



Downtown  
Redevelopment  
Authority

**Board of Directors Meeting**  
January 9, 2024

Tax Increment Reinvestment Zone, Number Three  
City of Houston

**Downtown Redevelopment Authority**  
Tax Increment Reinvestment Zone Number Three, City of Houston

**Board of Directors Meeting**  
**January 9, 2024**

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## Minutes

**MINUTES OF THE REGULAR MEETING  
OF THE  
DOWNTOWN REDEVELOPMENT AUTHORITY**

December 12, 2023

The Board of Directors (the “Board”) of the Downtown Redevelopment Authority (the “Authority”) convened in regular session, in person and open to the public, inside the H-Town Conference Room at the Authority’s office, located at 1221 McKinney Street, Suite 4250, Houston, TX 77010, on December 12, 2023, and the roll was called of the duly constituted officers and members of the Board, to wit:

Curtis Flowers	Chair
Michele Sabino	Vice Chair
Barry Mandel	Secretary
Keith Hamm	Treasurer
Regina Garcia	Director
James Harrison	Director
Sherman Lewis	Director
Tiko Reynolds-Hausman	Director
William Taylor	Director

and all of said persons were present except for Vice Chair Sabino, Treasurer Hamm, and Directors Hausman and Lewis . Also present were Allen Douglas, Executive Director (“ED”); Kris Larson, President; Jana Gunter, Director of Finance; and staff members Brett DeBord, David Gwin, Cassie Hoeprich, Amanda Marquez, Luis Nunez, Jamie Perkins, Albert Sanchez, Ann Taylor and Candace Williams, all with the Authority; Algenita Davis, consultant to the Authority; and Clark Lord, outside counsel to the Authority.

Guests and presenters attending included Sarah Adams and Mike Decell with Service Corp International (“SCI”); Charlie Penland with Walter P. Moore; Zachary Christenson with HOK; Nicole Boudreau and John Mooz with Hines; Sanjay Bapat with Allen Boone Humphries Robinson LLP; Brian and Leah Chambers with Design Workshop; and Andrew Busker with the City of Houston’s Office of Economic Development. In addition, Ashley Watt, Sue Lovell, and Mason Perino with Temple Terrace Property Owners Association attended from the Public.

**DETERMINE QUORUM; CALL TO ORDER**

Chair Flowers conducted a roll call and quorum was established. The meeting was called to order at 12:05 PM.

**INTRODUCTION OF GUESTS AND PUBLIC COMMENTS**

Chair Flowers invited meeting attendees to introduce themselves and welcomed all. Next, he asked if there were any comments from the public. Ashley Watt indicated she had commentary to share with the Board on behalf of the Temple Terrace Property Owners Association (“Association”).

Ms. Watt shared concerns from residents in the Temple Terrace community over the potential SCI Infrastructure and Resiliency Project. She then provided a letter addressed to the Authority Board from the Association which included additional details about these concerns. The letter was accepted into public record and is included as Attachment A to these minutes.

Chair Flowers thanked Ms. Watt for the commentary and no further discussion was had. There were no additional comments from the public.

## **MINUTES OF PREVIOUS MEETING**

The Board considered approving the minutes of the October 10, 2023 regular joint board meeting. He asked whether the Board had any changes or points to discuss.

Hearing none, Chair Flowers called for a motion, moved by Director Harrison, seconded by Director Taylor, and the minutes of the October 10, 2023 regular joint board meeting were approved as presented.

## **FINANCE & ADMINISTRATION**

### **Check Registers – October & November 2023**

Chair Flowers asked Jana Gunter to provide updates with regard to finance and administration matters. Ms. Gunter shared highlights from the check register for the months of October and November 2023. No questions were presented, and discussion did not occur.

A motion to accept the October and November 2023 check registers was entertained by Chair Flowers; moved by Director Taylor, seconded by Director Harrison, and the October and November check registers were accepted as presented.

## **SET 2024 MEETING DATES**

Chair Flowers referred to the proposed 2024 Board meeting dates in the materials previously provided. He called for questions and discussion. Hearing none, the Board agreed to the proposed 2024 Board meeting dates as presented.

## **PRESENTATION AND REQUEST BY SCI REGARDING INFRASTRUCTURE & RESILIENCY PROJECT PROPOSAL**

ED Douglas began with a recap of the August 2<sup>nd</sup> Executive Committee meeting and review of the Authority's Private Development Agreements Policy and Criteria. He then invited the SCI, Hines, and Walter P. Moore teams to give a presentation. Questions were asked and discussion ensued over the Temple Terrace resident's concerns, the use of MWDBE companies as contractors for the project, and construction logistics. Ms. Watt stated to the Board that "SCI has not been easy to work with" and asked for this comment to be reflected for the record. Deeper discussion between the Board, SCI and the Temple Terrace representatives continued in an effort to address the community's concerns and foster stronger partnership between the community, the developer, and all parties involved.

After all questions were asked, discussion concluded, and review conducted, Chair Flowers entertained a motion for the Authority Board to authorize staff to enter into negotiations with SCI to form a development agreement – through incremental tax reimbursement in line with the Board's Development Policies and Guidelines – to assist SCI in funding the cost of the specific infrastructure and resiliency components discussed in SCI's proposal, for an amount not to exceed \$13,800,000. This motion was moved by Secretary Mandel, and seconded by Director Harrison, and the Board approved this authorization as presented.

