MISSOURI CITY DEVELOPMENT AUTHORITY
MEETING AGENDA

Notice is hereby given of a meeting of the Board of Directors of the Missouri City Development Authority to be held on October 2, 2017, at 6:45 p.m. at: City Hall, Council Conference Room, 2nd Floor, behind the Council Chamber, 1522 Texas Parkway, Missouri City, Texas, for the purpose of considering the following agenda items. All agenda items are subject to action. The Board of Directors reserves the right to meet in a closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

1. ROLL CALL
2. Approval of the minutes of the meeting of December 19, 2016.
3. Public comments.
4. Consider authorizing reimbursements to the City of Missouri City for the Texas Parkway sidewalk project and the Independence Boulevard project.

5. CLOSED EXECUTIVE SESSION
   The Board of Directors may go into Executive Session regarding any item posted on the Agenda as authorized by Chapter 551 of the Texas Government Code.

6. ADJOURN

In compliance with the Americans with Disabilities Act, the City of Missouri City will provide for reasonable accommodations for persons attending Missouri City Development Authority meetings. To better serve you, requests should be received 24 hours prior to the meetings. Please contact Maria Jackson, City Secretary, at 281.403.8500.

CERTIFICATION

I certify that a copy of the October 2, 2017 agenda of items to be considered by the Missouri City Development Authority was posted on the City Hall bulletin board on September 29, 2017, at 4:00 p.m.

Yomara Frias, City Secretary Department

I certify that the attached notice and agenda of items for consideration by the Board of Directors was removed by me from the City Hall bulletin board on the _____ day of ________________, 2017.

Signed: ________________________________________ Title: ______________________________
MISSOURI CITY DEVELOPMENT AUTHORITY MINUTES
DECEMBER 19, 2016

The Board of Directors of the Missouri City Development Authority held a meeting on Monday, December 19, 2016, at 6:00 p.m. in the Council Conference Room, 2nd Floor, behind Council Chambers, 1522 Texas Parkway, Missouri City, Texas, to consider the following:

1. CALL TO ORDER

Chairman Owen called the meeting to order at 6:01 p.m.

Those also present: Vice-Chairman Emery, Directors Wyatt, Preston, Ford, Smith, and Maroulis; General Manager Snipes, Assistant Secretary Jackson, City Attorney Iyamu, Assistant City Manager Atkinson, Director of Communications Walker, and Media Relations Specialist Stottlemyer. Also present: Frank Hester and Amelia Burst.

2. Approval of the minutes of the meeting of December 7, 2015.

Director Wyatt moved to approve the minutes of the December 7, 2015, meeting; and, the motion was seconded by Vice-Chairman Emery. MOTION PASSED UNANIMOUSLY.

3. Public comments.

There were no public comments.

4. Consider appointing a secretary.

Director Smith moved to appoint Anthony G. Maroulis as the secretary; and, the motion was seconded by Director Wyatt. MOTION PASSED UNANIMOUSLY.

5. Consider authorizing a reimbursement to Vicksburg Estates, Limited, for certain infrastructure improvements in Lake Shore Harbour, Sections 1, 2 and 3.

Director Preston adjourned the meeting at 6:04 p.m.

Director Smith moved to authorize a reimbursement to Vicksburg Estates, Limited, for certain infrastructure improvements in Lake Shore Harbour, Sections 1, 2 and 3; and, the motion was seconded by Vice-Chairman Emery. MOTION PASSED UNANIMOUSLY.

6. ADJOURN

The Missouri City Development Authority meeting adjourned at 6:05 p.m.

BY: _____________________________________________
Allen Owen, Chairman

ATTEST: __________________________________________
Anthony G. Maroulis, Secretary
To: Board of Directors of the Missouri City Development Authority  
Agenda Item: (4) Tax Increment Reinvestment Zone (TIRZ) #1 Reimbursement  
Submitted by: Wanja Thomas, Financial Analyst

SYNOPSIS

In 2003, the City, in accordance with an agreement, provided funding in advance to TIRZ #1 by paying Lone Star, LLP for certain improvements and development along Independence Blvd, including paving, drainage, traffic, water line improvements, and other related items. It was also agreed that the City would be reimbursed for the costs expended on the projects, with interest, and subject to the approval of an independent auditor’s report. Missouri City is requesting reimbursement per agreement, of funds advanced to TIRZ #1 for the development along Independence Blvd. The total expenditures for this project were over $1.9 million. The independent auditors report is attached that provides the costs paid for improvements by Lone Star, LLP.

In January of 2011 the City agreed to loan funds to TIRZ #1 to make certain sidewalk and public infrastructure improvements along Texas Parkway. It was also agreed that the City would be reimbursed for the costs expended on the projects, with interest, and subject to the approval of an independent auditor’s report. The total expenditures for this project were over $200,000 and were constructed by Triple B Services, LLP. The City is requesting reimbursement of the expenditures for sidewalk improvements per the attached independent auditor’s report.

STRATEGIC PLAN 2019 GOALS ADDRESSED

- Have quality development through buildout

BACKGROUND

In August of 1999, Missouri City created the Tax Increment Reinvestment Zone No. 1 (TIRZ #1) that included approximately 595.54 acres for the purposes of development in the Fifth Street area of the city. In addition, the City adopted an ordinance (O-99-48) approving the Project Financing Plan for the TIRZ that included estimated project costs of over $65 million. These projects were categorized as Educational and Non-Educational projects and were for various projects along Fifth Street and Independence Drive to support business development in the area.

In January of 2001, the TIRZ #1 project plan was amended by ordinance (O-01-06) to include an additional 24 acres which increased the estimated zone project costs by $10 million. This was the First Amended Project & TIRZ Financing Plan dated November 13, 2000 and the project costs of the zone are now estimated at over $75 million.

In February of 2001, the MCDA and TIRZ #1 entered into an agreement with the City, where the city would act as the Construction Manager to construct certain improvements along Independence Blvd, including paving, drainage, traffic and water lines and related items, design planning and administrative costs related thereto. The City agreed to provide the funding in advance and the TIRZ would repay the City for the costs expended on the projects, with interest, and subject to the approval of an independent auditor’s report.
In July of 2003, TIRZ #1, MCDA, and the City entered into a Tri-Party agreement with Lone Star Developers for construction of the improvements in accordance with the Financing Plan along Independence Blvd, called the Lexington Place/Square Projects. The developer estimated these improvements to be almost $4 million. As part of this agenda, the City is requesting reimbursement for the audited expenditures in accordance with the agreements. See attached expenditures for documentation of the Lone Star costs.

In May of 2010 a second Project Financing Plan amendment (O-10-17) was approved by the City to facilitate the expansion of the Zone boundaries and include an additional 277.1 acres. With this expansion the estimated project costs for the zone increased by over $21 million and included cost for the Texas Parkway/Cartwright Road Redevelopment. Total estimated project costs, including Educational Projects were amended to total over $96 million.

The City entered into an Economic Development Loan Agreement with MCDA and TIRZ #1 in January of 2011. It was agreed that the City would loan money to the TIRZ to make certain sidewalk and public infrastructure improvements along Texas Parkway. Triple B Services, LLP agreed to perform the improvements at an estimated cost of over $200,000. The city is seeking reimbursements of these costs per the attached independent auditor’s report. See attached expenditures for documentation of the Triple B Services costs.

### BUDGET/FISCAL ANALYSIS

Fund 261-TIRZ #1 has a FYE 2017 fund balance of $1,887,729. All debt payments and administrative fees have been paid for FY 2017. Financial Services recommends a reserve balance of $425,000 remain in the fund to cover December 2017 debt service expenditures.

