

City of Houston Ordinance No. 97-1590

AN ORDINANCE APPROVING AND AUTHORIZING AN AGREEMENT BETWEEN THE CITY OF HOUSTON, TEXAS, THE MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY AND REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON, TEXAS, IN CONNECTION WITH THE CITY'S REINVESTMENT ZONE NUMBER FIVE OVER THE MEMORIAL-HEIGHTS AREA; 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 or other undertakings 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.

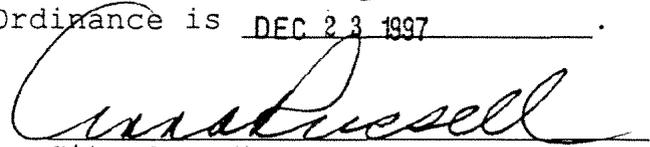
FORM 132
(Approving and Authorizing)

PASSED AND ADOPTED this 17th day of December 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 DEC 23 1997.


City Secretary

(Prepared by Legal Dept. Michael Anthony Bloss)
(JSW:WHU: December 12, 1997) Assistant City Attorney
(Requested by Director, Finance & Administration)
(L.D. File No. 34-96378-11)
U:\WPFILES\WPDOCS\WHOR1560

**AGREEMENT BY AND BETWEEN THE
CITY OF HOUSTON, TEXAS,
REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON, TEXAS,
AND THE
MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**

STATE OF TEXAS §

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF HARRIS §

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 Five, City of Houston, Texas, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (the "Memorial-Heights TIRZ"); and the Memorial-Heights 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. 97-67 of the City Council of the City adopted on December 10, 1997, 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 Memorial-Heights and neighboring areas as described in City Ordinance No. 96-1337; and

WHEREAS, by Ordinance No. 96-1337, the City created the Memorial-Heights TIRZ pursuant to Chapter 311, Texas Tax Code (the "TIRZ Act") pursuant to a preliminary Project Plan for the Memorial-Heights TIRZ and a preliminary Reinvestment Zone Financing Plan for the Memorial-Heights TIRZ; and

WHEREAS, the Board of Directors for the Memorial-Heights TIRZ ("Zone Board") adopted a Project Plan and a Reinvestment Zone Financing Plan for the Memorial-Heights TIRZ, and by

Ordinance No. 97-594, the City approved the Project Plan and the Reinvestment Zone Financing Plan; and

WHEREAS, Resolution No. 97-67, which created the Authority, also provided for the creation for a Board of Directors of the Authority ("Authority Board") which is to be comprised of the same persons who serve on the Zone Board. Among other things, the Authority Board and the Authority are 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 Reinvestment Zone Financing Plan for the Memorial-Heights TIRZ and amendments thereto;
- B. In the development of a policy to finance development and redevelopment of residential, commercial and educational facilities in Memorial-Heights; and
- C. In the development and implementation of a redevelopment policy for Memorial-Heights, including the acquisition of land for redevelopment purposes; and

WHEREAS, the City created the Memorial-Heights TIRZ pursuant to the TIRZ Act with a duration from January 1, 1997 (1) until December 31, 2016, or earlier time designated by subsequent ordinance, 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; and

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 Reinvestment Zone Financing Plan and provide the other services set forth in this Agreement; and

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 Memorial-Heights TIRZ; make

recommendations to the Zone Board and the City with respect to the redevelopment of Memorial-Heights; perform and engage in activities relating to the acquisition, development, leasing and sale of land and other properties; engage in redevelopment activities; construct and improve infrastructure in Memorial-Heights; enter into Development Agreements with Developers/Builders in Memorial-Heights; issue, sell or deliver its bonds, notes, or other obligations; and perform the other activities provided in the Agreement. The Authority anticipates that it will enter into a Development Agreement with Security Capital Pacific Trust ("Security Capital"), a Developer/Builder in Memorial-Heights, pursuant to which Security Capital will advance funds sufficient to implement the Project Plan and Reinvestment Zone Financing Plan and the Authority will repay Security Capital from Tax Increments paid to the Authority under this Agreement. The City and Memorial-Heights 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 Memorial-Heights TIRZ to enter into a contract with the Authority for the purposes of providing management and administration for the Memorial-Heights TIRZ, providing the services and improvements, and otherwise performing the functions set forth in this Agreement; and

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

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

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 Memorial-Heights TIRZ and the Authority.

“Appraisal District” shall mean the Harris County Appraisal District.

“Authority Board” shall mean the Board of Directors of the 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 and includes without limitation Development Agreements.

