City of Houston, Texas, Ordinance No. 2023 - 1051

AN ORDINANCE APPROVING AND AUTHORIZING AN INTERLOCAL AGREEMENT AMONG THE CITY OF HOUSTON, TEXAS, HARRIS COUNTY, TEXAS, REINVESTMENT ZONE NUMBER TWENTY, CITY OF HOUSTON, TEXAS (SOUTHWEST HOUSTON ZONE), AND SOUTHWEST HOUSTON REDEVELOPMENT AUTHORITY, RELATING TO THE PARTICIPATION OF HARRIS COUNTY, TEXAS, IN THE REINVESTMENT ZONE; AND DECLARING AN EMERGENCY.

* * * * *

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

Section 1. That the City Council hereby approves and authorizes the contracts, agreements or other undertakings described in the title of this Ordinance, in substantially the form as shown in the document which is attached hereto and incorporated herein by this reference. The Mayor (or, in the absence of the Mayor, the Mayor Pro Tem) is hereby authorized to execute such document and take all actions necessary to effectuate the City's intent and objectives in approving such contracts, agreements or other undertakings in the event of changed circumstances. The City Secretary (or, in the absence of the City Secretary, any Assistant City Secretary) is hereby authorized to attest to all such signatures and to affix the seal of the City to all such documents. The City Attorney is hereby authorized to take all action necessary to enforce legal obligations under said contracts, agreements or other undertakings without further authorization from City Council.

Section 2. That 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 (5) days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 29th day of November, 2023.

APPROVED this _____ day of _____, 2023.

_____
Mayor of the City of Houston, Texas

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is DEC 15 2023.

City Secretary

Prepared by the Legal Department

Mark Swaim
Senior Assistant City Attorney
Requested by Andrew F. Icken
Chief Development Officer, Office of the Mayor
LD-RE-0000002116

Meeting 11/29/2023

Aye	No	
✓		**Mayor Turner**
....	....	**Council Members**
✓		Peck
✓		Jackson
✓		Kamin
Absent		Evans-Shabazz
✓		Martin
✓		Thomas
✓		Huffman
✓		Cisneros
✓		Gallegos
✓		Pollard
Absent out of the City on City Business		Castex-Tatum
Absent on personal business		Knox
✓		Robinson
Absent on personal business		Kubosh
✓		Plummer
✓		Alcorn
Caption	Adopted	

Captions Published in DAILY COURT REVIEW
Date: 12/5/2023

INTERLOCAL AGREEMENT
BETWEEN HARRIS COUNTY, CITY OF HOUSTON, REINVESTMENT ZONE NUMBER TWENTY, CITY OF HOUSTON, TEXAS, AND SOUTHWEST HOUSTON REDEVELOPMENT AUTHORITY

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This INTERLOCAL AGREEMENT (this "Agreement") is made and entered into pursuant to Chapter 791 of the Texas Government Code and Chapter 311 of the Texas Tax Code by and between the CITY OF HOUSTON, TEXAS (the "City"), a municipal corporation and home-rule city of the State of Texas, acting by and through its governing body, the City Council of the City ("City Council"), HARRIS COUNTY, TEXAS (the "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 (the "Commissioners Court"), REINVESTMENT ZONE NUMBER TWENTY, CITY OF HOUSTON, TEXAS (the "TIRZ"), a tax increment reinvestment zone created by the City of Houston, Texas (the "City"), acting by and through its Board of Directors (the "TIRZ Board"), and SOUTHWEST HOUSTON REDEVELOPMENT AUTHORITY (the "Authority"), a local government corporation created by the City, acting by and through its Board of Directors (the "Authority Board").

WHEREAS, by Ordinance No. 1999-1330, the City Council created the TIRZ pursuant to Chapter 311, Texas Tax Code, as amended (the "TIRZ Act");

WHEREAS, the City Council enlarged the boundaries of the TIRZ by Ordinance No. 2013-212, Ordinance No. 2015-1051, and Ordinance No. 2022-974;

WHEREAS, the City Council approved the final Project Plan and Reinvestment Zone Financing Plan by Ordinance No. 2000-310, which has been amended from time to time (as amended, the "Project Plan");

