

**INTERLOCAL AGREEMENT
BETWEEN HARRIS COUNTY, CITY OF HOUSTON, REINVESTMENT ZONE
NUMBER EIGHTEEN, CITY OF HOUSTON, TEXAS, AND FIFTH WARD
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 EIGHTEEN, CITY OF HOUSTON, TEXAS (the “TIRZ”), created by the City pursuant to Chapter 311 of the Texas Tax Code, acting by and through its board of directors (the “Board”), and the FIFTH WARD REDEVELOPMENT AUTHORITY (the “Authority”), a Texas local government corporation created by the City pursuant to Chapter 431, Subchapter D, Texas Transportation Code to administer the TIRZ, acting by and through its board of directors (the “Authority Board”).

WHEREAS, by Ordinance No. 1999-766, as amended by Ordinance No. 2001-404, the City Council designated the TIRZ and formed the Board. By Resolution No. 2001-23, the City Council approved the creation of the Authority and confirmed the appointment of the initial Authority Board; and

WHEREAS, the City Council enlarged or reduced the boundaries of the TIRZ by Ordinance No. 2008-765, Ordinance No. 2015-1206, Ordinance No. 2019-991, and Ordinance No. 2022-1004; and

WHEREAS, by Ordinance No. 1999-795, the City Council approved the Project Plan and Reinvestment Zone Financing Plan for the TIRZ (“Original Plan”), which was subsequently amended by Ordinance No. 2008-766, Ordinance No. 2015-1207, and Ordinance No. 2019-992. Additionally, it is anticipated that the City Council will approve the Fourth Amended Project Plan and Reinvestment Zone Financing Plan for the TIRZ and extend the duration of the TIRZ to December 31, 2052 (the Original Plan, as amended from time to time, the “Project Plan”); and

WHEREAS, by Ordinance No. 2007-849, the City, the TIRZ and the Authority entered into an agreement (the “Tri-Party Agreement”) pursuant to which the City and the TIRZ have agreed to pay to the Authority the tax increments collected each year by the taxing units participating in the TIRZ; and

WHEREAS, the City, the County, and Buffalo Bayou Partnership (“BBP”) have entered into that certain Development, Construction, Operations, Maintenance and Concession Agreement dated as of October 11, 2022 (the “Buffalo Bayou East Agreement”), providing for the financing,

operation, and maintenance of substantial improvements to park facilities within the TIRZ, which improvements and the maintenance thereof are included within the scope 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: Randy Keenan, Sr. Assistant
County Attorney

TIRZ & AUTHORITY

Fifth Ward Redevelopment Authority
c/o Coats Rose LLP
9 Greenway Plaza, Ste. 1000
Houston, Texas 77046
Attention: S. Shannon Davis Hunter

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. **"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.
- b. **"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 Base Year, as established by HCAD.
- c. **"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 Base Value, as defined by Chapter 311, Texas Tax Code.

- d. **“County Greenspace Maintenance Contributions”** means the County’s maintenance funding obligations under the Buffalo Bayou East Agreement, as described in Article IV, Section A, below.
- e. **“County Tax Increment Participation”** means the County tax increment payments to the TIRZ, as described in Article IV, Section A, below.
- f. **“HCAD”** means the Harris County Appraisal District.
- g. **“Initial County Tax Increment Participation”** means the County tax increment payment to the TIRZ generated by the County’s 2022 ad valorem tax levy, which shall be in the amount of \$13,790.00.
- h. **“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.

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, 2052, unless sooner terminated or extended pursuant to Article VI of this Agreement.

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 for the tax years 2022 through 2051, inclusive (unless the term of this Agreement is modified as provided in Article VI, Section C), to the extent authorized by law, by remitting to the Tax Increment Fund an amount equal to the lesser of:

- (i) 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), or

- (ii) the amount determined solely by the County for funding the County Greenspace Maintenance Contributions under the Buffalo Bayou East Agreement (which may be supported by an invoice from BBP).

The lesser amount of (i) and (ii) above shall be the “County Tax Increment Participation.” 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.

