AGREEMENT BY AND AMONG
THE HARRIS COUNTY REDEVELOPMENT AUTHORITY,
REINVESTMENT ZONE NUMBER TWENTY FOUR, CITY OF HOUSTON, TEXAS,
AND THE CITY OF HOUSTON, TEXAS

THE STATE OF TEXAS §
COUNTY OF HARRIS §

KNOW ALL PERSONS BY THESE PRESENTS:

THIS AGREEMENT (this “Agreement”) is made by and among the Harris County Redevelopment Authority (the “Authority”), a non-profit local government corporation organized and existing under the laws of the State of Texas; the City of Houston, Texas (the “City”), a municipal corporation and a home-rule city in the State of Texas; and Reinvestment Zone Number Twenty-Four, City of Houston, Texas (the “Zone”), a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code, as amended (the “TIRZ Act”).

WITNESSETH:

WHEREAS, by City Ordinance No. 2012-1048, adopted December 12, 2012, the City designated the Zone pursuant to the TIRZ Act and a preliminary Project Plan and Reinvestment Zone Financing Plan for the Zone and appointed a Board of Directors for the Zone (the “Zone Board”); and

WHEREAS, pursuant to the TIRZ Act, the Zone Board submitted the final Project Plan and Reinvestment Zone Financing Plan for the Zone to the City Council for its approval (as approved, and as it may be amended from time to time in accordance with the TIRZ Act and this Agreement, the “Plan”), and by City Ordinance No. 201_ __________, adopted on __________, 201_, the City approved the Plan; and

WHEREAS, Harris County (the “County”) has agreed to participate in the Zone pursuant to that certain Interlocal Agreement by and among the County, the Authority, the City and the Zone, dated as of __________, 201_ (the “Participation Agreement”); and
WHEREAS, by Order of the Commissioners Court of the County, adopted on November 20, 2012, the County authorized the creation of the Authority pursuant to Chapter 431, Texas Transportation Code, as amended (the “LGC Act”) to aid, assist and act on behalf of the County with respect to promoting, developing, encouraging and maintaining employment, commerce and economic development of the geographic area comprising the Zone; and

WHEREAS, the TIRZ Act authorizes the City and the Zone to enter into a contract with the Authority for the purposes of providing administration, management and operation of the Zone, providing the services and improvements described herein, and otherwise performing the functions set forth in this Agreement; and

WHEREAS, it is the intention of the parties to this Agreement that, subject to the limitations prescribed in this Agreement and the limitations of its Certificate of Formation, the Authority shall have certain powers and authority to administer the Zone; make recommendations to the Zone Board, the City and the County with respect to the redevelopment of the Zone; perform and engage in activities relating to the acquisition, development, leasing and sale of land and other properties; engage in development and redevelopment activities; construct and improve infrastructure in the Zone; enter into Development Agreements (defined herein) with developers, builders and others in the Zone; issue, sell or deliver its bonds, notes or other debt obligations; and perform the other activities provided in this Agreement; and

WHEREAS, it is the further intention of the parties to this Agreement that the Authority’s activities performed pursuant to this Agreement shall be paid from Tax Increments (defined herein) pursuant to the TIRZ Act and this Agreement; and

WHEREAS, the Authority was created to aid and assist the County, the City and the Zone in the manner set forth above, and the Board of Directors of the Authority (the “Authority Board”)
is willing to enter into a contract with the City and the Zone setting forth the duties and responsibilities of the Authority, the City and the Zone;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, it is agreed as follows:

I. DEFINITIONS

“Agreement” shall mean this Agreement and all attachments hereto among the Authority, the City and the Zone.

“Appraisal District” shall mean the Harris County Appraisal District.

“Authority Board” is defined in the recitals hereto.

“Authority Obligations” shall mean the Bonds or other contractual obligations that the Authority may incur from time to time pursuant to Article III hereof, including without limitation Development Agreements.

“Bonds” shall mean the bonds, notes and other debt obligations of the Authority authorized to be issued by the LGC Act and secured by or payable from County Tax Increments.

“Budget” shall mean the annual budget of the Authority for expenditures of funds originating in the TIRZ#24 Revenue Fund as described in Section VI and as reviewed and approved by the Authority Board.

“Captured Appraised Value” shall mean the total taxable value of all real property taxable in the Zone as of January 1 of any year less the Tax Increment Base of the Zone, all as defined in the TIRZ Act.

“City” is defined in the recitals hereto.

“City Council” shall mean the City Council of the City.
“City’s Minimum Contribution” shall mean the amount of the City’s contribution to the Tax Increment Fund for administration costs related to the Zone pursuant to the Participation Agreement, initially at the rate of 5% of the City’s total annual ad valorem taxes collected on the Captured Appraised Value in each year.

“Commissioners Court” shall mean the Commissioners Court of the County.

“County” is defined in the recitals hereto.

“County Tax Increment” shall mean the amounts contributed by the County to the Tax Increment Fund pursuant to the Participation Agreement.

“Development Agreement” shall mean an agreement between the Authority and a third party relating to the development, construction, remodeling, or rehabilitation of a TIRZ#24 Project.

“Generally Accepted Accounting Principles” shall mean such accepted accounting practice as, in the opinion of the Authority’s accountant, conforms at the time to a body of generally accepted accounting principles.

