

Greenspoint Zone

Greater Greenspoint Reinvestment Zone

Houston, Texas 77_____

B. Index

The City, AISD and the Greenspoint Zone hereby agree to the terms and conditions of this Agreement. This Agreement consists of the following sections:

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Exhibit "A"	City of Houston Ordinance No. 98-713	

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, AISD and the Greenspoint Zone have made and executed this Agreement in multiple copies, each of which is an original.

CITY OF HOUSTON

ALDINE INDEPENDENT SCHOOL DISTRICT

Mayor Date Leonard Marshall 2-23-99
President, Board of Trustees Date

ATTEST/SEAL:

City Secretary Date Brick Ogden 2-23-99
Assistant Secretary, Board of Trustees Date

COUNTERSIGNED:

City Controller Date Willis Warrall 2-25-99
Superintendent of Schools Date

APPROVED:

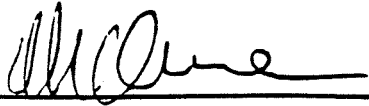
APPROVED AS TO FORM:

Director Date Frank Williams 2-26-99
Department of Finance and Administration Attorney Date

APPROVED AS TO FORM:

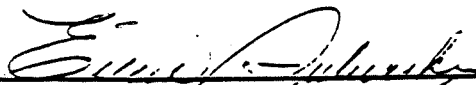
Sr. Assistant City Attorney Date
L.D. No. 349637804

**REINVESTMENT ZONE NUMBER ELEVEN,
CITY OF HOUSTON, TEXAS (Greenspoint Zone)**

 3/24/99

By: _____ Date
Title: Chairman, Board of Directors

ATTEST/SEAL:

 3/24/99
By: _____ Date
Title: Board of Directors

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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 Greenspoint Zone, the costs of operating the Greenspoint Zone and the imputed administrative costs associated with the Greenspoint 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, AISD and the Greenspoint Zone.

"Agreement Term" is defined in Section VI.

"Captured Appraised Value" means the captured appraised value of the Greenspoint 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.

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

"AISD Tax Increment Participation" means the amount of money calculated by multiplying a decimal fraction by the AISD taxes collected on the Captured Appraised Value for the year in question. The decimal fraction to be used to calculate the AISD Tax Increment Participation shall be: (i) for each year from 1999 through 2004, \$0.86 divided by the AISD tax rate for such year; (ii) for each year from 2005 through 2028, \$0.56 divided by the AISD tax rate for such year; or (iii) if AISD elects the option provided in Section IV.C. of this Agreement, for each year for which such option is elected, \$0.86 by the AISD tax rate for such year. In no event shall the decimal fraction be greater than 1.00 in any year.

"Educational Facilities Account" means the separate account within the Tax Increment Fund into which money set aside for the purpose of constructing the School Facilities in accordance with Article IV hereof and all proceeds from the investment of such money are deposited or accumulated.

"Greenspoint Area" shall mean the Greenspoint area of the City and neighboring areas, as more particularly described in City of Houston Ordinance No. 98-713.

"Greenspoint Zone" means Reinvestment Zone Number Eleven, City of Houston, Texas (Greenspoint) created by the City on August 26, 1998 by Ordinance No. 98-713, attached as Exhibit "A," and includes its successors and assigns.

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

"School Facilities" means those educational facilities acquired, constructed, expanded or renovated by AISD in the Greenspoint Zone or, to the extent authorized by law, outside the Greenspoint Zone to serve the Greenspoint Zone using monies from the Tax Increment Fund.

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

Other terms used herein shall have the meanings specified herein or ascribed to them in Chapter 311, Texas Tax Code.

III. BACKGROUND

By Ordinance No. 98-713, adopted August 26, 1998, the City created the Greenspoint Zone for the purposes of development and redevelopment in the Greenspoint Area. The City will contribute one hundred percent (100%) of the City tax increments produced in the Greenspoint Zone

to the Tax Increment Fund. AISD desires to participate in the Greenspoint Zone in consideration for the agreements set forth below.

