

FORM 132.M

(Approving/Authorizing)

City of Houston Ordinance No. 97-565

AN ORDINANCE APPROVING AND AUTHORIZING INTERLOCAL AGREEMENTS BETWEEN THE CITY OF HOUSTON, TEXAS, THE HOUSTON INDEPENDENT SCHOOL DISTRICT AND REINVESTMENT ZONE NUMBER FOUR, CITY OF HOUSTON, TEXAS (VILLAGE ENCLAVES ZONE), REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON, TEXAS (MEMORIAL-HEIGHTS ZONE), REINVESTMENT ZONE NUMBER SIX, CITY OF HOUSTON, TEXAS (EASTSIDE ZONE) AND REINVESTMENT ZONE NUMBER SEVEN, CITY OF HOUSTON, TEXAS (OLD SPANISH TRAIL/ALMEDA CORRIDORS ZONE) FOR THE PARTICIPATION OF THE HOUSTON INDEPENDENT SCHOOL DISTRICT IN THE REINVESTMENT ZONES; 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 contracts, agreements or other undertakings described in the title of this Ordinance, in substantially the form as shown in the documents which are attached hereto and incorporated herein by this reference. The Mayor is hereby authorized to execute such documents 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 contracts 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

FORM 132.M
(Approving/Authorizing)

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 21st day of May, 1997.

APPROVED this _____ day of _____, 19____.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is MAY 27 1997.

Conrad
City Secretary

(Prepared by Legal Dept. *Jo Wiginton*)
(JSW:WHU: May 15, 1997) Assistant City Attorney
(Requested by Director, Finance & Administration)
(L.D. File No.)

c:@wpdocs@whor1426

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

38085

INTERLOCAL AGREEMENT

I. PARTIES

A. Address

THIS INTERLOCAL AGREEMENT ("Agreement") is made by and between 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; the **HOUSTON INDEPENDENT SCHOOL DISTRICT** ("HISD"), located at 3830 Richmond Avenue, Houston, Texas 77027; and the **REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON, TEXAS** ("Memorial-Heights 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. This Agreement is made pursuant to Chapter 791 of the Texas Government Code and Section 311.013 of the Texas Tax Code.

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

City	HISD
Director of Finance and Administration Department or Designee City of Houston P. O. Box 1562 Houston, Texas 77251	Houston Independent School District Hattie Mae White Administration Building 3830 Richmond Avenue Houston, Texas 77027-5838

Memorial-Heights Zone

Memorial-Heights Reinvestment Zone
201 South Heights Boulevard
Houston, Texas 77007

B. Index

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

<u>Section</u>	<u>Description</u>	<u>Page</u>
I.	Parties	1
II.	Definitions	5
III.	Background	6
IV.	Obligations of HISD	7
V.	Obligations of City and Memorial-Heights Zone	9
VI.	Term and Termination	13
VII.	Miscellaneous	14

Exhibit "A" — City of Houston Ordinance No. 96-1337

C. Parts Incorporated

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

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

CITY OF HOUSTON

HOUSTON INDEPENDENT SCHOOL DISTRICT

Bob Lanier
Mayor Date

Pat McCall
President, Board of Trustees Date

ATTEST/SEAL:

Carla Russell
City Secretary Date

Carla M. Gallaway
Secretary, Board of Trustees Date

COUNTERSIGNED

Lloyd E. Helley
City Controller Date 8/7/97

Rod Payne
Superintendent of Schools Date

APPROVED:

APPROVED AS TO FORM:

Ronald R. Bushon
Director Date
Department of Finance and Administration

Donald R. Bushon 5/21/97
Attorney Date

APPROVED AS TO FORM:

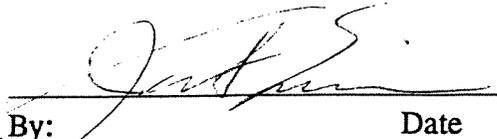
Sr. Assistant City Attorney Date
L.D. No. 349637804

REINVESTMENT ZONE NUMBER FIVE,
CITY OF HOUSTON, TEXAS (Memorial-Heights Zone)

 6.20.97

By: _____ Date
Title: Chairman, Board of Directors

ATTEST/SEAL:

 6/20/97

By: _____ Date
Title: Secretary, Board of Directors

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

II. DEFINITIONS

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

"Administrative Costs" means the costs of organizing the Memorial-Heights Zone, the costs of operating the Memorial-Heights Zone and the imputed administrative costs associated with the Memorial-Heights Zone, including reasonable charges, but not to exceed \$25,000 per year, for the time spent by employees of the City in connection with the implementation of the project plan.

