

Controller's Office

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

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

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

Date: Oct 17, 2008

Matthew D. Parker
Matthew D. Parker
City Controller of the City of Houston

FUND REF: 4416400 AMOUNT: - 0 - ENCUMB. NO.: RFL64008-09

MS *DE*
City of Houston, Ordinance No. 2008- 941

AN ORDINANCE APPROVING AND AUTHORIZING AN AGREEMENT AMONG THE CITY OF HOUSTON, TEXAS, REINVESTMENT ZONE NUMBER THIRTEEN, CITY OF HOUSTON, TEXAS (OLD SIXTH WARD ZONE), AND THE OLD SIXTH WARD REDEVELOPMENT AUTHORITY TO FINANCE CERTAIN PUBLIC INFRASTRUCTURE IMPROVEMENTS; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EMERGENCY.

* * * *

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

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 shown in the document attached hereto and incorporated herein by this reference. The Mayor is hereby authorized to sign this document and any 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 contract, agreement, 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 this contract, agreement, or other undertaking described in the title of this Ordinance without further authorization from City 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 approval, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 22nd day of October, 2008.

APPROVED this _____ day of _____, 2008.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is OCT 28 2008.



City Secretary

(Prepared by Legal Department
(DRC:drc September 17, 2008)
(Requested by Michelle Mitchell, Director, Finance Department)
(L. D. File No. 06109800038031)

Donna R. Capps *(for DFM)*

Assistant City Attorney

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AYE	NO	
✓		MAYOR WHITE
••••	••••	COUNCIL MEMBERS
✓		LAWRENCE
	ABSENT	JOHNSON
✓		CLUTTERBUCK
✓		ADAMS
✓		SULLIVAN
	ABSENT-OUT OF CITY BUSINESS	KHAN
✓		HOLM
✓		GARCIA
✓		RODRIGUEZ
✓		BROWN
✓		LOVELL
✓		NORIEGA
✓		GREEN
✓		JONES
CAPTION	ADOPTED	

PUBLISHED IN DAILY COURT
DATE: OCT 28 2008

**AGREEMENT FOR FINANCING
PUBLIC INFRASTRUCTURE IMPROVEMENTS**

By and Among

THE CITY OF HOUSTON, TEXAS,

and

REINVESTMENT ZONE NUMBER THIRTEEN, CITY OF HOUSTON, TEXAS,

and

OLD SIXTH WARD REDEVELOPMENT AUTHORITY

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I. PARTIES

1.1. Identities

This Agreement for Financing Public Infrastructure Improvements ("Agreement") is made by and among the City of Houston, Texas ("the City"), a municipal corporation and home-rule city of the State of Texas, located in Harris County, Texas, acting by and through its governing body, the City Council of Houston, Texas; Reinvestment Zone Number Thirteen, City of Houston, Texas ("the Zone"), a tax increment reinvestment zone created by the City of Houston pursuant to Chapter 311 of the Texas Tax Code, acting by and through its Board of Directors; and the Old Sixth Ward Redevelopment Authority ("the Authority"), a not-for-profit local government corporation, organized and existing under the laws of the State of Texas, acting by and through its Board of Directors. For the purposes of this Agreement, the City, the Zone, and the Authority are referred to singularly as "Party" and collectively as "the Parties." This Agreement is made pursuant to Chapter 791 of the Texas Government Code.

1.2. Addresses

The initial addresses of the Parties, which a Party may change by giving written notice of the new address to the other Parties, are:

The City: Director (or designee)
Finance Department
City of Houston
P. O. Box 1562
Houston, TX 77251-1562

The Zone: Chairperson
Reinvestment Zone Number Thirteen
c/o Vinson & Elkins LLP
First City Tower
1001 Fannin Street, Suite 2500
Houston, TX 77002-6760

The Authority: Chairperson
Old Sixth Ward Redevelopment Authority
c/o Vinson & Elkins LLP
First City Tower
1001 Fannin Street, Suite 2500
Houston, TX 77002-6760

1.3. Subject of Agreement

The Parties hereby agree to the terms and conditions of this Agreement as set forth in the following sections, which sections are hereby incorporated into this Agreement for all purposes by this reference:

