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FORM 132.M
 (Approving/Authorizing)

City of Houston Ordinance No. 96-389

AN ORDINANCE APPROVING AND AUTHORIZING AN AGREEMENT BETWEEN THE CITY OF HOUSTON, THE MIDTOWN REDEVELOPMENT AUTHORITY AND REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS, IN CONNECTION WITH THE CITY'S REINVESTMENT ZONE NUMBER TWO OVER MIDTOWN; 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 17th day of April, 1996.

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 APR 23 1996.

Conrad Russell
City Secretary

(Prepared by Legal Dept. *Joe Vegetta*)
(JSW:WHU: 2/28/96) Assistant City Attorney
(Requested by Director, Finance & Administration)
(L.D. File No.)

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March 15, 1996

**AGREEMENT BY AND BETWEEN THE
CITY OF HOUSTON, TEXAS,
REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS,
AND THE
MIDTOWN REDEVELOPMENT AUTHORITY**

96-3

03642

STATE OF TEXAS §
COUNTY OF HARRIS §

KNOW ALL MEN BY THESE PRESENTS:

THIS AGREEMENT is made by and between the City of Houston, Texas, a municipal corporation and a home-rule city in the State of Texas (the "City"); Reinvestment Zone Number Two, City of Houston, Texas, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (the "Midtown TIRZ"); and the Midtown Redevelopment Authority, a not-for-profit local government corporation organized and existing under the laws of the State of Texas (the "Authority").

W-I-T-N-E-S-S-E-T-H:

WHEREAS, by Resolution No. 95-96 of the City Council of the City adopted on June 28, 1995, the City authorized the creation of the Authority to aid, assist and act on behalf of the City in the performance of the City's governmental and proprietary functions with respect to the common good and general welfare of Midtown and neighboring areas as described in City Ordinance No. 94-1345; and

WHEREAS, by Ordinance No. 94-1345, the City created the Midtown TIRZ pursuant to Chapter 311, Texas Tax Code (the "TIRZ Act") and approved a preliminary Project Plan for the Midtown TIRZ and a preliminary Financing Plan for the Midtown TIRZ; and

WHEREAS, the TIRZ Act requires the City to prepare a final Project Plan and a final Financing Plan for the Midtown TIRZ. Ordinance No. 94-1345 provided for the Board of Directors for the Midtown TIRZ (" Zone Board") and directed the Zone Board to:

- A. Make recommendations to the City Council concerning the administration of the Midtown TIRZ; and
- B. Prepare or cause to be prepared a final Project Plan and a final Financing Plan for the Midtown TIRZ and submit the same to the City Council for its approval.

WHEREAS, Resolution No. 95-96, which created the Authority, also provided for the creation for a Board of Directors of the Authority ("Authority Board") which was to be comprised of the same persons who serve on the Zone Board. Among other things, the Authority Board and the Authority were directed by Resolution No. 95-96 to aid, assist and act on behalf of the City and the Zone Board:

- A. In the preparation and implementation of a Project Plan and a Financing Plan for the Midtown TIRZ;
- B. In the development of an inner City redevelopment policy, including a policy for the acquisition of land and land use controls;
- C. In the development of a policy to finance development and redevelopment of residential and commercial properties in the inner City, and
- D. In the development of a policy for disposition of abandoned street rights-of-way, street setbacks, and code amendments which will encourage inner City redevelopment.

WHEREAS, the City created the Midtown TIRZ pursuant to the TIRZ Act with a duration from January 1, 1995 (1) until December 31, 2025, or (2) until 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, whichever comes first;

WHEREAS, the City and the Zone Board have determined that it will be advisable to have the Authority assist the Zone Board and act as consultant to the Zone Board in the preparation of the Project Plan and the Financing Plan and provide the other services set forth in this Agreement;

WHEREAS, it is the intention of the parties to this Agreement that, subject to the limitations prescribed in this Agreement and the limitations of its Articles of Incorporation, the Authority shall have complete power and authority to administer the Midtown TIRZ, make recommendations to the Zone Board and the City with respect to the redevelopment of Midtown, perform and engage in activities relating to the acquisition and development of land and other properties, engage in redevelopment activities, construct and improve infrastructure in Midtown, enter into Development Agreements with Developers/Builders in Midtown, issue, sell or deliver its bonds, notes, or other obligations, and perform the other activities provided in the Agreement. To secure funds to pay for the services to be provided by the Authority pursuant to this Agreement, the Authority must borrow funds in the amount of at least \$1,000,000. The City and Midtown TIRZ agree to pay for the Authority's activities performed pursuant to this Agreement from Tax Increments as provided in this Agreement. Chapter 311 of the TIRZ Act and Chapter 431, Texas Transportation Code, authorize the City and the Midtown TIRZ to enter into a contract with the Authority for the purposes of providing management and administration for the Midtown TIRZ, providing the services and improvements, and otherwise performing the functions set forth in this Agreement;

WHEREAS, the City and the Midtown TIRZ desire to contract with the Authority to provide the assistance described in this Agreement during the term of the Midtown TIRZ;

WHEREAS, the Authority was created in part to aid and assist the City and the Midtown TIRZ in the manner set forth above, and the Authority Board is willing to enter into a contract with the City and the Midtown TIRZ setting forth the duties and responsibilities of the Authority, the City and the Midtown TIRZ;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, it is agreed as follows:

I.

DEFINITIONS

"Agreement" shall mean this Agreement and all attachments between the City, the Midtown TIRZ and the Authority.

"Appraisal District" shall mean the Harris County Appraisal District.

"Authority Board" shall mean the Board of Directors of the Midtown Redevelopment Authority.

"Authority Obligations" shall mean the notes, or other contractual obligations which the Authority may incur from time to time pursuant to Article III hereof.

"Bonds" shall mean such bonds as the City is authorized to issue under the TIRZ Act .

"Budget" shall mean the annual Budget of the Authority which has been reviewed and approved by the Authority Board, the Zone Board, and the City.

"Captured Appraised Value" shall mean the total appraised value of property in the Midtown TIRZ as of January 1 of any year less the Tax Increment Base of the Midtown TIRZ, all as defined in the TIRZ Act.

"City" shall mean the City of Houston, Texas.

"City Council" shall mean the City Council of the City.

"Code" shall mean the Code of Ordinances, Houston, Texas, and the City's Building Code and the Fire Code.

"County" shall mean Harris County, Texas.

