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is 12-20-94

[Signature]
City Secretary

(Prepared by Legal Dept.
(MAM/mam 12/12/94)
(Requested by Richard Lewis, Director, Finance and Administration Department)
A\MAM\MIDTWN.ORD

[Signature]
Assistant City Attorney

BOUNDARY DESCRIPTION

Midtown Tax Increment Financed District

Being all of the following described property in the Obedience Smith Survey, Abstract No. 696, and the James S. Holman Survey No. 323, City of Houston, Harris County Texas and being more particularly described as follows:

BEGINNING at the intersection of the westerly line of Brazos Street with the northerly line of Webster Avenue;

THENCE in a southeasterly direction along the northerly line of Webster Avenue to its intersection with the easterly line of Main Street;

THENCE in a southwesterly direction along the easterly line of Main Street to its intersection with the northerly line of Dennis Avenue;

THENCE in a southeasterly direction along the northerly line of Dennis Avenue to its intersection with the westerly line of San Jacinto Street;

THENCE in a northeasterly direction along the westerly line of San Jacinto Street to its intersection with the northerly line of McGowen Avenue;

THENCE in a southeasterly direction along the northerly line of McGowen Avenue to its intersection with the westerly line of Austin Street;

THENCE in a northeasterly direction along the westerly line of Austin Street to its intersection with the northerly line of Webster Avenue;

ENC. A
PAGE 11 OF 15

THENCE in a southeasterly direction along the northerly line of Webster Avenue to its intersection with the easterly line of Chenevert Street;

THENCE in a southwesterly direction along the easterly line of Chenevert Street to its intersection with the northerly line of Dennis Avenue;

THENCE in a southeasterly direction along the northerly line of Dennis Avenue to its intersection with the easterly line of Hamilton Street which is adjacent to US Hwy 59/State Highway 288;

THENCE in a southwesterly direction along the easterly line of Hamilton Street to its intersection with the southerly line of Stuart Avenue;

THENCE in a northwesterly direction along the southerly line of Stuart Avenue to its intersection with the Easterly line of Crawford Street;

THENCE in a southwesterly direction along the easterly line of Crawford Street to its intersection with the southerly line of Winbern Avenue;

THENCE in a northwesterly direction along the southerly line of Winbern Avenue to its intersection with the easterly line of La Branch Street;

THENCE in a southwesterly direction along the easterly direction along the easterly line of La Branch Street to its intersection with the southerly line of Alabama Avenue;

THENCE in a northwesterly direction along the southerly line of Alabama Avenue to its intersection with the easterly line of San Jacinto Street;

THENCE in a southwesterly direction along the easterly line of San Jacinto Street to its intersection with the southerly line of Cleburne Avenue;

THENCE in a northwesterly direction along the southerly line of Cleburne Avenue to its intersection with the easterly line of Main Street;

THENCE in a southerly direction along the easterly line of Main Street to its intersection with the southerly line of Richmond Avenue;

THENCE northwesterly and westerly along the southerly line of Richmond Avenue to its intersection with the easterly line of Spur 527, a segment of the Southwest Freeway;

THENCE in a northeasterly and northerly direction along said Spur 527 to its intersection with the easterly line of Milam Street;

THENCE in a northeasterly direction along the easterly line of Milam Street to its intersection with the easterly line of said Spur 527;

THENCE in a northerly and northeasterly direction along the easterly line of said Spur 527 to its intersection with the northerly line of Elgin Avenue;

THENCE in a northwesterly direction along the northerly line of Elgin Avenue to its intersection with the westerly line of Brazos Street;

THENCE in a northeasterly direction along the westerly line of Brazos Street to its intersection with the southerly line of Tuam Avenue;

THENCE in a northwesterly direction along the southerly line of Tuam Avenue to its intersection with the westerly line of Bagby Street;

THENCE in a northeasterly direction along the westerly line of Bagby Street to its intersection with the northerly line of Bremond Street;

THENCE in a southeasterly direction along the northerly line of Bremond Street to its intersection with the westerly line of Brazos Street;

THENCE in a northeasterly direction along the westerly line of Brazos Street to it's intersection with the northerly line of Webster Avenue same being THE PLACE OF BEGINNING of the herein described District.

EXHIBIT A
PAGE 14 OF 15



BOUNDARY

LEGEND
 [Symbol] PLACES AND PEDESTRIAN PATHS

EXHIBIT A
 PAGE 15 OF 15

Cartor-Burgess

EXHIBIT B

City of Houston, Texas, Ordinance No. 95-1322

AN ORDINANCE ENLARGING THE BOUNDARIES OF REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS, BY ADDING TWO ADDITIONAL CONTIGUOUS AREAS; CONTAINING FINDINGS AND PROVISIONS RELATED TO THE FOREGOING SUBJECT; PROVIDING FOR SEVERABILITY; AND DECLARING AN EMERGENCY.