"Agreement" means this agreement between the City, HISD and the Memorial-Heights Zone.

"Agreement Term" is defined in Section VI.

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

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

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

"Developer Debt" means the amount of money required to repay any outstanding obligation incurred pursuant to an agreement between the City, the Memorial-Heights Zone and Security Capital Pacific Trust or its subsidiary, PTR Development Services, Inc., with respect to the area described in Exhibit A and to pay principal, interest and redemption price on any obligation to the holders of bonds issued to pay project costs or to repay obligations to or to reimburse Security Capital Pacific Trust or its subsidiary, PTR Development Services, Inc. for project costs, provided, however, that HISD shall not be obligated to pay HISD's share of tax increments on Developer Debt in excess of \$13,787,026 if Plan A of the initial Project Plan for Memorial-

Heights Zone is implemented, or \$17,771,921 if Plan B of the initial Project Plan for Memorial-Heights Zone is implemented.

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

"HISD Tax Increment Participation" means the amount of the HISD tax levy on the Captured Appraised Value which HISD agrees to contribute to the Memorial-Heights Zone pursuant to Subsections A and B of Section IV of this Agreement.

"Memorial-Heights Area" shall mean the Memorial-Heights area of the City and neighboring areas, as more particularly described in City of Houston Ordinance No. 96-1337.

"Memorial-Heights Zone" means Reinvestment Zone Number Five, City of Houston, Texas (Memorial-Heights), created by the City on December 18, 1996, by Ordinance No. 96-1337, attached as Exhibit "A," and includes its successors and assigns.

"Project Plan" means the project plan and reinvestment zone financing plan for the Memorial-Heights Zone adopted by the board of directors of the Memorial-Heights Zone and approved by the City Council of the City.

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

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

III. BACKGROUND

By Ordinance No. 96-1337, adopted December 18, 1996, the City created the Memorial-Heights Zone for the purposes of development and redevelopment in the Memorial-Heights Area. The City currently contributes tax increments produced in the Memorial-Heights Zone to the Tax

Increment Fund. HISD desires to participate in the Memorial-Heights Zone in consideration for the agreements set forth below.

IV. OBLIGATIONS OF HISD

A. Tax Increment Participation by HISD

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

B. Tax Increment Limitation

Subject to the limitations set out in this Agreement, the amount to be contributed by HISD (the "HISD Tax Increment Participation") is the amount of taxes collected by HISD each year during the term of this Agreement at an HISD tax rate of \$0.96 per \$100 valuation on the Captured Appraised Value. If the HISD tax rate is less than \$0.96 per \$100 valuation, then the HISD Tax Increment Participation is the total amount of taxes collected by HISD at the actual tax rate of HISD on the Captured Appraised Value. Taxes collected by HISD on the Captured Appraised Value as a result of an HISD tax levy at a tax rate greater than \$0.96 per \$100 valuation shall be retained by HISD.

HISD's Tax Increment Participation and obligation to participate in the Memorial-Heights Zone shall be restricted to its tax increment collected on the Captured Appraised Value in the Memorial-Heights Zone. HISD shall not be obligated to pay its HISD Tax Increment Participation from other HISD taxes or revenues or until the HISD Tax Increment Participation in the Memorial-Heights Zone is actually collected. The obligation to pay the HISD Tax

Increment Participation shall accrue as taxes representing the HISD tax increment are collected by HISD and payment shall be due on the first day of each calendar quarter. The City and the Memorial-Heights Zone agree that no interest or penalty will be charged to HISD.

C. Shared Educational Facilities

HISD agrees that the City will be permitted to use the grounds and facilities of the educational facilities constructed with or financed by monies from the Tax Increment Fund, and that HISD and the City will negotiate use agreements for such use. HISD will allow the City to use, at no cost to the City other than proportionate utility, maintenance and building personnel costs of HISD, ballfields, tennis courts and other outdoor recreational areas, indoor recreational areas, lunchrooms, and other assembly areas of the educational facilities constructed with or financed by monies from the Tax Increment Fund for municipal recreational and meeting purposes, at all reasonable times to be agreed to by the City and HISD that HISD is not conducting school or other related activities at the facilities.