IV. OBLIGATIONS OF AISD

A. Tax Increment Participation by AISD

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

B. Tax Increment Limitation

Subject to the limitations set out in this Agreement, AISD agrees to pay the AISD Tax Increment Participation to the Tax Increment Fund during the term of this Agreement. Notwithstanding anything to the contrary provided herein, AISD may terminate its obligations to pay the AISD Tax Increment Participation to the Tax Increment Fund when the cumulative total of all AISD Tax Increment Participation payments, other than those deposited into the Educational Facilities Account, reaches \$75,000,000, provided that AISD gives the Greenspoint Zone at least twelve (12) months written notice of AISD's intent to terminate its participation.

AISD's Tax Increment Participation shall be based on and limited to taxes actually collected on the Captured Appraised Value in the Greenspoint Zone. AISD shall not be obligated to pay the AISD Tax Increment Participation from other AISD taxes or revenues. The obligation to pay the AISD Tax Increment Participation shall accrue as taxes are collected by AISD on the Captured Appraised Value, and payment shall be due on the first day of each calendar quarter, beginning April 1, 2000. The City and the Greenspoint Zone agree that any interest or penalties collected by

AISD with respect to taxes included in the AISD Tax Increment Participation shall be retained by AISD.

C. Option of AISD regarding School Facilities

Beginning April 1, 2005, AISD shall have the right to require that one-third (1/3) of the future AISD Tax Increment Participation payments be set aside and held in the Tax Increment Fund for the purpose of constructing School Facilities in accordance with Section V.B. of this Agreement. To trigger this right, AISD shall give the Greenspoint Zone and the City written notice of such election. One-third of the next and all subsequent AISD Tax Increment Participation payments following the receipt of such notice by the Greenspoint Zone and the City shall be set aside for such purpose. All money set aside for such purpose and all proceeds from the investment of such money shall be deposited into the Educational Facilities Account.

D. Changes in Laws on School Funding

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

E. Expansion of Greenspoint Zone

The obligation of AISD to participate in the Greenspoint Zone is limited to the area described in Exhibit "A" attached hereto. AISD's participation shall not extend to the tax increment on any

additional property added to the Greenspoint Zone by the City unless AISD approves the participation.

F. Board of Directors

Notwithstanding anything to the contrary in City of Houston Ordinance No. 98-713, which created the Greenspoint Zone, AISD shall have the unequivocal right to appoint to and maintain one (1) member on the Greenspoint Zone Board of Directors. Failure of AISD to appoint a person to the Board of Directors of the Greenspoint Zone by January 1, 1999, shall not be deemed a waiver of AISD's right to make an appointment by a later date. AISD may also appoint and maintain as many nonvoting *ex officio* members on the Greenspoint Zone Board of Directors as AISD may desire.

V. OBLIGATIONS OF CITY AND GREENSPPOINT ZONE

A. Project Plan

The parties agree that the Superintendent of Schools of AISD shall be permitted to review and comment on the Greenspoint Zone Project Plan and any amendments thereto before the Project Plan or any amendments thereto are submitted to the City Council for City approval. The Greenspoint Zone Project Plan, as amended from time to time, shall provide for the construction of the School Facilities from the funds accumulated in the Educational Facilities Fund.

B. Financing and Construction of School Facilities

The Educational Facilities Account shall be used for the acquisition, construction, expansion or renovation of the School Facilities to be owned and operated by AISD (or by the Aldine Public Facility Corporation or another entity acting on behalf of AISD) in the Greenspoint Zone or, to the extent authorized by law, outside the Greenspoint Zone to serve the Greenspoint Zone. The

remaining two-thirds (2/3) of the AISD Tax Increment Participation may be applied to any project costs of the Zone.