WHEREAS, the City Council of the City of Houston pursuant to the provisions of Chapter 311, Texas Tax Code, created Reinvestment Zone Number Two, City of Houston, Texas, (the "Midtown Zone") by Ordinance No. 94-1345 passed December 14, 1994; and

WHEREAS, the City may enlarge the boundaries of an existing reinvestment zone pursuant to Section 311.007, Texas Tax Code; and

WHEREAS, the Board of Directors of the Midtown Zone has adopted a Resolution requesting that the City incorporate into the Midtown Zone two areas contiguous to the Midtown Zone pursuant to the provisions of Chapter 311, Texas Tax Code; and

WHEREAS, upon the request of a property owner, an additional contiguous area is proposed to be included within the northern area proposed for addition into the Midtown Zone; and

WHEREAS, the City Council finds that each of the areas proposed to be included in the Midtown Zone is located wholly within the corporate limits of the City of Houston and is contiguous to the existing boundaries of the Midtown Zone; and

WHEREAS, the City Council held a public hearing on the proposed inclusion of the two additional areas within the Midtown Zone on December 6, 1995, and

EXHIBIT B
PAGE 1 OF 11

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

WHEREAS, at the public hearing, interested persons were allowed to speak for or against of the enlargement of the Midtown Zone; and

WHEREAS, evidence was received and presented at the public hearing in favor of the enlargement of the Midtown Zone, and no one appeared or presented evidence in opposition to the enlargement of the Midtown Zone; and

WHEREAS, the City Council finds that each of the areas proposed for addition to the Midtown Zone meets the requirements of Section 311.005 of the Texas Tax Code because each of the proposed areas substantially impairs and arrests the sound growth of the City; retards the provision of housing accommodations; constitutes an economic and social liability and is a menace to the public health, safety, morals and welfare in its present condition and use because of the presence of:

- (a) a substantial number of substandard, slum, deteriorated or deteriorating structures;
- (b) the predominance of defective or inadequate sidewalk and street layout;
- (c) faulty lot layout in relation to size, adequacy, accessibility or usefulness;
- (d) unsanitary or unsafe conditions;
- (e) the deterioration of site or other improvements; and
- (f) existence of conditions that endanger life or property by fire or other cause; and

WHEREAS, less than ten percent of the property proposed to be included in the enlarged Midtown Zone, excluding property dedicated to public use, is used for residential purposes; and

WHEREAS, the total appraised value of taxable real property in the enlarged Midtown Zone and in any other existing reinvestment zones does not exceed 15 percent of the total appraised value of taxable real property in the City and in the industrial districts created by the City; and

WHEREAS, the proposed enlarged Midtown Zone does not contain more than 15 percent of the total appraised value of real property taxable by Harris County or the Houston Independent School District, within whose boundaries the Midtown Zone, as enlarged, is located; and

WHEREAS, the proposed improvements in the enlarged zone will significantly enhance the value of all taxable real property in the proposed zone and will be of general benefit to the City.

NOW THEREFORE,

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

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

Section 2. That the City, acting under the provisions of Chapter 311, Texas Tax Code, including Sections 311.005, 311.006 and 311.007(a), does hereby enlarge Reinvestment Zone Number Two, City of Houston, Texas, by adding the areas described in Exhibits "A" and "B" and depicted in the map attached hereto. A map of the areas to be added to the Zone is attached as Exhibit "C".

EXHIBIT B
PAGE 3 OF 11

Section 3. The Midtown Zone shall be enlarged as of the effective date of this Ordinance.

Section 4. The tax increment base for the enlarged Zone shall include the tax increment base established by Ordinance No. 94-1345 and after January 1, 1995, shall include the tax increment base attributable the land added to the Midtown Zone by this Ordinance.

Section 5. The publication and contents of the notice of the December 6, 1995, public hearing in the Houston Chronicle, a newspaper of general circulation in the City, are hereby ratified, approved and confirmed.

Section 6. If any provision, section, subsection, sentence, clause or phrase of this Ordinance, or the application of same to any person or set of circumstances is for any reason be held to be unconstitutional, void or invalid, the validity of the remaining provisions of this Ordinance shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

Section 7. The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall for the time required by law preceding this meeting, as required by the Open Meetings Law, TEX. GOV'T CODE ANN., Ch. 551 (Vernon 1994); and that this meeting was open to the public as required by law at all times during which this

ordinance and the subject matter thereof was discussed, considered and acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 8. There exists a public emergency requiring that this ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event the Mayor fails to sign this ordinance within five (5) days after its passage and adoption it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 13th day of December, 1995.

APPROVED this _____ day of _____, 1995.

