

Controller's Office

To the Honorable Mayor and City Council of the City of Houston:

I hereby certify, with respect to the money required for the contract, agreement, obligation or expenditure contemplated by the ordinance set out below that:

- () Funds have been encumbered out of funds previously appropriated for such purpose.
- () Funds have been certified and designated to be appropriated by separate ordinance to be approved prior to the approval of the ordinance set out below.
- () Funds will be available out of current or general revenue prior to the maturity of any such obligation.
- () No pecuniary obligation is to be incurred as a result of approving the ordinance set out below.
- () The money required for the expenditure or expenditures specified below is in the treasury, in the fund or funds specified below, and is not appropriated for any other purposes.
- () A certificate with respect to the money required for the expenditure or expenditures specified below is attached hereto and incorporated herein by this reference.
- (X) Other - Contingent on sale of Authorized Bonds, issuance of obligations of the Zone or receipt of tax increment

Date: April 3, 2001

John A. J. [Signature]
[Signature]
 City Controller of the City of Houston

FUND REF: NA-70 AMOUNT: \$0.00 ENCUMB. NO.: NF70002-01

City of Houston, Texas, Ordinance No. 2001-301

AN ORDINANCE APPROVING AND AUTHORIZING AN INTERLOCAL AGREEMENT BETWEEN THE CITY OF HOUSTON, HARRIS COUNTY AND REINVESTMENT ZONE NUMBER THREE, CITY OF HOUSTON, TEXAS (MARKET SQUARE ZONE) RELATING TO THE PARTICIPATION OF HARRIS COUNTY IN THE REINVESTMENT ZONE; AND DECLARING AN EMERGENCY.

* * * *

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

off
wa
03-01

FORM 132.M
(Approving/Authorizing)

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.

PASSED AND ADOPTED this 4th day of April, 2001.

APPROVED this _____ day of _____, 2001.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is APR 10 2001.

Christine Russell
City Secretary

CAPTION PUBLISHED IN DAILY COURIER
REVIEW
DATE: APR 10 2001

FORM 132.M
 (Approving/Authorizing)

(Prepared by Legal Dept. TERESA F. ALLEN)
 (DFM:dfm 3/30/01 Senior Assistant City Attorney)
 (Requested by Robert Litke, Director of Planning and Development)
 (L.D. File No. 0619500030023)

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AYE	NO	
✓		MAYOR BROWN
....	COUNCIL MEMBERS
✓		TATRO
✓		GALLOWAY
	ABSENT	GOLDBERG
	ABSENT	BONEY
	ABSENT	TODD
✓		ELLIS
✓		KELLER
	ABSENT	VASQUEZ
✓		CASTILLO
✓		PARKER
✓		QUAN
✓		SANCHEZ
✓		BELL
✓		ROBINSON
CAPTION	ADOPTED	

MAY 017 Rev. 1/00

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2006

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

INTERLOCAL AGREEMENT

I. PARTIES

A. Address

THIS INTERLOCAL AGREEMENT ("Agreement") is made and entered into by and among the **CITY OF HOUSTON, TEXAS** ("City"), a municipal corporation and home-rule city of the State of Texas principally situated in Harris County, acting by and through its governing body, the City Council; **HARRIS COUNTY**, on behalf of itself and the **HARRIS COUNTY FLOOD CONTROL DISTRICT**, the **HARRIS COUNTY HOSPITAL DISTRICT** and the **PORT OF HOUSTON AUTHORITY OF HARRIS COUNTY, TEXAS**; and **REINVESTMENT ZONE NUMBER THREE, CITY OF HOUSTON, TEXAS** ("Market Square Zone"), a reinvestment zone created by the City of Houston pursuant to chapter 311 of the Texas Tax Code, acting by and through its Board of Directors; and **MAIN STREET MARKET SQUARE REDEVELOPMENT AUTHORITY** ("Redevelopment Authority"), a local government corporation created by the City of Houston pursuant to chapter 431 of the Texas Transportation Code, acting by and through its Board of Directors. This Agreement is made pursuant to chapter 791 of the Texas Government Code and chapter 311 of the Texas Tax Code.

