

01-0307  
4601

THE STATE OF TEXAS §  
  §  
COUNTY OF HARRIS §

**INTERLOCAL AGREEMENT**

**I. PARTIES**

**A. Address**

**THIS INTERLOCAL AGREEMENT** (“Agreement”) is made and entered into by and among the **CITY OF HOUSTON, TEXAS** (“City”), a municipal corporation and home-rule city of the State of Texas principally situated in Harris County, acting by and through its governing body, the City Council; **HARRIS COUNTY**, a body corporate and politic under the laws of the State of Texas, acting by and through its governing body, the Harris County Commissioners Court; **REINVESTMENT ZONE NUMBER ONE, CITY OF HOUSTON, TEXAS** (“Lamar Terrace Zone”), a reinvestment zone created by the City of Houston pursuant to chapter 311 of the Texas Tax Code, acting by and through its Board of Directors; and **SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY** (“Redevelopment Authority”), a local government corporation created by the City of Houston pursuant to chapter 431 of the Texas Transportation Code, acting by and through its Board of Directors. This Agreement is made pursuant to chapter 791 of the Texas Government Code and chapter 311 of the Texas Tax Code.

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

City

Director, Planning and Development  
Department  
City of Houston  
P. O. Box 1562  
Houston, Texas 77251

Harris County

Harris County  
Harris County Administration Building  
1001 Preston Avenue, Ninth Floor  
Houston, Texas 77002  
Attention: Director, Department of Management  
Services

Lamar Terrace Zone

Reinvestment Zone Number One,  
City of Houston, Texas  
c/o Hawes, Hill & Associates  
7322 Southwest Freeway, Suite 1470  
Houston, Texas 77074  
Attention: David W. Hawes

Redevelopment Authority

Saint George Place Redevelopment Authority  
7322 Southwest Freeway, Suite 1470  
Houston, Texas 77074  
Attention: David W. Hawes

**B. Index**

The City, Harris County, the Lamar Terrace Zone and the Redevelopment Authority hereby agree to the terms and conditions of this Agreement. This Agreement consists of the following sections:

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**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 WHEREOF, the City, Harris County, the Lamar Terrace Zone and the Saint George Place Redevelopment Authority have made and executed this Agreement in multiple copies, each of which is an original.

**CITY OF HOUSTON**

Lee P. Brown  
Mayor Date 4/9/01

**ATTEST/SEAL:**

C. Russell  
City Secretary Date 4/9/01

**COUNTERSIGNED:**

Shawn M. Adams  
Shawn M. Adams  
City Controller Date 4/24/01

**APPROVED AS TO FORM:**

Deborah F. Akers  
Senior Assistant City Attorney  
L. D. File No. 0619200053022


**APPROVED:**


[Signature] 4/4/01  
Director Date  
BC Planning and Development Department

**APPROVED AS TO FORM:**

**HARRIS COUNTY**

MICHAEL A. STAFFORD  
County Attorney

By   
NICHOLAS J. LYKOS  
Senior Assistant County Attorney

By   
ROBERT ECKELS  
County Judge

Date Signed: MAR 20 2001

**REINVESTMENT ZONE NUMBER ONE,  
CITY OF HOUSTON, TEXAS (Lamar  
Terrace Zone)**

**ATTEST/SEAL:**

By   
Name: Tim Myers  
Title: Chairman, Board of Directors

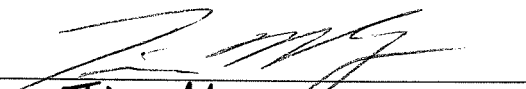
By   
Name: B.J. Walker  
Title: Secretary, Board of Directors

Date Signed: 3/28/01

Date Signed: 3/28/01

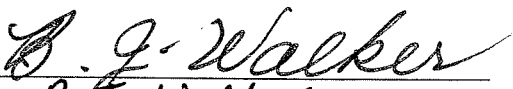
**SAINT GEORGE PLACE  
REDEVELOPMENT AUTHORITY**

Date Signed: 3/28/01

By   
Name: Tim Myers  
Title: Chairman, Board of Directors

Date Signed: 3/28/01

**ATTEST/SEAL:**

By   
Name: B.J. Walker  
Title: Secretary, Board of Directors

## II. DEFINITIONS

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

“Agreement” means this agreement by and among the City, Harris County, the Lamar Terrace Zone and the Saint George Place Redevelopment Authority.