“Bonds” shall mean the bonds of the Authority.

“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 Memorial-Heights TIRZ as of January 1 of any year less the Tax Increment Base of the Memorial-Heights 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, including without limitation the City’s Building Code and Fire Code.

“County” shall mean Harris County, Texas.

“Developer/Builder” shall mean a person who is developing or redeveloping, or proposes to develop or redevelop, a TIRZ Project within the Memorial-Heights 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 Affirmative Action” shall mean the Director of the Affirmative Action Division of the City (or the successor equivalent position), or such person as he or she shall designate.

“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 Agreement shall, for the purposes of the Memorial-Heights TIRZ and any Project Plan or Financing Plan 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 Memorial-Heights TIRZ as amended from time to time pursuant to the TIRZ Act, as adopted by the Zone Board and approved by the City Council.

“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.

“Legal Department” shall mean the Legal Department of the City.

“METRO” shall mean the Metropolitan Transit Authority.

“Memorial-Heights” shall mean the area comprising the Memorial-Heights TIRZ, as it may be enlarged from time to time, and neighboring areas.

“Memorial-Heights TIRZ” shall mean the Reinvestment Zone Number Five, City of Houston, Texas, as enlarged from time to time, which was created by City Ordinance No. 96-1337.

“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 Police Department 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 as set out in the Project Plan.

“Project Plan” shall mean the project plan for the Memorial-Heights TIRZ as it may be amended from time to time pursuant to the terms of the TIRZ Act, as adopted by the Zone Board and approved by the City Council.

“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.

“Security Capital” shall mean Security Capital Pacific Trust, a Maryland real estate investment trust and a Developer/Builder.

“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 Memorial-Heights 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 Memorial-Heights TIRZ as of January 1, 1996, the year in which the Memorial-Heights TIRZ was 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 Memorial-Heights TIRZ and annexed to the Memorial-Heights TIRZ determined as of January 1 of the year in which the area was annexed to the Memorial-Heights TIRZ.

“Tax Increment Fund” shall mean the Tax Increment Fund created by the City for the Memorial-Heights TIRZ including any subaccount therein into which all Tax Increments shall be deposited by the City.

“Taxing Unit” shall mean Harris County, Texas, the School District and any other Taxing Unit which participates in the Memorial-Heights 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 the TIRZ Act and which has been approved in the Project Plan and Financing Plan.

“Zone Board” shall mean the Board of Directors of the Memorial-Heights 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 Memorial-Heights 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 Memorial-Heights TIRZ and provide or supervise the services and TIRZ Projects or improvements to be provided by the Memorial-Heights TIRZ;
2. Provide management, financial and program monitoring systems for the administration of the Memorial-Heights TIRZ;
3. Provide any required reports to the City and the Memorial-Heights TIRZ concerning the administration of the Memorial-Heights TIRZ;
4. Provide office space for the Memorial-Heights 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 Memorial-Heights;

6. Provide staff to participate in public or private meetings concerning the administration of the Memorial-Heights TIRZ in all its capacities, including the services to the Zone Board when managing the Memorial-Heights TIRZ;

7. Provide liaison and coordination between the Memorial-Heights TIRZ, the City, the County, the School District, METRO, HCC, other Taxing Units, Memorial-Heights TIRZ property owners, and other interested persons and groups with the redevelopment activities of the Memorial-Heights 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 and Development Department concerning the use of the Memorial-Heights TIRZ to complement the Memorial-Heights 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 Memorial-Heights 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 Memorial-Heights TIRZ and advise the Zone Board and the City in a timely manner of any problems concerning the Memorial-Heights TIRZ or with City-owned equipment or facilities in Memorial-Heights; 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 Memorial-Heights 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 Memorial-Heights 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 Memorial-Heights 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 and Financing 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 Memorial-Heights TIRZ. The Authority will analyze property uses in the Memorial-Heights 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 Memorial-Heights TIRZ.

3. The Authority will assist the City in securing a tax roll for the Memorial-Heights TIRZ for the year 1997 and each year thereafter. In tax years beginning January 1, 1997, and thereafter the Authority will assist the Zone Board, the City, and the Appraisal District in having the Memorial-Heights TIRZ tax rolls correctly reflect the total appraised value of real property in the Memorial-Heights 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 Memorial-Heights 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 Memorial-Heights 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, Memorial-Heights 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 Memorial-Heights business and residential interests to increase public safety awareness.