WHEREAS, the TIRZ Board considered and adopted, and the City Council approved, a first amendment to the Project Plan on February 18, 2009, by Ordinance No. 2009-111, a second amendment to the Project Plan on March 20, 2013, by Ordinance No. 2013-213, a third amendment to the Project Plan on November 4, 2015, by Ordinance No. 2015-1052, a fourth amendment to the Project Plan on March 8, 2017, by Ordinance No. 2017-185, and a fifth amendment to the Project Plan on December 20, 2022, by Ordinance No. 2022-975;

WHEREAS, by City Resolution No. 2000-8, the City authorized the creation of the Authority as a local government corporation pursuant to the TIRZ Act, to aid, assist and act on behalf of the City in the performance of the City's governmental and proprietary functions with respect to the common good and general welfare of an area of the City commonly known as the Sharpstown area;

WHEREAS, the City, the TIRZ, and the Authority entered into an agreement pursuant to City Ordinance No. 2001-33 (the "Tri-Party Agreement") under which the Authority would have

complete authority and power to administer the TIRZ, make recommendations to the TIRZ Board and the City with respect to the development and redevelopment of the TIRZ, perform and engage in activities relating to the acquisition and development of land and other properties in the TIRZ, engage in development and redevelopment activities and construct and improve infrastructure in the TIRZ, enter into development agreements with developers/builders in the TIRZ, and, subject to City approval, issue, sell or deliver its bonds or notes, and perform the other activities described in the Tri-Party Agreement;

WHEREAS, the TIRZ Act provides that the TIRZ may enter into agreements as the TIRZ Board considers necessary or convenient to implement the Project Plan and achieve its purposes;

WHEREAS, the Authority Board and the TIRZ Board have determined that it is in the best interest of the TIRZ and the Authority for the County to participate in the TIRZ to increase the efficient and effective implementation of certain aspects of the Project Plan; and

WHEREAS, the City, the County, the TIRZ and the Authority wish to provide for the participation of the County in the TIRZ in furtherance of the Project Plan, as more fully described in this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

I. PARTIES

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

CITY
City of Houston
P.O. Box 1562
Houston, Texas 77251
Attention: Chief Development Officer, Mayor's Office of Economic Development

COUNTY
Harris County
1019 Congress, 15th Floor
Houston, Texas 77002
Attention: Paige Abernathy, Assistant County Attorney

TIRZ & AUTHORITY

Southwest Houston Redevelopment Authority
c/o Hawes Hill & Associates
9600 Long Point Road, Suite 200
Houston, Texas 77055

Attention: David Hawes

II. DEFINITIONS

Capitalized terms used in this Agreement shall have the meanings provided in the preamble and Recitals and in this Article II set out below:

a. "**Affordable Housing Increment**" is defined in Article V, Section F below.

b. "**Agreement**" means this Agreement between the City, the County, the Authority and the TIRZ.

c. "**Base Year**" means tax year 1999, the base year established for the TIRZ at the time of its designation, or with respect to any real property added to the TIRZ thereafter, the year such real property was added to the TIRZ.

d. "**Base Value**" means the total taxable value of all real property taxable by the County and located within the boundaries of the TIRZ for the applicable Base Year, as established by HCAD.

e. "**Captured Appraised Value**" means the total taxable value of all real property taxable by the County and located within the boundaries of the TIRZ for a year, as established by HCAD, less the applicable Base Value, as defined by Chapter 311, Texas Tax Code.

f. "**City**" is defined in Article I of this Agreement and includes its successors and assigns.

g. "**County**" is defined in Article I of this Agreement and includes its successors and assigns.

h. "**County Tax Increment Participation**" means the County tax increment payments to the TIRZ, as described in Article IV, Section A, below.

i. "**HCAD**" means the Harris Central Appraisal District.

j. "**Maintenance and Operation Increment**" is defined in Article V, Section G below.

k. "**Tax Increment Fund**" means the fund or account created by the City in the City Treasury for accumulating tax increment revenues in connection with the TIRZ.

l. "**Term**" is defined in Article III.

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

III. EFFECTIVE DATE, TERMINATION DATE

This Agreement shall become effective as of the date countersigned by the City Controller, and shall terminate December 31, 2040, unless sooner terminated or extended pursuant to Article VI of this Agreement (the "Term").

Upon termination of this Agreement, the obligation of the County to contribute the County Tax Increment Participation shall end, subject to the provisions of Article IV, Section B hereof with respect to disbursement of the annual County tax increment payment for the final tax year of

the Agreement; however, the obligations of the City and the Authority to refund any overpayment by the County shall survive such termination.