"Developer/Builder" shall mean a person who is developing or redeveloping, or who proposes to develop or redevelop, a TIRZ Project within the Midtown TIRZ and may include natural persons, private entities, public or private not-for-profit corporations, the City, the School District, the County, HCC, the State of Texas, any other governmental bodies, or any other kind of person.

"Development" shall mean any TIRZ Project.

"Development Agreement" shall mean an agreement between the Authority and a Developer/Builder relating to the development, construction, remodeling, or rehabilitation of a TIRZ Project.

"Director of Finance and Administration" shall mean the Director of the Department of Finance and Administration of the City (or the successor equivalent position), or such person as he or she shall designate.

"Director of Public Works" shall mean the Director of the Department of Public Works and Engineering of the City (or the successor equivalent position), or such person as he or she shall designate.

"Disadvantaged Business" as used in §311.0101 of the Texas Tax Code and this Contract shall, for the purposes of the Midtown TIRZ and any Project or Financing Plans related thereto, have the same meaning as Minority Business Enterprise or Women-owned Business Enterprise as set out in Chapter 15 of the City of Houston Code of Ordinances and certified by the City's Affirmative Action office.

"Finance and Administration Department" shall mean the Department of Finance and Administration of the City.

"Financing Plan" shall mean the reinvestment zone financing plan for the Midtown TIRZ as amended from time to time pursuant to the TIRZ Act, as approved by the City Council of the City and the Zone Board.

"Fire Department" shall mean the Fire Department of the City.

"Generally Accepted Accounting Principles" shall mean such accepted accounting practice as, in the opinion of the accountant, conforms at the time to a body of generally accepted accounting principles.

"HCC" shall mean Houston Community College.

"Housing and Community Development Department" shall mean the Department of Housing and Community Development of the City.

"Land Use Controls" shall mean those Land Use Controls that the Midtown TIRZ may adopt pursuant to the provisions of Chapter 211, Local Government Code, and Chapter 311, Tax Code.

"Legal Department" shall mean the Legal Department of the City.

"METRO" shall mean the Metropolitan Transit Authority.

"Midtown" shall mean the area comprising the Midtown TIRZ, as it may be enlarged from time to time, and neighboring areas.

"Midtown TIRZ" shall mean Reinvestment Zone Number Two, City of Houston, Texas, as enlarged from time to time, which was created by City Ordinance No. 94-1345.

"Parks and Recreation Department" shall mean the Department of Parks and Recreation of the City.

"Planning and Development Department" shall mean the Department of Planning and Development of the City.

"Police Department" shall mean the Department of Police of the City.

"Project Cost" shall have the meanings set forth in Section 311.002(1) and the other provisions of the TIRZ Act and will be set out in the Project Plan.

"Project Plan" shall mean the Project Plan for the Midtown TIRZ as it may be amended from time to time by the City Council and the Zone Board pursuant to the terms of the TIRZ Act.

"Public Works Department" shall mean the Department of Public Works and Engineering of the City.

"Revenue Fund" shall mean the fund established by the Authority into which payments from the City's Tax Increment Fund are deposited.

"School District" shall mean the Houston Independent School District.

"Surplus Fund" shall mean the fund established by the Authority into which excess funds from the Authority's Revenue Fund are deposited.

"Tax Increment" shall mean the amount of property taxes levied each year by each Taxing Unit participating in the Midtown TIRZ (to the extent of their participation) on the Captured Appraised Value.

"Tax Increment Base" shall mean the total appraised value of all real property taxable by the City and located in the Midtown TIRZ as of January 1, 1995, the year in which the Midtown TIRZ was effective and designated as a reinvestment zone, plus the total appraisal of all real property taxable by the City and the other Taxing Units participating in the Midtown TIRZ and annexed to the Midtown TIRZ determined as of January 1 of the year in which the area was annexed to the Midtown TIRZ.

"Tax Increment Fund" shall mean the Tax Increment Fund created by the City for the Midtown TIRZ including any subaccount therein into which all Tax Increments shall be deposited by the City.

"Taxing Unit" shall mean Harris County, Texas, and any other Taxing Unit which participates in the Midtown TIRZ.

"TIRZ Act" shall mean Chapter 311, Texas Tax Code.

"TIRZ Project" shall mean any project for which moneys in the Tax Increment Fund can be used pursuant to §311.002 of the TIRZ Act.

"Zone Board" shall mean the Board of Directors of the Midtown TIRZ.

II.

SCOPE OF SERVICES BY AUTHORITY

To the extent of available funds, the services which the Authority will furnish consist of, among other things, the following:

A. Management and Administrative Services and Consultants. The Authority will provide management and administrative services for the Midtown TIRZ as requested by the Zone Board. The services without limitation may include the following:

1. Provide the staff and administrative services which are necessary to manage the Midtown TIRZ and provide or supervise the services and TIRZ Projects or improvements to be provided by the Midtown TIRZ;
2. Provide management, financial and program monitoring systems for the administration of the Midtown TIRZ;
3. Provide any required reports to the City and the Midtown TIRZ concerning the administration of the Midtown TIRZ;

4. Provide office space for the Midtown TIRZ's administrative and management personnel and an operation center for the Authority's employees and equipment, if necessary;
5. Recruit, hire, pay and supervise the consultants and any work force which the Authority will utilize to furnish services required for the development or redevelopment of Midtown;
6. Provide staff to participate in public or private meetings concerning the administration of the Midtown TIRZ in all its capacities, including the services to the Zone Board when managing the Midtown TIRZ, and services to any zoning commission or any board of adjustment with respect to the Land Use Controls appointed by the Zone Board with approval of City Council;
7. Provide liaison and coordination between the Midtown TIRZ, the City, the County, the School District, METRO, HCC, other Taxing Units, Midtown TIRZ property owners, and other interested persons and groups with the redevelopment activities of the Midtown TIRZ;
8. Supervise and monitor the performance of consultants and subcontractors who are employed by the Authority;
9. Provide assistance to and coordination with the Planning Department concerning the use of the Midtown TIRZ to complement the Midtown planning process;
10. Assist in briefing developers and builders, property owners and other persons concerning proposed activities and developments that would complement public and private development activities in the Midtown TIRZ;
11. Assist developers and builders in the identification of building permits and Code requirements concerning a Development;
12. Assist the City in identifying Code and land use control violations and eliminating them;

13. Provide a system of streamlined permit review for development to be constructed, reconstructed, or improved by a developer or builder, in order to correct any deficiencies that might delay City approval of such permits;

14. Review plans on behalf of developers and builders to attempt to eliminate conflicts with the Code;

15. Function as the information/complaint center for all matters relating to the administration of the Midtown TIRZ and advise the Zone Board and the City in a timely manner of any problems concerning the Midtown TIRZ or with City-owned equipment or facilities in Midtown; and

16. Provide engineering, planning, legal, financial, real estate, and other services through consultants engaged by the Authority as may be requested by the Zone Board or the City.

