## ECONOMIC DEVELOPMENT AGREEMENT

This ECONOMIC DEVELOPMENT AGREEMENT ("Agreement") is made by and between the CITY OF HOUSTON, TEXAS, a municipal corporation and home-rule city ("City"), and FINGER DEVELOPMENT COMPANY, a Texas corporation ("Developer"). The City and the Developer may be referred to singularly as "Party" and collectively as the "Parties."

## RECITALS

WHEREAS, the Developer has entered into Purchase and Sale Agreements, and amendments thereto to purchase certain tracts of land totaling approximately 20,157 square feet within the corporate limits of the City ("Property") on which it intends to construct a seven story apartment building containing approximately 380 residential units thereon with appropriate amenities thereto, and approximately 10,000 square feet of retail and an attached parking garage with approximately 650 parking spaces on $61 / 2$ levels, on the north and south sides of the fifteen hundred block of Prairie Avenue, from La Branch Street to Crawford Street (the "Project"); and

WHEREAS, the current owners of the Property have submitted an application to the Joint Referral Committee for the abandonment of that portion of Prairie Avenue adjacent to the Property and within the boundaries of the proposed Project, without which abandonment the Developer will not be able to construct the Project; and

WHEREAS, recent studies of and plans for development within the eastern area of downtown Houston (the "Area") have demonstrated a need and demand for multifamily residential development with active uses at street level within the Area, but have concluded that the public investments made in the Area have increased the price of land to an extent that desired multi-family residential development is not economically feasible without some form of public incentive; and

WHEREAS, the Developer proposes to construct the Project which is in the Area and has requested an economic incentive from the City in the form of a grant to help offset the value difference of the street rights-of-way that the Developer would otherwise be required to pay upon the City's abandonment of these rights-of-way; and

WHEREAS, the City recognizes the positive economic impact that the Project will bring to the City through the timely development and diversification of the economy, elimination of unemployment and underemployment through the creation and retention of new jobs, the attraction of new businesses, and the retention and growth of the ad
valorem and personal property tax revenues generated by the Developer's operations on the Property; and

WHEREAS, the City has established a program in accordance with Article III, Chapter 52-a of the Texas Constitution and Chapter 380 of the Texas Local Government Code ("Chapter 380") pursuant to which the City has the authority to make grants or loans of public funds for the public purposes of promoting local economic development and stimulating business and commercial activity within the City; and

WHEREAS, in consideration of Developer's commitment to design, construct, and develop the Project, the City desires to enter into this Agreement pursuant to Chapter 380 and other laws and to grant to Developer the value of the street rights-ofway that Developer would otherwise be required to pay upon the City's abandonment of these rights-of-way; and

WHEREAS, to ensure that the benefits the City provides under this Agreement are utilized in a manner consistent with Chapter 380 and other applicable laws, the Developer has agreed to comply with certain conditions for receiving those benefits, including criteria relating to the design and construction of the Project (the "Design Guidelines" attached hereto as Exhibit A and as generally illustrated in (i) the drawing of the Crawford Street elevation of the Project attached hereto as Exhibit B; (ii) the site plan and typical ground floor unit plan attached hereto as Exhibit C ; and (iii) the drawing showing how the ground floor units relate to the sidewalk attached hereto as Exhibit D); and

WHEREAS, for all purposes of this Agreement, the City acknowledges that construction of the Project consistent with Exhibits B, C and D shall be construction of the Project in accordance with the Design Guidelines;

NOW, THEREFORE, for and in consideration of the premises and mutual agreements and covenants set forth herein, the City and the Developer agree as follows:

## ARTICLE I GENERAL TERMS

A. Incorporation of Recitals. The recitals to this Agreement are hereby incorporated for all purposes.
B. Definitions and Terms. The terms "Agreement," "Chapter 380," "City," "Developer," "Project," "Property," shall have the meanings given to such terms in the Recitals, and the following capitalized terms have the following meanings:
"Effective Date" means the date that the City Controller countersigns this Agreement.
"Parties" or "Party" shall mean the City and the Developer, the parties to this Agreement and the Developer's assigns.
"Right-of-Way" means the portion of the right-of-way of Prairie Avenue between La Branch Street and Crawford Street that the current owners of the Property and the Developer have requested the City to abandon.
C. Singular and Plural. Words used herein in the singular, where the context so permits, also include the plural and vice versa. The definitions of words in the singular also apply to such words when used in the plural where the context so permits and vice versa.