IV. COUNTY OBLIGATIONS AND PROJECT DESCRIPTION & COSTS

A. County Tax Increment Participation

For and in consideration of the agreement of the parties set forth herein, the parties agree that the County shall participate in the TIRZ through annual tax increment payments, to the extent authorized by law, by remitting to the Tax Increment Fund or retaining and using as provided in Article V, Sections F and G, one hundred percent (100%) of the funds actually collected with respect to the Captured Appraised Value from the County's total ad valorem tax rate (less the portion of the County's tax rate levied for debt service, and not including any taxes levied by the County on behalf of the Harris County Flood Control District, Harris County Hospital District, Port of Houston Authority, or similar entities) (the "County Tax Increment Participation"), for the tax years 2023 through 2040, inclusive (unless the Term of this Agreement is modified as provided in Article VI, Section C), for the area of the TIRZ (other than the area annexed into the TIRZ in 2022) that is located within Harris County Precinct Four.

B. Payment Date & Limitations of County Tax Increment

The County shall disburse annual County Tax Increment Participation payments to the Tax Increment Fund on or before August 31 with respect to the prior year's tax levy, subject to the provisions of Article V, Sections F and G. For example, County Tax Increment Participation generated by the County's 2023 ad valorem tax levy shall be collected and remitted to the Tax Increment Fund by August 31, 2024. The County has no duty or obligation to pay the County Tax Increment Participation from any other County taxes or revenues. Any portion of the taxes representing the County Tax Increment Participation that are collected by the County and subsequently refunded to a taxpayer, 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 County Tax Increment Participation accrues as taxes representing the County Tax Increment Participation are collected by the County. No interest or penalties shall be charged to the County for any late payments from the County to the City or Authority, regardless of any statutory provision that may permit assessment of late payment penalties. The County's obligation to disburse the annual County Tax Increment Participation payment for the final tax year of the Agreement shall survive the termination or expiration of this Agreement and shall terminate upon the County's disbursement of the annual County Tax Increment Participation payment for such final tax year. The County Tax Increment Participation is limited only to the areas within the boundaries of the TIRZ (other than the area annexed into the TIRZ in 2022) that are located within the boundaries of Harris County Precinct Four as of the effective date as set forth in Article III and does not extend to the County tax increment produced from any additional area annexed into the TIRZ by the City or subject to the terms of this Agreement any amendment to the Project Plan by the TIRZ and the City that would increase the total amount of project costs unless, subject to the terms of this Agreement, the Commissioners Court specifically grants its prior approval to participate in such annexation or amendment to the Project Plan. Any County property tax revenue in excess of the County Tax Increment Participation shall be retained by the County and shall not be remitted to the Tax Increment Fund.

C. Pledge of County Tax Increment

Subject to the provisions of Article V, Sections E, F, and G the County hereby consents to any assignment and pledge of all or part of the County Tax Increment Participation, to (i) the owners and holders of bonds and notes of the Authority and/or (ii) developers and builders pursuant to any development agreement to which the Zone Board and Chief Development Officer of the City also consents.

V. CITY AND AUTHORITY OBLIGATIONS

A. Future Amendments to Project Plan and Boundary Enlargements

i. Any member of Commissioners' Court may review and comment upon any future amendment to the Project Plan, prior to City Council approval. The City agrees to give the County written notice of any proposed amendment to the Project Plan or boundary enlargement of the TIRZ at least 60 days prior to City Council consideration thereof, if the County will be asked to participate in such an amendment or additional area. The County must provide written approval or disapproval within 45 days of the notice provided in this Section A; the County's failure to respond to the TIRZ's notice of any proposed amendment to the Project Plan or boundary enlargement, shall serve as the County's approval of the amendment to the Project Plan or boundary enlargement.

ii. Notwithstanding anything in this Agreement, the City must extend the current boundaries of the TIRZ to include Bayland and Burnett Bayland Park, as shown on Exhibit B. The City and TIRZ do not need to notify, and receive approval from, the County before extending the boundaries of the TIRZ to include Bayland and Burnett Bayland Park, and by signing this Agreement, the County formally approves such boundary extension, and any future amendment to the Project Plan approved by the TIRZ Board and City describing such boundary extension (the "Approved Enlargement").

iii. The TIRZ shall be responsible for drafting any future agreements deemed necessary by the TIRZ Board or the Authority Board. In the event the County will be asked to participate, the County will be given at least 30 days to review, comment, and/or approve the agreement prior to City Council consideration, except for any agreements deemed necessary by the TIRZ Board or the Authority Board for the Approved Enlargement described in Article V, Section A(ii).