E. Memorial-Heights Planning, Design and Infrastructure Improvements. The Authority will assist the Zone Board in preparing a development plan and provide technical assistance to encourage public and private property owners to make improvements or provide services:

1. To increase residential, business, retail, restaurants, and entertainment for Memorial-Heights;

2. To encourage private and public entities to make such improvements as are necessary to the streets, utilities, drainage and flood control facilities, curbs, sidewalks, signage, landscaping, lighting, and other infrastructure in Memorial-Heights;

3. To design and select streetscape elements such as benches, flower pots, tables and chairs, umbrellas, news racks, fountains, lighting, trees, shrubs, and other pedestrian amenities;

4. To increase the enjoyment and public use of sidewalks, parks, and plazas; and

5. To establish a planning, design, and streetscape group which will bring people together to plan and make improvements to create a more vital Memorial-Heights.

F. Marketing and Public Relations. The Authority will assist the Zone Board in establishing a marketing and public relations program to attempt to:

1. Create a positive image of Memorial-Heights;

2. Increase leasing and business activity;

3. Encourage residential development;

4. Increase retail, restaurants, entertainment, and other commercial activities;

5. Make Memorial-Heights more hospitable and friendly;

6. Endeavor to create an image to promote Memorial-Heights; and

7. Attract Developers/Builders to Memorial-Heights in order to encourage economic development and redevelopment in Memorial-Heights.

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

1. To establish a program to encourage economic development and redevelopment in Memorial-Heights;

2. In preparing a program to encourage the redevelopment of Memorial-Heights;

3. In identifying obstacles to development in Memorial-Heights and in preparing a plan for application to Memorial-Heights to eliminate those obstacles;

4. In identifying obsolete platting in Memorial-Heights;
5. In identifying those rights-of-way the use of which may be modified to encourage development in Memorial-Heights;
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 Memorial-Heights and developing a program for the restoration and development of those parks for public use; and
8. In enhancing public transportation in Memorial-Heights.

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

1. Establishing a plan to develop a public school to serve students in Memorial-Heights;
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 Memorial-Heights.

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. The Authority may acquire any property or land which is permitted to be acquired pursuant to the Project Plan with the proceeds of its bonds, notes or other obligations or with Tax Increments paid to the Authority by the City and the Memorial-Heights TIRZ pursuant to this Agreement. The Authority may lease, sell or otherwise dispose of any land or property which it acquires. 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 bonds, notes, or enter into other Authority Obligations with Developers/Builders to be repaid from moneys to be paid by the City and the Memorial-Heights TIRZ to the Authority from Tax Increments pursuant to this Agreement and may issue bonds with the consent of the City; provided, however, 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 Agreement 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 Memorial-Heights TIRZ to the Authority pursuant to this Agreement. Without limiting the foregoing, to implement the Project Plan and Financing Plan, and subject to the approval of the Director of Finance and Administration and the Director of Public Works, the Authority may enter into a Development Agreement with Security Capital, pursuant to which Security Capital will make advances to the Authority for TIRZ Projects and pursuant to which the Authority will reimburse Security Capital from payments made by the City and the Memorial-Heights TIRZ pursuant to this Agreement; provided that said Development Agreement must provide that the Authority will not reimburse Security Capital for any TIRZ Projects that are subsequently determined to be ineligible Project Costs under the TIRZ Act.

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, and conforms with the approved Project Plan and Financing Plan. Notwithstanding anything in the Development Agreement to the contrary, tax increments cannot be used to pay for the private streets or perimeter fencing which are shown as private/ U.E. paving section (\$781,850) and perimeter fencing (\$284,375) respectively in the Project Plan and Finance Plan.

D. Approval of Bonds. The Authority may not issue bonds without approval of City Council or enter into development agreements in a principal amount in excess of \$17,771,921 secured by payments made pursuant to this 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.

G. Approval of TIRZ Projects. The Authority shall obtain the prior approval of the Director of Public Works for any TIRZ Project constructed or caused to be constructed by the Authority.

IV.

DUTIES AND RESPONSIBILITIES OF THE CITY AND THE MEMORIAL-HEIGHTS TIRZ

A. Duties of City. The City agrees to maintain the existing level of services which the City currently provides in Memorial-Heights 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 Memorial-Heights, building setbacks, and policies relating to the development of Memorial-Heights after receiving the Authority's advice and assistance.

B. Tax Increment Fund. The City and the Memorial-Heights TIRZ have established and will maintain 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 Memorial-Heights TIRZ and performing its services under this Agreement.