The initial addresses of the parties, which any party may change by giving written notice of its changed address to the other parties, are as follows:

City

Director, Planning and Development
Department
City of Houston
P. O. Box 1562
Houston, Texas 77251

Harris County

Harris County
Harris County Administration Building
1001 Preston Avenue, Ninth Floor
Houston, Texas 77002
Attention: Director, Department of Management
Services

Market Square Zone

Reinvestment Zone Number Three,
City of Houston, Texas
c/o Houston Downtown Management District
1111 Bagby, Suite 2600
Houston, Texas 77002
Attention: Vickie Rivers

Redevelopment Authority

Main Street Market Square
Redevelopment Authority
1111 Bagby, Suite 2600
Houston, Texas 77002
Attention: Vickie Rivers

B. Index

The City, Harris County, the Market Square Zone and the Redevelopment Authority hereby agree to the terms and conditions of this Agreement. This Agreement consists of the following sections:

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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, Harris County, the Market Square Zone and the
Redevelopment Authority have made and executed this Agreement in multiple copies, each of which
is an original.

CITY OF HOUSTON

Lee P. Brown
Mayor JL Date 4/9/01

ATTEST/SEAL:

Carroll Russell
City Secretary Date 4/9/01

COUNTERSIGNED:

Spina R. Sullivan
Rod 4-26-01
City Controller Date

APPROVED AS TO FORM:

DEBORAH FAK DELE
Senior Assistant City Attorney
L. D. File No. 0619500030023

APPROVED:

M. W. L. D.
Director Date
Planning and Development Department

APPROVED AS TO FORM:

MICHAEL A. STAFFORD
County Attorney

HARRIS COUNTY

By Nicholas J. Lykos
NICHOLAS J. LYKOS
Senior Assistant County Attorney

By REJ
ROBERT ECKELS
County Judge

Date Signed: MAR 20 2001

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

REINVESTMENT ZONE NUMBER THREE,
CITY OF HOUSTON, TEXAS (Market Square Zone)

By Zinetta A. Burney
Name: Zinetta A. Burney
Title: Chairman, Board of Directors

Date Signed: 4/3/01

ATTEST/SEAL:

By Minnette Boesel
Name: Minnette Boesel
Title: Secretary, Board of Directors

MAIN STREET MARKET SQUARE
REDEVELOPMENT AUTHORITY

By Zinetta A. Burney
Name: Zinetta A. Burney
Title: Chairman, Board of Directors

Date Signed: 4/3/01

ATTEST/SEAL:

By Minnette Boesel
Name: Minnette Boesel
Title: Secretary, Board of Directors

II. DEFINITIONS

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

"Agreement" means this agreement between the City, Harris County, the Market Square Zone, and the Redevelopment Authority.

"Agreement Term" is defined in Section VI.

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

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

"Countersign. Date" means that date shown as the date that this Agreement is countersigned by the City Controller on the page 3 of this Agreement. *Amended*

Amended
"County-wide entities" means Harris County, the Harris County Flood Control District, the Harris County Hospital District and the Port of Houston Authority of Harris County, Texas and their successors and assigns.

Amended
"County-wide Tax Increment Participation" means the amount of the contributions of Harris County, the Harris County Flood Control District, the Harris County Hospital District and the Port of Houston Authority of Harris County, Texas to the Market Square Zone pursuant to Section IV of this Agreement.

Discontinued
Original
"Market Square Zone" means Reinvestment Zone Number Three, City of Houston, Texas, created by the City on December 13, 1995 by Ordinance No. 95-1323 and enlarged by Ordinance No. 98-1204 on December 16, 1998, and includes its successors and assigns.

Original
"Project Plan" means the project plan and reinvestment zone financing plan for the Market Square Zone adopted by the board of directors of the Market Square Zone and approved by the City Council of the City on September 11, 1996, by City of Houston Ordinance No. 96-911, and as

amended by City of Houston Ordinance No. 98-1205 on December 16, 1998, and Ordinance No. 1999-828 on August 11, 1999.

"Redevelopment Authority" means the Main Street Market Square Redevelopment Authority, a not-for-profit local government corporation acting on behalf of the City.