B. Services With Respect to the Project Plan and Financing Plan, Annexations to the Midtown TIRZ, and Amendments to the Project Plan and Financing Plan.

1. The Zone Board is required to prepare a Project Plan and a Financing Plan. The Authority will act as consultant to the Midtown TIRZ in the preparation of the Project Plan and the Financing Plan. The Authority will engage such consultants and subcontractors as it deems necessary to complete the Project Plan and the Financing Plan and will make them available to the Zone Board and the City at all reasonable times. The Project Plan and the Financing Plan will be prepared in accordance with the requirements of the TIRZ Act, the directives of the Zone Board, and any City master plan. The Project Plan and the Financing Plan will include at a minimum those matters required by Section 311.011(b) and (c) of the TIRZ Act;

2. The Authority will meet with and receive input from property owners, the public, lenders, the School District, the County, the City, the Zone Board, land owners, and other

public and private entities with respect to the preparation of the Project Plan and the Financing Plan and will take such other actions and will aid and assist in the conduct of such hearings as may be required to complete the Project Plan and the Financing Plan for presentation to the City for approval;

3. The Authority will prepare such copies of the Project Plan and the Financing Plan as may be requested by the Zone Board and distribute them as required by the Zone Board;

4. The Authority will review areas for annexation to the Midtown TIRZ as requested by the Zone Board and will provide such information with respect to such annexation as may be required by the Zone Board including, if requested, the information required for a preliminary Project Plan and a preliminary Financing Plan with respect to the annexation; and

5. The Authority will prepare amendments to the Project Plan and Financing Plan as requested by the Zone Board from time to time. Any such amendments to the Project Plan will be prepared in accordance with this subparagraph and in accordance with the requirements of the TIRZ Act.

C. Tax Rolls.

1. The Authority will assist the Zone Board and the City with respect to the preparation of special tax rolls relating to the Midtown TIRZ. The Authority will analyze property uses in the Midtown TIRZ, compare them to the records of the Appraisal District, and attempt to reconcile the tax rolls of the Appraisal District with the actual land uses.

2. The Authority will also work with the Appraisal District to make certain that tax values as shown on the tax rolls will, to the greatest extent possible, accurately reflect true market value of all property in the Midtown TIRZ.

3. The Authority will assist the City in securing a tax roll for the Midtown TIRZ for the year 1995 and each year thereafter. In tax years beginning January 1, 1996, and thereafter the

Authority will assist the Zone Board, the City, and the Appraisal District in having the Midtown TIRZ tax rolls correctly reflect the total appraised value of real property in the Midtown TIRZ for that year and showing separately the Tax Increment Base and the Captured Appraised Value. The Authority will assist the Zone Board and the City in advising all Taxing Units participating in the Midtown TIRZ with respect to the Captured Appraised Value and the amount of Tax Increment of each Taxing Unit which is to be paid into the Tax Increment Fund as required by the TIRZ Act.

D. Public Safety Program. The Authority will assist the Zone Board in establishing a program to increase the level of safety within the Midtown TIRZ. If requested by the Zone Board, the Authority will:

1. Communicate the public safety concerns among the Houston Police Department, METRO Transit Police, and private interests;
2. Communicate needs for additional waste management and cleaning services to METRO and the City;
3. Attempt to minimize unlawful activities associated with panhandling and the consumption of alcohol in public;
4. Work to establish a public safety network, including private property owners, METRO Transit Police, and the Houston Police Department which will provide a mechanism by which private security directors, Midtown businesses, and merchants will exchange information to impact crime; and
5. Work to establish a program of crime prevention and safety literature, conduct and hold seminars, and convene meetings with Midtown business and residential interests to increase public safety awareness.

G. Development Programs. The Authority will assist the Zone Board:

1. To establish a program to encourage economic development and redevelopment in Midtown;
2. In preparing a program to encourage inner City redevelopment;
3. In identifying obstacles to development in Midtown and in preparing a plan for application to Midtown to eliminate those obstacles;
4. In identifying obsolete platting in Midtown;
5. In identifying those rights-of-way the use of which may be modified to encourage development in Midtown;
6. In establishing a program for the disposition of streets or rights-of-way which should be abandoned or closed in accordance with City policies and procedures;
7. In identifying all public parks in Midtown and developing a program for the restoration and development of those parks for public use; and
8. In enhancing public transportation in Midtown.

H. School Facilities. The Authority will assist the Zone Board in:

1. Establishing a plan to develop a public school to serve students in Midtown and the downtown area;
2. Establishing a program for financing any required school improvements;
3. Meeting with representatives of the School District, HCC, and other institutions of higher learning and other public and private groups to cause the school to be adopted and staffed by the School District, HCC, other institutions of higher learning, and private institutions; and

4. Identifying potential corporations and volunteer groups to adopt and provide financial and planning assistance to the school in Midtown.

I. Infrastructure Construction and Construction of TIRZ Projects. The Authority may construct infrastructure, buy equipment and supplies, and deal in real estate as necessary to implement the Project Plan and as permitted by the TIRZ Act:

1. To the extent funds are available, the Authority may design and construct TIRZ Projects identified in the Project Plan that meet the qualifications of the TIRZ Act and use money to provide, or provide in the future, such TIRZ Projects pursuant to this Agreement; and

2. To the extent funds are available, the Authority may buy, sell, lease and otherwise deal in real estate.

J. Land Acquisition and Redevelopment. Subject to the availability of funds, the Authority will provide appraisals, surveys, and title policies for any properties which need to be acquired pursuant to the Project Plan. At the request of the City, the Authority will provide legal counsel and other consultants and advisors for land or improvements which may be required by the Project Plan as directed by the Zone Board, including those required to acquire property pursuant to the exercise of eminent domain consistent with City policy.

K. Subcontractors. The Authority may provide the services required by this Agreement through staff, subcontractors, and/or consultants.

III.