CITY OF HOUSTON, TEXAS

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is DEC 19 1995

[Signature]
City Secretary

Bm

(Prepared by Legal Dept. *[Signature]*
(DFM/cj 11/27/95 *[Signature]*
(Requested by Robert M. Litke, Director, Planning & Development Department)
L.D.# - -01

DFM/cj
u:\wpfiles\ordinanc\mcabee\0001\2

EXHIBIT B
PAGE 5 OF 11

**BOUNDARY DESCRIPTION MIDTOWN TAX INCREMENT FINANCED DISTRICT
NORTH ANNEXATION PARCEL**

Being all of the following described property in the Obedience Smith Survey, Abstract No. 696, and the James S. Holman Survey No. 323, City of Houston, Harris County Texas and being more particularly described as follows:

BEGINNING at the intersection of the westerly line of Brazos Street with the northerly line of Webster Avenue;

THENCE in a southeasterly direction along the northerly line of Webster Avenue to its intersection with the easterly line of Main Street;

THENCE in a southwesterly direction along the easterly line of Main Street to its intersection with the northerly line of Dennis Avenue;

THENCE in a southeasterly direction along the northerly line of Dennis Avenue to its intersection with the westerly line of San Jacinto Street;

THENCE in a northeasterly direction along the westerly line of San Jacinto to its intersection with the northerly line of McGowen Avenue;

THENCE in a southeasterly direction along the northerly line of McGowen Avenue to its intersection with the westerly line of Austin Street;

THENCE in a northeasterly direction along the westerly line of Austin Street to its intersection with the northerly line of Webster Avenue;

92514101.R11

EXHIBIT B
PAGE 6 OF 11

EXHIBIT "A"

THENCE in a southeasterly direction along the northerly line of Webster Avenue to its intersection with the easterly line of Chenevert Street;

THENCE in a southwesterly direction along the easterly line of Chenevert Street to its intersection with the northerly line of Dennis Avenue;

THENCE in a southeasterly direction along the northerly line of Dennis Avenue to its intersection with the easterly line of Hamilton Street which is adjacent to US Highway 59/State Highway 288;

THENCE in a northeasterly and northerly direction along the easterly line of Hamilton Street and westerly line of said US Highway 59 / State Highway 288 to its intersection with the northerly line of West Gray Avenue;

THENCE in a northwesterly direction along the northerly line of West Gray Avenue to its intersection with the easterly line of Smith Street;

THENCE in a northeasterly direction along the easterly line of Smith Street to its intersection with the southerly line of Interstate Highway No. 45;

THENCE in a northwesterly and northerly direction along the southerly line of said Interstate Highway No. 45 to its intersection with the north line of Cleveland Street;

THENCE in a westerly direction along the northerly line of Cleveland Street to its intersection with the westerly line of Arthur Street;

THENCE in a southerly direction along the westerly line of Arthur Street to the southerly dead end thereof;

THENCE in a southeasterly direction at right angles to the northwesterly line of Baldwin Street to its intersection with said line;

THENCE in a southwesterly direction along the northwesterly line of Baldwin Street to its intersection with the southerly line of West Gray Avenue;

THENCE in a northwesterly and westerly direction along the southerly line of West Gray Avenue to its intersection with the north line of Webster Avenue;

THENCE in a southeasterly direction along the northerly line of Webster Avenue to its intersection with an easterly projection of the north line of West Webster Avenue;

THENCE westerly along the northerly line of West Webster Avenue to the westerly line of Bailey Street;

THENCE southerly along the westerly line of Bailey Street and a southerly projection thereof to its intersection with the southwesterly line of McGowen Avenue;

THENCE southeasterly along the southwesterly line of McGowen Avenue to its intersection with the northwesterly line of Bagby Street;

THENCE northeasterly along the northwesterly line of Bagby Street to the northeasterly line of Bremond Avenue;

THENCE southeasterly along the northeasterly line of Bremond Avenue to its intersection with the northwesterly line of Brazos Street;

THENCE northeasterly along the northwesterly line of Brazos Street to the PLACE OF BEGINNING.