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

Zone A Zone B Zone C
Otherwise, the terms used herein have the meanings ascribed to them in Chapter 311, Texas Tax Code.

III. BACKGROUND

On December 13, 1995, the City created the Market Square Zone, by adoption of City of Houston Ordinance No. 95-1323, for the purposes of development and redevelopment in the Market Square Area. The Market Square Zone was enlarged on December 16, 1998, by Ordinance No. 98-1204. The Board of Directors of the Market Square Zone initially adopted a project plan and reinvestment zone financing plan, which was approved by the City on September 11, 1996, by City of Houston Ordinance No. 96-911, and amended on December 16, 1998, by City of Houston Ordinance No. 98-1205 and on August 11, 1999, by City of Houston Ordinance No. 1999-828. The City has agreed to participate in the Market Square Zone by contributing tax increments produced in the Market Square Zone to the Tax Increment Fund.

On July 9, 1996, the Commissioners Court of Harris County approved an order for participation by the County-wide entities in the original boundaries of the Market Square Zone, as described in City of Houston Ordinance No. 95-1323, to the extent of one hundred percent (100%) of their tax increment in the Market Square Zone. On December 17, 1996, the Commissioners Court of Harris County reaffirmed its prior order and approved an Order that reiterated the participation

at one hundred percent (100%) of the tax increment produced from the collection of ad valorem taxes on real property located in the Market Square Zone, as its boundaries existed on July 9, 1996.

The City and the Market Square Zone entered into a contract, as amended, with Houston Housing Finance Corporation ("HHFC") which provides that for a twenty-five (25) year term, beginning January 1, 1997, the first \$750,000 per year of tax increments paid into the tax increment fund from all participating taxing units (including the Harris County Tax Increment Participation as defined herein) will be paid to HHFC to finance the costs associated with certain public works and improvements. The parties now desire to enter into an interlocal agreement pursuant to TEX. TAX CODE ANN. § 311.013(f).

IV. OBLIGATIONS OF HARRIS COUNTY

A. Tax Increment Participation by Harris County

For and in consideration of the agreements of the parties set forth herein, and subject to the remaining subsections of this section, the parties agree that the County-wide Tax Increment Participation in the Market Square Zone is a contribution, to the extent authorized by law, to the Tax Increment Fund during the term of this Agreement of one hundred percent (100%) of the tax increment within the boundaries of the Market Square Zone as it existed on July 9, 1996, attributed to the Captured Appraised Value in the Market Square Zone attributable to Harris County, the Harris County Flood Control District, the Harris County Hospital District and the Port of Houston Authority of Harris County, Texas. It is further agreed that should for any reason the City, the Market Square Zone or the Redevelopment Authority receive funds due to a tax increment attributable to any of the entities named in this paragraph in excess of the contribution as agreed in this paragraph, the City, the Market Square Zone or the Redevelopment Authority shall return,

within 30 days of notification by Harris County, such excess amount to such entity; and such funds will be deemed not to have been deposited in the Tax Increment Fund.

In the event the City, the Market Square Zone or the Redevelopment Authority expends funds inconsistent with the Project Plan or this Agreement, then Harris County shall notify the City, the Market Square Zone or the Redevelopment Authority of the breach, and the defaulting party shall have sixty days to cure the breach. In the event the breach is not cured within the sixty-day period, the County-wide entities shall suspend all tax increment payments until the breach is cured.

B. Tax Increment Limitation

No County-wide entity is obligated to pay its share of the County-wide Tax Increment Participation from any source other than taxes collected on the Captured Appraised Value. Furthermore, no County-wide entity has a duty or obligation to pay its share of the County-wide Tax Increment Participation from any other taxes or revenues, or until the County-wide entities Tax Increment Participation in the Market Square Zone is actually collected. Any portion of the taxes representing the County-wide Tax Increment Participation that are paid to a County-wide entity and subsequently refunded pursuant to the provisions of the Texas Tax Code shall be offset against future payments to the Tax Increment Fund. The obligation to pay the County-wide Tax Increment Participation accrues as taxes representing the County-wide Tax Increment Participation are collected, and payment shall be due as provided in section 311.013(c) of the Texas Tax Code. No interest or penalty will be charged to the County-wide entities for any late payment received; provided, however, that penalty and interest received by the County-wide entities on any delinquent taxes from the County-wide Tax Increment Participation shall be paid to the Tax Increment Fund in the amounts required by section 311.013(c) of the Texas Tax Code.