D. Changes in Applicable Laws

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

E. Expansion of Memorial-Heights Zone

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

F. Board of Directors

Notwithstanding anything to the contrary in City of Houston Ordinance No. 96-1337, which created the Memorial-Heights Zone, HISD shall have the unequivocal right to appoint to and maintain one (1) member on the Memorial-Heights Zone Board of Directors. Failure of HISD to appoint a person to the Board of Directors of the Memorial-Heights Zone by January 1, 1998, shall not be deemed a waiver of HISD's right to make an appointment by a later date. HISD may also appoint and maintain as many nonvoting ex officio members on the Memorial-Heights Board of Directors as HISD may desire.

V. OBLIGATIONS OF CITY AND MEMORIAL-HEIGHTS ZONE

A. Street Right of Way

To the extent requested by HISD, the City and the Memorial-Heights Zone agree that monies from the Tax Increment Fund shall be used, at no cost to HISD, to pay to the City the following costs that otherwise would be incurred by HISD with respect to the construction and operation of any educational facilities constructed by or on behalf of HISD in the Memorial-Heights Zone pursuant to the Project Plan: (a) the cost of abandonment of any street right of way by the City on behalf of HISD and (b) the cost of water and sewer utility connections and construction outside the boundaries of HISD property (collectively, "School Support Expenses").

The City shall use the proceeds obtained from payments made pursuant to the preceding sentence for infrastructure improvements or other projects identified in the Memorial-Heights Zone Project Plan.

B. Project Plan

The parties agree that the Superintendent of Schools of HISD shall be permitted to review and comment upon the Memorial-Heights Zone Project Plan and any amendments thereto before the Project Plan or any amendments thereto are submitted to the City Council for City approval. Any Memorial-Heights Zone Project Plan shall provide for the construction of educational facilities within or to serve the Memorial-Heights Zone.

C. Financing and Construction of Educational Facilities

Two-thirds of the HISD Tax Increment Participation shall be applied to the repayment of Developer Debt, Administrative Costs, School Support Expenses and one-third of the HISD Tax Increment Participation shall be allowed to accrue in the Tax Increment Fund to be applied to educational facilities. After satisfaction of the Developer Debt, the entire HISD Tax Increment Participation deposited into the Tax Increment Fund, after payment of HISD's pro rata share of Administrative Costs and School Support Costs, if any, shall be applied to the acquisition, construction, expansion or renovation of educational facilities of HISD in the Memorial-Heights Zone or outside the Memorial-Heights Zone to serve the Memorial-Heights Zone.

At any time at the sole option of HISD, the Memorial-Heights Zone and the City agree that they will cooperate with the party of HISD's choice to finance and construct school facilities. Such HISD option shall also include land acquisition and/or construction by HISD with its own funds or land acquisition and construction and debt financing through an alternative source chosen

by HISD and a financing procedure as determined by HISD. If HISD exercises this option prior to satisfaction of the Developer Debt, the amount of HISD's one-third (1/3) Tax Increment Participation accrued in the Tax Increment Fund and one-third of the HISD Tax Increment Participation paid into the Tax increment Fund after the date HISD exercises its option, after deduction of HISD's pro rata share of School Support Expenses and Administrative Expenses, will be used to pay costs of HISD educational facilities or principal and interest on the debt incurred by HISD, or the party chosen by HISD, to finance and construct the school facilities ("School Facilities Debt"). After satisfaction of the Developer Debt, the entire HISD Tax Increment Participation, after deduction of HISD's pro rata share of Administrative Costs and School Support Expenses, shall be used to pay principal and interest on the School Facilities Debt. If the HISD Tax Increment Participation paid into the Tax Increment Fund is not adequate to pay the School Facilities Debt, HISD shall pay the deficit ("Debt Deficit") from HISD available funds. HISD shall be repaid the Debt Deficit plus interest at the School Facilities Debt interest rate from the first available HISD Tax Increment Component, after deduction of School Facilities Debt, and HISD's pro rata share of School Support Expenses, Developer Debt and Administrative Costs.