Reimbursement for the Triple B Services expenditures and interest can be reimbursed 100% with available FY 2017 Fund 261 Fund Balance.

Reimbursement for the Lone Star Construction expenditures and interest can be reimbursed up $1,216,750 with available FY 2017 Fund 261 Fund Balance. The remaining $1,830,967 can be reimbursed in future fiscal years as funds become available.

**Purchasing Review:** N/A
**Financial/Budget Review:** Edena J. Atmore, CPA, CPFO, CGFO

### SUPPORTING MATERIALS

1. Development Agreement dated 2/15/2001
3. Engagement Letter: Agreed-Upon Procedures
4. Fund 261- TIRZ #1 Budget Summary
5. TIRZ #1 Debt Schedule
6. Auditor’s Worksheet of Reimbursable Expenditures
7. TIRZ No. 1 September 25, 2017 Draft minutes

### STAFF’S RECOMMENDATION

Staff recommends authorization of the reimbursement request of $202,580.92 plus interest of $43,397.33 from TIRZ #1 to the City for improvement expenditures along Texas Parkway.

Staff recommends authorization of the reimbursement request of 1,988,181.95 plus interest of $1,059,536.43 for improvement expenditures along Independence Dr. (Lexington Place/Square Projects). Reimbursement
for the expenditures and interest will be reimbursed up $1,216,750 with available FY 2017 Fund 261 Fund Balance. The remaining $1,830,967 will be reimbursed in future fiscal years as funds become available and subject to authorization.

**Director Approval:** Edena J. Atmore, CPA, CPFO, CGFO

**Assistant City Manager/ City Manager Approval:** Bill Atkinson
DEVELOPMENT AGREEMENT

This Development Agreement (this "Agreement") is made as of [July 16], 2001, by
and between the REINVESTMENT ZONE NUMBER ONE, CITY OF MISSOURI CITY,
TEXAS (the "Zone"), a tax increment reinvestment zone created by the City pursuant to Chapter 311
of the Texas Tax Code, as amended, acting by and through its governing board of directors (the
"Zone Board"). MISSOURI CITY DEVELOPMENT AUTHORITY, a nonprofit local
government corporation formed by and on behalf of the City of Missouri City, Texas (the
"Authority"), and CITY OF MISSOURI CITY, TEXAS, a home-rule city (the "City").

RECITALS

WHEREAS, pursuant to Chapter 311 of the Texas Tax Code, the City Council of the City
created the Zone in the City; and

WHEREAS, the Zone Board adopted a Project and Financing Plan (as defined below in
Section 1.1), as amended, that provides that the Zone will undertake to make certain acquisitions and
improvements in the Zone, and was approved by the City Council; and

WHEREAS, the Texas Tax Code provides that the Zone may enter into agreements as the
Zone Board considers necessary or convenient to implement the Project and Financing Plan and
achieve its purposes; and

WHEREAS, the City and the Zone have contracted with the Authority as a nonprofit, Texas
local government corporation pursuant to the provisions of Chapter 431, Subchapter D, TEX. TRANS.
CODE., to carry out the purposes of the Zone, including administration, supervision, construction,
financing and other duties, and committed the revenues of the Zone to the Authority for such
purposes, all as more particularly set forth in the Agreement Between the City, the Zone and the
Authority, dated January 16, 2001 (the "Tri-Party Agreement"); and

WHEREAS, the City wishes to make certain improvements to Independence Boulevard
within the Zone, to further development within the Zone and to carry out the purposes of the Zone
as described in the Project and Financing Plan, and for the reimbursement of the City for such
improvements in accordance with such Plans; and

WHEREAS, the parties wish to provide for the possibility that Fort Bend Independent
School District may participate in the Zone, and therefore have included references thereto in this
Development Agreement to accommodate such event: now, therefore.
AGREEMENT

For and in consideration of the mutual promises, covenants, obligations, and benefits of this Agreement, the Zone, the Authority and the City contract and agree as follows:

ARTICLE 1
GENERAL TERMS

1.1 Definitions. The terms “Agreement,” “Authority,” “City,” “Zone,” “Zone Board,” and “Tri-Party Agreement” have the meanings set forth in the preamble hereof, and the following capitalized terms shall have the meanings provided below, unless otherwise defined or the context clearly requires otherwise. For purposes of this Agreement the words “shall” and “will” are mandatory, and the word “may” is permissive.

**Act** shall mean the Increment Financing Act, Chapter 311, Texas Tax Code, as amended.

**Authority Bonds** shall mean any bond, note or other obligation issued or incurred in one or more series pursuant to Article V, secured by Tax increment or funds deposited in the Revenue Fund, including refunding bonds.

**City Advances** shall mean any funds advanced by the City pursuant to Section 5.1, and shall include any interest payable thereon.

**City Improvements** shall mean the improvements described in Article 3 hereof.

**County** shall mean Fort Bend County, Texas.

**FBISD** shall mean the Fort Bend Independent School District.

**Fifth Street** shall mean all of the property located within the boundaries of the Zone.

**FBWCID 2** shall mean Fort Bend County Water Control & Improvement District No. 2.

**Net Tax Increment** shall mean the annual collections of the Tax Increment, less (i) any amounts required to be disbursed to FBISD for the payment of project costs related to educational facilities incurred directly by FBISD, and (ii) amounts reasonably required or anticipated to be required for the administration and operation of the Zone, including a reasonable operating reserve.

**Parties** or **Party** shall mean the Authority and the City as parties to this Agreement.

**Plan** shall mean the final project plan and reinvestment zone financing plan for the Zone, as amended, as approved by City Council.
Revenue Fund shall mean the special fund established by the Authority and funded with Tax Increment payments made by the City pursuant to the Tri-Party Agreement (which payments are attributable to incremental ad valorem property taxes paid on the Project and other properties in the Zone).

Tax Increment shall mean funds deposited in the Revenue Fund by the City pursuant to the Tri-Party Agreement, comprised of funds received pursuant to those certain Interlocal Agreements or similar agreements between the City, the County and the Zone: the City, FBWCID 2 and the Zone and: (if applicable) between the City, FBISD and the Zone.

Taxing Unit shall mean individually and collectively the City, the County, FBWCID 2, and (if applicable) FBISD.

1.2 Singular and plural; gender. Words used herein in the singular, where the context so permits, also include the plural and vice versa. The definitions of words in the singular herein also apply to such words when used in the plural where the context so permits and vice versa. Likewise, any masculine references shall include the feminine, and vice versa.

ARTICLE 2
REPRESENTATIONS

2.1 Representations of the Authority. The Authority hereby represents that:

(A) It is duly authorized, created and existing in good standing under the laws of the State and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement.

(B) It has the power, authority and legal right to enter into and perform this Agreement and the execution, delivery and performance hereof (i) have been duly authorized, (ii) will not, to the best of its knowledge, violate any applicable judgment, order, law or regulation, and (iii) does not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Authority under any agreement or instrument to which the Authority is a party or by which the Authority or its assets may be bound or affected.

(C) This Agreement has been duly authorized, executed and delivered by the Authority and, constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms.
2.2 **Representations of the City.** The City hereby represents that:

(A) It is duly authorized, created and existing in good standing under the laws of the State and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement.

(B) It has the power, authority and legal right to enter into and perform this Agreement and the execution, delivery and performance hereof (i) have been duly authorized, (ii) will not, to the best of its knowledge, violate any applicable judgment, order, law or regulation, and (iii) does not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the City under any agreement or instrument to which the City is a party or by which the City or its assets may be bound or affected.

(C) This Agreement has been duly authorized, executed and delivered by the City and constitutes a legal, valid and binding obligation of the City, enforceable in accordance with its terms.