C. Expansion of Market Square Zone

The obligation of Harris County, the Harris County Flood Control District, the Harris County Hospital District and the Port of Houston Authority of Harris County, Texas to participate in the Market Square Zone is limited to the area shown in City of Houston Ordinance No. 95-1323 and further described in Commissioners Court's order dated December 17, 1996. The participation of Harris County, the Harris County Flood Control District, the Harris County Hospital District and the Port of Houston Authority of Harris County, Texas does not extend to the tax increment on the property added to the Market Square Zone by Ordinance No. 98-1204 or on any additional property added to the Market Square Zone by the City or any amendment of the Project Plan by Ordinances Nos. 98-1205 and 1999-828 or any subsequent amendment of the Project Plan by the Market Square Zone and the City that would increase the total amount of project costs unless the entity to which the increment is attributed specifically agrees to participate in the additional area or amendment of the Project Plan. In addition, the participation of Harris County, the Harris County Flood Control District, the Harris County Hospital District and the Port of Houston Authority of Harris County, Texas does not extend to any dedication of revenue from the Tax Increment Fund by the Market Square Zone for projects outside the Market Square Zone as shown in Ordinance No. 95-1323, unless the entity to which the increment is attributed agrees to participate in the dedication.

D. Board of Directors

Pursuant to the provisions of Section 311.009(a), Texas Tax Code, the Harris County Commissioners Court shall have the unequivocal right to appoint and thereafter at all times maintain one (1) member on the Board of Directors of the Market Square Zone. Harris County may also appoint and maintain as many non-voting ex officio members on the Board of Directors of the Market Square Zone as Harris County may desire.

E. Reconciliation of Accounts

Harris County, the City, the Market Square Zone and the Redevelopment Authority will reconcile the amount of tax increments attributable to the County-wide entities' tax increment participation for the Market Square Zone within 30 days after this Agreement becomes effective. Within 30 days of the reconciliation, the County-wide entities will remit to the City its tax increment participation determined to be due and owing for the Market Square Zone. Thereafter, the County-wide entities, the City, the Market Square Zone and the Redevelopment Authority shall annually reconcile the County-wide entities tax increment participation at October 1 of each year.

V. OBLIGATIONS OF CITY, MARKET SQUARE ZONE AND REDEVELOPMENT AUTHORITY

A. Project Plan

Any member of the Harris County Commissioners Court may review and comment upon any amendment to the Project Plan before any amendments thereto are submitted to the City Council for City approval. The City agrees to provide Harris County with a copy of any proposed amendments at least 14 days prior to their submission to the City Council for approval. Harris County's participation in the Market Square Zone does not extend to any amendment to the Project Plan subsequent to the date of the order of Commissioners Court authorizing approval of this Agreement unless Harris County agrees to further participate and amends its order accordingly.

B. Disposition of Tax Increments

Upon termination of the obligation of Harris County, the Harris County Flood Control District, the Harris County Hospital District and the Port of Houston Authority of Harris County, Texas to participate in the Market Square Zone, and after all bonded indebtedness of that portion of the Market Square Zone for which Harris County, the Harris County Flood Control District, the Harris County Hospital District and the Port of Houston Authority of Harris County, Texas are obligated to participate has been paid, the City and the Market Square Zone shall pay to Harris County, the Harris County Flood Control District, the Harris County Hospital District and the Port of Houston Authority of Harris County, Texas within sixty (60) days of said termination, all monies remaining in the Tax Increment Fund that are attributable to the County-wide Tax Increment Participation paid by Harris County, the Harris County Flood Control District, the Harris County Hospital District and the Port of Houston Authority of Harris County, Texas into the Tax Increment Fund.