HISD shall participate in the payment of Developer Debt and other project costs only to the extent described above. The City and the Memorial-Heights Zone shall be entitled to enter into any other agreements to pay project costs, principal and interest on bonds, and other obligations from the tax increments paid into the Tax Increment Fund by the City and Harris County without the consent of HISD, provided that city and county tax increments for payment of initial Developer Debt shall not be reduced as a result of such other agreements. The City and the Memorial-Heights Zone shall not enter into any agreement that pledges the HISD Tax

Increment Participation paid into the Tax Increment Fund to any obligation other than to the payment of Developer Debt, School Facilities Debt, Administrative Costs and School Support Expenses and to the repayment of any Debt Deficit and interest thereon.

If the Memorial-Heights Zone and the City fail to fulfill their obligations with respect to HISD's exercise of the foregoing option, HISD shall be entitled prior to satisfaction of the Developer Debt to withhold one-third of its tax increment less HISD's pro rata share of the School Support Expenses and annual Administrative Expenses and shall be entitled after the satisfaction of the Developer Debt to withhold its entire Tax Increment Participation less HISD's pro rata share of the School Support Expenses and annual Administrative Expenses, until the Memorial-Heights Zone and the City perform this option.

All monies used to finance and construct HISD school facilities shall come from or be financed by the Memorial-Heights Zone HISD Tax Increment Participation. The City shall never be obligated to expend any funds other than HISD's portion of funds derived from the Memorial-Heights Zone to finance and construct HISD school facilities.

The City and the Memorial-Heights Zone reserve the right to impose yield restrictions and enter into covenants with the holders of bonds and notes of the Memorial-Heights Zone with respect to the investment and reinvestment of funds set aside for HISD if, in the opinion of nationally recognized bond counsel, such action is necessary for the Developer Debt to avoid being classified as "arbitrage bonds" under the provisions of the Internal Revenue Code of 1986.

D. Control of Educational Facilities

The parties agree that all decisions regarding location, construction and educational content of HISD educational facilities in or to serve the Memorial-Heights Zone will be in the control of

HISD. Nothing in this subsection shall be construed to relieve HISD of the obligation to comply with all City ordinances and regulations applicable to the construction and operation of any educational facility by or on behalf of HISD.

VI. TERM AND TERMINATION

A. Agreement Term

This Agreement shall become effective as of the date of the final signature hereto, and shall remain in effect until December 31, 2017.

The first payment of increment taxes by HISD under this Agreement shall be for those taxes levied by HISD in the year 1997 and the last payment by HISD under this Agreement is for those taxes levied by HISD in the year 2016.

B. Early Termination

The City shall not adopt an ordinance terminating the Memorial-Heights Zone earlier than the duration of the Zone established in Ordinance No. 96-1337, without the prior consent of HISD, provided that the Memorial-Heights Zone may otherwise terminate by operation of law.

C. Disposition of Tax Increments

Upon termination of the Memorial-Heights Zone, and if all Developer Debt has been paid, the City and the Memorial-Heights Zone shall pay to HISD all monies remaining in the Tax Increment Fund that are attributable to the HISD Tax Increment Participation paid into the Tax Increment Fund and shall pay to the City all monies then remaining in the Tax Increment Fund attributable to the City.

VII. MISCELLANEOUS

A. Severability

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

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

B. Entire Agreement

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

C. Written Amendment

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

D. Notices

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

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

E. Non-Waiver

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

F. Assignment

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

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

G. Successors

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

H. No Waiver of Immunity

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

City of Houston, Texas, Ordinance No. 96-1337

AN ORDINANCE DESIGNATING A CONTIGUOUS GEOGRAPHIC AREA WITHIN THE CITY OF HOUSTON (MEMORIAL HEIGHTS AREA) AS REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON, TEXAS; CREATING A BOARD OF DIRECTORS FOR SUCH ZONE; CONTAINING FINDINGS AND PROVISIONS RELATED TO THE FOREGOING SUBJECT; PROVIDING A SEVERABILITY CLAUSE; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, pursuant to Chapter 311 of the Texas Tax Code, the City may designate a contiguous geographic area within the City as a reinvestment zone if the area satisfies the requirements of certain sections of Chapter 311 of the Texas Tax Code; and

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

WHEREAS, the City provided notice to other taxing units levying taxes on property within the proposed zone of the public hearing on the creation of the proposed zone; and