## ARTICLEII <br> REPRESENTATIONS AND WARRANTIES

A. Representations of the City. The City hereby represents to the Developer that as of the date hereof:

The City is a duly created and existing municipal corporation and home rule municipality of the State of Texas under the laws of the State of Texas and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement.

The City has the power, authority and legal right under the laws of the State of Texas and the City Charter to enter into and perform this Agreement and the execution, delivery and performance hereof (i) will not, to the best of its knowledge, violate any applicable judgment, order, law or regulation, and (ii) do not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the City under any agreement or instrument to which the City is a party or by which the City or its assets may be bound or affected.

This Agreement has been duly authorized, executed and delivered by the City and constitutes a legal, valid and binding obligation of the City, enforceable in accordance with its terms except to the extent that the enforceability of such instruments may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights.

The execution, delivery and performance of this Agreement by the City do not require the consent or approval of any person that has not been obtained.
B. Representations and Warranties of the Developer. The Developer hereby represents and warrants to the City that:

The Developer is duly authorized and existing and in good standing under the laws of the State of Texas, and is qualified to do business in the State of Texas.

The Developer has, or will have upon purchase of the Property, the power, authority and legal right to enter into and perform its obligations set forth in this Agreement, and the execution, delivery and performance hereof, (i) have been duly authorized, and will not, to the best of its knowledge, violate any judgment, order, law or regulation applicable to the Developer, and (ii) do not and will not constitute a default under or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Developer under any agreement or instrument to which the Developer is a party or by which the Developer or its assets may be bound or affected.

This Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of the Developer, enforceable in accordance with its terms except to the extent that the enforceability of such instruments may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights.

The Project will be constructed substantially in accordance with the Design Guidelines. The Project will be substantially constructed and have a certificate of occupancy issued by the City no later than June 30, 2015, subject to subparagraph D. of Article $V$ below.

## ARTICLE III <br> ECONOMIC INCENTIVES

To develop and construct the Project, the Developer must acquire the Right-ofWay which will become part of the Project. Subject to adherence to standard right-ofway abandonment procedures and ordinances, the City agrees to support and bring forth for City Council approval, upon the City's Joint Referral Committee's review of the Developer's Right-of-Way abandonment application, an ordinance or other appropriate form of agreement for the abandonment of the Right-of-Way to facilitate the development of the Project. As an incentive for the Developer to construct the Project, the City hereby agrees to make a Chapter 380 grant to the Developer of the amount the

Developer would otherwise be required to pay the City for abandoning the Right-ofWay.

## ARTICLE IV <br> OBLIGATIONS OF THE DEVELOPER

The Developer shall construct the Project in compliance with all applicable ordinances, rules, and regulations of the City and all other entities having jurisdiction over the Project. The Project shall be constructed substantially in accordance with the Design Guidelinesand the façade shall have substantially the appearance shown in Exhibit A. The Developer may modify the façade from the drawing shown in Exhibit A only upon approval by the Chief Development Officer of the City, and only if the change is substantially consistent with the Design Guidelines. Approval of a change by the Chief Development Officer shall be prima facie evidence that the approved change is consistent with the Design Guidelines. Failure to construct the Project substantially in accordance with the Design Guidelines shall constitute an incurable event of default under this Agreement.

The Developer shall complete the Project and make it available for occupancy, as evidenced by a certificate of occupancy issued by the City, no later than June 30, 2015, subject to subparagraph D. of Article $V$ below. Subject to subparagraph D. of Article V below, failure to complete the Project by this date shall constitute an incurable event of default under this Agreement.

## ARTICLE V <br> DEFAULT AND REMEDY

A. General Events of Default. A Party shall be deemed in default under this Agreement (which shall be deemed a breach hereunder) if such Party fails to substantially perform, observe or comply with any of its material commitments, covenants, agreements or obligations hereunder or if any of its representations contained in this Agreement are false in any material respect.