C. Audits

The City shall provide to Harris County a copy of each of the audits required by the Agreement by and between the City of Houston, Texas, Reinvestment Zone Number Three, City of Houston, Texas and the Main Street Market Square Redevelopment Authority approved by City of Houston Ordinance No. 2000-240, as it may be amended from time to time, within thirty (30) days of receipt of each audit. In addition, the City and the Redevelopment Authority shall provide to Harris County a copy of all reports, studies and analyses prepared by the City, the Houston Downtown Management District or others on their behalf that concern the expenditure of Tax Increment Funds of the Market Square Zone.

Harris County shall have the right to audit the City's Tax Increment Fund, the books and records of the Redevelopment Authority and the Market Square Zone upon thirty days written notice to the City, the Redevelopment Authority or the Market Square Zone. Any such audit shall be at Harris County's expense.

VI. TERM AND TERMINATION

A. Agreement Term

This Agreement becomes effective as of the date of the final signature hereto. The term of this Agreement shall commence with the tax year beginning on January 1, 1997. Unless earlier terminated by the parties hereto, this Agreement shall terminate on the earlier of (a) December 31, 2025, or (b) the date upon which the total tax increments contributed by Harris County, the Harris County Flood Control District, the Harris County Hospital District and the Port of Houston Authority of Harris County, Texas total \$8,500,000.

B. Early Termination

The Market Square Zone may terminate pursuant to the provisions of Texas Tax Code Section 311.017.

VII. MISCELLANEOUS

A. Severability

In the event any term, covenant or condition herein contained is held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant or condition herein contained, except as stated in the next paragraph.

In the event any term, covenant or condition shall be held invalid and affects in any manner the limitations on any party's contributions or participation, then neither Harris County, the other

County-wide entities nor any other party, shall have any 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 other 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 City, Harris County, the Harris County Flood Control District, the Harris County Hospital District, the Port of Houston Authority of Harris County, Texas, the Market Square Zone, the Redevelopment Authority, and their legal successors. This Agreement does not create any personal liability on the part of any officer, agent or employee of the City, Harris County, the Harris County Flood Control District, the Harris County Hospital District, the Port of Houston Authority of Harris County, Texas, the Market Square Zone or the Redevelopment Authority.

H. No Waiver of Immunity

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

boundaries of the Market Square Zone as described in City of Houston Ordinance No. 95-1323, to the extent of one hundred percent (100%) of the tax increment produced from the collection of ad valorem taxes on real property located in the Market Square Zone for the tax years 1997 through 2025, as its boundaries exist on July 9, 1996; and

On or about December 17, 1996, the Commissioners Court of Harris County, pursuant to TEX. TAX CODE ANN. § 311.013(f), reaffirmed its prior order and approved an order that reiterated the participation of Harris County, the Harris County Flood Control District, the Harris County Hospital District and the Port of Houston Authority of Harris County, Texas at one hundred percent (100%) of the tax increment produced from the collection of ad valorem taxes on real property located in the Market Square Zone, as its boundaries exist on July 9, 1996, effective January 1, 1997, through and including the tax year 2025; and

The Commissioners Court of Harris County desires to approve Harris County, the Harris County Flood Control District, the Harris County Hospital District and the Port of Houston Authority of Harris County, Texas entering into an interlocal agreement with the City of Houston, Texas, Reinvestment Zone Number Three, City of Houston, Texas and Main Street Market Square Redevelopment Authority based upon the aforesaid representations. **NOW, THEREFORE,**

BE IT ORDERED BY THE COMMISSIONERS COURT OF HARRIS COUNTY, TEXAS THAT:

Section 1: The recitals set forth in this order are true and correct.

Section 2: The Interlocal Agreement is approved and the County Judge of Harris County or his designee is authorized to execute an Interlocal Agreement with the City of Houston, Texas, Reinvestment Zone Number Three, City of Houston, Texas and Main Street Market Square Redevelopment Authority. The Agreement is attached hereto and made a part hereof for all purposes.

Section 3: The Clerk of Commissioners Court shall transmit forthwith a copy of this Order to the Harris County Appraisal District, the Assessor and Collector of Taxes for Harris County, the Mayor and City Council of the City of Houston, Texas, the Board of Directors of Reinvestment Zone Number Three, City of Houston, Texas and the Board of Directors of Main Street Market Square Redevelopment Authority.