CONTRACTUAL OBLIGATIONS OF THE AUTHORITY

- A. General Statement. The parties have agreed that the Authority has the authority to issue notes, or enter into other Authority Obligations with Developers/Builders to be repaid from moneys to be paid by the City and the Midtown TIRZ to the Authority from Tax Increments pursuant to this Agreement and may issue bonds with the consent of the City. The Authority shall have the authority to issue bonds only upon the approval of the City Council.
- B. Power to Incur Authority Obligations. Subject to the provisions of this Article, the Authority shall have the power from time to time to issue and incur Authority Obligations upon such terms and conditions as the Authority Board and the Zone Board shall determine to be necessary or desirable to implement the Project Plan. The Authority Obligations may be in the form of a note or in the form of a Development Contract with the Developer/ Builder of a Development who agrees to construct works, improvements, or other facilities included in the Project Plan, or provide services consistent with the Project Plan in exchange for the obligation of the Authority to repay the Developer/Builder for such costs from future payments made by the City and the Midtown TIRZ to the Authority pursuant to this Agreement.
- C. Approval of Authority Obligations. No Authority Obligation shall be issued or incurred by the Authority which cannot be paid from funds budgeted for expenditures in the Authority's current Budget unless the Authority Obligation is approved by the Zone Board and the Director of Finance and Administration of the City.
- D. Approval of Notes. To secure funds to begin providing the services required by this Agreement the Authority will issue its notes in an amount not to exceed \$1,000,000 which will be repaid by the Authority from payments to be made by the City and the Midtown TIRZ pursuant to

this Agreement. The Authority may not have notes outstanding in a principal amount in excess of \$1,000,000 without further approval of the Zone Board and City Council. The Authority may not issue bonds secured by payments made pursuant to the Agreement without the approval of City Council.

E. Use of Tax Increments. The Authority will use the moneys in the Revenue Fund as follows: first, to pay all principal, all interest, and all paying agent/registrar charges on the bonds and notes of the Authority at the respective times and in the respective amounts as fixed and prescribed in the resolution or resolutions pursuant to which such bonds or notes are issued by the Authority; and second, to make payments on other Authority Obligations with Developers/Builders as required by the Development Agreements entered into with such Developers/Builders. Thereafter, the Authority shall transfer any excess funds in the Revenue Fund to the Surplus Fund and shall use such excess funds to perform the services, provide improvements, or to pay any other Project costs permitted by this Agreement and by the TIRZ Act.

F. Pledge of Tax Increments. The Authority and the Zone Board may pledge and assign all or a part of the Revenue Fund under this Agreement to:

1. the owners and holders of bonds and notes of the Authority; and
2. Developers/Builders pursuant to a Development Agreement.

The City consents to any such assignment and pledge if the Zone Board and the Director of Finance and Administration consent to the assignment and pledge and approve the terms and conditions of the instruments assigning or pledging the proceeds to be received by the Authority pursuant to this Agreement.

IV.

DUTIES AND RESPONSIBILITIES OF THE CITY AND THE MIDTOWN TIRZ

A. Duties of City. The City agrees to maintain the existing level of services which the City currently provides in Midtown subject to the provision of funds for these services in the City budget. The City agrees to consider the promulgation of ordinances or resolutions pertaining to the use of the public space in Midtown, building setbacks, and policies relating to inner City development after receiving the Authority's advice and assistance.

B. Tax Increment Fund. The City and the Midtown TIRZ will establish a separate fund including subaccounts if necessary in the City treasury into which Tax Increments shall be deposited (the "Tax Increment Fund"). During the term of this Agreement, Tax Increments shall be paid only to the Authority as herein provided; however, the City may retain a portion of the Tax Increments to pay its actual cost of administering the Midtown TIRZ and performing its services under this Agreement; such actual cost to be limited to the actual salary cost of the individuals performing services relating to the Midtown TIRZ, plus a reasonable overhead factor times the number of hours worked performing the service plus any out-of-pocket expenses.

C. Limitation of Source of Payment. The City and the Midtown TIRZ shall have no financial obligation to the Authority other than as provided in this Agreement or in other agreements between the City, the Midtown TIRZ and the Authority. The obligation of the City and the Midtown TIRZ to the Authority under this Agreement is limited to the Tax Increments. This Agreement shall create no obligation on the City or the Midtown TIRZ which is payable from taxes or other moneys of the City other than the Tax Increments.

D. Allocated Funds; Limitation of Duties. The duty of the City and the Midtown TIRZ to pay money to the Authority for any purpose under this Agreement is limited in its entirety by the

provisions of this Article. The payments herein provided for shall be the entire and complete compensation of Authority for its services and expenses in connection herewith.

E. Collection and Payment of Tax Increments by the City and the Midtown TIRZ. In consideration of the services and TIRZ Projects to be provided by the Authority, the City and the Midtown TIRZ covenant and agree that they will take all steps necessary and authorized under the TIRZ Act and other applicable laws to continuously collect the Tax Increments during the term of this Agreement in the manner and to the maximum extent permitted by applicable law. To the extent the City and the Midtown TIRZ may legally do so, the City and the Midtown TIRZ also covenant and agree that they will not permit a reduction, abatement, or exemption in the Tax Increments paid by the Taxing Units except to the extent provided in the agreement with the Taxing Unit executed at the time the Taxing Unit agreed to participate in the Midtown TIRZ. In addition, the City covenants and agrees that it will not dissolve the Authority and that any repeal of the right and power to collect the Tax Increments will not be effective until all the bonds, notes, or other Authority Obligations of the Authority have been paid in full or until they are legally defeased. The City and the Midtown TIRZ further covenant and agree that within thirty (30) days of receipt by the City of a monthly invoice from the Authority as set out in Article V below, they will pay to the Authority by a direct deposit into a fund of the Authority (the "Revenue Fund"), 100% of the invoice, without counterclaim or offset, but minus any expenses incurred by the City in connection with the collection of the Tax Increments.

F. Obligations of City and the Midtown TIRZ to be Absolute. The obligation of the City and the Midtown TIRZ to make the payments set forth in this Agreement from Tax Increments shall be absolute and unconditional, and until such time as this Agreement, bonds or notes, and the contractual obligations of the Authority incurred pursuant to this Agreement have been fully paid or

March 15, 1996

provision for payment thereof shall have been made in accordance with their terms or the date of expiration of the District, whichever comes first, the City and the Midtown TIRZ will not suspend or discontinue any payments provided for in this Agreement and will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement. Nothing contained in this section shall be construed to release the Authority from performance of any of the agreements on its part contained in this Agreement, and in the event the Authority shall fail to perform any such agreement on its part, the City may institute such action against the Authority as the City may deem necessary to compel performance so long as this action does not abrogate the obligations of the City and the Midtown TIRZ to make the payments set forth in this Agreement to pay the bonds and notes of the Authority or to meet its Authority Obligations to Developers/Builders.

V.