“LGC Act” is defined in the recitals hereto.

“Participation Agreement” is defined in the recitals hereto.

“Plan” shall mean the Project Plan and Reinvestment Zone Financing Plan.

“Project Cost” shall mean those costs of public works and improvements and other costs for which payment can be made pursuant to the TIRZ Act that are identified in the Plan.

“Tax Increment” shall mean the amount of property taxes collected each year by a Taxing Unit (to the extent of their participation) on the Captured Appraised Value and deposited into the Tax Increment Fund.
“Tax Increment Base” shall mean, for each Taxing Unit, the total taxable value of all real property taxable by such Taxing Unit and located in the Zone, as of January 1, 2012, the year in which the Zone was designated as a reinvestment zone, plus the total taxable value of all real property taxable by a Taxing Unit participating in the Zone and annexed to the Zone, determined as of January 1 of the year in which the area is annexed to the Zone.

“Tax Increment Fund” shall mean the City of Houston’s Tax Increment Fund created by the City for the Zone including any subaccount therein into which all Tax Increments shall be deposited.

“Taxing Unit” shall mean the City, the County, the Harris County Flood Control District and any other taxing entity that participates in the Zone from time to time.

“TIRZ#24” shall mean Tax Increment Reinvestment Zone Number Twenty-Four, City of Houston, Texas, also referred to herein as the Zone.

“TIRZ Act” is defined in the recitals hereto.

“TIRZ#24 Project” shall mean any project for which moneys placed in the TIRZ#24 Revenue Fund can be used pursuant to the TIRZ Act and which has been approved in the Plan either as a specific development or within a category of Project Costs.

“TIRZ#24 Revenue Fund” shall mean the fund established by the Authority into which payments from the Tax Increment Fund are deposited pursuant to Article V.

“Zone” is defined in the recitals hereto, and includes any area added to the boundaries of the Zone.

“Zone Board” is defined in the recitals hereto.
II.

SCOPE OF SERVICES BY AUTHORITY

To the extent of available funds and subject to the limitations of this Agreement, the services that the Authority may furnish consist of, among other things, the following:

A. Management and Administrative Services and Consultants. The Authority will provide management and administrative services for the Zone. The services without limitation will include the following:

1. Provide the staff and administrative services that are necessary to manage the Zone and provide or supervise the services and TIRZ Projects or improvements to be provided by the Zone;

2. Provide management, financial and program monitoring systems for the administration of the Zone;

3. Provide any required reports to the County, the City and the Zone concerning the administration of the Zone;

4. Provide office space for the Zone’s administrative and management personnel and an operation center for the Authority’s employees and equipment, if necessary;

5. Subject to the terms of this Agreement, recruit, hire, pay and supervise the consultants and any work force that the Authority will utilize to furnish services required for the development or redevelopment of the Zone;

6. Provide staff to participate in meetings concerning the administration of the Zone in all its capacities, including the services to the Zone Board when managing the Zone;
7. Provide liaison and coordination between the Zone, the City, the County, other Taxing Units, Zone property owners, and other persons and groups interested in the development and redevelopment activities of the Zone;

8. Supervise and monitor the performance of consultants and subcontractors who are employed by the Authority to provide services to the Zone;

9. Assist in briefing developers, builders, property owners and other persons concerning proposed activities and developments that would complement public and private development activities in the Zone;

10. Function as the information/complaint center for all matters relating to the administration of the Zone and advise the County, the Zone Board and the City in a timely manner of any problems concerning the Zone; and

11. Provide engineering, planning, legal, financial, real estate, and other services through consultants engaged by the Authority as may be requested by the County, the Zone Board or the City.

B. Service With Respect to the Plan and Enlargement of the Zone.

1. The Zone Board has adopted, and the City Council and Commissioners Court will approve, the Plan. The Authority will act as consultant to the Zone in the implementation of the Plan and in the preparation and implementation of any amendments thereto. Any amendments to the Plan shall be prepared in accordance with this subparagraph and in accordance with the requirements of the TIRZ Act. The Authority will engage such consultants and subcontractors as it deems necessary to complete the Plan and will make them available to the County, the Zone Board and the City at all reasonable times. The Plan and any amendments
thereto will include at a minimum those matters required by Section 311.011(b) and (c) of the TIRZ Act;

2. The Authority will meet with and receive input from property owners, the public, lenders, the County, the City, the Zone Board, and other public and private entities with respect to the preparation of any amendments to the Plan and will take such other actions, and will aid and assist in the conduct of such hearings, as may be required to complete the amendments for presentation to the Commissioners Court and the City Council for approval;

3. The Authority will review areas for addition to the Zone as requested by the Zone Board and will provide information with respect to any proposed enlargement that may be required by the Zone Board.

C. Tax Rolls.

1. The Authority will assist the County, the Zone Board and the City with respect to the preparation of special tax rolls relating to the Zone. The Authority will analyze property uses in the Zone, compare them to the records of the Appraisal District, and attempt to reconcile the tax rolls of the Appraisal District with the actual land uses.

2. The Authority also will work with the Appraisal District to make certain that tax values as shown on the tax rolls will, to the greatest extent possible, accurately reflect true market value of all property in the Zone.

