

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

01-1163
53493

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 ("Harris County"); **REINVESTMENT ZONE NUMBER THIRTEEN CITY OF HOUSTON, TEXAS** ("Old Sixth Ward 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 **OLD SIXTH WARD 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

Old Sixth Ward Zone

Reinvestment Zone Number Thirteen,
City of Houston, Texas
c/o Parke Patterson Consultants
Sugarland, Texas 77487-0994
P.O. Box 994

Redevelopment Authority

Old Sixth Ward Redevelopment Authority
P.O. Box 994
c/o Parke Patterson Consultants
Sugarland, Texas 77487-0994
P.O. Box 994

B. Index

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

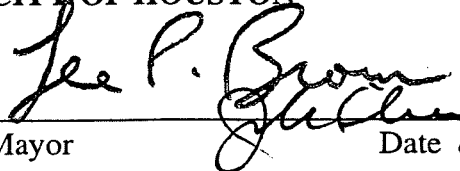
<u>Section</u>	<u>Description</u>	<u>Page</u>
I.	Parties	1
II.	Definitions	6
III.	Background	7
IV.	Obligations of Harris County	7
V.	Obligations of City, Old Sixth Ward Zone and Redevelopment Authority	11
VI.	Term and Termination	12
VII.	Miscellaneous	13

C. Parts Incorporated

All of the above described sections and documents are hereby incorporated into this Agreement by this reference for all purposes.

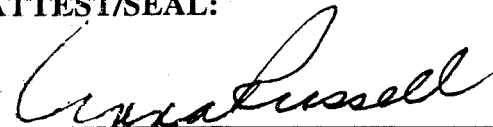
IN WITNESS WHEREOF, the City, Harris County, the Old Sixth Ward Zone and the Redevelopment Authority have made and executed this Agreement in multiple copies, each of which is an original.

CITY OF HOUSTON



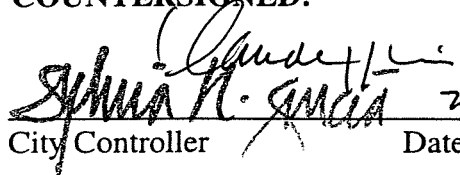
Mayor Date 2/8/02

ATTEST/SEAL:




City Secretary Date 2/8/02

COUNTERSIGNED:



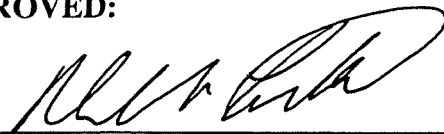
City Controller Date 2/8/02

APPROVED AS TO FORM:



Assistant City Attorney
L. D. File No. 0619800038013

APPROVED:

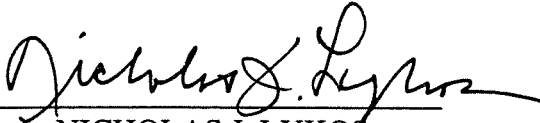


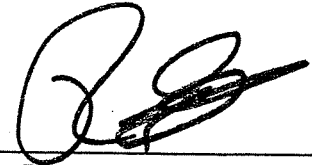
Director Date
Planning and Development Department

APPROVED AS TO FORM:

HARRIS COUNTY

MICHAEL A. STAFFORD
County Attorney

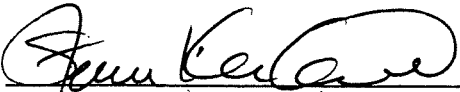
By 
NICHOLAS J. LYKOS
Senior Assistant County Attorney

By 
ROBERT ECKELS
County Judge

Date Signed: DEC 18 2001

[Remainder of page intentionally left blank]

**REINVESTMENT ZONE NUMBER
THIRTEEN, CITY OF HOUSTON,
TEXAS (Old Sixth Ward Zone)**

By 
Name: STEVEN KIRKLAND
Title: Chairman, Board of Directors


Date Signed: 1-15-02

ATTEST/SEAL:

By Elizabeth D. McMillin
Name: Elizabeth D. McMillin
Title: Secretary, Board of Directors

Date Signed: 1-15-02

**OLD SIXTH WARD
REDEVELOPMENT AUTHORITY**

By 
Name: STEVEN KIRKLAND
Title: Chairman, Board of Directors

Date Signed: 1-15-02

ATTEST/SEAL:

By Elizabeth D. McMillin
Name: Elizabeth D. McMillin
Title: Secretary, Board of Directors

Date Signed: 1-15-02

[Remainder of page intentionally left blank]

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 Old Sixth Ward Zone and the Old Sixth Ward Redevelopment Authority.