CITY PAYMENT TO AUTHORITY

Subject to the availability of funds in the Tax Increment Fund and in the applicable subaccount, if any, the City, on behalf of itself and the Midtown TIRZ, will reimburse the Authority for its monthly expenditures, its obligations to the holders of its Bonds and notes or to Developers/Builders pursuant to a Development Agreement, in accordance with an approved Budget from funds in the Tax Increment Fund. A monthly accounting of expenditures and revenues of the Authority, including its monthly operating statements and balance sheets, shall be submitted to the City Controller by the tenth (10th) day of the month following such expenditure or receipt of revenue (the "Accounting"). The City's review of the Accounting shall be limited to determining whether the expenditures are authorized by the Budget and not a review to determine whether the Authority

Board properly exercised its discretion in making the expenditure. The City, on behalf of itself and the Midtown TIRZ, will pay the Authority for its expenditures reflected in the Budget and the Accounting by no later than thirty (30) days after the date the Accounting is received by the City.

The City and the Midtown TIRZ agree that upon the Authority's written request, the City will advance funds equal to one-third (1/3) of the Authority's annual Budget for operating expenses of the Authority which are reflected in its annual Budget. This advance is subject to the availability of funds in the Tax Increment Fund.

VI.

BUDGET, ACCOUNTING, AND AUDITS

A. Budget, Books, and Records. During the term of this Agreement, the Authority will prepare and submit to the City and the Zone Board, at least sixty (60) days prior to the beginning of the City's ensuing fiscal year, its annual Budget setting forth the Authority's proposed expenditures during the ensuing fiscal year which will include the Authority's administrative costs incurred in connection with providing services under this Agreement, and its obligations payable to the holders of its bonds or notes and to Developers/Builders pursuant to a Development Agreement. Administrative costs may include reasonable employee salaries, travel, insurance, and other benefits expenses. The annual Budget shall also disclose the amount of all revenues available to the Authority for purposes of funding the services and paying the obligations of the Authority and is subject to the review and approval of the Zone Board and City Council. The Authority may amend (increase, decrease, or adjust) its Budget but must advise the Zone Board and the Director of Finance and Administration of such Budget amendments. Provided, however, that Budget amendments which involve an increase, decrease, or adjustment of \$400,000 or more must be approved by the Zone Board and the City Council. In the event that the Zone Board or the City Council fails or refuses to

approve the proposed Budget of the Authority for the ensuing year by January 1 of that year, the Authority may continue to operate on the Budget for the previous fiscal year for a period not to exceed twelve (12) months. If, at the end of that period no Budget has been approved by City Council, either the City or the Authority may terminate this Agreement as provided in Article XXV hereof, subject to the payment of the bonds, notes, and other Authority Obligations. Termination of this Agreement shall constitute the sole remedy of the parties under this circumstance.

B. Accounts, Records, and Accounting Reports. The Authority will maintain books of records and accounts in which full, true, and proper entries will be made on all dealings, transactions, business, and matters which in any way affect or pertain to the operation of the Midtown TIRZ, and the allocation and application of the Tax Increments. All such records shall be maintained in accordance with Generally Accepted Accounting Principles and shall be clearly identified and readily accessible. The Authority shall provide free access to such books and records and permit the Midtown TIRZ or the City to perform an audit of same, at all times, to the City and the Midtown TIRZ or their representatives in order that they may examine and audit the same and make copies thereof. The Authority shall further allow the City and the Midtown TIRZ and their representatives to make inspections of all work data, documents, proceedings, and activities related to this Agreement. Such right of access and audit shall continue for a period of three (3) years from the date of final payment under this Agreement. The Authority will operate on the basis of a fiscal year which begins January 1.

C. Audit. At the end of each fiscal year (beginning with the fiscal year or fraction thereof during which this Agreement is executed), the Authority will have at its own expense an audit prepared by an independent Certified Public Accountant for that fiscal year which shall be submitted to the Authority, the Midtown TIRZ and the City within one hundred twenty (120) days after the end

of the fiscal year. The Authority shall furnish copies of such audit without cost to the City and the Zone Board.

D. Authority Depository. The Authority shall have an account (the "Revenue Fund") into which all payments made by the City and the Midtown TIRZ pursuant to this Agreement shall be deposited. Any moneys received from investing and reinvesting the moneys paid by the City and the Midtown TIRZ to the Authority shall remain in this fund until used by the Authority for one of the purposes permitted by this Agreement, and may be commingled with other moneys of the Authority; provided, however, that these funds shall be accounted for separately. Moneys in the Revenue Fund may be invested and reinvested by the Authority only in investments which would be eligible for investment by the City pursuant to the provisions of the Public Funds Investment Act (Chapter 2256, Texas Government Code). Moneys on deposit in the Revenue Fund will be secured by the depository bank in the same manner as City funds are required to be secured at the City depository and in accordance with the provisions of Subchapter C and D of Section 105 of the Government Code.

VII.

PUBLIC CONVENIENCE AND SAFETY

A. Observance of City Ordinances. The Authority shall observe City ordinances relating to obstructing streets, keeping alleys or other rights-of-way open and protecting same, and shall obey all laws and City ordinances controlling or limiting those engaged in the work.

B. Performance of Duties. The Authority shall perform its duties in a manner that will cause the least inconvenience and annoyance to the general public and the property owners, and will exercise every necessary precaution for the safety of the property and the protection of any and all persons and property located adjacent to or making passage through said property.

VIII.

RIGHT OF OWNERSHIP

All permanent public facilities and equipment owned by City within the Midtown TIRZ shall remain the property of the City, and such property shall not be disposed of by Authority. All property and improvements purchased by the Authority shall be the property of the Authority and shall be maintained by the Authority throughout the term of this Agreement, or if the TIRZ Project is integrated in and used as part of the City's infrastructure, they may be conveyed to the City at the time of such integration, at the City's discretion; however, all utilities, drainage facilities, public street improvements, sidewalks, and light fixtures shall be conveyed to the City subject to City policy. Upon termination of this Agreement, title to all such Authority property shall immediately vest in the City without the need for further action on the part of the City. The Authority shall provide an up-to-date inventory of all of its property and improvements as an attachment to its annual Budget.

IX.

EQUAL EMPLOYMENT OPPORTUNITY

The Authority agrees to comply fully with the provisions of the City's current Equal Employment Opportunity Ordinance, the provisions of which are set out in Exhibit "A," or as they may be amended from time to time.

X.

PARTICIPATION OF DISADVANTAGED BUSINESS ENTERPRISES

It is the policy of the City to stimulate the growth of minority and women-owned business by encouraging their full participation in all phases of its procurement activities and by affording them a full and fair opportunity to compete for all City contracts and/or agreements.