3. The Authority will assist in securing a tax roll for the Zone for the year 2012 and each year thereafter and will assist the County, the Zone Board, the City and the Appraisal District in having the Zone tax rolls correctly reflect the total appraised value of real property in the Zone for each such year and showing separately the Tax Increment Base and the Captured Appraised Value. The Authority will assist in advising all Taxing Units with respect to the
Captured Appraised Value and the amount of Tax Increment of each Taxing Unit which is to be paid into the Tax Increment Fund as required by the TIRZ Act.

D. **Zone Planning, Design and Infrastructure Improvements.** The Authority will assist the Zone Board in preparing a development plan and will provide technical assistance to encourage public and private property owners to make improvements or provide services:

1. To increase residential, business, retail, restaurant, and entertainment establishments in the Zone;

2. To encourage private and public entities to make any improvements that are necessary to the streets, utilities, drainage and flood control facilities, curbs, sidewalks, signage, landscaping, lighting, and other infrastructure in the Zone;

3. To design and select streetscape elements such as benches, flowerpots, tables and chairs, umbrellas, fountains, lighting, trees, shrubs, and other pedestrian amenities;

4. To increase the enjoyment and public use of sidewalks, parks, and plazas; and

5. To establish a planning, design, and streetscape group that will bring people together to plan and make improvements to create a more vital area in the Zone.

E. **Infrastructure Construction and Construction of TIRZ Projects.** The Authority may construct infrastructure, buy equipment and supplies, and deal in real estate as necessary to implement the Plan and as permitted by the TIRZ Act:

1. To the extent funds are available, the Authority may design and construct, or cause to be designed and constructed, TIRZ Projects; and

2. To the extent funds are available, the Authority may buy, sell, lease and otherwise deal in real estate.
F. **Land Acquisition, Development and Redevelopment.** Subject to the availability of funds, the Authority will provide appraisals, surveys, and title policies for any properties that need to be acquired pursuant to the Plan. The Authority may acquire any property or land that is permitted to be acquired pursuant to the Plan with the proceeds of its Bonds or other Authority Obligations or with Tax Increments paid to the Authority by the City and the Zone pursuant to this Agreement. The Authority may lease, sell or otherwise dispose of and deal in any land or property that it acquires. The Authority will provide legal counsel and other consultants and advisors for land or improvements that may be required by the Plan as directed by the Zone Board, including those required to acquire property pursuant to the exercise of eminent domain for implementation of the Plan.

G. **Subcontractors.** The Authority may provide the services required by this Agreement through staff, subcontractors and/or consultants.

III. **CONTRACTUAL OBLIGATIONS OF THE AUTHORITY**

A. **General Statement.** The parties have agreed that the Authority has the authority to issue Bonds, to enter into other Authority Obligations with developers, builders and others and to enter into other contracts with consultants and others to be paid from moneys initially deposited in the TIRZ#24 Revenue Fund pursuant to this Agreement and in accordance with Section III. C. herein; provided, however, that nothing in this Agreement shall be construed to authorize the Authority to expend any of the funds received pursuant to this Agreement for any costs other than Project Costs.

The parties understand that the Authority may receive funds from sources other than the Tax Increment Fund and may enter into agreements and be involved with projects that are not
related to TIRZ#24 or the funds received pursuant to this Agreement. It is the intention of the parties that this Agreement address only those aspects of the Authority’s operations that relate to TIRZ#24 and the funds received by the Authority pursuant to this Agreement and not limit the Authority’s operations in matters not related to TIRZ#24 or the funds received pursuant to this Agreement.

B. **Power to Incur Authority Obligations.** With regard to TIRZ#24 and subject to the provisions of this Article, the Authority shall have the power from time to time to issue Bonds and enter into such other Authority Obligations upon such terms and conditions as the Authority Board shall determine to be necessary or desirable to implement the Plan. All Development Agreements shall provide that (i) the Authority will not reimburse any person or entity for any TIRZ#24 Project that is determined to be an ineligible Project Cost under the TIRZ Act, and (ii) any person or entity shall be obligated to repay the Authority for any payment made by the Authority that is determined to be an ineligible Project Cost.

C. **Use of Tax Increment.** All funds received by the Authority from the City pursuant to Article V shall initially be placed in the Authority’s TIRZ#24 Revenue Fund and then distributed to other applicable funds to meet the TIRZ#24 obligations. Then any remaining funds will be distributed to funds operated and controlled by the Authority and used to pay Project Costs.

D. **Pledge of Tax Increments.** The City and the Zone Board hereby consent to any assignment or pledge of the County Tax Increment, subject to approval by the Authority.

IV. **DUTIES AND RESPONSIBILITIES OF THE CITY AND THE ZONE**

A. **Duties of the City.** The City agrees to maintain the existing level of services that the City currently provides in the Zone, subject to the provision of funds for these services in the
City budget. The City agrees to consider the promulgation of ordinances or resolutions pertaining to policies relating to the development of the Zone after receiving the Authority’s advice and assistance.

B. **Tax Increment Fund.** The City shall establish and maintain a separate fund, including subaccounts as necessary, in the City treasury into which Tax Increments shall be deposited. During the term of this Agreement, Tax Increments shall be paid to the Authority as herein provided.