WHEREAS, a notice of the December 18, 1996, public hearing on the creation of the proposed zone was published on December 11, 1996, in the Houston Chronicle, a newspaper of general circulation in the City; and

WHEREAS, Harris County, pursuant to Section 311.003, Texas Tax Code, has waived any applicable Texas Tax Code requirements that it receive sixty (60) days' notice of the public hearing on the creation of the proposed zone; and

WHEREAS, the Houston Independent School District, pursuant to Section 311.003, Texas Tax Code, has waived any applicable Texas Tax Code requirement that it receive sixty (60) days' notice of the public hearing on the creation of the proposed zone; and

WHEREAS, at the public hearing on December 18, 1996, interested persons were allowed to speak for or against the creation of the proposed zone, its boundaries, or the concept of tax increment financing; and

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

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

WHEREAS, evidence was presented that an approximately 2.7515 acre tract included in the boundary description in the notice of hearing on the creation of the proposed zone should be excluded from the proposed zone; and

WHEREAS, the total appraised value of property in the proposed zone and all other reinvestment zones previously created by the City is approximately \$263,296,790; and

WHEREAS, the total appraised value of taxable real property in the City and in the industrial districts created by the City exceeds \$55,822,800,000; and

WHEREAS, the total appraised value of real property taxable by Harris County, in which the proposed zone is located, is approximately \$110,604,303,000; and

WHEREAS, the total appraised value of real property taxable by the Houston Independent School District, within those boundaries the proposed zone is located, is approximately \$40,193,783,000; and

WHEREAS, the total area within the proposed zone is approximately 88 acres, excluding property that is publicly owned; and

WHEREAS, none of the property in the proposed zone is used for residential purposes, as that term is defined in Section 311.006(d) of the Texas Tax Code;

NOW, THEREFORE,

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

Section 1. Findings

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

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

(c) That the City Council further finds and declares that the proposed reinvestment zone meets the criteria of Section 311.0031 of the Texas Tax Code because the area is within an enterprise zone created and designated under the provisions of Chapter 2303, Texas Government Code, and

(d) That the City Council finds that the proposed zone meets the criteria of Section 311.005 of the Texas Tax Code because the proposed zone is an area that substantially impairs or arrests the sound growth of the City, retards the provision of housing accommodations; constitutes an economic and social liability and is a menace to the public health, safety, morals and welfare in its present condition and use because of the presence of:

- (1) the predominance of defective or inadequate sidewalk and street layout;
- (2) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (3) unsanitary or unsafe conditions;
- (4) the deterioration of site or other improvements;
- (5) the existence of conditions that endanger life or property by fire or other cause; and

(e) That City Council further finds and declares that the proposed zone meets the criteria of Section 311.005 of the Texas Tax Code because the area is predominantly open and, because of obsolete platting, deteriorating site improvements and other factors, substantially impairs or arrests the sound growth of the municipality; and

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

- (1) That the proposed zone is a contiguous geographic area located wholly within the corporate limits of the City of Houston;
- (2) That less than ten percent of the property in the proposed zone is used for residential purposes, as the term "residential" is defined in Section 311.06(d).
- (3) That the total appraised value of taxable real property in the proposed zone, and in existing reinvestment zones, if any, does not exceed fifteen percent of the total appraised value of taxable real property in the City and in industrial districts created by the City;
- (4) That the proposed zone does not contain more than fifteen percent of the total appraised value of real property taxable by Harris County or in the Houston Independent School District;
- (5) That development or redevelopment within the boundaries of the proposed zone will not occur solely through private investment in the reasonably foreseeable future.

(e) That the City Council further finds and declares that the area to be included in the proposed zone is eligible for designation as a reinvestment zone because the proposed zone is located within the City's federally designated enterprise community which by state law is an

enterprise zone under Chapter 2303, Texas Government Code, and is eligible for designation as a reinvestment zone pursuant to Section 311.0031 of the Texas Tax Code.

Section 2. Exception to Guidelines

That the City hereby excepts the proposed zone from compliance with any City reinvestment zone guidelines established by the City pursuant to Resolution No. 90-203 that are applicable to the proposed zone and that the zone does not satisfy. Section 1 of Resolution No. 90-203 specifically authorizes the City Council to grant exceptions on a zone-by-zone basis.