“Agreement Term” is defined in Section VI.

“Captured Appraised Value” means the captured appraised value of the Lamar Terrace 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 that this Agreement is countersigned by the City Controller on page 3 of this Agreement.

“Harris County” is defined in Section I of this Agreement and includes Harris County and its successors and assigns.

“Harris County Tax Increment Participation” means the amount of the Harris County tax levy on the Captured Appraised Value which Harris County agrees to contribute to the Lamar Terrace Zone pursuant to Subsections A and B of Section IV of this Agreement.

“Lamar Terrace Zone” means Reinvestment Zone Number One, City of Houston, Texas, created by the City on December 12, 1990 by Ordinance No. 90-1452, and enlarged by Ordinance No. 92-1674, and includes its successors and assigns.

“Project Plan” means the project plan and reinvestment zone financing plan for the Lamar Terrace Zone adopted by the board of directors of the Lamar Terrace Zone and approved by the City Council of the City on September 16, 1992 by City of Houston Ordinance No. 92-1234, and amended on May 21, 1997 by City of Houston Ordinance No. 97-564, on July 21,

1999 by City of Houston Ordinance No. 1999-755, and on August 11, 1999 by City of Houston Ordinance No. 1999-822.

“Redevelopment Authority” means the Saint George Place Redevelopment Authority, a not-for-profit local government corporation acting on behalf of the City.

“Tax Increment Fund” means the tax increment fund created by the City in the City Treasury for the Lamar Terrace Zone.

Otherwise, the terms used herein have the meanings ascribed to them in Chapter 311, Texas Tax Code.

### **III. BACKGROUND**

On December 12, 1990, the City created the Lamar Terrace Zone by adoption of City of Houston Ordinance No. 90-1452, for the purposes of development and redevelopment in the Lamar Terrace Area. On December 22, 1992, the City approved the enlargement of the Lamar Terrace Zone by adoption of City of Houston Ordinance No. 92-1674. The Board of Directors of the Lamar Terrace Zone initially adopted a project plan and reinvestment zone financing plan, which was approved by the City on September 16, 1992 by City of Houston Ordinance No. 92-1234, and amended on May 21, 1997 by City of Houston Ordinance No. 97-564, on July 21, 1999 by City of Houston Ordinance No. 1999-755, and on August 11, 1999 by City of Houston Ordinance No. 1999-822. The City has agreed to participate in the Lamar Terrace Zone by contributing tax increments produced in the Lamar Terrace Zone to the Tax Increment Fund. On January 12, 1993, the Commissioners Court of Harris County approved an order to participate in the Lamar Terrace Zone to the extent of fifty percent (50%) of its tax increment in the Lamar Terrace Zone. On February 7, 1995, the Commissioners Court of Harris County approved an order to increase its participation in the Lamar Terrace Zone to one hundred percent (100%)

effective January 1, 1996, through and including the tax year 2010. The parties now desire to enter into an interlocal agreement pursuant to TEX. TAX CODE ANN. § 311.013(f).

#### **IV. OBLIGATIONS OF HARRIS COUNTY**

##### **A. Tax Increment Participation by Harris County**

For and in consideration of the agreements of the parties set forth herein, and subject to the remaining subsections of this section, the parties agree that Harris County's participation in the Lamar Terrace Zone is a contribution, to the extent authorized by law, to the Tax Increment Fund during the term of this Agreement of fifty percent (50%) of the tax increment attributed to the Captured Appraised Value in the Lamar Terrace Zone attributed to Harris County for the period January 1, 1994 through December 31, 1995 and one hundred percent (100%) of the tax increment attributed to the Captured Appraised Value in the Lamar Terrace Zone attributable to Harris County for the period January 1, 1996 through December 31, 2010; and that the contributions of the Harris County Flood Control District, the Port of Houston Authority of Harris County, Texas, the Harris County Hospital District and the Harris County Department of Education and any other taxing entity for whom Harris County imposes taxes, either now or in the future, shall be zero percent (0%) of the tax increment attributed to the Captured Appraised Value in the Lamar Terrace Zone attributable to the Harris County Flood Control District, the Port of Houston Authority of Harris County, Texas, the Harris County Hospital District, the Harris County Department of Education, and any other taxing entity for whom Harris County imposes taxes, either now or in the future. It is further agreed that should for any reason the City or the Lamar Terrace Zone receive funds due to a tax increment attributable to any of the entities named in this paragraph in excess of the contribution as agreed in this paragraph, the City, the Lamar Terrace Zone or the Redevelopment Authority shall return, within 30 days of notification