Before the failure of any Party to perform its obligations under this Agreement is deemed to be a breach of this Agreement, the Party claiming such failure shall notify, in writing, the Party alleged to have failed to perform of the alleged failure and shall demand performance. No breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within thirty (30) days of the receipt by the defaulting Party of such notice.
B. Project Completion Default. The Developer and its successors and assigns shall be in default under this Agreement if construction of the Project is (i) not constructed substantially in accordance with the Design Guidelines, or (ii) not substantially complete and does not have a certificate of occupancy issued by the City by June 30, 2015, subject to subparagraph D. of Article V (a "Project Completion Default"). A Project Completion Default shall be an incurable event of default. Upon the occurrence of a Project Completion Default, the Developer shall, within thirty (30) days of receipt of written notice of default from the City, pay the City the amount of money the Developer otherwise would have had to pay the City for the abandonment of the Right-of-Way as the City's sole and exclusive remedy for a Project Completion Default, all other remedies for a Project Completion Default being waived by the City, such amount being agreed upon as liquidated damages because of the difficulty of ascertaining the actual damages for any such Project Completion Default. In lieu of declaring a Project Completion Default the Chief Development Officer of the City, if he or she believes reasonable progress is being made toward completion of the Project and that the Project can and will be completed, may recommend that the City Council approve an amendment to this Agreement extending the Project completion deadline, subject to receipt of adequate consideration from the Developer.
C. Upon a breach of this Agreement, the non-defaulting Party, in any court of competent jurisdiction, by an action or proceeding at law or in equity, may secure the specific performance of the covenants and agreements herein contained, may be awarded damages for failure of performance, or both, subject to the liquidated damages provision of subparagraph B above. Except as otherwise set forth herein, no action taken by a Party pursuant to the provisions of this Section or pursuant to the provisions of any other Section of this Agreement shall be deemed to constitute an election of remedies; and all remedies set forth in this Agreement shall be cumulative and nonexclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the Parties shall have the affirmative obligation to mitigate its damages in the event of a default by the other Party.
D. Notwithstanding anything in this Agreement which is or may appear to be to the contrary, if the performance of any covenant or obligation to be performed hereunder by any party is delayed as a result of circumstances which are beyond the reasonable control of such Party (which circumstances may include, without limitation, pending or threatened lifigation, acts of God, war, acts of civil disobedience, fire or other casualty, shortage of materials, adverse weather conditions [such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures, hurricanes or tornadoes], labor action, strikes or similar acts) the time for such performance shall be extended by the amount of time of such delay ("Force Majeure").

In addition to any other right or remedy available to the Parties pursuant to this Agreement, subject to the liquidated damages provision of subparagraph B. above, in the event of a default or a breach by either Party under this Agreement which continues for thirty (30) days after written notice to the Party alleged to have defaulted or breached and the failure of the Party alleged to have defaulted or breached to cure or diligently proceed to cure such breach to the complaining Party's reasonable satisfaction, the complaining Party shall have the right (but not the obligation), in its sole discretion, to exercise its rights with regards to mandamus, specific performance or mandatory or permanent injunction to require the Party alleged to have defaulted or breached to perform.

## ARTICLE VI GENERAL PROVISIONS

A. Time of the essence. Time is of the essence in the performance of this Agreement. The Parties will make every commercially reasonable effort to expedite the subject matters hereof and acknowledge that the successful performance of this Agreement requires their continued cooperation, including, without limitation, subject to the Developer's compliance with all applicable laws, expeditiously processing permits and approvals to facilitate the Developer's timely procurement of all entitlements required for the Project.
B. Notices. Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed or sent by rapid transmission confirmed by mailing written confirmation at substantially the same time as such rapid transmission, or personally delivered to an officer of the receiving Party at the following addresses:

If to the Developer:
Finger Development Company
99 Detering, Suite 200
Houston, TX 77007
Attention: Mr. Marvy Finger
With a copy to:
Schlanger Silver Barg \& Paine, LLP
109 North Post Oak Lane
Suite 300
Houston, TX 77024
Attention: Mr. Lee D. Schlanger

If to the City:<br>Chief Development Officer<br>City of Houston, Texas<br>P.O. Box 1562<br>Houston, Texas 77251-1562<br>With a copy to:<br>City Attorney<br>City of Houston, Texas<br>900 Bagby, $4^{\text {th }}$ Floor<br>City Hall Annex<br>Houston, Texas 77002