C. **Limitation of Source of Payment.** The City and the Zone shall have no financial obligation to the Authority other than as provided in this Agreement or in other agreements among the City, the Zone and the Authority. The obligation of the City and the Zone to the Authority under this Agreement is limited to the Tax Increments in the Tax Increment Fund. This Agreement shall create no obligation of the City or the Zone that is payable from taxes or other moneys of the City other than the Tax Increments in the Tax Increment Fund.

D. **Allocated Funds; Limitation of Duties.** The duty of the City and the Zone to pay money to the Authority for any purpose under this Agreement is limited in its entirety by the provisions of this Article. The payments herein provided for shall be the entire and complete compensation of Authority for its services and expenses in connection herewith.

E. **Collection and Payment of Tax Increments by the City and the Zone.** In consideration of the services and TIRZ#24 Projects to be provided by the Authority, the City and the Zone covenant and agree that they will, as authorized under the TIRZ Act and other applicable laws, continuously collect the Tax Increments from the Taxing Units during the term of this Agreement in the manner and to the maximum extent permitted by applicable law. To the extent the City and the Zone may legally do so, the City and the Zone also covenant and agree that they
will not permit a reduction in the Tax Increments paid by the Taxing Units except to the extent provided in any agreement with the Taxing Unit executed at the time the Taxing Unit agrees to participate in the Zone. In addition, the City covenants and agrees that any repeal of the right and power to collect the Tax Increments will not be effective until all the Bonds or other Authority Obligations and any other contractual obligations of the Authority related to a TIRZ#24 Project have been paid in full or until they are legally defeased. The City and the Zone further covenant and agree that they will make all payments as set forth in Article V below, by a direct deposit into the TIRZ#24 Revenue Fund, without counterclaim or offset.

F. **Obligations of City and the Zone to be Absolute.** The obligation of the City and the Zone to make the payments set forth in this Agreement from Tax Increments shall be absolute and unconditional, and until such time as this Agreement, Bonds, Authority Obligations and any contractual obligations of the Authority incurred pursuant to this Agreement have been fully paid or provision for payment thereof shall have been made in accordance with their terms or the date of expiration of the Zone, whichever comes first, the City and the Zone will not suspend or discontinue any payments provided for in this Agreement. Nothing contained in this Article shall be construed to release the Authority from performance of any of the agreements on its part contained in this Agreement, and in the event the Authority shall fail to perform any such agreement on its part, the City may institute such action against the Authority as the City may deem necessary to compel performance so long as this action does not abrogate the obligations of the City and the Zone to make the payments set forth in this Agreement to pay the Bonds and Authority Obligations.
V.

CITY PAYMENT TO AUTHORITY

A. Annual Payments. The City, on behalf of itself and the Zone, will pay to the Authority, not later than 60 calendar days after receiving the County Tax Increment during the term of this Agreement, the portion of the Tax Increment Fund attributable to the County Tax Increment plus any additional Tax Increments that a Taxing Unit agrees shall be paid to the Authority. The Authority shall deposit the payments received pursuant to this Article into the TIRZ#24 Revenue Fund and use the moneys distributed from the TIRZ#24 Revenue Fund to pay Project Costs as provided in Section III.C.

B. City’s Minimum Contribution. The City’s Minimum Contribution will be retained by the City.

VI.

BUDGET, ACCOUNTING, AND AUDITS

A. Budget, Books, and Records. During the term of this Agreement, the Authority will (i) prepare and submit to the Zone Board, sixty (60) days prior to the beginning of the City’s fiscal year each year during the term of this Agreement, an annual Budget setting forth the Authority’s proposed expenditures from the TIRZ#24 Revenue Fund for TIRZ#24 Projects during the ensuing fiscal year which will include any of the Authority’s administrative costs paid out of the TIRZ#24 Revenue Fund incurred in connection with providing services under this Agreement, and its obligations payable on Bonds and Development Agreements and loans and to consultants and others pursuant to contracts, as such amounts are paid from the TIRZ#24 Revenue Fund. If City Tax Increments have been paid to the TIRZ#24 Revenue Fund, the Authority will cooperate with the Zone Board and the City to obtain approval of the Budget by the City Council.
Administrative costs paid out of the TIRZ#24 Revenue Fund may include reasonable employee salaries, travel, insurance, and other benefits expenses. The annual Budget also shall disclose the amount of all revenues available to the Authority from the Tax Increment Fund for purposes of funding the services and paying the obligations of the Authority with respect to TIRZ#24 and is subject to the review and approval of the Zone Board. The Authority may amend (increase, decrease, or adjust) its Budget as projects are added to the Plan or existing projects are modified, but must advise the Zone Board and the Chief Development Officer of the City (or successor with responsibility for administration of the City’s tax increment reinvestment zones) of the modification; provided, however, Budget amendments that involve an increase, decrease, or adjustment to the City’s contribution must be approved by City Council.