Section 3. Designation of the Zone

That the City, acting under the provisions of Chapter 311, Texas Tax Code (the "Act"), including Section 311.005(a) and Section 311.0031, does hereby create and designate a reinvestment zone over the area described in Exhibit "A" and depicted in the map attached hereto as Exhibit "B." The area of the reinvestment zone is less than the proposed area of the zone for which public notice was given, the City Council having determined, after public hearing, to exclude that certain 2.7515 acre tract that is saved and excepted from the description of the reinvestment zone in Exhibit "A". The reinvestment zone shall hereafter be identified as Reinvestment Zone Number Five, City of Houston, Texas, (the "Zone").

Section 4. Board of Directors

That there is hereby created a Board of Directors for the Zone, which shall consist of seven (7) members. Positions One through Five on the Board of Directors shall be reserved for the City. Positions Six and Seven shall be reserved for other taxing units levying taxes within the

Zone, each of who may appoint one director. Any taxing unit that appoints a director shall be assigned a Board position number in the order the appointment is received by the City. Failure of a taxing unit to appoint a director by January 1, 1998, shall be deemed a waiver of the right to appoint a director, and the City shall be entitled to appoint persons to the position, which shall be filled as provided below. If more than two taxing units levying taxes within the Zone appoint a director, the number of directors on the Board of Directors shall be increased by one for each taxing unit above two that appoints a director to the board, provided, if more than four taxing units levying taxes within the Zone appoint a director, the number of directors on the Board of Directors shall be increased by two for each taxing unit above four that appoints a director to the board, provided, further, that the maximum number of directors shall not exceed fifteen (15). The City shall be entitled to appoint a person to one position of each of the two positions created as a result of more than four taxing units appointing directors, which position shall be filled as provided below.

The Mayor is hereby authorized to nominate and appoint the directors to Positions One through Five of the Board of Directors, any position unfilled on January 1, 1998, and any City position created by the appointment of a director by more than two taxing units levying taxes within the Zone, subject to the consent and approval of the City Council.

The directors appointed to odd-numbered positions shall be appointed for two year terms, beginning January 1, 1997, while the directors appointed to even-numbered positions shall be appointed to a one year term, beginning January 1, 1997. All subsequent appointments shall be

for two-year terms. The member of the Board of Directors appointed to Position Three is hereby designated to serve as the chair of the Board of Directors for a term beginning January 1, 1997, and ending December 31, 1997. Thereafter, the Mayor shall annually nominate and appoint, subject to City Council approval, the member to serve as chair for a term of one year beginning January 1 of the following year. The City Council authorizes the Board of Directors to elect from its members a vice chairman and such other officers as the Board of Directors sees fit.

The Board of Directors shall make recommendations to the City Council concerning the administration of the Zone. The Board of Directors shall prepare or cause to be prepared and adopt a project plan and a reinvestment zone financing plan for the Zone as described in Section 311.011, Texas Tax Code, and shall submit such plans to the City Council for its approval. The City hereby delegates to the Board of Directors all powers necessary to prepare and implement the project plan and reinvestment zone financing plan, subject to approval by the City Council, including the power to employ any consultants or enter into any reimbursement agreements payable solely from the Tax Increment Fund established pursuant to Section 7 of this Ordinance, subject to the approval of the Director of the Finance and Administration Department, that may be reasonably necessary to assist the Board of Directors in the preparation of the project plan and reinvestment zone financing plan and in the issuance of tax increment obligations.

Section 5. Duration of the Zone

That the Zone shall take effect on January 1, 1997, and termination of the operation of the Zone shall occur on December 31, 2016, or at an earlier time designated by subsequent ordinance,

or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, and the interest on the bonds, have been paid in full.

Section 6. Tax Increment Base

That the Tax Increment Base for the Zone is the total appraised value of all real property taxable by the City and located in the Zone, determined as of January 1, 1996, the year in which the Zone was designated as a reinvestment zone (the "Tax Increment Base").