B. Disposition of Tax Increment Upon Termination

Within 60 days following (i) the termination of this Agreement and (ii) application of all County Tax Increment Participation payments hereunder, the City and the Authority shall refund to the County all monies remaining in the Tax Increment Fund that are attributable to the County Tax Increment Participation.

C. Annual Audited Financial Statements and Other Reports of the TIRZ

Each year the Authority shall furnish to the County a complete copy of the audit required by the Tri-Party Agreement, within 90 days of approval of such audit by the Authority Board. In addition, upon the County's written request, the City shall provide to the County a copy of all reports, studies and analyses prepared by the City, the Authority or others concerning expenditure of County Tax Increment Participation funds, to the extent same are in the possession of the City.

D. County Audit Rights

The County shall have the right to audit the Tax Increment Fund and the books and records of the TIRZ and the Authority upon 30 days' written notice to the City or the Authority, whichever applicable. Any such audit shall be performed at the County's expense, by the County or County's auditor.

E. Annual County Approval

The TIRZ agrees to give the County written notice of the proposed annual budget for the TIRZ, with a copy attached thereto, at least 60 days prior to the Authority Board's consideration thereof. Within 30 days after receipt of the proposed annual Budget, the County may provide written notice to the Authority designating any project or projects in such budget for which the County Tax Increment Participation may not be used. The County may not exercise its right under the prior sentence if such project or projects were included on a previous proposed annual budget and approved by the County; provided, however, that this limitation does not apply if the project has changed materially from the time of its prior approval. The County's failure to respond to the TIRZ's timely notice of a proposed annual budget shall serve as the County's approval of the use of the County Tax Increment Participation for the projects included in the proposed budget.

F. Affordable Housing

Thirty-three percent (33%) of the County Tax Increment Participation must be used to provide affordable housing (the "Affordable Housing Increment") related to the Project Plan during the Term, pursuant to Chapter 311 of the Texas Tax Code. Such Affordable Housing Increment shall (i) be retained by the County for affordable housing investment in Harris County Precinct Four and within a three-mile radius of the TIRZ boundary and (ii) not be disbursed to the Tax Increment Fund pursuant to Article IV, Section B. The County will provide a quarterly written report to the TIRZ and Authority regarding the use of the Affordable Housing Increment in a form reasonably acceptable to the Parties.

G. Maintenance and Operation

Ten percent (10%) of the County Tax Increment Participation must be used to fund maintenance and operation costs (the "Maintenance and Operation Increment") related to the Project Plan. Such Maintenance and Operation Increment shall (i) be retained by the County for maintenance and operation of facilities related to the Project Plan in Harris County Precinct Four and (ii) not be disbursed to the Tax Increment Fund pursuant to Article IV, Section B. The County, through Harris County Precinct Four, will provide a quarterly written report to the TIRZ and

Authority regarding the use of the Maintenance and Operation Increment in a form reasonably acceptable to the Parties.

VI. EARLY TERMINATION; BREACH; EXTENSION OF TERM

A. Default

Events of default by the County include, but are not limited to, failure to timely remit the annual County Tax Increment Participation payments to the Tax Increment Fund in accordance with Article IV of this Agreement. Events of default by the City or the Authority include, but are not limited to, the expenditure of County Tax Increment Participation funds by the City or the Authority in a manner inconsistent with the Project Plan or this Agreement.

In the event of a material default, the defaulting party shall be notified of the default, and shall have 60 days to cure the default. If the default is not cured within 60 days following receipt of such notice, a non-defaulting party may elect to terminate this Agreement. If such default is of such a nature as to be incapable of cure within such period, the defaulting party shall commence action to cure said default within 60 days and thereafter diligently and continuously pursue such to action to complete such cure promptly.

B. Mutual Agreement

The Term of this Agreement may be modified by written agreement of the parties. In the event the Term of the TIRZ is extended beyond December 31, 2040, subject to the preceding sentence, by written notice to the other parties not more than 90 days following receipt of written notice from the City that it has approved an ordinance extending the term of the TIRZ beyond December 31, 2040, the County may, but shall not be required to, opt to extend the Term of this Agreement to provide for the participation of the County throughout the extended TIRZ term.

VII. ADMINISTRATION

A. Reconciliation of Accounts

The payment calculations for County Tax Increment Participation shall include appropriate retroactive adjustments for any prior year subsequent tax collections or other necessary adjustments caused by errors or late tax payments.