C. Limitation of Source of Payment. The City and the Memorial-Heights TIRZ shall have no financial obligation to the Authority other than as provided in this Agreement or in other agreements between the City, the Memorial-Heights TIRZ and the Authority. The obligation of the City and the Memorial-Heights TIRZ to the Authority under this Agreement is limited to the Tax Increments which are collected by the City. This Agreement shall create no obligation on the City or the Memorial-Heights TIRZ which is payable from taxes or other moneys of the City other than the Tax Increments which are collected by the City. The obligation of the City and the Memorial-Heights TIRZ to the Authority shall be subject to the rights of any of the holders of bonds, notes or other obligations that have heretofore or are hereafter issued by the City, the County, the School District and any other Taxing Units that are payable from or secured by a general levy of ad valorem

taxes throughout the taxing jurisdiction of the City, the County, the School District and the other Taxing Units.

D. Allocated Funds: Limitation of Duties. The duty of the City and the Memorial-Heights 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 Memorial-Heights TIRZ. In consideration of the services and TIRZ Projects to be provided by the Authority, the City and the Memorial-Heights TIRZ covenant and agree that they will, as authorized under the TIRZ Act and other applicable laws, continuously collect the Tax Increments from the Taxing Units whose participation in the Memorial-Heights TIRZ is reflected in the Project Plan and Financing Plan 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 Memorial-Heights TIRZ may legally do so, the City and the Memorial-Heights TIRZ also covenant and agree that they will not permit a reduction 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 Memorial-Heights 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 Memorial-Heights TIRZ further covenant and agree that they will make all payments as set forth in Article V below, by a direct deposit into the Revenue Fund, without counterclaim or offset, but minus any expenses incurred by the City in connection with the collection of the Tax Increments and minus any amount retained pursuant to the provisions set forth in Article V below.

F. Obligations of City and the Memorial-Heights TIRZ to be Absolute. The obligation of the City and the Memorial-Heights 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 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 Memorial-Heights 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 Memorial-Heights 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

The City, on behalf of itself and the Memorial-Heights TIRZ, will pay the Authority, on a quarterly basis, all monies then available in the Tax Increment Fund (subject to the retention by the City of a reserve up to 10 percent of the monies then available in the Tax Increment Fund). The Authority shall use such payments for its budget-approved expenditures, its obligations to the holders of its Bonds and notes, or its obligations to Developers/Builders pursuant to a Development Agreement, all in accordance with an approved Budget from funds in the Tax Increment Fund. A

quarterly accounting of expenditures and revenues of the Authority, including its operating statements and balance sheets, shall be submitted to the Director of Finance and Administration by the thirtieth (30th) day of the quarter 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.

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 one hundred and twenty (120) 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 July 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 Memorial-Heights 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 Memorial-Heights TIRZ or the City to perform an audit of same, at all times, to the City and the Memorial-Heights 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 Memorial-Heights 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 July 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 Memorial-Heights 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. Construction 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 of construction activities prepared by an independent consultant approved by the Director of Finance and Administration for that fiscal year which shall be submitted to the Authority, the Memorial-Heights TIRZ and the City within a reasonable period after the end of the fiscal year. The scope of the audit shall include an analysis of all expenditures for reasonableness and a review to insure that they conform with both the approved Project Plan and Financing Plan and the Development Agreement and Project Management Agreement. The Authority shall furnish copies of such audit without cost to the City and the Zone Board.

E. Authority Depository. The Authority's Revenue Fund is the account into which all payments made by the City and the Memorial-Heights TIRZ pursuant to this Agreement shall be deposited. Any moneys received from investing and reinvesting the moneys paid by the City and the Memorial-Heights 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 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 Memorial-Heights TIRZ shall remain property of 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, it 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.

The Authority agrees to use its best efforts to carry out this policy through award of subcontracts and aid 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 the percentage of the value of contracts, pursuant to this Agreement, to Disadvantaged Businesses at the same rate as set forth in the City's Affirmative Action Program, as it may be in effect from time to time. 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 submit quarterly reports of its

Good Faith Efforts under this Article to the Director of Affirmative Action 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 Memorial-Heights TIRZ, nor any employee or agent of the Memorial-Heights 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 MEMORIAL-HEIGHTS TIRZ NOT LIABLE FOR DELAY

It is expressly agreed that in no event shall the City or the Memorial-Heights 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 Memorial-Heights 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 MEMORIAL-HEIGHTS 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 OR 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 Memorial-Heights 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 shall not apply as between City or the Memorial-Heights 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 Memorial-Heights 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 Memorial-Heights 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 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 Agreement 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 (30) 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 coverages shall authorize the City, at its option, to terminate this Agreement at once. The Authority may acquire Directors and Officers liability insurance.