Section 7. Tax Increment Fund

That there is hereby created and established a Tax Increment Fund for the Zone which may be divided into subaccounts as authorized by subsequent ordinances. All Tax Increments, as defined below, shall be deposited in the Tax Increment Fund. The Tax Increment Fund and any subaccount shall be maintained at the depository bank of the City and shall be secured in the manner prescribed by law for Texas cities. The annual Tax Increment shall equal the amount by which the then-current appraised value of all taxable real property located in the Zone exceeds the Tax Increment Base of the Zone less any amounts that are to be allocated from the Tax Increment pursuant to the Act. All revenues from the sale of any tax increment bonds or other notes hereafter issued by the City, if any; revenues from the sale of property acquired as part of the tax increment financing plan, if any, and other revenues to be used in the Zone shall be deposited into the Increment Fund. Money shall be disbursed from the Tax Increment Fund only to pay project costs as defined by the Texas Tax Code, for the Zone, to satisfy the claims of holders of tax increments bonds or notes issued for the Zone, or to pay obligations incurred pursuant to

agreements entered into to implement the project plan and reinvestment zone financing plan pursuant to Section 311.001(b) of the Texas Tax Code.

Section 8. Severability

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

Section 9. Open Meetings

It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the City Council at which is Ordinance was adopted as posted at a place convenient and rapidly accessible at all times to the general public at the City Hall of the City for the Time required by law preceding its meeting, as required by the Open Meetings Law, Texas Government Code, ch. 551, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 10. Notices

The contents of the notice of the public hearing, which hearing was held before the City Council on December 18, 1996, and the publication of said notice, are hereby ratified, approved and confirmed.

Section 11. Emergency

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

PASSED AND ADOPTED this 18~~th~~ day of December, 1996.

APPROVED this _____ day of _____, 1996.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is DEC 24 1996



City Secretary

(Prepared by Legal Dept. [Signature])
(DFM/dfm 12/18/96 Senior Assistant City Attorney)
(Requested by Robert Litke, Director, Planning and Development Department)

EXHIBIT "A"

Legal Description

A Tract of land ("Tract") being approximately ¹²⁰~~87~~ acres starting at the intersection of the east R.O.W. line of Heights Boulevard, a 130' R.O.W. and the north R.O.W. line of Washington Avenue (80' R.O.W.) said intersection being the Point Of Beginning,

Thence, in an easterly direction along the northern R.O.W. line of Washington Avenue (also being the northern boundary line of the said Tract) to the point of intersection with the east R.O.W. line of Studemont Street, thence continuing in a easterly direction along the northern line of Washington Avenue a distance of approximately 785' to its intersection with the northerly extension of the east line of that certain 31.17 acres of land out of the John Austin Two League Grant, Abstract No. 1, described in general warranty deed from American Rice Inc., to Successor in Title American Rice, Inc., a Texas Corporation as recorded in Harris County Clerk's File No. L647116, located in the City of Houston, Harris County, Texas.

Thence, South 03° 06' 49" East, along the eastern boundary line of the above referenced 31.17 acres, a distance of approximately 2,270.81 feet to a point of intersection with the northern R.O.W. Line of Memorial Drive (120' R.O.W.)

Thence, in a westerly direction along the northern R.O.W. line of Memorial Drive (also being the southern boundary line of the said Tract) to the point of intersection with the east R.O.W. line of Heights Boulevard,

Thence, in a northerly direction along the eastern R.O.W. line of Heights Boulevard (also being the western boundary line of the said tract) to the Point Of Beginning.

SAVE AND EXCEPT, all that certain tract of land containing 2.7515 Acres (119,855.3 Square Feet) out of Lots 6,7 and 8, Block 3, Hollingsworth of the John Austin Survey, A-1, Houston, Harris County, Texas, being more particularly described by metes and bounds as follows:

Beginning at an "X" in concrete (set) at the S.E. corner of Butler Street (40' R.O.W.) and Studemont (100' R.O.W.) for the N.W. corner;

Thence, North 89°42'00" East along the south line of Butler Street, 241.74 feet to and I.R. (set) in the west line of a 50ft. R.O.W. T. & N.O. RR (GH&S.A. RR) for the N.E. corner;

Thence, South 0°18'00" East along the west line of said T. & N.O. RR R.O.W. 466.20 feet to an I.R. (set) in the north line of a City of Houston Parks Department Tract for the S.E. corner;

Thence, North $85^{\circ}18'00''$ West along the north line of the City of Houston Parks Department Tract, 284.53 feet to an I.R. (set) in the east line of Studemont for the S.W. corner;

Thence, in a northeasterly direction, along the east line of Studemont, a 2242.01 foot radius curve to the right ($1=2\ 40'00''$) 104.34 feet to an I.R. (set) for the P.T. of a curve;

Thence, North $5^{\circ}25'30''$ East along the east line of Studemont, 316.54 feet to an "X" in concrete (set) at the P.C. of a curve to the left;

Thence, in a northeasterly direction along the east line of Studemont, a 2392.01 feet ($1=0\ 32'21''$) 22.51 feet to the Place Of Beginning.