B. **Accounts, Records and Accounting Reports.** The Authority will maintain books of records and accounts in which full, true, and proper entries will be made on all dealings, transactions, business, and matters that in any way affect or pertain to the operation of the Zone, and the allocation and application of the Tax Increments. All such records shall be maintained in accordance with Generally Accepted Accounting Principles and shall be clearly identified and readily accessible. The Authority shall provide free access to such books and records at all times, to the County, the City and the Zone Board or their representatives and shall permit them to examine and audit the same and make copies thereof. The Authority shall further allow the County, the City and the Zone Board and their representatives to make inspections of all work data, documents, proceedings and activities related to this Agreement. Such right of access and audit shall continue for a period of three (3) years from the date of final payment under this Agreement. The Zone will operate on the basis of a fiscal year which begins July 1.
C. **Audit.** At the end of each fiscal year (beginning with the fiscal year or fraction thereof during which this Agreement is executed), the Authority will have at its own expense an audit of the TIRZ#24 Revenue Fund prepared by an independent Certified Public Accountant for that fiscal year that shall be submitted to the Authority, the City, the Zone Board and the County within one hundred twenty (120) days after the end of the fiscal year. The Authority shall furnish copies of the audit without cost to the County, the City and the Zone Board.

D. **Construction Audit.** At the end of each fiscal year, beginning with the fiscal year or fraction thereof during which this Agreement is executed, the Authority will ensure that any developer having a Development Agreement with TIRZ#24 has performed, at the developer’s expense, an audit of all construction activities related to the applicable Development Agreement(s). Such audit will be prepared by an independent auditor of all amounts applicable to such Development Agreement(s) regardless of whether all or a portion of such amounts are claimed or to be paid from amounts originating in the TIRZ#24 Revenue Fund. Such audit shall be submitted to the Authority, the County, the City, and the Zone Board within six months after the end of each fiscal year. The scope of the audit shall include an analysis of all expenditures related to TIRZ#24 Project costs for reasonableness and a review to ensure that such expenditures conform with the Plan, the applicable Development Agreement(s), the Participation Agreement and this Agreement. Each developer shall furnish a copy of the applicable audit(s) without cost to the Authority, the County, the City, and the Zone Board.

E. **Authority Depository.** The Authority’s TIRZ#24 Revenue Fund is the account into which all payments made to the Authority pursuant to this Agreement shall be initially deposited to be utilized for one of the purposes permitted by this Agreement. Moneys on deposit in the
TIRZ#24 Revenue Fund will be secured by the depository bank in the same manner as County funds are required to be secured.

VII.

PUBLIC CONVENIENCE AND SAFETY

A. Observance of City Ordinances. The Authority shall require any developer entering into a Development Agreement with respect to TIRZ#24 to observe City ordinances relating to obstructing streets, keeping alleys or other rights-of-way open and protecting same, and shall obey all laws and City ordinances controlling or limiting those engaged in the work.

B. Performance of Duties. The Authority shall perform its duties in a manner that will cause the least inconvenience and annoyance to the general public and the property owners, and will exercise every necessary precaution for the safety of the property and the protection of any and all persons and property located adjacent to or making passage through said property.

VIII.

RIGHT OF OWNERSHIP

All permanent public facilities and equipment owned by the City or the County within the Zone shall remain property of the City or the County and such rights shall not be disposed of by the Authority. All property and improvements purchased by the Authority shall be the property of the Authority and shall be maintained by the Authority throughout the term of this Agreement and the Authority may lease, sell or otherwise dispose of such property upon such terms and conditions as the Authority deems desirable. If the TIRZ#24 Project is integrated in and used as part of the County’s infrastructure, it may be conveyed to the County at the time of such integration, at the County’s discretion; however, all utilities, drainage facilities, public street improvements, sidewalks, and light fixtures (collectively, “public improvements”) shall be conveyed to the City
subject to City policy and the parties’ agreement on appropriate ownership of the applicable public improvements. Upon termination of this Agreement, title to all Authority property that has not otherwise been conveyed to the City as public improvements shall immediately vest in the County without the need for further action on the part of the County. The Authority shall provide an up-to-date inventory of all of its property and improvements as an attachment to its annual Budget.

IX.

PERSONAL LIABILITY OF PUBLIC OFFICIALS

To the extent permitted by State law, no director of the Authority, nor any employee or agent of the Authority, no director of the Zone, nor any employee or agent of the Zone, no officer or employee of the County, nor any agent of the County, and no officer or employee of the City, nor agent of the City, shall be personally responsible for any liability under or growing out of the Agreement, or operations of the Authority under the terms of this Agreement.

X.

INDEMNITY AND RELEASE

A. INDEMNITY FOR PERSONAL INJURIES. TO THE EXTENT PERMITTED BY STATE LAW, THE AUTHORITY COVENANTS AND AGREES TO, AND DOES HEREBY, DEFEND, INDEMNIFY AND HOLD THE CITY, THE ZONE, AND THEIR OFFICERS AND EMPLOYEES (THE “INDEMNIFIED PERSONS”) HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS’ FEES, COURT COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE OR LOSS INJURIES, INCLUDING DEATH, TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION
WITH OR INCIDENTAL TO ANY PERFORMANCE UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:

1. THE AUTHORITY’S AND/OR ITS AGENTS’, EMPLOYEES’, OFFICERS’, DIRECTORS’, CONTRACTORS’ OR SUBCONTRACTORS’ (COLLECTIVELY IN LETTERED PARAGRAPHS 1-3, “AUTHORITY’S”) ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS;

2. THE INDEMNIFIED PERSONS’ AND THE AUTHORITY’S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER OR NOT THE AUTHORITY IS IMMUNE FROM LIABILITY; AND

3. THE INDEMNIFIED PERSONS’ AND THE AUTHORITY’S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER OR NOT THE AUTHORITY IS IMMUNE FROM LIABILITY.