"Agreement Term" is defined in Section VI.

"Captured Appraised Value" means the captured appraised value of the Old Sixth Ward 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 the signature page 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 Old Sixth Ward Zone pursuant to Subsections A and B of Section IV of this Agreement.

"Old Sixth Ward Area" means the Old Sixth Ward area of the City and neighboring areas, as more particularly described in City of Houston Ordinance No. 98-1256.

"Old Sixth Ward Zone" means Reinvestment Zone Number Thirteen, City of Houston, Texas, created by the City on December 29, 1998 by Ordinance No. 98-1256, and includes its successors and assigns.

"Project Plan" means the project plan and reinvestment zone financing plan for the Old Sixth Ward Zone adopted by the board of directors of the Old Sixth Ward Zone and approved by the City Council of the City on July 28, 1999 by City of Houston Ordinance No. 99-794 as amended

by the board of Directors of the Old Sixth Ward Zone and approved by the City Council on August 11, 1999 by Ordinance No. 99-827 and as may be amended from time to time.

"Redevelopment Authority" means the Old Sixth Ward 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 Old Sixth Ward Zone.

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

III. BACKGROUND

On December 29, 1998, the City created the Old Sixth Ward Zone by adoption of City of Houston Ordinance No. 98-1256, for the purposes of development and redevelopment in the Old Sixth Ward Area. The Board of Directors of the Old Sixth Ward Zone initially adopted a project plan and reinvestment zone financing plan, which was approved by the City on July 28, 1999 by City of Houston Ordinance No. 99-794, and amended on August 11, 1999 by City of Houston Ordinance No. 99-827. The City has agreed to participate in the Old Sixth Ward Zone by contributing tax increments produced in the Old Sixth Ward Zone to the Tax Increment Fund. Harris County desires to participate in the Old Sixth Ward Zone in consideration for the agreements set forth below. 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 terms of this Agreement, the parties agree that Harris County's participation in the Old Sixth Ward Zone is a contribution, to the extent authorized by law, to the Tax Increment Fund during the term of this Agreement of seventy-five percent (75%) of the tax increment attributed to the Captured Appraised Value in the Old Sixth Ward Zone attributed to Harris County for the period January 1, 2001, through December 31, 2028, 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 Old Sixth Ward 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 Old Sixth Ward 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 Old Sixth Ward 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 Old Sixth Ward 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 Old Sixth Ward Zone and 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, to be used to provide affordable housing in accordance with the law.

(2) 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 Old Sixth Ward 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 Old Sixth Ward Zone

The obligation of Harris County to participate in the Old Sixth Ward Zone is limited to the area described in City of Houston Ordinance Nos. 98-1256. Harris County's participation does not extend to the tax increment on any additional property added to the Old Sixth Ward Zone by the City or any amendment to the Project Plan by the Old Sixth Ward 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 Old Sixth Ward Zone for projects (other than affordable housing projects) outside the Old Sixth Ward 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 Old Sixth Ward Zone. Harris County may also appoint and maintain as many non-voting ex officio members on the Board of Directors of the Old Sixth Ward Zone as Harris County may desire.

E. Reconciliation of Accounts

Harris County, the City, the Old Sixth Ward Zone and the Redevelopment Authority will reconcile the amount of tax increments attributable to Harris County's tax increment participation for the Old Sixth Ward 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 Old Sixth Ward Zone. Thereafter, Harris County, the City, the Old Sixth Ward 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, OLD SIXTH WARD 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 Old Sixth Ward 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 Old Sixth Ward Zone, and after all bonded indebtedness of the Old Sixth Ward Zone has been paid, the City and the Old Sixth Ward 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 that will be required by the Agreement to be executed by and between the City of Houston, Texas, Reinvestment Zone Number Thirteen, City of Houston, Texas and the Old Sixth Ward Redevelopment Authority, 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 Old Sixth Ward 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 Old Sixth Ward Zone upon 30 days written notice to the City, the Redevelopment Authority or the Old Sixth Ward 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, 2001. This Agreement shall terminate on December 31, 2028, or when the total tax increments contributed by Harris County equal \$1,065,000, unless earlier terminated by the parties hereto. It is the intent of the parties that Harris County's participation in the Old Sixth Ward 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 Old Sixth Ward 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 Old Sixth Ward Zone shall end. However, any refund obligations of the City, the Old Sixth Ward Zone or the Redevelopment Authority shall survive such termination.

B. Early Termination

The Old Sixth Ward 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 Old Sixth Ward 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.