After the reconciliation of any year of County Tax Increment Participation, if the reconciled payment is determined to have been within ten percent of the amount actually paid, the over/under amount will be added or subtracted from the next annual payment, as applicable. Upon the County's written request, discrepancies greater than ten percent will be paid to the applicable party within 60 days of receipt thereof.

B. Board of Directors

The County shall have the continuing right throughout the Term of this Agreement to recommend to the Mayor of the City for nomination and appointment to the TIRZ Board, and thereafter at all times maintain, two (2) members on the TIRZ Board (the "Nominated Directors").

The City agrees to act with due diligence and take all reasonable actions to enable City Council action on the County's nominees as soon as possible following receipt, but in no event later than 30 days after the expiration of the term or vacancy in the position of either of the Nominated Directors, so long as the County has provided a nominee for the vacant position. Pursuant to the provisions of Chapter 311 of the Texas Tax Code, the County may also appoint one (1) director directly to the TIRZ Board without action by the City (the "Appointed Director") so long as the County is a participating taxing unit in the TIRZ. Unless otherwise agreed upon by the Parties from time to time, the Appointed Director will occupy Position 1 on the TIRZ Board. The County may also appoint and maintain as many non-voting ex officio members on the TIRZ Board as the County may desire. If a change in law results in a change in the number of directors on the TIRZ Board, the Parties agree to work in good faith to ensure proportional representation for the County on the TIRZ Board will be maintained.

C. Severability

If 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.

D. 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 (expressed or implied) or other terms with respect to the covenants, whether written or verbal, antecedent or contemporaneous, with the execution hereof.

E. Written Amendment

Unless otherwise provided herein, this Agreement may be amended only by written instrument duly executed on behalf of each party.

F. 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 business day following deposit in a United States Postal Service post office or receptacle with proper postage affixed, via certified mail with return receipt requested, and addressed to the respective other party at the address prescribed in the Section entitled "**PARTIES**" in this Agreement, or at such other address as the receiving party may have theretofore prescribed by notice to the sending party.

G. Non-Waiver

Failure of any party hereto to insist on the strict performance of any of the covenants herein or to exercise any rights or remedies 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.

H. 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.

I. 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, City Council, the TIRZ, the Board, the Authority, the Authority Board, the County, or Commissioners Court.

J. 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.

K. Captions

Captions contained in this Agreement are for reference only, and, therefore, have no effect in construing this Agreement. The captions are not restrictive of the subject matter of any section in this Agreement.

L. Third Party Beneficiary

This Agreement shall not bestow any rights upon any third party, but rather shall bind and benefit only the parties hereto.

[*signature page to follow*]

DocuSign Envelope ID: 409E45B6-0F69-49BE-BD4C-CA966E8BA698

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

HARRIS COUNTY

DocuSigned by:
By: _____
266C1B1FCB5A4DC...
Name: County Judge Lina Hidalgo

ATTEST:

DocuSigned by:
By: Teneshia Hudspeth
B13411802EA54C8...
Date Signed: October 31, 2023

County Clerk Teneshia Hudspeth

APPROVED AS TO FORM:

By: Christian D. Menefee, County Attorney

DocuSigned by:
By: Paige Abernathy
698AB679EFDC48B...
Paige Abernathy, Assistant County Attorney
CACI: 23GEN3151

ATTEST/SEAL:

By: _____

Pat Jefferson-Daniel, City Secretary

CITY OF HOUSTON

By: _____

Sylvester Turner, Mayor

COUNTERSIGNED:

By: _____

Chris B. Brown, Controller

DATE OF COUNTERSIGNATURE:

APPROVED:

By: _____

Andy Icken, Chief Development Officer

APPROVED AS TO FORM:

By: _____
Assistant City Attorney
LD-RE-0000002116

REINVESTMENT ZONE NUMBER TWENTY, CITY OF HOUSTON, TEXAS

By: _____ ATTEST/SEAL
Vice-Chair, Board of Directors

Date Signed: 10-26-2023

By: _____
Secretary, Board of Directors

Date Signed: 10-26-2023

SOUTHWEST HOUSTON REDEVELOPMENT AUTHORITY

By: _____ ATTEST/SEAL
Vice-Chair, Board of Directors

Date Signed: 10-26-2023

By: _____
Secretary, Board of Directors

Date Signed: 10-26-2023