Notice shall be deemed to have been received on the date such notice is personally delivered or three days from the date such notice is mailed or sent by rapid transmission. Either Party may change its address by written notice in accordance with this Section. Any communication addressed and mailed in accordance with this Section shall be deemed to be given when so mailed, any notice so sent by rapid transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when received for by, or actually received by, an authorized officer of the Developer or the City, as the case may be.
C. Amendments and waivers. Any provision of this Agreement may be amended or waived if such amendment or waiver is in writing and is approved by the Developer and the City. No course of dealing on the part of the Developer or the City nor any failure or delay by the Developer or the City with respect to exercising any right, power or privilege pursuant to this Agreement shall operate as a waiver thereof, except as otherwise provided in this Section.
D. Invalidity. In the event that any of the provisions contained in this Agreement shall be held unenforceable in any respect, such unenforceability shall not affect any other provisions of this Agreement and, to that end, all provisions, covenants, agreements or portions of this Agreement are declared to be severable.
E. Successors and assigns. Neither Party shall have the right to assign its rights under this Agreement or any interest herein, without the prior written consent of the other Party, except that the Developer may assign its rights and responsibilities
hereunder without the prior written consent of the City to (i) a lending institution of all or a portion of the Developer's rights hereunder as security for repayment of one or more loans to finance the construction or ownership of the Project, or (ii) any related, affiliated or subsidiary entity to which substantially all of its assets, liabilities or its rights to proceed with development of the Project are transferred, provided that any assignee under (ii) agrees in writing to assume the Developer's obligations under this Agreement. The Developer shall promptly provide the City with a copy of the assignment instrument and the notice information for the assignee. For all other assignments, the City shall not unreasonably withhold its written consent. The City's Chief Development Officer, or his or her designee, may consent to a qualifying assignment under this Section on behalf of the City.
F. Exhibits, titles of articles, sections and subsections. The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail. All titles or headings are only for the convenience of the Parties and shall not be construed to have any effect or meaning as to the agreement between the Parties hereto. Any reference herein to a section or subsection shall be considered a reference to such section or subsection of this Agreement unless otherwise stated. Any reference herein to an exhibit shall be considered a reference to the applicable exhibit attached hereto unless otherwise stated.
G. Applicable law. This Agreement is a contract made under and shall, be construed in accordance with and governed by the laws of the United States of America and the State of Texas, and any actions concerning this Agreement shall be brought in either the State Courts of Harris County, Texas, or the United States District Court for the Southern District of Texas.
H. Entire agreement. This Agreement represents the final agreement between the Parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the Parties. There are no unwritten oral agreements between the Parties.

1. Approval by the Parties. Whenever this Agreement requires or permits approval or consent to be hereafter given by any of the Parties, the Parties agree that such approval or consent shall not be unreasonably withheld or delayed.
J. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.
K. Interpretation. This Agreement has been jointly negotiated by the Parties and shall not be construed against a Party because that Party may have primarily assumed responsibility for the drafting of this Agreement.
L. Conflicts with Ordinances. The City and the Developer agree that, in the event of a conflict between the provisions of this Agreement and any City ordinance, or regulation by any other agency over which the City has control, whether heretofore or hereafter adopted, the provisions of this Agreement shall govern matters addressed by this Agreement. Without limited the foregoing, the terms and conditions of this Agreement specifically control over any conflicting provisions of City Ordinance No. 99674.
[Execution page follows]

IN WITNESS WHEREOF, the Parties have executed this Amended and Restated Economic Development Agreement in multiple originals, each of equal force and effect, as of the date of approval by the Mayor and City Council of the City.

FINGER DEVELOPMENT COMPANY, a Texas corporation

By:


ATTEST:

By:


Name: Gordon Pilmer
Title: Vice President

CITY OF HOUSTON, TEXAS

Mayor Mn Melurv N. Ap ph
ATTEST/SEAL:


City Secretary


## DATE COUNTERSIGNED:

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8-31-12
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Chief Development Officer, Office of the Mayor

## APPROVED AS TO FORM:

Dona Cups
Assistant City Attorney
L.D. File No. 042120093001
For the purposes of these guidelines，the streets within the area have been classified into the
following types：
A Streets：Primary pedestrian streets
B Streets：Secondary pedestrian streets（pedestrian－oriented streets with some
potential building services）
C Streets：Vehicular／service streets
（Refer to Figure 1 for map of street types and boundaries for the area．）
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area．It is the intent of these guidelines to maintain or further enhance this past investment． Substantial public investment has improved most of the streetscape in the target neighborhood． pleasant，walkable environment surrounding their buildings will coalesce into a continuous

 already comply with these guidelines．However，individual developments are often not neighborhood on the east side of Downtown Houston．Many new buildings in Downtown ENT
The p
Exhibit A：
Design Guidelines

