



Controller's Office

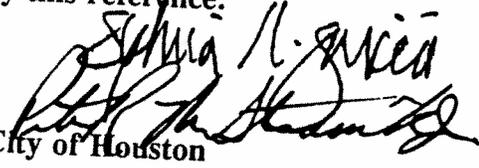
To the Honorable Mayor and City Council of the City of Houston:

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 receipt of tax increment

Date: May 9, 2000

City Controller of the City of Houston



FUND REF: NA AMOUNT: PA ENCUMB. NO.: RF70005-00  
Ref: C37039

City of Houston, Texas, Ordinance No. 2000- 396

AN ORDINANCE APPROVING AND AUTHORIZING THE FIRST AMENDMENT TO THE AGREEMENT BY AND BETWEEN THE CITY OF HOUSTON, TEXAS, REINVESTMENT ZONE NUMBER THREE, CITY OF HOUSTON, TEXAS AND THE HOUSTON HOUSING FINANCE CORPORATION; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AND EMERGENCY.

\* \* \* \*

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

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.

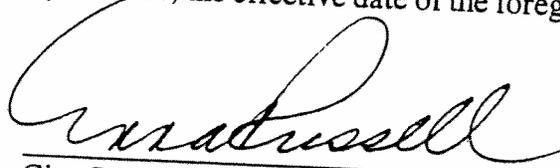
Section 4. There exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; 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 17th day of May, 2000.

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

\_\_\_\_\_  
Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is MAY 13 2000.

  
\_\_\_\_\_  
City Secretary

FORM 132.M

(Approving/Authorizing)

(Prepared by Legal Dept. 1

(DFM:dfm 5/8/00

~~ERINAH F. ALDRICH~~  
Senior Assistant City Attorney  
(Requested by Robert Litke, Director of Planning and Development)

(L.D. File No. 34-98387-05)

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FIRST AMENDMENT TO AGREEMENT BY AND BETWEEN THE  
CITY OF HOUSTON, TEXAS,  
REINVESTMENT ZONE NUMBER THREE, CITY OF HOUSTON, TEXAS  
AND THE  
HOUSTON HOUSING FINANCE CORPORATION

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

KNOW ALL PERSONS BY THESE PRESENTS:

This First Amendment to that certain Agreement by and between the City of Houston, Texas (the "City"), the Houston Housing Finance Corporation, a public non profit corporation organized and existing under Chapter 394 of the Texas Local Government Code ("HHFC") and the Reinvestment Zone Number Three, City of Houston, Texas (the "Market Square TIRZ"), a reinvestment zone created by the City Council of the City pursuant to Chapter 311, Texas Tax Code ("First Amendment"), is made and entered into by and between the City, HHFC and Market Square TIRZ .

WITNESSETH:

A. Pursuant to Ordinance No. 96-909, adopted on September 11, 1996, the City, Market Square TIRZ, and HHFC entered into that certain agreement entitled "AGREEMENT BY AND BETWEEN THE CITY OF HOUSTON, TEXAS, REINVESTMENT ZONE NO. THREE, CITY OF HOUSTON, TEXAS AND THE HOUSTON HOUSING FINANCE CORPORATION" (the "Original Agreement");

B. HHFC has complied with all of its obligations under the Original Agreement, except for the construction of a pedestrian tunnel;

C. HHFC pledged by assignment a portion of the Tax Increment payable to HHFC under the Original Agreement for the payment of a Section 108 loan to the City (and subsequently loaned to HHFC as the City's sub-recipient), which loan is guaranteed by the Department of Housing and Urban Development;

D. Pursuant to Ordinance No. 98-1204, adopted on December 16, 1998, the City enlarged the boundaries of the Market Square TIRZ (the "Expanded Boundaries");

E. The parties desire to amend the Original Agreement in order to provide that the Tax Increments paid and to be paid to HHFC will be the Tax Increments attributable to real property located within the Original Boundaries of the Market Square TIRZ, and in consideration thereof, the Authority shall release HHFC from an obligation relating to the construction of a pedestrian tunnel connecting the Rice Hotel Project to the downtown tunnel system; and

F. The Market Square TIRZ has adopted and the City Council has approved amendments to the Project Plan and Reinvestment Zone Financing Plan pursuant to City of Houston Ordinance Nos. 98-1205 and 99-828 (collectively, the "Amended Project Plan and Financing Plan") relating to the Original Boundaries and Expanded Boundaries of the Market Square TIRZ, none of which affect the payments to be made by the TIRZ to HHFC or its obligations under the Original Agreement or this First Amendment.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration and the mutual benefits herein expressed, the sufficiency of which is hereby acknowledged, the City, the Market Square TIRZ and HHFC agree as follows:

*Section 1. Amendment to Article I.* Article I of the Original Agreement entitled "Definitions" is hereby amended by adding (or substituting, as appropriate) the following definitions to read as follows:

"*Captured Appraised Value*" shall mean the total appraised value of property in the Original Boundaries of the Market Square TIRZ as of January 1 of any year, less the Tax Increment Base of the Original Boundaries.