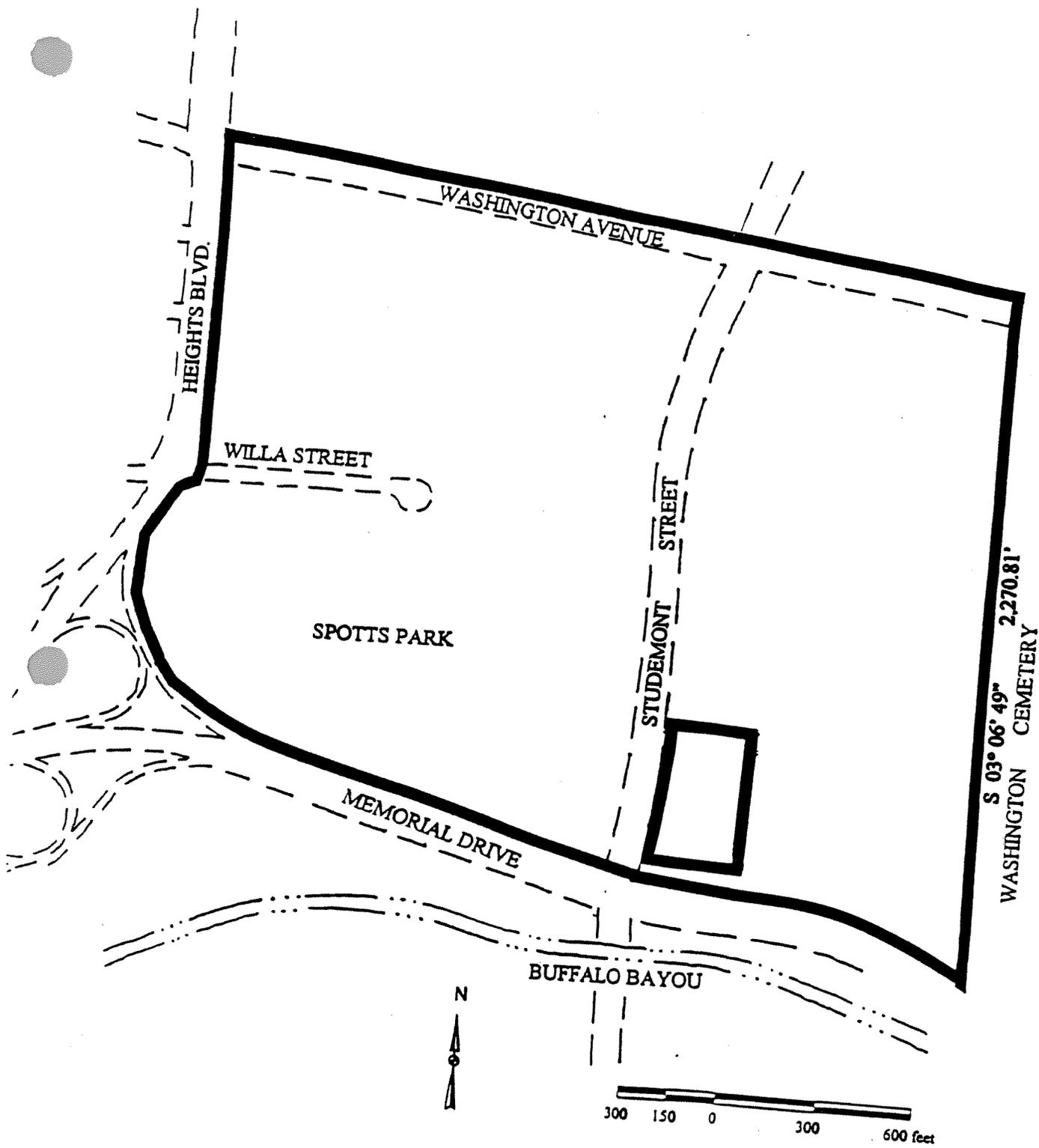


EXHIBIT "B"