by Harris County, such excess amount to such entity; and such funds will be deemed not to have been deposited in the Tax Increment Fund. It is agreed that the Harris County Flood Control District, the Port of Houston Authority of Harris County, Texas, the Harris County Hospital District and the Harris County Department of Education and all other taxing entities for whom Harris County imposes taxes, either now or in the future, are third party beneficiaries of this Agreement and shall be able to enforce its terms.

In the event that the City, the Lamar Terrace Zone or the Redevelopment Authority fails to remit to Harris County the affordable housing tax increment provided in Section IV of this Agreement, or expends funds inconsistent with the Project Plan or this Agreement, then Harris County shall notify the City, the Lamar Terrace Zone or the Redevelopment Authority of the breach, and the defaulting party shall have sixty days to cure the breach. In the event the breach is not cured within the sixty-day period, Harris County shall suspend all tax increment payments until the breach is cured.

**B. Affordable Housing: Tax Increment Limitation**

(1) In accordance with TEX. TAX CODE ANN. § 311.011(f) (Vernon Supp. 2000), in a zone designated under § 311.005(a)(5), the project plan must provide that at least one-third of the tax increment of the zone be used to provide affordable housing during the term of the zone. The parties agree that in furtherance of this requirement, one-third of Harris County's Tax Increment shall be returned to Harris County within 30 days of the payment to the City of the Harris County participation.

2) The City and the Lamar Terrace Zone shall prepare an accounting of Harris County's pro rata share of the affordable housing tax increments which have been spent or committed prior to the date of this Agreement. The accounting shall be provided to Harris



County within 30 days after the effective date of this Agreement. Within 30 days after the accounting, all of Harris County's pro rata share of the unspent or uncommitted affordable housing tax increments shall be paid to Harris County. Harris County will use the money paid to it pursuant to subsection B of this section to provide affordable housing in accordance with the law.

(3) Harris County is not obligated to pay its Harris County Tax Increment Participation from any source other than taxes collected on the Captured Appraised Value. Furthermore, Harris County has no duty or obligation to pay the Harris County Tax Increment Participation from any other Harris County taxes or revenues or to pay until the Harris County Tax Increment Participation in the Lamar Terrace Zone is actually collected. Any portion of the taxes representing the Harris County Tax Increment Participation that are paid to Harris County and subsequently refunded pursuant to the provisions of the Texas Tax Code shall be offset against future payments to the Tax Increment Fund. The obligation to pay the Harris County Tax Increment Participation accrues as taxes representing the Harris County Tax Increment Participation are collected by Harris County, and payment shall be due as provided in section 311.013(c) of the Texas Tax Code. No interest or penalty will be charged to Harris County for any late payment received from Harris County; provided, however, that penalty and interest received by Harris County on any delinquent taxes from the Harris County Tax Increment Participation shall be paid to the Tax Increment Fund in the amounts required by section 311.013(c) of the Texas Tax Code.

**C. Expansion of Lamar Terrace Zone**

The obligation of Harris County to participate in the Lamar Terrace Zone is limited to the area described in City of Houston Ordinance Nos. 90-1452 and 92-1674. Harris County's

participation does not extend to the tax increment on any additional property added to the Lamar Terrace Zone by the City or any amendment to the Project Plan by the Lamar Terrace Zone and the City that would increase the total amount of project costs unless Harris County specifically agrees to participate in the additional area or amendment to the Project Plan. In addition, Harris County's participation does not extend to any dedication of revenue from the Tax Increment Fund by the Lamar Terrace Zone for projects (other than affordable housing projects) outside the Lamar Terrace Zone, unless Harris County agrees to participate in the dedication.

**D. Board of Directors**

Pursuant to the provisions of Section 311.009(b), Texas Tax Code, the Harris County Commissioners Court shall have the unequivocal right to appoint and thereafter at all times maintain one (1) member on the Board of Directors of the Lamar Terrace Zone. Harris County may also appoint and maintain as many non-voting ex officio members on the Board of Directors of the Lamar Terrace Zone as Harris County may desire.