March 15, 1996

The Authority agrees to use its best efforts to carry out this policy through award of subcontracts to Disadvantaged Business enterprises to the extent consistent with the efficient performance of this Agreement.

Without limiting the generality of the foregoing, the Authority agrees that it will make Good Faith Efforts (as defined by the Director of Affirmative Action) to award 24% percent of the value of contracts awarded by the Authority, pursuant to this Contract, to Disadvantaged Businesses. While it is not a requirement of this Agreement that the Authority, in fact, meet or exceed these goals, it is a requirement that the Authority objectively demonstrate to the City that it has exerted Good Faith Efforts to meet these goals. To this end, Authority shall maintain records showing (i) its subcontracts, supply agreements and support with and to Disadvantaged Business enterprises, (ii) subcontracts, supply agreements, and support with and to Disadvantaged Business enterprises, and (iii) specific efforts to identify and award subcontracts, supply agreements, and support with and to minority and women-owned business enterprises. The Authority shall quarterly reports of its efforts under this Article to the Director of the City's Affirmative Action Division in such form and manner as the Director of Affirmative Action may prescribe.

XI.

PERSONAL LIABILITY OF PUBLIC OFFICIALS

To the extent permitted by State law no director of the Authority, nor any employee or agent of the Authority, no director of the Midtown TIRZ, nor any employee or agent of the Midtown TIRZ, and no employee of the City, nor any agent of the City, shall be personally responsible for any liability arising under or growing out of the Agreement, or operations of the Authority under the terms of this Agreement.

XII.

CITY AND MIDTOWN TIRZ NOT LIABLE FOR DELAY

It is expressly agreed that in no event shall the City or the Midtown TIRZ be liable or responsible to the Authority or any other person for or on account of, any stoppage or delay in the work herein provided for by injunction or other legal or equitable proceedings, or from or by or on account of any delay for any cause over which the City or the Midtown TIRZ has no control.

XIII.

INDEMNIFICATION

A. INDEMNITY FOR PERSONAL INJURIES. THE AUTHORITY COVENANTS AND AGREES TO, AND DOES HEREBY, INDEMNIFY AND HOLD HARMLESS AND DEFEND THE CITY, THE MIDTOWN TIRZ, AND THEIR OFFICERS AND EMPLOYEES, FROM AND AGAINST ANY AND ALL SUITS OR CLAIMS FOR DAMAGES OR INJURIES, INCLUDING DEATH, TO ANY AND ALL PERSONS OR PROPERTY, WHETHER REAL OR ASSERTED, ARISING OUT OF OR IN CONNECTION WITH ANY ACT OR OMISSION ON THE PART OF THE AUTHORITY, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, OR SUBCONTRACTORS, AND THE AUTHORITY DOES HEREBY ASSUME ALL LIABILITY AND RESPONSIBILITY FOR INJURIES, CLAIMS OR SUITS FOR THE DAMAGES TO PERSONS OR PROPERTY, OF WHATSOEVER KIND OR CHARACTER, WHETHER REAL OR ASSERTED, OCCURRING DURING OR ARISING OUT OF THE PERFORMANCE OF THIS AGREEMENT AS A RESULT OF ANY ACT OR OMISSION ON THE PART OF THE AUTHORITY, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, OR SUBCONTRACTORS. SUCH INDEMNIFICATION SHALL INCLUDE WORKERS'

COMPENSATION CLAIMS OF OR BY ANYONE WHOMSOEVER IN ANY WAY RESULTING FROM OR ARISING OUT OF THE AUTHORITY'S WORK, SERVICES, AND OPERATIONS IN CONNECTION HEREWITH, INCLUDING OPERATIONS OF SUBCONTRACTORS, IF ANY, AND THE ACTS OF OMISSIONS OF EMPLOYEES OR AGENTS OF THE AUTHORITY.

B. INDEMNITY TO CITY PROPERTY. AUTHORITY SHALL LIKEWISE INDEMNIFY AND HOLD HARMLESS THE CITY FOR ANY AND ALL INJURY OR DAMAGE TO CITY PROPERTY ARISING OUT OF OR IN CONNECTION WITH ANY AND ALL ACTS OR OMISSION OF AUTHORITY, ITS OFFICERS, AGENTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, LICENSEES, OR INVITEES.

C. Insurance Requirements. Insurance coverage specified herein constitutes the minimum requirements and said requirements shall in no way lessen or limit the liability of the Authority under the terms of this Agreement. The Authority shall procure and maintain, at its own cost and expense, any additional kinds and amounts of insurance that, in its own judgment, may be necessary in connection with its performance of its obligations under this Agreement.

XIV.

INDEPENDENT CONTRACTOR

It is expressly understood and agreed that Authority shall perform all work and services described herein as an independent contractor and not as an officer, agent, servant, or employee of the City or the Midtown TIRZ; that except as herein provided, Authority shall have exclusive control of and the exclusive right to control the details of the services and work performed hereunder, and all persons performing the same; and shall be solely responsible for the acts and omissions of its officers, agents, employees, contractors, and subcontractors; that the doctrine of respondeat superior

March 15, 1996

shall not apply as between City or the Midtown TIRZ and Authority, its officers, agents, employees, contractors, and subcontractors; and that nothing herein shall be construed as creating a partnership or joint enterprise between City or the Midtown TIRZ and Authority. No person performing any of the work and services described hereunder shall be considered an officer, agent, servant, or employee of the City or the Midtown TIRZ.

XV.

INSURANCE

The Authority shall obtain and maintain in effect during the term of this agreement, insurance coverage as set out below, and shall furnish certificates of insurance, in duplicate form, prior to the beginning of the project. All such policies except Professional Liability and Worker's Compensation shall be primary to any other insurance and shall name the City as an additional insured. All liability policies shall be issued by a Company with a Certificate of Authority from the State Department of Insurance to conduct insurance business in Texas or a rating of at least B+ and a financial size of Class VI or better according to the current year's Best's rating. The Authority shall maintain the following insurance coverages in the following amounts:

- (1) Commercial General Liability insurance including Contractual Liability insurance:
 - \$500,000 per occurrence; \$1,000,000 aggregate
(defense costs excluded from face amount of policy)
- (2) Worker's Compensation including Broad Form All States endorsement:
 - Amount shall be in statutory amount.
- (3) Professional Liability
 - \$1,000,000 per occurrence; \$1,000,000 aggregate
- (4) Automobile Liability insurance
 - \$1,000,000 combined single limit per occurrence

Aggregate Limits are per 12-month policy period
unless otherwise indicated

All insurance policies required by this Contract shall require on their face, or by endorsement, that the insurance carrier waive any rights of subrogation against the City, and that it shall give thirty days written notice to the City before they may be cancelled or materially changed. Within such thirty (30) day period the Authority, covenants that it will provide other suitable policies in lieu of those about to be cancelled or materially changed, so as to maintain in effect the coverage required under the provisions hereof. Failure or refusal of the Authority to obtain and keep in force the above-required insurance coverage shall authorize the City, at its option, to terminate this Contract at once.