THE AUTHORITY SHALL DEFEND, INDEMNIFY, AND HOLD THE INDEMNIFIED PERSONS HARMLESS DURING THE TERM OF THIS AGREEMENT AND FOR FOUR YEARS AFTER THE AGREEMENT TERMINATES. THE AUTHORITY’S INDEMNIFICATION IS LIMITED TO $500,000 PER OCCURRENCE. THE AUTHORITY SHALL NOT INDEMNIFY THE INDEMNIFIED PERSONS FOR THE INDEMNIFIED PERSONS’ SOLE NEGLIGENCE.

B. INDEMNITY TO CITY PROPERTY. TO THE EXTENT PERMITTED BY STATE LAW, THE AUTHORITY SHALL LIKewise INDEMNIFY AND HOLD HARMLESS THE CITY FOR ANY AND ALL INJURY OR DAMAGE TO CITY
PROPERTY ARISING OUT OF OR IN CONNECTION WITH ANY AND ALL ACTS OR
OMISSION OF THE AUTHORITY, ITS OFFICERS, AGENTS, EMPLOYEES,
CONTRACTORS, SUBCONTRACTORS, LICENSEES, OR INVITEES.

C. **RELEASE.** TO THE EXTENT PERMITTED BY STATE LAW, THE
AUTHORITY AGREES TO AND SHALL RELEASE THE INDEMNIFIED PERSONS
FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS
OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO
PERFORMANCE UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH,
DAMAGE, OR LOSS IS CAUSED BY THE INDEMNIFIED PERSONS’ SOLE OR
CONCURRENT NEGLIGENCE AND/OR THE INDEMNIFIED PERSON’S STRICT
PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY.

THE AUTHORITY SHALL REQUIRE ALL CONTRACTORS (AND THEIR
SUBCONTRACTORS) ENGAGED BY IT TO CONSTRUCT TIRZ PROJECTS TO
RELEASE AND INDEMNIFY THE INDEMNIFIED PERSONS TO THE SAME EXTENT
AND IN SUBSTANTIALLY THE SAME FORM AS THE AUTHORITY’S RELEASE OF
AND INDEMNITY TO THE INDEMNIFIED PERSONS HEREUNDER.

D. **Indemnification Procedures.**

1. **Notice of Claims.** If the Indemnified Persons or the Authority receives
notice of any claim or circumstances that could give rise to an indemnified loss, the
receiving party shall give written notice to the other party within 10 days. The notice must
include the following:

a. A description of the indemnification event in reasonable detail;

b. The basis on which indemnification may be due; and
c. The anticipated amount of the indemnified loss.

This notice does not estop or prevent the Indemnified Persons from later asserting a different basis for indemnification or a different amount of indemnified loss than that indicated in the initial notice. If the Indemnified Persons do not provide this notice within the 10 day period, they do not waive any right to indemnification except to the extent that the Authority is prejudiced, suffers loss, or incurs expense because of the delay.


a. Assumption of Defense. The Authority may assume the defense of the claim at its own expense with counsel chosen by it that is reasonably satisfactory to the Indemnified Persons. The Authority shall then control the defense and any negotiations to settle the claim. Within 10 days after receiving written notice of the indemnification request, the Authority must advise the Indemnified Persons as to whether or not it will defend the claim. If the Authority does not assume the defense, the Indemnified Persons shall assume and control the defense, and all defense expenses constitute an indemnification loss.

b. Continued Participation. If the Authority elects to defend the claim, the Indemnified Persons may retain separate counsel at their own expense to participate in (but not control) the defense and to participate in (but not control) any settlement negotiations. The Authority may settle the claim without the consent or agreement of the Indemnified Persons, unless the settlement (i) would result in injunctive relief or other equitable remedies or otherwise require the Indemnified Persons to comply with restrictions or
limitations that adversely affect the Indemnified Persons; (ii) would require
the Indemnified Persons to pay amounts that the Authority does not fund in
full; or (iii) would not result in the Indemnified Persons’ full and complete
release from all liability to the plaintiffs or claimants who are parties to or
otherwise bound by the settlement.

E. **Insurance Requirements.** Insurance coverage specified herein constitutes the
minimum requirements and said requirements shall in no way lessen or limit the liability of the
Authority under the terms of this Agreement. The Authority shall procure and maintain, at its own
cost and expense, any additional kinds and amounts of insurance that, in its own judgment, may be
necessary in connection with its performance of its obligations under this Agreement.

F. **Subordinate Obligation.** The obligations of the Authority imposed by this Article
are subordinate to the Authority’s obligation to pay the principal of and interest on its Bonds.

G. **Payment from Tax Increment.** All costs of obligations of the Authority imposed by
this Article may be paid from proceeds from insurance or, to the extent provided by law, Tax
Increments.