(D) The execution, delivery and performance of this Agreement by the City does not require the consent or approval of any person which has not been obtained.

2.3 **Representation of the Zone.** The Zone hereby represents that:

(A) The Zone is duly authorized, created and existing under the laws of the State and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement.

(B) The Zone has the power, authority and legal right to enter into and perform this Agreement and the execution, delivery and performance hereof (i) have been duly authorized, (ii) will not, to the best of its knowledge, violate any applicable judgment, order, law or regulation, and (iii) does not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Zone under any agreement or instrument to which the Zone is a party or by which the Zone or its assets may be bound or affected.

(C) This Agreement has been duly authorized, executed and delivered by the Zone and constitutes a legal, valid and binding obligation of the Zone, enforceable in accordance with its terms.
(D) The execution, delivery and performance of this Agreement by the Zone does not require the consent or approval of any person which has not been obtained.

ARTICLE 3
THE PROJECT

3.1 The City Improvements. The City Improvements are intended to enhance the proposed implementation of a development within the Zone as a whole, as more fully described in the Plan.

3.2 City Improvements description. The City Improvements consist of improvements to Independence Boulevard, including paving, storm sewer laterals and inlets, traffic improvements, drainage, water line and appurtenances, and related items, and design, planning and administrative costs related thereto, as more fully described in the Plan. The City Improvements shall include all engineering, legal and other consultant fees and expenses related to such City Improvements.

3.3 Additional Projects. This Agreement does not apply to any projects not specifically defined herein unless this Agreement is amended to provide for the design and construction of such additional projects.

ARTICLE 4
DUTIES AND RESPONSIBILITIES OF THE CITY

4.1 Construction manager. The City agrees to act as construction manager for any contracts entered into with respect to the City Improvements including all materials and services as and when required in connection with the construction of the City Improvements. The City will obtain all necessary permits and approvals from governmental officials and agencies having jurisdiction, and provide supervision of all phases of construction of the City Improvements so as to cause the construction to be performed in accordance with the Plan.

4.2 Design of the City Improvements. The City shall prepare or cause to be prepared the plans and specifications for the City Improvements. City Improvements shall be designed in accordance with City standards applicable to similar public improvements within the City.

4.3 Construction contracts. The Authority shall negotiate and award all contracts for the City Improvements from among contractors qualified and approved by the City’s director of Public Works, and shall be the owner of the facilities until completion of the contract, subject to the duty of the City to act as construction manager in accordance with Section 4.1, above, and to guarantee all payments to the contractor, in accordance with Section 5.1, below.
4.4 **Completion.** Upon completion of a contract for the construction of the City Improvements, the City shall provide the Authority with a final cost summary of all costs associated with such contract, and show that all amounts owing to contractors and subcontractors have been paid in full evidenced by customary affidavits executed by such contractors. The Authority shall immediately upon certification of the completion of any City Improvements convey them to the City for incorporation into the City public works system for all purposes.

ARTICLE 5
PROJECT FINANCING AND FUNDING

5.1 **The City Advances.**

(a) In connection with the construction of the City Improvements, the City agrees to provide sufficient funds as such become due for all costs thereof (the "City Advances"), constituting "project costs," as defined in the Act, including costs of design, engineering, materials, labor, construction, and inspection fees arising in connection with the City Improvements, all payments arising under any contracts entered into pursuant to this Agreement, all costs incurred in connection with obtaining governmental approvals, certificates or permits required as a part of any contracts entered into in accordance with this Agreement, and all related legal fees and out-of-pocket expenses incurred on behalf of the Authority in connection therewith. City Advances shall further include any amounts advanced by the City in connection with the administration of the Authority and the Zone and the design and construction of the City Improvements.

(b) Interest on each City Advance shall accrue at a rate equal to the prime commercial lending rate of Chase Manhattan Bank, National Association, or any successor to its commercial banking activities, plus one percent per annum, compounded semiannually, whether such costs, fees, or expenses are paid or incurred before or after the effective date of this Agreement. Interest shall be calculated on the basis of a year of 360 days and the actual days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable, unless such calculation would result in a usurious rate, in which case interest shall be calculated on the per annum basis of a year of 365 or 366 days, as applicable, and the actual days elapsed (including the first day but excluding the last day).
(c) The City shall act as guarantor of the obligations of the Authority with respect to any contracts awarded in the name of the Authority as provided in Section 4.3, above, and any such contract shall provide that the contractor may look for payment only to the City, or to funds provided to the Authority by the City specifically for the purpose of making payments to such contractor. The City agrees to timely make such payments to allow for payment in accordance with the terms of the applicable construction contract.

5.2 Repayment of City Advances.

(a) In consideration of the construction of the City Improvements, the Authority shall begin repaying the City Advances, and shall continue such repayment until repaid in full, on the earliest date that funds are available from any of the following sources, and solely from such sources:

(i) proceeds from the sale of the Authority Bonds, as set forth in subsection (b),

and

(ii) the Net Tax Increment, subject to the limitations set forth in subsection (c).

(b) As provided herein, the Authority shall issue one or more series of Authority Bonds at the earliest feasible date, which Authority Bonds will be secured by a pledge of the Revenue Fund. The net proceeds of the Authority Bonds shall be deposited to a special fund of the Authority, and shall be used by the Authority to reimburse the City for the full amount (or such portion thereof as is deemed by the Authority as supportable by available Tax Increment as provided below) eligible City Advances, plus interest. Such Authority Bonds shall be sold within 120 days (or such other period as may be agreed by the Parties) of a written request therefor from the City; provided that the City's Net Tax Increment (based upon the tax valuation of the Zone as certified or estimated by the Fort Bend County Appraisal District, or its successor) expected to be generated with respect to available Tax Increment is sufficient to support the applicable Authority Bonds bearing interest at the then-current rate of interest as determined by the Authority's financial advisor for comparable issues, after taking into account the portion of the City's Net Tax Increment required to pay any outstanding Authority Bond issued for any purpose, including Authority Bonds issued to refund outstanding Authority Bonds. The City's Net Tax Increment is determined as the total Net Tax Increment, less any amounts that are used or to be used to determine eligibility of developers within the Zone for reimbursement of advances to the Authority for construction or anticipated construction of public improvements under the Plan pursuant to reimbursement agreements approved by the Authority, either now or during the life of the Zone.

(c) In addition to the City's right to reimbursement from Authority Bond proceeds, upon request from the City, the Authority shall reimburse the City for City Advances, plus interest, from
the City's Net Tax Increment (computed as above) accumulated in the Revenue Fund and available in accordance with the priorities described in Section 5.3, below.

(d) At such time as funds are available to pay all or any portion of the City Advances made hereunder, the Authority shall hire a certified public accountant to calculate the amount due the City and prepare and submit a report to the Authority certifying (1) the amount due the City for the City Advances being repaid with interest calculated thereon, and (2) that funds are available to make such payment. Such report shall be approved at the earliest practicable time, but not later than 90 days after submission by the City of the records required therefor. The Authority shall make payment to the City within 30 days of approval of the auditor's report.

(e) The Authority shall provide to the City, upon the written request of the City, and on the earliest date such information is available after the date of such request, certified copies of all statements of revenue and the sources of such revenue of the Zone and Authority the intended use of which is to verify the availability of funds for repayment of the City Advances, if applicable, under this section.

5.3. Priorities. Amounts deposited in the Revenue Fund shall be applied in the following order of priority (i) disbursement to FBISD, if applicable, for educational facilities in accordance with the Interlocal Agreement with FBISD, the City and the Zone; (ii) administrative costs of the Zone and the Authority; (iii) amounts pledged or required for the payment of outstanding Authority Bonds, including Authority Bonds in the process of issuance and refunding Authority Bonds, and (iv) payments to the City pursuant to Section 5.2(c), above.