Section I	Parties
Section II	Signatures
Section III	Background
Section IV	Obligations of the Zone and the Authority
Section V	Obligations of the City
Section VI	Miscellaneous
Exhibit "A"	2009-2013 Capital Improvement Plan by Project
Exhibit "B"	CO Initial Repayment Schedule
Exhibit "C"	CO Final Repayment Schedule

II. SIGNATURES

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

CITY OF HOUSTON:

_____ Date: _____, 2008
Mayor

ATTEST/SEAL:

_____ Date: _____, 2008
City Secretary

COUNTERSIGNED:

_____ Date: _____, 2008
City Controller

APPROVED:

_____ Date: _____, 2008
Director, Finance Department

APPROVED AS TO FORM:

Donna R. Capps

Assistant City Attorney Date: Oct. 16, 2008
L.D. File No. 0619800038031

**REINVESTMENT ZONE NUMBER THIRTEEN,
CITY OF HOUSTON, TEXAS:**

By: _____ Date: _____, 2008

Printed Name: _____

Printed Title: _____

ATTEST/SEAL:

By: _____ Date: _____, 2008

Printed Name: _____

Printed Title: _____

OLD SIXTH WARD REDEVELOPMENT AUTHORITY:

By: _____ Date: _____, 2008

Printed Name: _____

Printed Title: _____

ATTEST/SEAL:

By: _____ Date: _____, 2008

Printed Name: _____

Printed Title: _____

III. BACKGROUND

3.1. Creation of the Zone

The City created the Zone by Ordinance No. 1998-1256 for the purpose of redevelopment within the area of the City generally described as the Old Sixth Ward.

3.2. Creation of the Authority

By Resolution 2000-0040, the City authorized the creation of the Authority as a duly constituted authority of the City authorized to aid, assist, and act on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the Old Sixth Ward area of the City; to promote, develop, encourage, and maintain employment, commerce, and economic development in Houston, Texas, and to perform the other purposes described in the Authority's Articles of Incorporation.

3.3. Agreement Among the City, the Zone, and the Authority

By Ordinance No. 2001-1176, the City, the Zone, and the Authority entered into an agreement (the "Tri-Party Agreement") authorizing the Authority to perform certain activities relating to the development and redevelopment of the Zone pursuant to and consistent with the Project Plan and Reinvestment Zone Financing Plan (the "Plans"). The Authority is authorized to undertake activities to implement the Plans, including: performing and engaging in activities relating to the acquisition, development, leasing, and sale of land and other properties; constructing and improving infrastructure in the Zone; entering into Development Agreements with Developers/Builders; and issuing, selling, or delivering Bonds, Notes, or other Authority Obligations.

3.4. Project Plan and Reinvestment Zone Financing Plan (the "Plans").

Following approval of the Plans by the Board of Directors of the Zone, the City approved the Plans for the Zone pursuant to Ordinance No. 1999-0794. The Plans

were amended subsequently by Ordinance No. 1999-0827. The Plans provide for the construction of certain public works and improvements and the acquisition of land therefore within the Zone (the "Public Works").

3.5. Capital Improvements Budget.

On July 1, 2008, by Ordinance No. 2008-0572, the City approved the Fiscal Year 2009 Budget submitted by the Authority as required by the Tri-Party Agreement. At the same time, and by the same ordinance, the City approved the Fiscal Years 2009-2013 Capital Improvements Budget for the Zone (as updated annually, the "CIP"). The CIP provides for the planned expenditure of funds for the construction of the Public Works.

3.6. Financing the Public Works.

In consideration of the Zone and the Authority's agreeing to design and construct a portion of the Public Works, the City hereby agrees to provide timely and cost-effective financing of such Public Works by issuing certificates of obligation, a portion of which will be paid to the Authority pursuant to this Agreement (the "COs"). For the purposes of this Agreement and in the context of the Authority's obligation to repay the City, "COs" mean the proceeds from the COs, to the extent such proceeds are paid to the Authority, and which repayment obligation the Parties agree shall include a pro-rata share of the cost of issuing the COs. The Authority will repay the City over a period of time as detailed in this Agreement.