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 Memorial-Heights TIRZ, and the performance of its obligations under the Agreement, and such other statements, certificates and approvals relative to the Authority and the Memorial-Heights 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 Memorial-Heights 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
- F. Housing and Community Development Department
- G. Police Department

H. Fire Department

I. Affirmative Action Division

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:

Memorial-Heights Redevelopment Authority
8588 Katy Freeway, Suite 441
Houston, TX 77024

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 Memorial-Heights TIRZ or of the Authority.

XXIV.

TERM AND TERMINATION, DISSOLUTION OF AUTHORITY

A. In General. This Agreement shall become effective, and its initial term shall begin, on the date of countersignature of the City Controller and end upon termination of the Memorial-Heights 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 Memorial-Heights 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.

C. Dissolution of Authority. The City agrees not to dissolve the Authority or the Memorial-Heights 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 Memorial-Heights TIRZ and the City in duplicate originals which shall be considered of equal force and effect.

DATED this 17th day of December, 1997.

MEMORIAL-HEIGHTS REDEVELOPMENT
AUTHORITY

THE CITY OF HOUSTON, TEXAS

Chairman, Board of Directors

Mayor

ATTEST:

ATTEST:

Secretary, Board of Directors

City Secretary

COUNTERSIGNED:

City Controller

Date Countersigned: _____

APPROVED AS TO FORM:

Sr. Assistant City Attorney

L.D. File No. _____

Date: _____

REINVESTMENT ZONE NUMBER FIVE,
CITY OF HOUSTON, TEXAS

Chairman, Board of Directors

ATTEST:

Secretary, Board of Directors

EXHIBITS

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

REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON, TEXAS

Defined in preamble:

Authority
City
Memorial-Heights TIRZ

Others

Accounting
Tax Increment Fund

Defined in Recitals:

Authority Board
Zone Board
TIRZ Act

Defined in definitions:

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

Surplus Fund
Tax Increment
Tax Increment Base
Tax Increment Fund
Taxing Unit
TIRZ Act
TIRZ Project
Zone Board

[Handwritten signature]

SUBJECT: Approval of an agreement by and between the City of Houston Reinvestment Zone Number Five, the City of Houston, Texas, and the Memorial Heights Redevelopment Authority.	Category # 1	Page 1 of 1	Agenda Item # 43
--	------------------------	-----------------------	-----------------------------------

FROM: (Department or other point of origin): Finance and Administration	Origination Date December 11, 1997	Agenda Date DEC 17 1997
---	--	-----------------------------------

[Handwritten signature]

DIRECTOR'S SIGNATURE:	Council Districts affected: Districts H--CM Fraga
------------------------------	---

For additional information contact: Susan Bandy Phone: 247-2470	Date and identification of prior authorizing Council Action:
--	---

RECOMMENDATION: (Summary)

Approval of an agreement by and between the City of Houston Reinvestment Zone Number Five, the City of Houston, Texas, and the Memorial Heights Redevelopment Authority.

Amount and Source of Funding: No Funding Required	F & A Budget
--	--------------

1590

Specific Explanation:

On 12/10/97, City Council approved Resolution Number 97-67, which created the Memorial Heights Redevelopment Authority to assist and act on behalf of the City in the implementation of the Memorial Heights TIRZ Project Plan and Financing Plan, and for the redevelopment of property within the TIRZ.

Approval of the proposed agreement by and between the Redevelopment Authority, The City of Houston and the Memorial Heights TIRZ, will empower the Authority to act on the City's behalf; 1) in the implementation of the Project Plan and Financing Plan; 2) in the contracting with Developers for project work provided for in the approved project plan, subject to the approval of the Directors of both the Finance and Administration and Public Works and Engineering departments; 3) to issue or incur obligations in the form of Developer Reimbursement Agreements, Bank Loans, or Bond sales subject to City Council approval; and, 4) to use the Tax Increment generated by the TIRZ to pay for such obligations or indebtedness.

The City will establish a separate account into which the tax increments will be deposited. This Agreement provides that the Authority is obligated to prepare and submit for City approval an annual budget prior to the beginning of each fiscal year. This agreement is similar to the agreement approved by City Council for use in the Midtown TIRZ.

Approval is recommended.

cc: City Secretary
Legal Department
Dan Jones

REQUIRED AUTHORIZATION		
F&A Director:	Other Authorization:	Other Authorization:

[Handwritten mark]