5.4. Multiple developers and the City. The Authority has entered into other agreements with developers of land within the Zone for the financing of Zone Improvements, and may enter into others. It is the intention of the parties that each developer shall be responsible for the creation of Tax Increment required for its own reimbursement. In such case, the Tax Increment generated within a developer's project as defined in the applicable reimbursement agreement shall not be considered in determining whether sufficient Net Tax Increment exists for the issuance of Authority Bonds, or direct payment of available Net Tax Increment, for reimbursement of City Advances unless the applicable developer shall give its written consent thereto. The net proceeds of Authority Bonds issued to reimburse multiple developers and the City shall be allocated based upon the proportion of Tax Increment generated by each developer, or such other method as the developers may agree upon, and any unallocated Tax Increment shall be used for calculation of the City's Net Tax Increment and reimbursement of City Advances.
6.1 Default.

(a) If any Party does not perform its obligations hereunder in substantial compliance with this Agreement, in addition to the other rights given the other Parties under this Agreement, such non-defaulting Parties may enforce specific performance of this Agreement or seek actual damages incurred by the City for any such default.

(b) The Party alleging default shall provide written notice to the other party of such default, and the defaulting party shall have 60 days to remedy the default prior to the declaration of any default hereunder.

ARTICLE 7
GENERAL

7.1 Inspections, audits. The City agrees to keep such records with respect to the City Improvements and all costs associated therewith as may be required by the Authority, the Zone, or by State and federal law or regulation. The City shall allow the Zone access to, and the Zone shall have a right at all reasonable times to audit, all documents and records in the City’s possession, custody or control relating to the City Improvements that the Authority deems necessary to assist the Authority in determining the City’s compliance with this Agreement.

7.2 City operations and employees. All personnel supplied or used by the City in the performance of this Agreement shall be deemed employees, contractors or subcontractors of the City and will not be considered employees, agents, contractors or subcontractors of the Zone or the Authority for any purpose whatsoever. The City shall be solely responsible for the compensation of all such contractors and subcontractors.

7.3 Personal liability of public officials, legal relations. To the extent permitted by State law, no director, officer, employee or agent of the Zone or the Authority shall be personally responsible for any liability arising under or growing out of the Agreement. THE PARTIES SHALL INDEMNIFY AND SAVE HARMLESS EACH OTHER AND THEIR RESPECTIVE OFFICERS, REPRESENTATIVES, AND AGENTS FROM ALL SUITS, ACTIONS, OR CLAIMS OF ANY CHARACTER BROUGHT FOR OR ON ACCOUNT OF ANY INJURIES OR DAMAGES RECEIVED BY ANY PERSON, PERSONS, OR PROPERTY RESULTING FROM THE NEGLIGENT ACTS OF SUCH PARTY, OR ANY OF ITS AGENTS, OFFICERS, OR REPRESENTATIVES IN PERFORMING ANY OF THE SERVICES AND ACTIVITIES UNDER THIS AGREEMENT. The expenses of the Zone or the Authority with respect to this section or Section 7.15, below, shall be satisfied from uncommitted City Net Tax Increment.
7.4 Notices. Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic or facsimile transmission confirmed by mailing written confirmation at substantially the same time as such electronic or facsimile transmission, or personally delivered to an officer of the receiving party at the following addresses:

Missouri City Development Authority  
c/o David Hawes  
P.O. Box 22167  
Houston, Texas 77092  
Attn: President, Board of Directors

Reinvestment Zone Number One  
c/o David Hawes  
P.O. Box 22167  
Houston, Texas 77092  
Attn: Chair, Board of Directors

City of Missouri City  
1522 Texas Avenue  
Missouri City, Texas 77459  
Attn: City Manager

Each party may change its address by written notice in accordance with this section. Any communication addressed and mailed in accordance with this section shall be deemed to be given when so mailed, any notice so sent by electronic or facsimile transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when receipt for by, or actually received by, the Authority, the Zone, or the City, as the case may be.

7.5 Amendments and waivers. Any provision of this Agreement may be amended or waived if such amendment or waiver is in writing and is signed by the Zone, the Authority and the City. No course of dealing on the part of the Parties, nor any failure or delay by one or more of the Parties, with respect to exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, except as otherwise provided in this section.

7.6 Invalidity. In the event that any of the provisions contained in this Agreement shall be held unenforceable in any respect, such unenforceability shall not affect any other provision of this Agreement.
7.7 **Successors and assigns.** All covenants and agreements contained by or on behalf of a Party in this Agreement shall bind its successors and assigns and shall inure to the benefit of the other Parties, their successors and assigns.

7.8 **Exhibits, titles of articles, sections and subsections.** The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail. All titles or headings are only for the convenience of the Parties and shall not be construed to have any effect or meaning as to the agreement between the Parties. Any reference herein to a section or subsection shall be considered a reference to such section or subsection of this Agreement unless otherwise stated. Any reference herein to an exhibit shall be considered a reference to the applicable exhibit attached hereto unless otherwise stated.

7.9 **Construction.** This Agreement is a contract made under and shall be construed in accordance with and governed by the laws of the United States of America and the State of Texas, as such laws are now in effect.

7.10 **Entire Agreement.** THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

7.11 **Term.** This Agreement shall be in force and effect from the date of execution hereof for a term expiring on the date that the City Advances have been repaid in full, or January 1 of the year following the expiration of the Zone.

7.12 **Time of the essence.** Time is of the essence with respect to the obligations of the Parties to this Agreement.

7.13 **Approval by the Parties.** Whenever this Agreement requires or permits approval or consent to be hereafter given by any of the parties, the parties agree that such approval or consent shall not be unreasonably conditioned, withheld or delayed.

7.14 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute but one and the same instrument.

7.15 **Legal costs.** If any Party hereto is the prevailing party in any legal proceedings against another Party brought under or with relation to this Agreement, such prevailing Party shall
additionally be entitled to recover court costs and reasonable attorneys' fees from the non-prevailing Party to such proceedings.

7.16 Further assurances. Each Party hereby agrees that it will take all actions and execute all documents necessary to fully carry out the purposes and intent of this Agreement.

7.17 Effect of Tri-Party Agreement. The obligations of the Parties hereunder are specifically conditioned upon the approval, execution, and effectiveness of the Tri-Party Agreement.

[EXECUTION PAGE FOLLOWS]
IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of 1615, 2001.

REINVESTMENT ZONE NUMBER ONE, CITY OF MISSOURI CITY, TEXAS

By: [Signature]
Name: [Name]
Title: [Title]

CITY OF MISSOURI CITY, TEXAS

By: [Signature]
Name: [Name]
Title: Mayor

Attested:
Name: [Name]
Title: City Secretary

MISSOURI CITY DEVELOPMENT AUTHORITY

By: [Signature]
Name: [Name]
Title: [Title]
ECO\NOMIC DEVELOPMENT LO\N AGREEMENT

This ECO\NOMIC DEVELOPMENT LO\N AGREEMENT (this "Agreement") is made as of January 3, 2011, by and among the CITY OF MISSOURI CITY, TEXAS (the "City"), a Texas home-rule city, and MISSOURI CITY DEVELOPMENT AUTHORITY (the "Authority"), a local government corporation, and REINVESTMENT ZONE NUMBER ONE, CITY OF MISSOURI CITY (the "Zone"), a tax reinvestment zone created by the City of Missouri City, (the Authority and the Zone, collectively the "Recipients").