"*Expanded Boundaries*" shall mean those certain expanded boundaries of the Market Square TIRZ (exclusive of Original Boundaries) established by Ordinance No. 98-1205.

"*HHFC Deficit*" shall mean the difference between \$750,000.00 and the actual total amount of the Tax Increment received by HHFC each year, commencing with payments due in 1996, which HHFC Deficit bears interest at the rate of 8% per annum, compounded annually. The HHFC Deficit shall be calculated, as of any date, pursuant to the Original Agreement and this First Amendment by the Market Square TIRZ financial advisor and HHFC.

This amount will be adjusted from time to time to reflect any additional deficit or payment thereon.

"*Original Boundaries*" shall mean those boundaries for the Market Square TIRZ as set forth in Ordinance No. 95-1323.

"*Tax Increment Base*" shall mean the total appraised value of all real property taxable by the City and other participating Taxing Units, located in the Market

Square TIRZ as of January 1, 1995, the year in which the Market Square TIRZ was created and designated as a reinvestment zone.

*Section 2. Amendment to Article II.* Article II entitled "ACQUISITION AND IMPROVEMENT OF RICE HOTEL BY HHFC", is hereby amended to add subsection G:

G. HHFC has fully complied with all of its obligations under the Original Agreement, except for the construction of the pedestrian tunnel connecting the Rice Hotel Project to the downtown area. However, the parties have determined and agree that the underground pedestrian tunnel is not essential to the Rice Hotel Project, its elimination does not impair the function of the Rice Hotel Project and the lack of such tunnel will not impact the assessed value of the Rice Hotel Project. Accordingly, HHFC is hereby released from any obligation for construction of such an underground pedestrian tunnel.

*Section 3. Amendment to Article IV.* Sections C and E of Article IV of the Original Agreement entitled "DUTIES AND RESPONSIBILITIES OF THE CITY" are amended to read as follows:

C. Payments to HHFC. The City and the Market Square TIRZ agree, for a twenty-five (25) year term, to pay to HHFC the sum of \$750,000 per year from Tax Increments by all participating Taxing Units to reimburse HHFC for its costs associated with the (1) acquisition and renovating the Rice Hotel, (2) asbestos and lead paint remediation from the Rice Hotel, (3) demolition of the annex added to the Rice Hotel in 1958 and (4) construction of a new parking garage on the site. The

City and the TIRZ agree that beginning with the year 1996, the first \$750,000 of Tax Increments each year paid into the Tax Increment Fund shall be paid to HHFC for a twenty-five (25) year period of time. Additionally, if in any year Tax Increments are not adequate to pay \$750,000 to HHFC, the deficit plus interest at a rate of 8% per annum compounded annually, shall be added to the HHFC Deficit and paid to HHFC in each future year or years during the term of this Agreement in which the Tax Increments exceed \$750,000 until and as long as the HHFC Deficit is paid in full.

E. Limitation of Source of Payment. The City and the Market Square TIRZ shall have no financial obligation to HHFC other than provided in the Original Agreement and this First Amendment. The obligation of the City and the Market Square TIRZ to HHFC under the Original Agreement and this First Amendment is limited to the Tax Increments. The Original Agreement and this First Amendment shall create no obligation on the City or the Market Square TIRZ that is payable from City taxes or moneys of the City other than the Tax Increments.

*Section 4. Amendment to Article XIV.* Article XIV entitled "ADDRESS AND NOTICE" is amended by substituting "Director of Planning and Development" for "Director of Finance and Administration."

*Section 5.* In the event a redevelopment authority issues bonds with a pledge of tax increments on the Expanded Boundaries of the Market Square TIRZ, the HHFC Deficit will be paid in full from the first proceeds of the sale of such bonds.

*Section 6.* All terms and conditions set out in the Original Agreement not modified in this First Amendment shall remain in full force and effect. There have been no defaults or breaches by any party under the Original Agreement or this First Amendment.

*Section 7.* This First Amendment is effective as of the date of execution hereof.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

**CITY OF HOUSTON, TEXAS**

\_\_\_\_\_  
Mayor Date

ATTEST:

\_\_\_\_\_  
City Secretary Date

COUNTERSIGNED:

\_\_\_\_\_  
City Controller Date

APPROVED AS TO FORM:

\_\_\_\_\_  
Senior Assistant City Attorney  
L. D. File No. 34-98387-05

APPROVED:

\_\_\_\_\_  
Director  
Planning and Development Department

REINVESTMENT ZONE NUMBER THREE,  
CITY OF HOUSTON, TEXAS

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Zinetta Burney  
Chair, Board of Directors

ATTEST:

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Minnette Boesel  
Secretary, Board of Directors

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HOUSTON HOUSING FINANCE  
CORPORATION

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J. Art Morales  
President, Board of Directors

ATTEST:

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Secretary, Board of Directors