**E. Reconciliation of Accounts**

Harris County, the City, the Lamar Terrace Zone and the Redevelopment Authority will reconcile the amount of tax increments attributable to Harris County's tax increment participation for the Lamar Terrace Zone within 30 days after this Agreement becomes effective. Within 30 days of the reconciliation, Harris County will remit to the City its tax increment participation determined to be due and owing for the Lamar Terrace Zone. Thereafter, Harris County, the City, the Lamar Terrace Zone and the Redevelopment Authority shall annually reconcile the Harris County tax increment participation at October 1 of each year. In addition, the Redevelopment Authority shall remit to Harris County the affordable housing payments required to be made pursuant to this Agreement within 30 days of the reconciliation.

## V. OBLIGATIONS OF CITY, LAMAR TERRACE ZONE AND REDEVELOPMENT AUTHORITY

### A. Project Plan

Any member of the Harris County Commissioners Court may review and comment upon any amendment to the Project Plan before any amendments thereto are submitted to the City Council for City approval. The City agrees to provide Harris County with a copy of any proposed amendments at least 14 days prior to their submission to the City Council for approval. Harris County's participation in the Lamar Terrace Zone does not extend to any amendment to the Project Plan subsequent to the date of the order of Commissioners Court authorizing approval of this Agreement unless Harris County agrees to further participate and amends its order accordingly.

### B. Disposition of Tax Increments

Upon termination of the Lamar Terrace Zone, and after all bonded indebtedness of the Lamar Terrace Zone has been paid, the City and the Lamar Terrace Zone shall pay to Harris County, within sixty (60) days of said termination, all monies remaining in the Tax Increment Fund that are attributable to the Harris County Tax Increment Participation paid by Harris County into the Tax Increment Fund.

### C. Audits

The City shall provide to Harris County a copy of each of the audits required by the Agreement by and between the City of Houston, Texas, Reinvestment Zone Number One, City of Houston, Texas and the Saint George Place Redevelopment Authority approved by City of Houston Ordinance No. 1999-486, as it may be amended from time to time, within thirty (30) days of receipt of each audit. In addition, the City or the Redevelopment Authority shall provide

to Harris County a copy of all reports, studies and analyses prepared by the City, the Redevelopment Authority or others on their behalf that concern the expenditure of Tax Increment Funds of the Lamar Terrace Zone. Harris County shall have the right to audit the City's Tax Increment Fund, the books and records of the Redevelopment Authority and the Lamar Terrace Zone upon 30 days written notice to the City, the Redevelopment Authority or the Lamar Terrace Zone. Any such audit shall be at Harris County's expense.

## **VI. TERM AND TERMINATION**

### **A. Agreement Term**

This Agreement becomes effective as of the date of the final signature hereto. The term of this Agreement shall commence with the tax year beginning on January 1, 1994. This Agreement shall terminate on December 31, 2010, or when the total tax increments contributed by Harris County equal \$1,963,688 (Project Plan amount, \$1,309,125 & affordable housing amount, \$654,563) unless earlier terminated by the parties hereto. It is the intent of the parties that Harris County's participation in the Lamar Terrace Zone, or any expansion thereof, is limited to the term stated herein. Nothing in this Agreement, however, limits the authority of the Harris County Commissioners Court to extend the term of this Agreement or increase the amount of the Harris County Tax Increment Participation in the Lamar Terrace Zone, as set forth in Section IV of this Agreement. Upon termination of this Agreement, the obligation of Harris County to contribute to the Tax Increment Fund for the Lamar Terrace Zone shall end. However, any refund obligations of the City, the Lamar Terrace Zone or the Redevelopment Authority shall survive such termination.

**B. Early Termination**

The Lamar Terrace Zone may terminate pursuant to the provisions of Texas Tax Code Section 311.017.

**VII. MISCELLANEOUS**

**A. Severability**

In the event any term, covenant or condition herein contained is held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant or condition herein contained, except as stated in the next paragraph.

In the event any term, covenant or condition shall be held invalid and affects in any manner the limitations on any party's contributions or participation, then neither Harris County, nor any other party, shall have any 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 approved and 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 other 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, agent or employee of the City, Harris County, the Lamar Terrace Zone or the Redevelopment Authority.