AISD may design, construct and finance the School Facilities through any mechanisms AISD chooses. At any time at the sole option of AISD, the Greenspoint Zone and the City agree that they will cooperate with AISD or AISD's designee in the design, construction and/or the financing of the School Facilities, provided that applicable laws or the interpretation of those laws do not prohibit the Greenspoint Zone or the City from cooperating in such design, construction or financing. The School Facilities may include land acquired by AISD with its own funds or with the proceeds of debt issued by AISD or by the Aldine Public Facility Corporation or another entity acting on behalf of AISD. The City and the Greenspoint Zone shall pay from funds accumulated in the Educational Facilities Account the costs of the School Facilities or principal and interest on the debt issued by AISD or by AISD's designee to design, finance and construct the School Facilities (the "School Facilities Debt"), provided, however, that the School Facilities Debt to be financed pursuant to this Agreement shall not exceed \$33,215,452.00 including the costs of financing. If the monies accumulated in the Educational Facilities Account are not adequate to pay the School Facilities Debt, AISD shall pay the deficit from AISD available funds.

The City and the Greenspoint Zone shall be entitled, without the consent of AISD, to enter into agreements to pay project costs, principal and interest on bonds, and other obligations from the tax increments paid into the Tax Increment Fund by other participants and from the AISD Tax Increment Participation other than the amounts set aside in the Educational Facilities Account.

The City and the Greenspoint Zone reserve the right to impose yield restrictions and enter into covenants with the holders of bonds and notes of the Greenspoint Zone with respect to the investment

and reinvestment of the Educational Facilities Account, if in the opinion of nationally recognized bond counsel, such action is necessary for any obligations of the Greenspoint Zone to avoid being classified as "arbitrage bonds" under the provisions of the Internal Revenue Code of 1986.

C. Change in Laws

In the event that AISD exercises its option to have the City and the Greenspoint Zone cooperate in the design, construction or financing of the School Facilities as provided in Section V.B. and the laws applicable to tax increment reinvestment zones or the City or the interpretation or application of existing laws prohibit the Greenspoint Zone or the City from designing, constructing and/or financing the School Facilities, the City and the Greenspoint Zone agree to pay all monies accumulated in the Educational Facilities Account to AISD, as if AISD had never participated in the Greenspoint Zone. Thereafter, the AISD Tax Increment Participation shall be reduced by one third (1/3) for the remainder of the term of this Agreement.

D. Control of Educational Facilities

The parties agree that all decisions regarding location, construction and educational content of the School Facilities will be in the control of AISD. Nothing in this subsection shall be construed to relieve AISD 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 AISD.

E. Shared Educational Facilities

AISD agrees that the City will be permitted to use the grounds and facilities of the School Facilities constructed with or financed by monies from the Tax Increment Fund, and that AISD and the City will negotiate use agreements for such use. AISD will allow the City to use, at no cost to the City other than proportionate utility, maintenance and building personnel costs of AISD,

ballfields, tennis courts and other outdoor recreational areas, indoor recreational areas, lunchrooms, and other assembly areas of the School 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 AISD that AISD is not conducting school or other related activities at the facilities.

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, 2028. The first payment of increment taxes by AISD under this Agreement shall be for those taxes levied by AISD in the year 1999 and the last payment by AISD under this Agreement is for those taxes levied by AISD in the year 2028.

B. Early Termination

The City shall not adopt an ordinance terminating the Greenspoint Zone earlier than the duration of the Zone established in Ordinance No. 98-713, without the prior consent of AISD, provided that the Greenspoint Zone may otherwise terminate by operation of law.

C. Disposition of Tax Increments

Upon termination of the Greenspoint Zone, and if all Developer Debt has been paid, the City and the Greenspoint Zone shall pay to AISD all monies remaining in the Tax Increment Fund that are attributable to the AISD 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 AISD, the City or the Greenspoint 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 AISD's contributions or participation, then this Agreement shall be void as to AISD and AISD 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 AISD.

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.