IV. OBLIGATIONS OF THE ZONE AND THE AUTHORITY

4.1. Construction of the Public Works.

Upon receipt from the City of the proceeds of the COs, the Zone and the Authority shall (1) commence and cause to be completed, pursuant to Paragraph 4.2 of

this Section IV, the construction of the Public Works described in Exhibit "A;" (2) pay for the acquisition of land for the Public Works described in Exhibit "A;" and (3) reimburse Developers/Builders or acquire Public Works pursuant to Development Agreements described in Exhibit "A." To the extent there are proceeds from the COs in excess of the funds needed or legally available to fund items (1), (2), and (3) of this Paragraph 4.1, the Authority may use such excess proceeds for other Public Works which are eligible to be funded by the COs and which shall be added to Exhibit "A" by mutual agreement of the Director and the Authority. The Zone and the Authority may contract directly to construct the Public Works, or may contract with the City for the City to construct the Public Works. The Zone and the Authority may use other funds from any available source, in accordance with Paragraph 5.1 of this Agreement, for the construction of the Public Works. The Zone and the Authority's obligation to fund the construction of the Public Works is limited to the revenues from the issuance of the COs as described herein and available tax increment funds.

4.2. Time for Completion.

The Parties intend that the construction of the Public Works financed by the COs should begin on or about November 1, 2008 (or upon payment by the City of the proceeds of the COs to the Authority), and shall be substantially completed within three years of the issuance of the COs.

4.3. Repayment Obligations.

(a) In consideration of the City's issuing the COs and transmitting the funds as described herein, the Authority agrees to repay the City the principal of and interest on the COs until all principal of and interest on the COs have been repaid or the COs have been legally defeased. This obligation for repayment is Senior to all other obligations of

the Authority. If the City issues COs or other debt to finance the Public Works in conjunction with debt to finance other City purposes, the principal and interest attributable to purposes other than the Public Works shall not be a repayment obligation of the Zone or the Authority.

(b) The Authority shall make the repayment in installments which shall be due each year, no later than September 1st. It is currently estimated that each annual installment shall be in the amount as shown on the initial repayment schedule attached as Exhibit "B" to this Agreement. The Parties acknowledge that the final repayment schedule cannot be calculated until the City issues the COs. Upon calculation of the final repayment schedule, and not later than the date on which the City transmits the proceeds of the COs to the Authority, the City shall calculate and provide to the Authority a final repayment schedule based on the actual principal and interest due by the City on the COs to be attached as Exhibit "C" to this Agreement. The Parties agree that Exhibit "C," as completed, shall constitute the repayment schedule of the Authority under this Agreement.

In the event the Authority does not have adequate funds available to make any installment payment when due, the Authority may request the City Council to approve an amendment of this Agreement to establish a new repayment schedule. If the Parties do not approve an amendment of this Agreement that establishes a new repayment schedule, the Authority shall continue to be obligated to make payments pursuant to the repayment schedule of this Agreement. In lieu of installment payments, the Authority may provide for satisfaction of its obligations as provided in subsection (e) of this Section IV.

(c) The Zone and the Authority shall reflect each of the annual installments in the appropriate annual Budget for the fiscal year in which the September 1st due date occurs, and which the Zone and the Authority are required to submit to the City pursuant to the Tri-Party Agreement. The City shall timely approve the Budget as required to allow the Authority payments hereunder. The City agrees that it is the intent of this Agreement, in addition to providing for payment of the annual installment payment, to allow for the Authority, to the extent there are available revenues, to implement the Plans and to spend Tax Increment paid to the Authority pursuant to the Tri-Party Agreement on the Public Works listed in the Plan. To accomplish this intent, the City has approved the CIP detailing the planned expenditure of funds for certain of the Public Works. The City intends, to the extent there are available Authority revenues in excess of those necessary to pay the annual installment payment, and any other amount reasonably necessary to ensure such annual installment payments throughout the term of the Zone, that it will approve annually a Budget that allows the Authority to complete the Plans in accordance with the CIP.

(d) Failure to make any installment payment when due shall constitute a breach of this Agreement.

(e) The Authority reserves the right to issue obligations from time to time and as provided by applicable Texas law and a duly approved Budget, payable from revenues received by the Authority pursuant to the Tri-Party Agreement, to pay the City the obligations incurred hereunder by the Zone and the Authority.