**H. No Waiver of Immunity**

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

MAR 20 2001

THE STATE OF TEXAS §  
  §  
COUNTY OF HARRIS §

APPROVE \_\_\_\_\_  
Recorded Vol \_\_\_\_\_ Page \_\_\_\_\_

The Commissioners Court of Harris County, convened at a meeting of said Court at the Harris County Administration Building in the City of Houston, Texas, on the MAR 20 2001 day of March, 2001, with the following members present, to-wit:

Robert Eckels	County Judge
El Franco Lee	Commissioner, Precinct No. 1
James Fonteno	Commissioner, Precinct No. 2
Steve Radack	Commissioner, Precinct No. 3
Jerry Eversole	Commissioner, Precinct No. 4

and the following members absent, to-wit: none, constituting a quorum, when among other business, the following was transacted:

ORDER APPROVING TAX INCREMENT CONTRIBUTION AND AUTHORIZING EXECUTION OF INTERLOCAL AGREEMENT AMONG HARRIS COUNTY, CITY OF HOUSTON, REINVESTMENT ZONE NUMBER ONE, CITY OF HOUSTON, TEXAS AND SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY

Commissioner Lee introduced an order and made a motion that the same be adopted. Commissioner Eversole seconded the motion for adoption of the order. The motion, carrying with it the adoption of the order, prevailed by the following vote:

	Vote of the Court:		
	Yes	No	Abstain
AYES:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
NAYS:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ABSTENTIONS:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The County Judge thereupon announced that the motion had duly and lawfully carried and that the order had been duly and lawfully adopted. The order thus adopted follows:

RECITALS:

On or about December 12, 1990, the City Council of the City of Houston, Texas, pursuant to chapter 311 of the Texas Tax Code, adopted Ordinance No. 90-1452 designating a portion of Lamar Terrace subdivision as Reinvestment Zone Number One, City of Houston, Texas ("Lamar Terrace Zone") and describing the boundaries of the Lamar Terrace Zone; and

On or about November 27, 1990, the Commissioners Court of Harris County, pursuant to TEX. TAX CODE ANN. § 311.003(e), approved an order waiving the requirement that it receive sixty (60) days' notice of the public hearing and deciding and determining that

Harris County would retain all of the tax increment produced from real property located in the Lamar Terrace Zone; and

On or about December 22, 1992, the City Council of the City of Houston, Texas adopted Ordinance No. 92-1674 enlarging the boundaries of the Lamar Terrace Zone; and

On or about January 12, 1993, the Commissioners Court of Harris County, pursuant to TEX. TAX CODE ANN. § 311.013(f), approved an order to retain fifty percent (50%) of the tax increment produced from the collection of ad valorem taxes on real property located in the Lamar Terrace Zone and agreed to contribute the remaining fifty percent (50%) of the tax increment attributable to Harris County, effective January 1, 1994, through and including the tax year 2010; and

On or about February 7, 1995, the Commissioners Court of Harris County, pursuant to TEX. TAX CODE ANN. § 311.013(f), approved an order increasing Harris County's contribution to one hundred percent (100%), effective January 1, 1996, through and including the tax year 2010; and

The Commissioners Court of Harris County desires to approve Harris County entering into an interlocal agreement with the City of Houston, Texas, Reinvestment Zone Number One, City of Houston, Texas and Saint George Place Redevelopment Authority based upon the aforesaid representations. **NOW, THEREFORE,**

**BE IT ORDERED BY THE COMMISSIONERS COURT OF HARRIS COUNTY, TEXAS THAT:**

**Section 1:** The recitals set forth in this order are true and correct.

**Section 2:** The Interlocal Agreement is approved and the County Judge of Harris County or his designee is authorized to execute an Interlocal Agreement with the City of Houston, Texas, Reinvestment Zone Number One, City of Houston, Texas and Saint George Place Redevelopment Authority. The Agreement is attached hereto and made a part hereof for all purposes.

**Section 3:** The Clerk of Commissioners Court shall transmit forthwith a copy of this Order to the Harris County Appraisal District, the Assessor and Collector of Taxes for Harris County, the Mayor and City Council of the City of Houston, Texas, the Board of Directors of Reinvestment Zone Number One, City of Houston, Texas and the Board of Directors of Saint George Place Redevelopment Authority.