The County Tax Increment Participation funds shall only be used to fund the “County Greenspace Maintenance Contributions” as defined in and required by Section 7.05(b) of the Buffalo Bayou East Agreement. The Authority agrees to take the necessary actions to deposit the County Tax Increment Participation funds into the appropriate account with BBP on behalf of the County pursuant to Article VII of the Buffalo Bayou East Agreement, in accordance with a separate development agreement by and between the Authority and BBP. Notwithstanding anything contained herein to the contrary, the parties agree that the County shall be solely responsible for funding the full amount of the County Greenspace Maintenance Contributions to the extent that such amount exceeds the amount of the County Tax Increment Participation funds received by the Authority therefor.

B. Payment Date & Limitations of County Tax Increment

The County shall remit the Initial County Tax Increment Participation payment to the Tax Increment Fund no later than December 1, 2023. Thereafter, 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. 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 to the area described in Exhibit “A” attached hereto and does not extend to the County tax increment produced from any additional area added to the TIRZ by the City or any amendment to the Project Plan by the TIRZ and the City that would increase the total amount of project costs unless the Commissioners Court specifically grants its prior approval to participate in such additional area or amendment to the Project Plan. In addition, the County Tax Increment Participation does not extend to any dedication of revenue from the Tax Increment Fund for any purpose other than for County Greenspace Maintenance

Contributions, unless Commissioners Court specifically grants its prior approval to participate in such dedication.

V. CITY AND AUTHORITY OBLIGATIONS

A. Future Amendments to Project Plan and Boundary Enlargements

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.

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 receipt of such audit. 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. Limitations for Administrative Fees

Neither the City, nor the TIRZ, nor the members of the Board, nor the Authority, nor the members of the Authority Board shall be entitled to receive any type of fee, whether administrative, overhead, or otherwise, for any amounts paid into the Tax Increment Fund by the County.

VI. EARLY TERMINATION; BREACH; EXTENSION OF TERM

A. Early Termination

The County is relying on the County Tax Increment Participation to help satisfy its obligations with regard to funding the County Greenspace Maintenance Contributions under the

Buffalo Bayou East Agreement. Therefore, provided the duration of the TIRZ is duly extended to December 31, 2052, the City may not terminate the TIRZ prior thereto, without the written consent of the Commissioners Court.

B. 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.

C. 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, 2052, to support any renewal term properly exercised under Section 10.01 of the Buffalo Bayou East Agreement, and 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, 2052, 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 right to appoint and maintain one (1) person to the Board, during the term of this Agreement and in accordance with the provisions of Chapter 311, Texas Tax Code, and Ordinance No. 1999-766 designating the TIRZ. Failure of the County to appoint an initial person to the Board by December 31, 2023, shall be deemed a waiver of the County's right to make an appointment at a later date. The Authority Board may also designate a representative of

Harris County as one non-voting *ex officio* member on the Authority Board during the term of this Agreement.

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. Notification

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.

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

By: _____

Name: _____

ATTEST:

By: _____

Date Signed: _____

APPROVED AS TO FORM:

By: Christian D. Menefee, County Attorney

By: Randy Keenan

Randy Keenan, Sr. Assistant County Attorney

CACI: 23GEN3108

ATTEST/SEAL:

CITY OF HOUSTON

By: _____

Pat Jefferson-Daniel, City Secretary

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-0000000554

REINVESTMENT ZONE NUMBER EIGHTEEN, CITY OF HOUSTON, TEXAS

By: _____
Chair, Board of Directors

ATTEST/SEAL

Date Signed: _____

By: _____
Secretary, Board of Directors

Date Signed: _____

FIFTH WARD REDEVELOPMENT AUTHORITY

By: _____
Chair, Board of Directors

ATTEST/SEAL

Date Signed: _____

By: _____
Secretary, Board of Directors

Date Signed: _____

Exhibit “A”



Fifth Ward As Enlarged

HCAD Parcels

Pavement

Railroads

Waterway

Note: Acreages Include Parcels and ROW.

Existing TIRZ: 1,008.4 Acres

As Enlarged: 1,124.4 Acres

City of Houston

Fifth Ward

TIRZ #18

As Enlarged

08251,6503,300

Feet

Source:COHGIS Data, HCAD, Economic Services

Date:November 2022

Reference:PJ25641_As Enlarged_Fifth_Ward

This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.

CITY OF HOUSTON

TEXAS

PLANNING & DEVELOPMENT

DEPARTMENT