## A．INTENT

should be avoided on A streets sұno qung to
 be located along $B$ streets if necessary，but they should be screened appropriately with
 such that sidewalks remain clear of loading or service vehicles． to the greatest extent possible．Loading docks should be recessed into the building mass located primarily along $C$ streets．These elements should be screened from pedestrian view


located along a B street．
2．Building entrances．Primary building entrances should be located along $A$ streets．
It the building does not have frontage along an $A$ street，the primary entrance should be


 least $75 \%$ of the frontage at all streets．
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other landscape elements，street furniture，etc．（see Figure 2）．


 Minimum 13＇sidewalks at A streets： $5^{\prime}$ planting zone and 8 ＇clear zone original condition or better．Minimum requirements for sidewalks are as follows：

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Figure 2 Sidewalk configuration．
（9 an6y aes）

 be provided on at least $60 \%$ of the wall area of the pinous uonenseuzt paze｜o Kouəлedsue』 $\mathfrak{l}$

NפISヨO צOOTA aNnOצS ： the greatest extent possible along $B$ streets storage，and structured parking should be avoided to səotnas buipinq se yons sasn＇əonfo pue fequap！sa」 se yons＇sesn daulo uifuoo keu kouf＇əplassod fuəixa


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 areo kep＇zoeds yom／an！＇roeds aolno uәdo＇sen！！oet such as lobbies，common building amenities，fitness


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Department of Public Works \＆Engineering

sidewalk if possible（see Figure 4）．
 however，curb cuts should be limited to the greatest extent possible．
 street intersections．
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as lower floors (see Figures 7 and 8) screened with architectural andjor landscape elements. This apples to architecturally integrated within buildings. Views of cars and garage lighting should be

frontage at $A$ and $B$ streets.

1. Placement of parking. Ground floor parking should be avoided along building

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4. Lighting. Applicants are encouraged to incorporate architectural lighting that
contributes to ambiance and enhances the pedestrian realm.

especially important on facades where glazing is not an option.


not be used.
 in length.

On A and B streets, the distance between glazed openings should not exceed 50 feet (Downtown District). as an applied film and must be approved by Houston Downtown Management District a Visible Transmittance Rating of 0.6 or higher. Any exceptions should be temporary such

heat island effect（see Figure 9）． roots with a high solar reflectance index and／or vegetated roofs in order to reduce urban have limited open space within their property limits，applicants are encouraged to design those that reduce water use and address thermal comfort．As Downtown residential projects

Houston＇s Energy Code



J．SUSTAINABILITY locations where it is not，bullding electrical service shoutd be designed with underground
electrical vaults for future access to underground utilities．
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constraints of the site and in accordance with City of Houston requirements． have planted the maximum number of caliper inches of trees as is feasible within the

restore the greatest number of caliper inches of tree as possible to the site．
accordance with City of Houston street tree requirements．Applicants are encouraged to
street tree，the tree（s）should be restored to the same site from which they were removed in

Mature trees（those having a caliper 12 inches or more）in particular should be preserved

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reduce ramwater run－off，Photo credit www．asla．org．




SヨJNVNIaYO ON甘 SヨaOכ NOLSNOH Jo גLIO W proposals prior to submittal．


 does not strictly adhere to the guidelines（see Figure 11）．
2．Procedure．In addition to required application materias
ocur a manner that meets the intent of these guidelines，yet through an alternative design compliance with the guidelines，alternative equivalence compliance allows development to accommodate projects where the particular site conditions or proposed use prevent strict 1．Scope and purpose．To encourage creative and original design，and to

## L．ALTERNATIVE EQUIVALENCE COMPLIANCE

awnings，exterior lighting，landscaping，etc．（see Figure 10）．




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## EXHIBIT B

CRAWFORD STREET ELEVATION OF THE PROJECT



## EXHIBIT C

## SITE PLAN AND TYPICAL GROUND FLOOR UNIT PLAN



## EXHIBIT D

## RELATIONSHIP OF GROUND FLOOR UNITS TO SIDEWALK