4.4. Arbitrage Rebate Liability.

If the City is required to rebate to the United States any arbitrage earnings associated with the COs, the Authority shall reimburse the City for any amounts so

rebated, to the extent such rebate amounts are allocable to the proceeds of the COs actually paid to the Authority pursuant to this Agreement. This obligation shall be in addition to the other obligations of the Authority pursuant to this Agreement.

V. OBLIGATIONS OF THE CITY

5.1. Issuance of Certificates of Obligation.

(a) In consideration of the agreement of the Zone and the Authority to cause the design and construction of the Public Works described in Exhibit "A" of this Agreement, the City shall issue COs in the minimum amount of \$3,050,000.00, the proceeds of which will be paid to the Authority. The COs will be secured by the City's annual ad valorem tax levied on taxable property with the City and by a subordinate and junior lien on and pledge of mixed beverage revenues. However, the City may use payments made to it pursuant to this Agreement to redeem all or a portion of the COs prior to maturity.

(b) The City shall transmit the proceeds from the COs after this Agreement is fully executed and upon receipt of a letter signed by the Chairperson of the Authority requesting transmittal of funds and submitting the appropriate banking institution information.

VI. MISCELLANEOUS

6.1. Agreement Term.

This Agreement is effective on the date it is countersigned by the City Controller, and shall terminate upon the completion of the mutual obligations contained herein. The obligation of the Authority to reimburse the City for any payments made to rebated

arbitrage earnings pursuant to Paragraph 4.4 of this Agreement shall survive the termination of this Agreement.

6.2. Enforcement.

The City Attorney, or his or her designee, shall have the right to enforce all legal rights and obligations under this Agreement, without further authorization. The Zone and the Authority covenant to provide the City Attorney all documents and records that the City Attorney deems necessary to assist in determining compliance with this Agreement.

6.3. Notices.

All notices required or permitted pursuant to this Agreement shall be given by depositing such notice in the United States mail, addressed to the Party to be notified, postage paid, and certified with return receipt requested. All notices shall be addressed to the Parties at the locations stated in this Agreement, or at such other address as the receiving Party may have designated by written notice to the other Parties.

6.4. Assignment.

No Party shall make, in whole or in part, or in law or otherwise, any assignment of this Agreement or any obligation hereunder, without the prior written consent of the other Parties.

6.5. Governing Law.

This Agreement is subject to the laws of the State of Texas, the Charter and Ordinances of the City of Houston, the laws of the United States federal government, and all rules and regulations of any regulatory body having jurisdiction in Houston, Harris County, Texas. Should any provision of this Agreement require judicial interpretation, the City, the Zone, and the Authority agree and stipulate that the judicial

body interpreting or considering the provision shall not presume that the terms herein shall be construed against the drafting Party, it being agreed that all Parties have participated in the preparation of this Agreement, and that each Party had full opportunity to consult separate legal counsel prior to executing this Agreement.

6.6. Third Party Beneficiary.

This Agreement shall not bestow any rights upon any third party, including the Developer, but shall bind and benefit only the City, the Zone, and the Authority.

6.7. Severability.

If any provision of this Agreement is determined to be unenforceable for any reason, the unenforceable provision shall be severable from the remainder of this Agreement and shall not invalidate or affect the other provisions of the Agreement, which shall remain in full force and effect and be enforceable according to their terms.

6.8. Entire Agreement.

This Agreement comprises the full and complete agreement of the Parties with respect to the provisions addressed herein, and supersedes and voids all prior communications, understandings, and agreements among the Parties relating to such provisions, whether written or oral, expressed or implied.

All exhibits referenced in or attached to this Agreement are incorporated herein by such reference or attachment.

6.9. Written Amendment.

Unless otherwise provided herein, this Agreement may be amended only by written instrument duly executed by each Party hereto.

6.10. Non-Waiver.

The waiver by any Party of a breach of any provision of the Agreement shall not operate or be construed as a waiver of any subsequent breach or as a waiver of any other provisions of this Agreement.

6.11. 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, the Zone, or the Authority.

6.12. 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.

6.13. Definitions.

All capitalized terms used in this Agreement that are not defined in this Agreement shall have the meanings as defined in the Tri-Party Agreement.