**XI.**

**INDEPENDENT CONTRACTOR**

It is expressly understood and agreed that the Authority shall perform all work and services
described herein as an independent contractor and not as an officer, agent, servant, or employee of
the County, the City or the Zone; that except as herein provided, the Authority shall have exclusive
control of and the exclusive right to control the details of the services and work performed
hereunder, and all persons performing the same; and shall be solely responsible for the acts and
omissions of its officers, agents, employees, contractors and subcontractors; that the doctrine of
respondeat superior shall not apply as between the County, the City or the Zone and the Authority, its officers, agents, employees, contractors and subcontractors; and that nothing herein shall be construed as creating a partnership or joint enterprise between the County, the City or the Zone and the Authority. No person performing any of the work and services described hereunder shall be considered an officer, agent, servant, or employee of the County, the City or the Zone.

XII.

INSURANCE

The Authority shall obtain and maintain insurance coverage continuously during the term of this Agreement, and the Authority shall contract with each contractor engaged by it hereunder to maintain (and to cause each of its subcontractors to maintain) insurance coverage during the term of its contract, in each case in accordance with the terms of this Article through any combination of primary and excess coverage and, in the case of “claims made” coverage, for an additional two years thereafter.

A. Risks and Limits of Liability. The insurance required by this Article shall insure against the following risks in at least the following amounts:

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limit of Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers’ Compensation</td>
<td>Statutory</td>
</tr>
<tr>
<td>Employer’s Liability (each accident)</td>
<td>Bodily Injury by Accident $100,000</td>
</tr>
<tr>
<td>(policy limit)</td>
<td>Bodily Injury by Disease $500,000</td>
</tr>
<tr>
<td>(each employee)</td>
<td>Bodily Injury by Disease $100,000</td>
</tr>
<tr>
<td>Commercial General Liability:</td>
<td>Bodily Injury and Property Damage, Combined Limits of</td>
</tr>
<tr>
<td>Including Broad Form Coverage,</td>
<td>$500,000 each Occurrence</td>
</tr>
<tr>
<td>Contractual Liability, Bodily and Personal Injury, and Completed</td>
<td>and $1,000,000 Aggregate</td>
</tr>
<tr>
<td>Operations (for a period of one year)</td>
<td></td>
</tr>
<tr>
<td>Coverage</td>
<td>Limit of Liability</td>
</tr>
<tr>
<td>----------</td>
<td>-------------------</td>
</tr>
<tr>
<td>year after completion of work</td>
<td></td>
</tr>
<tr>
<td>Automobile Liability Insurance (for vehicles used in performing under this Agreement, including Employer’s Non-Ownership and Hired Auto Coverage)</td>
<td>$500,000 Combined Single Limit per Occurrence</td>
</tr>
<tr>
<td>Professional Liability Coverage (for professional service contract only)</td>
<td>$500,000 per occurrence $1,000,000 aggregate contract only</td>
</tr>
</tbody>
</table>

Defense costs are excluded from the face amount of the policy. Aggregate Limits are per 12-month policy period unless otherwise indicated.

If the amount of any contract awarded by the Authority to construct a TIRZ#24 Project shall exceed $1,000,000, the Authority shall contract with the contractor to maintain Commercial General Liability coverage for at least twice the combined minimum limits specified above.

B. **Form of Policies.** County staff may approve the form of the insurance policies, but nothing County staff does or fails to do relieves the Authority of its obligation to provide the required coverage under this Agreement.

C. **Issuers of Policies.** The issuer of each policy shall have a certificate of authority to transact insurance business in Texas or a Best’s rating of at least B+ and a Best’s Financial Size Category of Class VI or better, according to the most current edition of *Best’s Key Rating Guide, Property-Casualty United States*.

D. **Insured Parties.** Each policy, except those for Workers’ Compensation, Employer’s Liability, and Professional Liability, must name the County (and its respective officers, agents, and employees) as additional insured parties on the original policy and all renewals or replacements.
E. **Deductibles.** The Authority shall be responsible for and bear (or shall contract with each applicable contractor to bear and assume) any claims or losses to the extent of any deductible amounts and waives (and shall contract with each contractor to waive) any claim it may have for the same against the County, the Zone, and their officers, agents or employees.

F. **Cancellation.** Each policy must state that it may not be canceled, materially modified, or non-renewed unless the insurance company gives the County 30 days’ advance written notice. The Authority shall (and shall contract with each contractor to) give written notice to the County within five days of the date on which total claims by any party against such person reduce the aggregate amount of coverage below the amounts required by this Agreement. In the alternative, the policy may contain an endorsement establishing a policy aggregate for the particular project or location subject to this Agreement.

G. **Subrogation.** Each policy must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against the County, the Zone, or their officers, agents or employees.

H. **Primary Insurance Endorsement.** Each policy, except Workers’ Compensation and Professional Liability (if any), must contain an endorsement that the policy is primary to any other insurance available to the additional insured with respect to claims arising under this Agreement.

I. **Liability for Premium.** The Authority shall pay, from Tax Increments or other available funds (or shall contract with contractors to pay) all insurance premiums for coverage required by this Article, and neither the County or the Zone shall be obligated to pay any premiums.