XVI.

LAW TO BE OBSERVED

The Authority at all times shall observe and comply with all federal and state laws, local laws, ordinances, orders, and regulations of the federal, state, county, or city governments. The federal, state and local laws, ordinances, and regulations which affect those engaged or employed in the work, or the equipment used in the work, or which in any way affects the conduct of the work, shall be at all times in effect, and no pleas of misunderstanding shall be considered on account of ignorance thereof.

XVII.

PERMITS

Before proceeding with the work hereunder, the Authority shall obtain and pay for any necessary permits and licenses, whether issued by the state, county, or city, and upon the request of the Director of Finance and Administration furnish proof thereof.

XVIII.

INFORMATION

The Authority shall, at such times and in such form as City may require, furnish periodic information concerning the status of the Authority, the Midtown TIRZ, and the performance of its obligations under the Agreement, and such other statements, certificates and approvals relative to the Authority and the Midtown TIRZ as may be requested by the City.

XIX.

COORDINATION WITH CITY OFFICIALS

Authority will coordinate its activities with the City departments involved or providing services to Midtown including, but not limited to:

- A. Planning and Development Department
- B. Public Works Department
- C. Parks and Recreation Department
- D. Finance and Administration Department
- E. Legal Department
- G. Housing and Community Development Department
- F. Police Department
- G. Fire Department

Nothing in this Agreement is intended to confer upon the Authority the right to use, improve, or service any City property without the approval of the director of the affected City department.

XX.

ADDRESS AND NOTICE

Any and all notices and communications under this Agreement shall be mailed by first-class mail, or delivered, to the Authority at the following address:

Midtown Redevelopment Authority
1015 Holman
Houston, Texas 77004

Any and all notices and communications under this Agreement shall be mailed by first-class mail, or delivered, to the City at the following address:

Director
Department of Finance and Administration
City of Houston
P.O. Box 1562
Houston, Texas 77251

XXI.

APPLICABLE LAWS

This Agreement is made subject to the Constitution and laws of the State of Texas and the Charter of the City.

XXII.

CAPTIONS

The captions at the beginning of the Articles of this Agreement are guides and labels to assist in locating and reading such Articles and, therefore, will be given no effect in construing this Agreement and shall not be restrictive of the subject matter of any article, section, or part of this Agreement.

XXIII.

SUCCESSORS AND ASSIGNS

This Agreement shall bind and benefit the respective parties and their legal successors, and shall not be assignable, in whole or in part, by any party hereto without first obtaining the written consent of the other party. Nothing herein shall be construed as creating any personal liability on the part of any officer or agency of the City, of the Midtown TIRZ or of the Authority.

XXIV.

TERM AND TERMINATION, DISSOLUTION OF AUTHORITY

- A. In General. The initial term of this Agreement shall begin on the date of countersignature and end upon termination of the Midtown TIRZ.
- B. Termination for Cause. A party may terminate its performance under this Agreement only upon default by the other party. Default by a party shall occur if the party fails to perform or observe any of the terms and conditions of this Agreement required to be performed or observed by that party. Should such a default occur, the party against whom the default has occurred shall have the right to terminate all or part of its duties under this Agreement as of the thirtieth (30th) day following the receipt by the defaulting party of a notice describing such default and intended termination, provided: (i) such termination shall be ineffective if within said 30-day period the defaulting party cures the default or (ii) such termination may be stayed, at the sole option of the party against whom the default has occurred, pending cure of the default. No termination of this Agreement will affect the obligation of the City and the Midtown TIRZ to pay from Tax Increments an amount which will permit the Authority to pay its bonds, notes, or Authority Obligations issued or incurred pursuant to this Agreement prior to termination.

March 15, 1996

C. Dissolution of Authority. The City agrees not to dissolve the Authority or the Midtown TIRZ unless it makes satisfactory arrangements to provide for the payments of the Authority's bonds, notes, or other Authority Obligations incurred prior to the Authority's dissolution.

XXV.

AMENDMENT OR MODIFICATIONS

Except as otherwise provided in this Agreement, this Agreement shall be subject to change, amendment, or modification only by the mutual written consent of the parties hereto.

IN TESTIMONY OF WHICH this instrument has been executed on behalf of the Authority, the Midtown TIRZ and the City in duplicate originals which shall be considered of equal force and effect.

March 15, 1996

DATED this 1st day of April, 1995.

MIDTOWN REDEVELOPMENT
AUTHORITY

THE CITY OF HOUSTON, TEXAS

[Signature]
Chairman, Board of Directors

[Signature]
Mayor

ATTEST:

ATTEST:

[Signature]
Secretary, Board of Directors

[Signature]
City Secretary

COUNTERSIGNED:

[Signature]
[Signature]
City Controller
Date Countersigned: 4/30/96

APPROVED AS TO FORM:

[Signature]
Sr. Assistant City Attorney
L.D. File No. _____
Date: _____

REINVESTMENT ZONE NUMBER TWO,
CITY OF HOUSTON, TEXAS

[Signature]
Chairman, Board of Directors

ATTEST:

[Signature]
Secretary, Board of Directors

EXHIBITS

Exhibit "A" - Provisions of City's Equal Employment Opportunity Ordinance

REINVESTMENT ZONE NUMBER TWO OF THE CITY OF HOUSTON, TEXAS

Defined in preamble:

Authority
City

Others
Accounting

Defined in Recitals:

Authority Board
Zone Board
Local Government Corporation Act
Midtown
Midtown TIRZ
TIRZ Act

Defined in definitions:

Affordable Housing
Agreement
Appraisal District
Authority Board
Authority Obligations
Budget
Captured Appraised Value
City
City Council
Code
County
Developer/Builder
Development
Development Agreement
Director of Finance and Administration
Director of Public Works
Finance and Administration Department
Financing Plan
Fire Department
Generally Accepted Accounting Principles
HCC
Housing and Community Department
Land Use Controls
Legal Department
METRO
Midtown
Midtown Land Use Control
Midtown TIRZ
Parks and Recreation Department
Planning and Development Department
Police Department
Project Cost
Project Plan
Public Works Department
Revenue Fund