RECITALS

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, the City Council of the City of Missouri City adopted Ordinance No. 0-06-25 establishing an economic development program to promote economic development as more fully described therein (the "Economic Development Program"); and

WHEREAS, the Recipients intend to construct certain infrastructure improvements within the City (the "Project"), and the City Council of the City has determined that the Recipients' loan application is consistent with the Economic Development Program and that the Project would not likely go forward in the manner best anticipated to promote economic development within the City without the aid of a loan from the City under the Economic Development Program; and

WHEREAS, the City and Recipients wish to set out the terms and conditions under which the Recipients will be receive and will repay the loan under the Economic Development Program, as more fully set out herein; now, therefore,

For and in consideration of the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and the Recipients agree as follows:

ARTICLE 1

GENERAL TERMS

1.1 Definitions. The terms defined in the preamble hereto shall have the meaning provided for them therein. The following capitalized terms shall have the meanings provided below, unless otherwise defined or the context clearly requires otherwise. For purposes of this Agreement the words "shall" and "will" are mandatory, and the word "may" is permissive.
"Loan Payment" means the payment described in Article 5 from the City to the Recipients in consideration of the Project.

"Improvements" means the improvements or addition of certain public infrastructure, including but not limited to drainage facilities (including inlets, storm sewers, ditches, outfalls and appurtenant drainage improvements), relating to the Project as described on Exhibit B attached hereto and made a part hereof for all purposes.

"Project" means the Texas Parkway Sidewalks Project as described on Exhibit A attached hereto and made a part hereof for all purposes.

1.2 Singular and plural; gender. Words used herein in the singular, where the context so permits, also include the plural and vice versa. The definitions of words in the singular herein also apply to such words when used in the plural where the context so permits and vice versa. Likewise, any masculine references shall include the feminine, and vice versa.

ARTICLE 2

REPRESENTATIONS

2.1 Representations of the Recipients. The Recipients hereby represent that:

(a) They are duly authorized, created and existing in good standing under the laws of the State of Texas and are duly qualified and authorized to carry out their obligations described in this Agreement.

(b) They have the power, authority and legal right to enter into and perform this Agreement and the execution, delivery and performance hereof (i) have been duly authorized, (ii) will not, to the best of their knowledge, violate any applicable judgment, order, law or regulation, and (iii) does not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Recipients under any agreement or instrument to which the Recipients are a party or by which the Recipients or their assets may be bound or affected.

(c) This Agreement has been duly authorized, executed and delivered by the Recipients and constitutes a legal, valid and binding obligation of the Recipients, enforceable in accordance with its terms.

(d) The execution, delivery and performance of this Agreement by the Recipients do not require the consent or approval of any person which has not been obtained.
2.2 **Representation of the City.** The City hereby represents that:

(a) The City is duly authorized, created and existing under the laws of the State of Texas and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement and to carry out its obligations described in this Agreement.

(b) The City has the power, authority and legal right to enter into and perform this Agreement and the execution, delivery and performance hereof (i) have been duly authorized, (ii) will not, to the best of its knowledge, violate any applicable judgment, order, law or regulation, and (iii) does not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the City under any agreement or instrument to which the City is a party or by which the City or its assets may be bound or affected.

(c) This Agreement has been duly authorized, executed and delivered by the City and constitutes a legal, valid and binding obligation of the City, enforceable in accordance with its terms.

(d) The execution, delivery and performance of this Agreement by the City does not require the consent or approval of any person which has not been obtained.

**ARTICLE 3**

**THE PROJECT AND IMPROVEMENTS**

3.1 **Description of the Project and Improvements.**

(a) The Project consists of the drainage and sidewalk infrastructure improvements along Texas Parkway and Cartwright Road to be constructed and located within the City as described in Exhibit A attached hereto.

(b) The Improvements consist of the drainage improvements described in Exhibit B attached hereto. The scope of the Improvements shall not be materially revised or amended except by amendment to this Agreement, except as specifically authorized below.

3.2 **Minor amendments.** The City Manager is authorized to approve minor amendments to the design of the Improvements that do not require amendments to this Agreement. A "minor amendment" consists of an amendment that, in conjunction with any prior such amendments, does not constitute a change of more than ten percent in any deadline, loan or loan repayment amount or any material criterion of benefit to the City.
3.3 Monitoring progress. The City may, but is not required to, monitor the progress of the Improvements to determine its compliance with this Agreement. City personnel shall have reasonable access to the Improvements, all books and records relating thereto, and such other information as the City may reasonably determine is relevant to the Project and the Recipients' compliance with this Agreement.

ARTICLE 4

CONSTRUCTION OF THE IMPROVEMENTS

4.1 Construction manager. Subject to the provisions of Section 1.4 hereof, the Recipients agree to construct the Improvements and to provide and furnish, or cause to be provided and furnished, all materials and services as and when required in connection with the construction of the Improvements. The Recipients will obtain all necessary permits and approvals from the City and all other governmental officials and agencies having jurisdiction, provide adequate supervision of all phases of construction of the Improvements, provide reasonable periodic reports of such construction to the City upon written request, and cause the construction to be performed substantially in accordance with any approved plans.

4.2 Design of the Improvements. Prior to the commencement of construction of the Improvements, the plans and specifications for the Improvements must be approved by the City, such approval will not be unreasonably withheld, delayed or conditioned. If there are any material changes to the plans and specifications, the Recipients shall submit such changes to the City for approval, such approval will not be unreasonably withheld, delayed or conditioned. For purposes of this section, a material change requiring City approval shall not include any change order that, under current state law applicable to the City, would not require re-bidding. The Improvements shall be designed in accordance with City standards applicable to similar public improvements within the City.

4.3 Construction contracts. The Recipients shall prepare the Improvements construction contract documents to ensure that the contract documents are in accordance with the approved plans and specifications and the agreed-upon forms. The Recipients shall comply with all laws and regulations regarding the bidding and construction of public improvements applicable to similar facilities constructed by the City, including without limitation any applicable requirement relating to payment, performance and maintenance bonds.

4.4 Construction of the Improvements. The Recipients shall be responsible for the inspection and supervision of the construction of the Improvements. Upon completion of a contract for the construction of the
Improvements, the Recipients shall provide the City with a final cost summary of all material costs associated with such contract, and show that all amounts owing to contractors and subcontractors have been paid in full evidenced by customary affidavits executed by such contractors. Following completion of the construction contract, the Recipients will call for inspection of the Improvements by the City and any other applicable governmental agency. Upon the expiration of the one-year period during which Recipients are responsible for maintenance of the Improvements, and upon approval thereof as being in compliance with applicable standards relating thereto, the Improvements will be conveyed to and accepted by the City or other applicable governmental agency and incorporated into the City's or other applicable governmental agency's system for maintenance and operation.

ARTICLE 5

LOAN PAYMENT

5.1 Loan Payment. In consideration of the construction of the Project by the Recipients, the City agrees to provide a Loan Payment to the Recipients in the amount of Two Hundred Seventeen Thousand Seven Hundred Six Dollars ($217,706). The estimated costs of Improvements are set forth on Exhibit B attached hereto.

5.2 Repayment of Loan Payment.

(a) The Recipients shall repay the Loan Payment when funds become available in the Tax Increment Fund of the Zone and funds shall be deemed available when any funding is available in the said Tax Increment Fund that is not required or necessary for the payment of Zone debt, for security or coverage for such debt or for payment for the Project. The repayment of the Loan Payment shall include interest from the date of the Loan Payment until the date that the Loan Payment, including accrued interest, is repaid in full, payments credited first to accrued interest, balance to principal. Interest on the Loan Payment shall accrue at the rate provided in Sec. 5.2 (b).