J. **Subcontractors.** Notwithstanding the other provisions of this Article, the amount of coverage contracted to be provided by subcontractors shall be commensurate with the amount of
the subcontract, but in no case less than $100,000 per occurrence. The Authority shall provide (or shall contract with contractors to provide) copies of insurance certificates to the County.

K. **Proof of Insurance.** Promptly after the execution of this Agreement and from time to time during the term of this Agreement at the request of the County, the Authority shall furnish the County with certificates of insurance maintained by the Authority in accordance with this Article along with an affidavit from the Authority confirming that the certificates accurately reflect the insurance coverage maintained. If requested in writing by the County, the Authority shall furnish the County with certified copies of the Authority’s actual insurance policies. In the event of a failure of the Authority to comply with the requirements of this Article, the County, in its sole discretion, may purchase the required insurance with County funds and the Authority shall immediately reimburse the County for amounts so paid.

L. **Other Insurance.** If requested by the County, the Authority shall furnish adequate evidence of Social Security and Unemployment Compensation Insurance, to the extent applicable to the Authority’s operations under this Agreement.

XIII.

**LAW TO BE OBSERVED**

The Authority at all times shall observe and comply with all federal and state laws, local laws, ordinances, orders, and regulations of the federal, state, County or City governments. The federal, state and local laws, ordinances and regulations that affect those engaged or employed in the work, or the equipment used in the work, or that in any way affects the conduct of the work hereunder shall be at all times in effect, and no pleas of misunderstanding shall be considered on account of ignorance thereof.
XIV.

PERMITS

Before proceeding with the work hereunder, the Authority shall obtain and pay for any necessary permits and licenses, whether issued by the state, the County or the City, and upon the request of the City furnish proof thereof.

XV.

INFORMATION

The Authority shall, at such times and in such form as County may require, furnish periodic information concerning the status of the Authority, the Zone and the performance of its obligations under the Agreement, and such other statements, certificates and approvals relative to the Authority and the Zone as may be requested by the County.

XVI.

ADDRESS AND NOTICE

Any and all notices and communications under this Agreement shall be mailed by first-class mail, or delivered, to the Authority at the following address:

Harris County Redevelopment Authority
c/o Harris County Community Services Department
8410 Lantern Point Drive
Houston, Texas 77054
Attn: Executive Director

Any and all notices and communications under this Agreement shall be mailed by first-class mail, or delivered, to the City at the following address:

Chief Development Officer
Office of the Mayor
City of Houston
P. O. Box 1562
Houston, Texas 77251
Any and all notices and communication under this Agreement shall be mailed by first-class mail, or delivered, to the Zone at the following address:

Reinvestment Zone Number Twenty-Four, City of Houston, Texas
c/o Harris County Community Services Department
8410 Lantern Point
Houston, Texas 77054
Attn: Executive Director

and to:

Reinvestment Zone Number Twenty-Four, City of Houston, Texas
c/o Chief Development Officer
Office of the Mayor
City of Houston
P. O. Box 1562
Houston, Texas 77251

XVII.

APPLICABLE LAWS

This Agreement is made subject to the Constitution and laws of the State of Texas.

XVIII.

CAPTIONS

The captions at the beginning of the Articles of this Agreement are guides and labels to assist in locating and reading such Articles and, therefore, will be given no effect in construing this Agreement and shall not be restrictive of the subject matter of any article, section, paragraph or part of this Agreement.
XIX.

SUCCESSORS AND ASSIGNS

This Agreement shall bind and benefit the respective parties and their legal successors, and shall not be assignable, in whole or in part, by any party hereto without first obtaining the written consent of the other parties.

XX.

TERMINATION OF THIS AGREEMENT

A. In General. This Agreement shall become effective, and its initial term shall begin, on the date of countersignature of the City Controller and end upon termination of the Zone.

B. Termination. No party may terminate its performance under this Agreement except as specifically described herein. No termination of this Agreement shall affect the obligation of the City, the County, and the Zone to pay to the Authority all County Tax Increments.

XXI.

TERMINATION OR DISSOLUTION OF TIRZ#24

The City Ordinance designating TIRZ#24 provides that the Zone will terminate on December 31, 2042. The City may not terminate or dissolve TIRZ#24 earlier than this date without the consent of the County.

XXII.

AMENDMENT OR MODIFICATIONS

Except as otherwise provided in this Agreement, this Agreement shall be subject to change, amendment, or modification only by the mutual written consent of the parties hereto.

***

29
IN TESTIMONY OF WHICH this instrument has been executed on behalf of the Authority, the Zone and the City in duplicate originals which shall be considered of equal force and effect.

DATED this ___ day of __________, 201_.

HARRIS COUNTY REDEVELOPMENT AUTHORITY

[Signature]
Chair, Board of Directors

CITY OF HOUSTON

[Signature]
Mayor Amanda Washington
Date 7/21/14

ATTEST/SEAL:

[Signature]
City Secretary
Date 7/21/14

COUNTERSIGNED:

[Signature]
City Controller
Date 7/25/14

APPROVED AS TO FORM:

[Signature]
First Assistant City Attorney
L.D. File No. 0421300024002

REINVESTMENT ZONE NUMBER TWENTY-FOUR,
CITY OF HOUSTON, TEXAS

[Signature]
Chair, Board of Directors