March 15, 1996

School District
Surplus Fund
Tax Increment
Tax Increment Base
Tax Increment Fund
Taxing Unit
TIRZ Act
TIRZ Project

EXHIBIT "A"

EQUAL EMPLOYMENT OPPORTUNITY

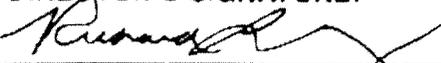
1. The contractor, subcontractor, vendor, supplier or lessee will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin or age. The contractor, subcontractor, vendor, supplier or lessee will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, sex, national origin or age. Such action will include, but not be limited to, the following: employment; upgrading; demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The contractor, subcontractor, vendor, supplier or lessee agrees to post in conspicuous places available to employees, and applicants for employment, notices to be provided by the City setting forth the provisions of this Equal Employment Opportunity Clause.
2. The contractor, subcontractor, vendor, supplier or lessee states that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex, national origin or age.
3. The contractor, subcontractor, vendor, supplier or lessee will send to each labor union or representatives of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer advising the said labor union or worker's representative of the contractor's and subcontractor's commitments under Section 202 of Executive Order No. 11246, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
4. The contractor, subcontractor, vendor, supplier or lessee will comply with all provisions of Executive Order No. 11246 and the rules, regulations and relevant orders of the Secretary of Labor or other Federal Agency responsible for enforcement of the equal employment opportunity and affirmative action provisions applicable and will likewise furnish all information and reports required by the Mayor and/or Contract Compliance Officer(s) for purposes of investigation to ascertain and effect compliance with this program.
5. The contractor, subcontractor, vendor, supplier or lessee will furnish all information and reports required by Executive Order No. 11246, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to all books, records and accounts by the appropriate City and Federal Officials for purposes of investigations to ascertain compliance with such rules, regulations and orders. Compliance reports filed at such times as directed shall contain information as to the employment practice policies, program, and work force statistics of the contractor, subcontractor, vendor, supplier or lessee.

6. In the event of the contractor's, subcontractor's, vendor's, supplier's or lessee's non-compliance with the non-discrimination clause of this contract or with any of such rules, regulations or orders, this contract may be canceled, terminated or suspended in whole or in part, and the contractor, subcontractor, vendor, supplier or lessee may be declared ineligible for further City contracts in accordance with procedures provided in Executive Order No. 11246, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order, or by rule, regulation or order of the Secretary of Labor, or as may otherwise be provided by law.

7. The contractor shall include the provisions of paragraphs 1-8 of this Equal Employment Opportunity Clause in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontractor or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event the contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

8. The contractor shall file and shall cause of his subcontractors, if any, to file compliance reports with the City in the form and to the extent as may be prescribed by the Mayor. Compliance reports filed at such times as directed shall contain information as to the practices, policies, programs, and employment policies and employment statistics of the contractor and each subcontractor.

TO: Mayor via City Secretary REQUEST FOR COUNCIL ACTION REVISED (changes are ital)

SUBJECT: Approval of the agreement by and between the City of Houston Reinvestment Zone Number Two, the City of Houston, Texas, and the Midtown Redevelopment Authority		Category #	Page 2 of 2	Agenda Item #
FROM (Department or other point of origin): Finance & Administration Department		Origination Date 03/15/96	Agenda Date	
DIRECTOR'S SIGNATURE: 		Council District affected: D - Boney, I - Castillo		
For additional information contact: Phone: Bill Jeffrion 247-1356		Date and Identification of prior authorizing Council action:		
RECOMMENDATION: (Summary) Approval of the agreement by and between the City of Houston Reinvestment Zone Number Two, the City of Houston, Texas, and the Midtown Redevelopment Authority				
Amount and Source of Funding: N/A			F&A Budget:	
SPECIFIC EXPLANATION: On June 28, 1995, City Council approved Resolution Number 95-96 to create the Midtown Redevelopment Authority to aid, assist and act on behalf of the City in the performance of the city's governmental and proprietary functions of Midtown and neighboring areas. Ordinance Number 94-1345 created Reinvestment Zone Number Two over Midtown (Midtown TIRZ) and approved preliminary Project and Financing Plans for the Midtown Tax Increment Reinvestment Zone (Midtown TIRZ). The 1995 resolution provided for the creation for a Board of Directors of the Authority to aid, assist and act on the behalf of the City and the Board of Directors of the Midtown TIRZ in the preparation and implementation of the Project and Financing Plans; the development of an inner-city redevelopment policy; the development of a policy to finance development and redevelopment of residential and commercial properties in the inner-city; and in the development of policy for disposition of abandoned street rights-of-way, street setbacks and code amendments which will encourage inner-city redevelopment. They will also provide management and administration for the Midtown TIRZ. The duration of the Midtown TIRZ is from January 1, 1995 through December 31, 2025. The proposed Agreement provides the Authority Board to have complete power and authority to administer the Midtown TIRZ, make recommendations to the Midtown TIRZ District Board and the City with respect to the redevelopment of Midtown, perform and engage in activities relating to the acquisition and development of land and other properties and land use control upon city approval; engage in redevelopment activities; develop a policy to finance development and redevelopment of residential and commercial properties; enter into development agreements with developers/builders in Midtown; issue, sell or deliver its bonds, notes or other obligations; and perform the other activities provided in this Agreement. To provide interim funding for the services to be provided by the Authority prior to incremental revenue being available, the Authority plans to borrow approximately \$1,000,000. Upon Council approval of this Agreement, the city agrees to pay for the Authority's activities performed under this Agreement from Tax Increment Revenue.				
REQUIRED AUTHORIZATION				
F&A Director:		Other Authorization:		Other Authorization:

Date	Subject:	Originator's Initials	2 of
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The City will establish a separate fund into which Tax Increments will be deposited. The Authority will prepare and submit to the City, at least sixty days prior to the beginning of its fiscal year, the Authority's budget. The budget will be presented to City Council for approval. An audit must be performed and submitted to the Authority and City within 120 days after the end of the fiscal year. This is the same practice which was used for the oversight of the Downtown Management District (DMD), prior to a change in the law providing greater authority for the District, which occurred in this past legislative session.

The Finance and Administration Department recommends approval of the agreement by and between the City of Houston, Texas, Reinvestment Zone Number Two, City of Houston, Texas, and the Midtown Redevelopment Authority.

cc: Dan Jones, Agenda Director, Mayor's Office
Gene Locke, City Attorney