(b) Interest on the Loan Payment shall accrue at a rate equal to the rate paid on the City's most recent debt issuance. Interest shall be calculated on the basis of a year of 360 days and the actual days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable, unless such calculation would result in a usurious rate, in which case interest shall be calculated on the per annum basis of a year of 365 or 366 days, as applicable, and the actual days elapsed (including the first day but excluding the last day).
ARTICLE 6

DEFAULT

6.1 Default.

(a) If the Recipients do not perform their obligations hereunder in substantial compliance with this Agreement, in addition to the other rights given the City under this Agreement, the City may accelerate repayment of the Loan Payment and require the Recipients to immediately repay the Loan Payment, including accrued interest.

(b) The party alleging default shall provide written notice to the other party of such default, and the defaulting party shall have 30 days to remedy the default (or such longer time period if the cure of any such failure by Recipients cannot reasonably be cured within such thirty (30) day period, provided that Recipients commence such cure within such thirty (30) day period and thereafter diligently attempt to cure any such failure) prior to the declaration of any default hereunder. If such default is not cured within the time period set forth above, in the event of a material default hereunder, either party may terminate this Agreement by providing written notice thereof to the other party.

ARTICLE 7

GENERAL

7.1 Inspections, audits. The Recipients agree to keep such operating records with respect to the Project and other activities contemplated by this Agreement and all costs associated therewith as may be reasonably required by the City or by State and federal law or regulation.

7.2 Recipient operations and employs. All personnel supplied or used by the Recipients in the performance of the construction of the Project shall be deemed contractors or subcontractors of the Recipients and will not be considered employees, agents, contractors or subcontractors of the City for any purpose whatsoever. The Recipients shall be solely responsible for the compensation of all such contractors and subcontractors.

7.3 Personal liability of public officials, legal relations. To the extent permitted by State law, no director, officer, employee or agent of the City or Recipients shall be personally responsible for any liability arising under or growing out of the Agreement. TO THE EXTENT PERMITTED BY STATE LAW AND WITHOUT WAIVING ANY IMMUNITY FROM OR LIMITATION OF LIABILITY, THE RECIPIENTS SHALL INDEMNIFY AND SAVE HARMLESS THE CITY, ITS OFFICERS AND EMPLOYEES AND THEIR RESPECTIVE OFFICERS, REPRESENTATIVES, AND AGENTS FROM ALL SUITS,
ACTIONS, OR CLAIMS OF ANY CHARACTER BROUGHT FOR OR ON ACCOUNT OF ANY INJURIES OR DAMAGES RECEIVED BY ANY PERSON, PERSONS, OR PROPERTY RESULTING FROM THE NEGLIGENT ACTS OF THE RECIPIENTS, OR ANY OF ITS AGENTS, OFFICERS, OR REPRESENTATIVES WITH RESPECT TO THE PROJECT, THE ECONOMIC DEVELOPMENT PROGRAM OR RELATED MATTERS.

7.4 Notices. Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic or facsimile transmission confirmed by mailing written confirmation at substantially the same time as such electronic or facsimile transmission, or personally delivered to an officer of the receiving party at the following addresses:

The Recipients:

Missouri City Development Authority
1522 Texas Parkway
Missouri City, Texas 77489
Attention: Chairperson

Reinvestment Zone Number One, City of Missouri City
1522 Texas Parkway
Missouri City, Texas 77489
Attention: Chairperson

The City:

City of Missouri City, Texas
1522 Texas Parkway
Missouri City, Texas 77489
Attention: City Manager

Each party may change its address by written notice in accordance with this section. Any communication addressed and mailed in accordance with this section shall be deemed to be given when so mailed, any notice so sent by electronic or facsimile transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when receipted for by, or actually received by, the other party.

7.5 Amendments and waivers. Any provision of this Agreement may be amended or waived if such amendment or waiver is in writing and is signed by the Recipients and the City. No course of dealing on the part of the Parties, nor any failure or delay by one or more of the Parties, with respect to exercising any right, power or privilege under this Agreement shall operate as a waiver thereof.
7.6 **Invalidity.** If any of the provisions contained in this Agreement shall be held unenforceable in any respect, such unenforceability shall not affect any other provision of this Agreement, except to the extent of a complete failure of consideration.

7.7 **Successors and assigns.** All covenants and agreements contained by or on behalf of a Party in this Agreement shall bind its successors and assigns and shall inure to the benefit of the other Party, its successors and assigns. The Parties may assign their rights and obligations under this Agreement or any interest herein, only with the prior written consent of the other Party, such consent will not be unreasonably withheld, delayed or conditioned, and any assignment without such prior written consent, including an assignment by operation of law, is void and of no effect. This Agreement and the provisions of this paragraph do not apply, inure to the benefit of, or have any binding effect on third parties not a party to this Agreement.

7.8 **Exhibits; titles of articles, sections and subsections.** The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail. All titles or headings are only for the convenience of the parties and shall not be construed to have any effect or meaning as to the agreement between the parties hereto. Any reference herein to a Section or subsection shall be considered a reference to such section or subsection of this Agreement unless otherwise stated. Any reference herein to an exhibit shall be considered a reference to the applicable exhibit attached hereto unless otherwise stated.

7.9 **Construction and Venue.** This Agreement is a contract made under and shall be construed in accordance with and governed by the laws of the United States of America and the State of Texas, as such laws are now in effect. Venue for any action or legal proceeding under this Agreement shall solely be in Fort Bend County, Texas.

7.10 **Entire Agreement.** THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

7.11 **Term.** This Agreement shall be in force and effect from the date of execution hereof for a term the expiring on the date that the Loan Payment, together with accrued interest, has been fully repaid as provided herein.

7.12 **Time of the essence.** Time is of the essence with respect to the obligations of the Parties to this Agreement.
7.13 **Further assurances.** Each Party hereby agrees that it will take all actions and execute all documents necessary to fully carry out the purposes and intent of this Agreement.

7.14 **Force Majeure.** If any party is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Agreement, then the obligations of such party, to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, is suspended during the continuance of the force majeure. The term "force majeure," means acts of God, strikes, lockouts, orders of any kind of the government of the United States or the State of Texas or any civil or military authority (but an order of the City shall not be an event of force majeure for the City), lightning, earthquakes, fires, hurricanes, storms, floods, explosions, breakage or accidents to machinery, or similar events not within the control of the party claiming the force majeure.

[EXECUTION PAGE FollowS]
IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be duly executed as of the date first written above.

Reinvestment Zone Number One, City of Missouri City

Signature

Ron Lee, Chairperson
Dated: 1-6-2011

Attest:

Signature

Name: David Hamner, Secretary

Missouri City Development Authority

Signature

Allen Owen, Chairperson
Dated: 1-3-11

Attest:

Signature

Danny Nguyen, Secretary

City of Missouri City

Signature

Allen Owen, Mayor
Dated: 1-3-11

Attest:

Signature

Patrice Fogarty, City Secretary
### Exhibits

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
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<tr>
<td>Exhibit A</td>
<td>Project</td>
</tr>
<tr>
<td>Exhibit B</td>
<td>Cost estimates for Improvements</td>
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## Exhibit B

**Date:** 12-01-10  
**Estimated Quantities to Fill in Ditches in front of the following locations:**  
**Probable Costs for this Work are as follows:**

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<td>81.00</td>
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**Valero Costs =**

$54,652.35

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**CVS Costs =**

$72,416.70

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Exhibit B

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<td>$650.00</td>
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Foodarama Costs = $71,111.87
Subtotal for Three Sites Costs = $198,180.92
Add Cost for Moving Equipment to Three Sites Equipment = $4,500.00
Total Estimate Costs = $202,680.92

Total pricing needs to be verified after plans are completed

Sincerely,
Triple B Services, L.L.P.