BOUNDARY DESCRIPTION MIDTOWN TAX INCREMENT FINANCED DISTRICT

SOUTH ANNEXATION PARCEL

Being all of the following described property in the Obedience Smith Survey, Abstract No. 696, City of Houston, Harris County Texas and being more particularly described as follows:

BEGINNING at the intersection of the southeasterly line of San Jacinto Street with the southwesterly line of Cleburne Avenue;

THENCE in a northwesterly direction along the southerly line of Cleburne Avenue to its intersection with the easterly line of Main Street;

THENCE in a southerly direction along the easterly line of Main Street to its intersection with the southerly line of Richmond Avenue;

THENCE northwesterly and westerly along the southerly line of Richmond Avenue to its intersection with the easterly line of Spur 527, a segment of the Southwest Freeway;

THENCE in a southwesterly direction along said Spur 527 to its intersection with the northerly line of U.S. 59 South;

THENCE easterly along the northerly line of said US 59 South to its intersections with the southeasterly line of Austin Street;

THENCE northeasterly along the southeasterly line of Austin Street to its intersection with the northeasterly line of Eagle Avenue;

92514101.R10

1

EXHIBIT B
PAGE 9 OF 11

EXHIBIT "B"

THENCE northwesterly along northeasterly line of Eagle Avenue to the southeasterly line of San Jacinto Street;

THENCE northeasterly along the southeasterly line of San Jacinto Street to the PLACE OF BEGINNING.

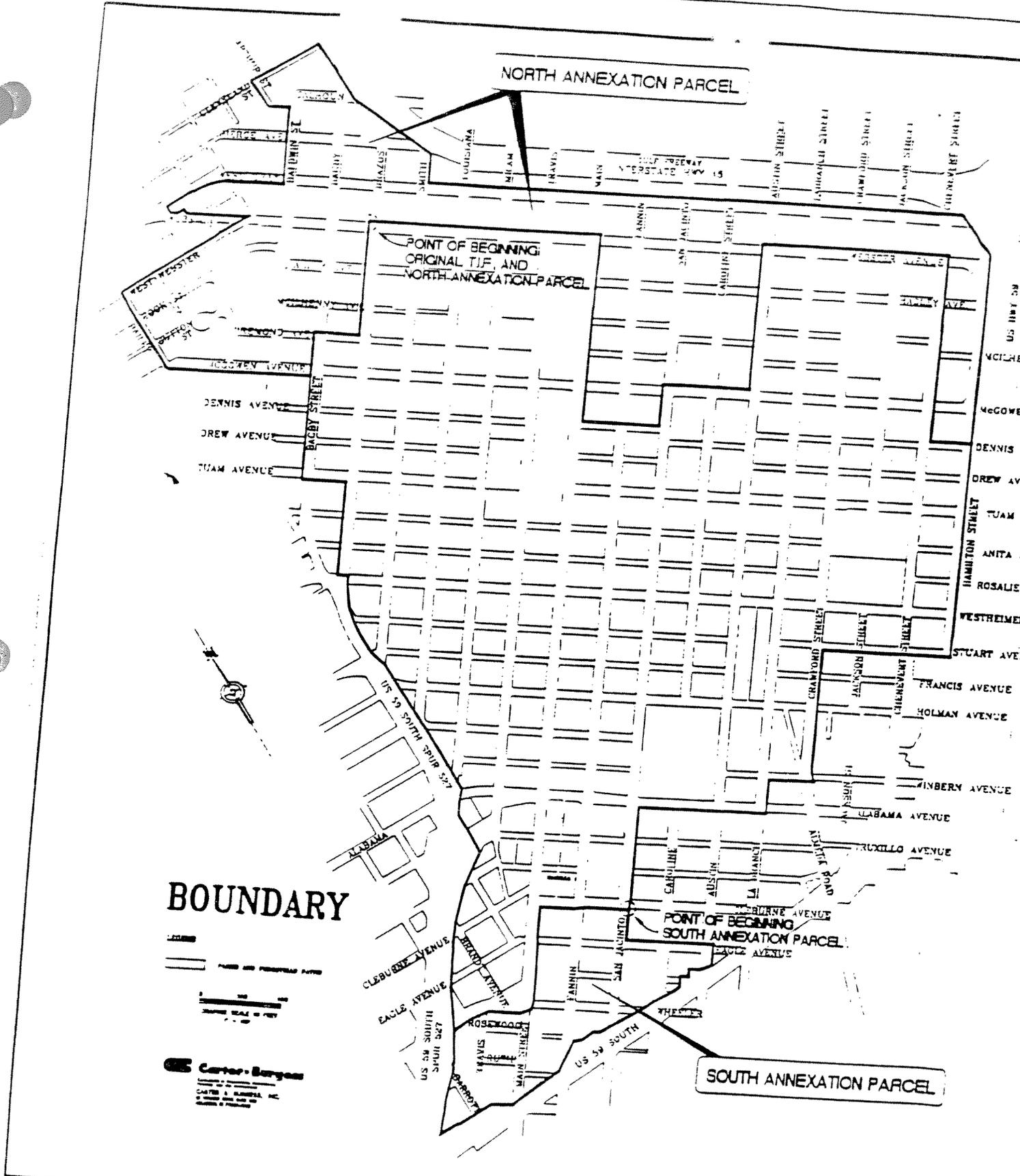


EXHIBIT B
 PAGE 11 OF 11

EXHIBIT "C"