EXHIBIT "A"

2009-2013 CAPITAL IMPROVEMENT PLAN (2009-2012 only shown below)

TIRZ No. 13 – Old Sixth Ward Redevelopment Authority CIP by Project

CIP No.	Project	FY Planned Appropriations (\$ Thousands)				
		2009	2010	2011	2012	Total 2009-2012
T-1301	Entry Monumentation	\$ 183,000	\$ -	\$ -	\$ -	\$ 183,000
T-1302	Street Lights	\$ 95,000	\$ 95,000	\$ 95,000	\$ -	\$ 285,000
T-1303	Concrete Street Markers/Street Signs	\$ 59,000	\$ 45,000	\$ 45,000	\$ -	\$ 149,000
T-1304	Sanitary Sewer Rehabilitation/ Substitute Service Program	\$ 691,882	\$ 691,882	\$ 691,882	\$ -	\$ 2,075,646
T-1306	Sidewalk Improvements	\$ 335,844	\$ 335,844	\$ 335,844	\$ 150,000	\$ 1,157,532
Totals		\$ 1,364,726	\$ 1,167,726	\$ 1,167,726	\$ 150,000	\$ 3,850,178

EXHIBIT "B"

CO INITIAL REPAYMENT SCHEDULE

City of Houston

2008B CO's

Projected TIRZ #13 Debt Service @ 5.5%

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
3/1/2009	0.00	48,309.86	48,309.86	48,309.86
9/1/2009	0.00	84,425.00	84,425.00	0.00
3/1/2010	90,000.00	84,425.00	174,425.00	258,850.00
9/1/2010	0.00	81,950.00	81,950.00	0.00
3/1/2011	95,000.00	81,950.00	176,950.00	258,900.00
9/1/2011	0.00	79,337.50	79,337.50	0.00
3/1/2012	100,000.00	79,337.50	179,337.50	258,675.00
9/1/2012	0.00	76,587.50	76,587.50	0.00
3/1/2013	105,000.00	76,587.50	181,587.50	258,175.00
9/1/2013	0.00	73,700.00	73,700.00	0.00
3/1/2014	110,000.00	73,700.00	183,700.00	257,400.00
9/1/2014	0.00	70,675.00	70,675.00	0.00
3/1/2015	115,000.00	70,675.00	185,675.00	256,350.00
9/1/2015	0.00	67,512.50	67,512.50	0.00
3/1/2016	120,000.00	67,512.50	187,512.50	255,025.00
9/1/2016	0.00	64,212.50	64,212.50	0.00
3/1/2017	130,000.00	64,212.50	194,212.50	258,425.00
9/1/2017	0.00	60,637.50	60,637.50	0.00
3/1/2018	135,000.00	60,637.50	195,637.50	256,275.00
9/1/2018	0.00	56,925.00	56,925.00	0.00
3/1/2019	140,000.00	56,925.00	196,925.00	253,850.00
9/1/2019	0.00	53,075.00	53,075.00	0.00
3/1/2020	150,000.00	53,075.00	203,075.00	256,150.00
9/1/2020	0.00	48,950.00	48,950.00	0.00
3/1/2021	160,000.00	48,950.00	208,950.00	257,900.00
9/1/2021	0.00	44,550.00	44,550.00	0.00
3/1/2022	165,000.00	44,550.00	209,550.00	254,100.00
9/1/2022	0.00	40,012.50	40,012.50	0.00
3/1/2023	175,000.00	40,012.50	215,012.50	255,025.00
9/1/2023	0.00	35,200.00	35,200.00	0.00
3/1/2024	185,000.00	35,200.00	220,200.00	255,400.00
9/1/2024	0.00	30,112.50	30,112.50	0.00
3/1/2025	195,000.00	30,112.50	225,112.50	255,225.00
9/1/2025	0.00	24,750.00	24,750.00	0.00
3/1/2026	205,000.00	24,750.00	229,750.00	254,500.00
9/1/2026	0.00	19,112.50	19,112.50	0.00
3/1/2027	220,000.00	19,112.50	239,112.50	258,225.00
9/1/2027	0.00	13,062.50	13,062.50	0.00
3/1/2028	230,000.00	13,062.50	243,062.50	256,125.00
9/1/2028	0.00	6,737.50	6,737.50	0.00
3/1/2029	245,000.00	6,737.50	251,737.50	258,475.00
3,070,000.00	2,111,359.86	5,181,359.86	5,181,359.86	

EXHIBIT "C"

CO FINAL REPAYMENT SCHEDULE