[Signature]
Project Manager

Probable cost of design (AIA) $15,025
ENGAGEMENT LETTER:
AGREED-UPON PROCEDURES ENGAGEMENT

September 5, 2017

To the Board of Directors
Missouri City Development Authority
Missouri City, Texas

We are pleased to confirm our understanding of the services we are to provide for the City of Missouri City Development Authority (the Authority). This letter will confirm the nature and limitations of the services we will provide and the various responsibilities and other terms of the engagement.

We agree to apply procedures to the 2017 request for reimbursement by the City of Missouri City, Texas for certain infrastructure related expenditures in accordance with the Development Agreement dated February 15, 2001 (the Agreement) between the Authority, the City and the Reinvestment Zone Number 1 of the City of Missouri City (the Zone) covering cash disbursements and related reimbursable interest amounts through September 30, 2017. These procedures will be applied for the purpose of reporting our findings in regards to the results of the procedures performed as compared to the amounts requested for reimbursement. The procedures we will perform have been agreed to by the Authority (specified party). These agreed-upon procedures are enumerated as follows:

- Tracing and agreeing infrastructure expenditure cash disbursements to supporting invoices and entries in the City’s financial management software system;
- Recalculation of interest on expenditures at a rate equal to the prime commercial lending rate of Chase Manhattan Bank, National Association in accordance with the terms of the Agreement.

We will conduct our engagement in accordance with the attestation standards for agreed-upon procedures engagements of the American Institute of Certified Public Accountants. The specified parties listed above are solely responsible for the sufficiency of the agreed-upon procedures for their purposes. Therefore, we make no representation as to the sufficiency of these procedures for the purposes of the specified parties or for any other purpose. The agreed-upon procedures are not designed to constitute an examination or review of the subject matter. Therefore, we will not express reasonable or limited assurance on the subject matter. We have no obligation to perform any procedures beyond those agreed to by the specified parties as enumerated in this letter of engagement. If, for any reason, we are unable to complete the procedures, we will not issue a report as a result of this engagement.

Our procedures are also not designed to detect error or fraud that is immaterial to the subject matter information. However, we will inform you of any material errors or fraud that come to our attention, unless clearly inconsequential. Our responsibility is limited to the period covered by our procedures and does not extend to matters that might arise during any later periods for which we are not engaged. At the conclusion of our engagement, we may also request certain written representations from you about the subject matter information and related matters. We will present a written report listing the procedures and our related findings. This report will be intended for use by and restricted to the use of the specified parties as identified above, and our report will contain such restricted-use language. We will maintain the confidentiality of your personal information and apply procedures to protect against any unauthorized release of your personal information to third parties.
To the Board of Directors
Missouri City Development Authority
Missouri City, Texas
September 5, 2017
Page 2 of 3

Our engagement will be conducted on the basis that the Authority’s management acknowledge and understand that they have responsibility:

a. For the design, implementation, and maintenance of internal control relevant to the reimbursement process which is the best means of preventing or detecting errors or fraud;

b. For selecting and determining the suitability and appropriateness of the criteria upon which the reimbursement process will be evaluated; and

c. To provide us with:
   (1) Access to all information of which management is aware that is relevant to the reimbursement process such as records, documentation, and other matters and that you are responsible for the accuracy and completeness of that information;
   (2) Additional information that we may request from management for the purpose of performing the agreed upon procedures; and
   (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain attest evidence.

As part of our engagement, we will request from management written confirmation concerning representations made to us in connection with the agreed upon procedures.

We will issue a written report upon completion of the performance of the agreed upon procedures. Our report will be addressed to the Board of Directors of the Missouri City Development Authority.

We estimate that, given no unforeseen situations, we will complete these procedures and issue our report by September 30, 2017.

Christopher L. Breaux, CPA is the engagement partner for the services specified in this letter. His responsibilities include supervising Whitley Penn’s services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the agreed-upon procedures report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices will be rendered every two weeks and are payable upon presentation. We estimate that our fee for the engagement will not exceed $5,000. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate.

We agree to retain our attest documentation or work papers for a period of at least five years from the date of our report.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our engagement including our respective responsibilities. If you have any questions, please let us know.

We appreciate the opportunity to be of service to you and look forward to working with you and your staff.

Respectfully,
 RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of the City of Missouri City Development Authority

By: _____________________________________________________________________
Title: ___________________________________________________________________
Date: ___________________________________________________________________
# CITY OF MISSOURI CITY

**TIRZ#1 Fund**

261

<table>
<thead>
<tr>
<th>BEGINNING FUND BALANCE</th>
<th>Actuals FY 2016</th>
<th>Actuals YTD FY 2017</th>
<th>Revised Budget FY 2017</th>
<th>Adopted Budget FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,298,396</td>
<td>1,537,561</td>
<td>1,537,561</td>
<td>1,887,729</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Object and Description</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>41101 - INCREMENTAL PROP TAX-FB COUNTY</td>
<td>302,857</td>
<td>300,267</td>
<td>322,708</td>
<td>310,500</td>
</tr>
<tr>
<td>47000 - INTEREST INCOME</td>
<td>24,549</td>
<td>29,780</td>
<td>9,500</td>
<td>27,540</td>
</tr>
<tr>
<td>48808 - BOND PROCEEDS-REV REFUNDING</td>
<td>4,600,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>49101 - TRANS FROM 101-GENERAL FUND</td>
<td>327,502</td>
<td>370,629</td>
<td>370,629</td>
<td>491,865</td>
</tr>
<tr>
<td>49301 - TRANS FROM 301-DEBT SERVICE FD</td>
<td>150,380</td>
<td>143,613</td>
<td>143,613</td>
<td>173,000</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>5,405,288</td>
<td>844,289</td>
<td>846,450</td>
<td>1,002,905</td>
</tr>
</tbody>
</table>

| TOTAL AVAILABLE RESOURCES     | 6,703,684 | 2,381,850 | 2,384,012 | 2,892,750 |

| 53598 - ADMIN EXPENDITURES    | 1,961     | 356      | 3,400     | 1,970     |
| 57050 - BOND INTEREST EXPENSE | -         | 95,127   | 95,127    | 87,357    |
| 57100 - ARBITRAGE COMPLIANCE EXP | -         | 3,250    | -         | -         |
| 57300 - PAYMENT TO REFUND ESCROW | 4,559,047 | -       | -         | -         |
| 57525 - BOND ISSUE COSTS      | 92,069    | -       | -         | -         |
| 57550 - PAY AGENT/REGISTRAR/ESC EXP | 1,500    | -       | -         | -         |
| 57680 - REVENUE BOND PRINCIPAL | 315,000   | -       | 350,000   | -         |
| 57690 - REVENUE REFUNDING PRIN EXP. | -         | 350,000 | -         | 360,000   |
| 59101 - TRANS TO 101-GENERAL FUND | 25,214  | 25,388  | 25,388    | 25,991    |
| 59260 - TRANS TO FUND 260-MC DEV AUTH | 20,000   | 20,000  | 20,000    | 20,000    |
| 61002 - 2006 BOND INTEREST EXPENSE | 151,331 | -       | -         | -         |
| **TOTAL EXPENDITURES**        | 5,166,123 | 494,121 | 493,915   | 495,318   |

| NET REVENUES OVER/(UNDER) EXPENDITURES | 239,165 | 350,168 | 352,535 | 507,587 |

| ENDING FUND BALANCE | 1,537,561 | 1,887,729 | 1,890,097 | 2,395,316 |
The Bond Proceeds shall be used for (1) refunding the Refunded Bonds, which are identified in Schedule I of the Officer's Pricing Certificate, and (2) paying the costs associated with issuing the Bonds and refunding the Refunded Bonds. The Refunded Bonds are Series 2006, Tax Increment Revenue Bonds-$4,600,000.
CITY OF MISSOURI CITY, TEXAS  
TIRZ #1 REIMBURSEMENT REQUEST  
Calculated as of September 30, 2017

<table>
<thead>
<tr>
<th>Invoice Date</th>
<th>Check Date</th>
<th>Payee</th>
<th>Amount Paid</th>
<th>Invoice (including retainage)</th>
<th>Rate*</th>
<th>Interest total</th>
<th>Total to reimburse</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total Triple B Services</td>
<td>202,580.92</td>
<td></td>
<td></td>
<td>43,397.33</td>
<td>245,978.25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Lone Star Road Construction</td>
<td>1,988,181.95</td>
<td>2,072,775.11</td>
<td>-</td>
<td>1,059,536.43</td>
<td>3,047,718.38</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Per request</td>
<td>2,190,762.87</td>
<td>2,419,667.13</td>
<td>-</td>
<td>1,102,933.76</td>
<td>3,293,696.63</td>
</tr>
</tbody>
</table>

Effective Date: 9/30/2017
The Board of Directors of Reinvestment Zone Number One, City of Missouri City, met on Monday, September 25, at 6:00 p.m. in the Council Chamber Conference Room, Missouri City City Hall, 1522 Texas Parkway, Missouri City, Texas, within the boundaries of the Zone, with the following in attendance:

Eunice Reiter, Chair,
Tonya Eugene, Director,
John Ferro, Director,
Vickie McBride, Director (Vice Chair),
James Pirtle, Director (Arrived at 6:06 PM)
M. E. “Skip” Belt, Director, and

Absent were: Susan Soto, Director; Len Goff, Director

Also in attendance were E. Joyce Iyamu, City Attorney; Edena Atmore, Finance Director; Wanja Thomas, Financial Analyst; Bill Atkinson, Assistant City Manager; Shashi Kumar, City Engineer; and, Otis Spriggs, Dir. Of Development Services, from the City.

1. **ROLL CALL**

Chairperson Reiter called the meeting to order at 6:00 p.m.

2. **Consider approval of the minutes of the meeting of December 10, 2015.**

Chairperson Reiter asked for corrections and additions to the minutes. There being none, the minutes were approved as submitted.

3. **Public comment.**

There was no public comment.

4. **Consider election of Secretary (Note: The Vice President was elected on November 10, 2015).** Director McBride moved to nominated Director Eugene as Secretary.

The vote follows:

Aye: Chairperson Reiter, Directors Eugene, Ferro, McBride, Belt.
Nay: None.
Abstained: None.

The motion passed.
5. Consider ratifying the execution of an agreement for services to facilitate zone reimbursements

Finance Director Edena Atmore reported to the Board of Directors that within the meeting packet is an engagement letter from Whitley Pen, who is our an auditor who looks at the invoices and expenditures to determine if they are in compliance with the agreement entered into. The letter gives us a “fee not to exceed” amount for the engagement for this particular reimbursement.

It was asked if Whitely Pen was a sole source provider and what was the selection process?

Ms. Atmore explained that the City of Missouri City solicited two firms; Whitley does our audit; therefore, they were very familiar with the books and they gave us the best price. Other firms could have become familiar with the TIRZ’s. We would have given any firm all of the agreements, which would require them to do the same type of work and become familiar with the same process. Whitley does our external audit; so they are very familiar with all three (3) of the TIRZ’s. It does not mean that they are the only sole source.

Director Eugene moved to ratify the execution of this agreement; and Director Belt seconded the motion. The vote follows:

Aye: Chairperson Reiter, Directors Eugene, Ferro, Belt, McBride, and Pirtle.
Nay: None.
Abstained: None.

The motion passed.

6. Authorize officers of the board of directors to execute documents required in connection with the reimbursement of expenditures incurred by the City of Missouri City on the Texas Parkway and Independence/Lexington Boulevard projects.

Finance Director Edena Atmore stated that the MCDA is requesting reimbursement of expenditures that the City incurred to construct improvements along Independence Blvd. and also along Texas Parkway; such as sidewalk improvements that were done in 2003. Quite some time ago, we contracted with the Lone Star Construction Company to do those improvements which totaled $2.2 million dollars approximately. Since, the City was never reimbursed for those improvements. At that time, the TIRZ did not have enough money to pay the costs for that development. The City, at that time, did paid the contractors; we are seeking reimbursement in the amount that has been looked at by the auditors.

Mr. Belt: Have we incurred any interest on this? Ms. Atmore stated that this does include interest over that period of time. Referring to the two contractors: Lone Star we incurred expenses around $1.9 million dollars, and the interest on that is $1,059,000, as determined and calculated by the auditors in accordance with the agreement; we will be paid interest in concurrence with Chase for the method. Included also is Triple B Services, who also constructed improvements on Cartwright Road and Texas Parkway.
for $202,000, having $43,000 in interest. We are seeking reimbursement for both of those in the fund 261, in which a summary was provided in the packet for TIRZ #1. Ms. Atmore referred to the 2017 balance of $1.8 million left at end of fiscal year 2017. We would therefore, be able to reimburse the $202,000 from Triple B, keeping the recommended $425,000 reserve balance in that fund to pay our debt service, approaching in December, while waiting for the tax increment funds to come in during the year.

Ms. Atmore stated that after we pay the $243,000 for Triple B, we would have approximately $1.2 million left to pay Lonestar. Taxes start coming in during October thru February, majority comes in December through January.

Director McBride asked would there be any future replenish funds that would cover any future economic development visible projects, other than infrastructure projects? When do you foresee we would start planning for these projects?

Mr. Bill Atkinson explained that we estimated $5.5 million between now and the end of the TIRZ (Year 2029). We have begun the process of those projects now. Ms. Atmore reminded the Board of Directors that we would still have the remaining $1.8 million dollar balance, and we will be coming back to the Board in the following year for reimbursement depending on the fund balance. The attached summary gives the estimated fiscal 2018 year at $1 million dollars of revenues between interest, increment taxes, and different transfers which are incremental monies. Debt services is also reflected approximately $360,000 principal with the interest at $87,000 and administrative fees being paid to the MCDA and listed items.

City Attorney E. Joyce Iyamu recommended that the Board only authorize what we have available. Edena Atmore stated that we would pay by September 30th of each year, because we would then know the funding balance.

Director Skip Belt moved that we pay the requested $202,582.00 reimbursement, motion was seconded by Director Pirtle.

The vote follows:

Aye: Chairperson Reiter, Directors Eugene, Ferro, Belt, McBride, and Pirtle.
Nay: None.
Abstained: None.

The motion passed.

Director Eugene made a motion to pay the $1.2 million as recommended to be paid this year; motion was seconded by Ms. McBride.

The vote follows:

Aye: Chairperson Reiter, Directors Eugene, Ferro, Belt, McBride, and Pirtle.
Nay: None.
Abstained: None.

The motion passed.
7. ADJOURN

Chairperson Reiter adjourned the meeting at 6:20 p.m.

________________________________________
Tonya Eugene, Secretary

The foregoing are the draft minutes of the September 25, 2015 meeting of the Board of Directors of Reinvestment Zone Number One, City of Missouri City, and will be presented for approval at the next meeting of said Board of Directors.

________________________________________
Tonya Eugene, Secretary