## **AUTHORIZE ASSIGNMENT OF FAÇADE GRANT**

ED Douglas introduced this topic. He explained two properties were recently sold, namely 202 Travis Street and 402 Main Street. Both properties participated in the Façade Grant Program and Assignments were now needed to transfer ownership in this regard. He then shared information on both the seller and buyer. No questions were asked by the Board and discussion did not occur.

Chair Flowers called for two separate motions: (i) the first giving authorization to enter into the Assignment for the Façade Grant located at 202 Travis Street; and (ii) the second giving authorization to enter into the Assignment for the Façade Grant located at 402 Main Street. Both motions were moved by Secretary Mandel, and seconded by Director Garcia, and the Board approved both requests as presented.

## **MORE SPACE MAIN STREET 2.0**

Chair Flowers asked ED Douglas to give a brief introduction regarding updates to the More Space Main Street 2.0 project. ED Douglas opened by sharing a statement provided by key project partner David Fields, City of Houston's Chief Transportation Planner, who was unable to attend in person.

Next, he invited Jacque Gonzales to share a presentation. Ms. Gonzalez began the presentation and provided updates on the project's progress, noting goals of having a contract finalized sometime in December and an RFQ issued in January. Ms. Gonzalez then invited Brian Chambers to wrap up the presentation and speak on final concept designs. Questions were asked and answered. No further action was required.

### **OTHER BUSINESS**

No further business was brought forth before the Board.

### **NEXT MEETINGS**

Chair Flowers announced the next Board meeting was scheduled for Tuesday, January 9, 2024 at 12:00 pm. He also indicated calendar invites will be distributed to Board members for the remaining 2024 Board meeting dates.

### **ADJOURNMENT**

Chair Flowers announced the Board would meet in Executive Session starting at 1:30 PM. There being no further business to come before the Board in regular session, a motion was called to adjourn at 1:25 PM.

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Barry Mandel, Secretary  
Downtown Redevelopment Authority  
("Authority")

**MINUTES OF THE REGULAR MEETING  
OF THE  
TAX INCREMENT REINVESTMENT ZONE NUMBER THREE**

December 12, 2023

The Board of Directors (the "Board") of the Tax Increment Reinvestment Zone Number Three (the "Zone") convened in regular session, in person and open to the public, inside the H-Town Conference Room at the Zone's office, located at 1221 McKinney Street, Suite 4250, Houston, TX 77010, on December 12, 2023, and the roll was called of the duly constituted officers and members of the Board, to wit:

Curtis Flowers	Chair
Michele Sabino	Vice Chair
Barry Mandel	Secretary
Keith Hamm	Treasurer
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and all of said persons were present except for Vice Chair Sabino, Treasurer Hamm, and Directors Hausman and Lewis . Also present were Allen Douglas, Executive Director ("ED"); Kris Larson, President; Jana Gunter, Director of Finance; and staff members Brett DeBord, David Gwin, Cassie Hoeprich, Amanda Marquez, Luis Nunez, Jamie Perkins, Albert Sanchez, Ann Taylor and Candace Williams, all with the Zone; Algenita Davis, consultant to the Zone; and Clark Lord, outside counsel to the Zone.

Guests and presenters attending included Sarah Adams and Mike Decell with Service Corp International ("SCI"); Charlie Penland with Walter P. Moore; Zachary Christenson with HOK; Nicole Boudreau and John Mooz with Hines; Sanjay Bapat with Allen Boone Humphries Robinson LLP; Brian and Leah Chambers with Design Workshop; and Andrew Busker with the City of Houston's Office of Economic Development. In addition, Ashley Watt, Sue Lovell, and Mason Perino with Temple Terrace Property Owners Association attended from the Public.

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Ms. Watt shared concerns from residents in the Temple Terrace community over the potential SCI Infrastructure and Resiliency Project. She then provided a letter addressed to the Zone Board from the Association which included additional details about these concerns. The letter was accepted into public record and is included as Attachment A to these minutes.

Chair Flowers thanked Ms. Watt for the commentary and no further discussion was had. There were no additional comments from the public.

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Barry Mandel, Secretary  
Tax Increment Reinvestment Zone  
Number Three ("Zone")

# Temple Terrace Property Owners Association

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December 12, 2023

Attn: Downtown Redevelopment Authority/TIRZ 3 - Board of Directors  
Council Member Abbie Kamin, District C

We, the residents of Temple Terrace Property Owners Association, are writing this letter to voice our concerns with the proposed “Infrastructure and Resilience Project Proposal” for Service Corporation International.

Temple Terrace is an old, established neighborhood in Houston that was formed in 1931. It’s located between Dallas Street and Buffalo Bayou, bordered by Taft and Stanford Streets. It is a small, but intact community of longtime residents and new families.

While we understand that SCI has the right to develop their properties, we have always been concerned about the impact that the potential redevelopment will have on our adjacent neighborhood. This is especially true given the fact that public tax dollars are now being used to finance certain infrastructure improvements that will make it possible for SCI to redevelop their sites.

Temple Terrace is not against SCI developing their properties, or against some form of public abatement offered by TIRZ 3 to SCI for improved infrastructure that benefits the public as a whole and not just SCI. We are however concerned that the previous annexation of SCI and their properties stops woefully short of including any of the public infrastructure that surrounds the SCI sites.

Here are several examples:

1. Stanford Street - Only half of the street between Allen Parkway and Dallas was annexed by TIRZ 3.
2. McKinney Street – Only 1/3 of the street was annexed by TIRZ 3.
3. Taft Street – No portion of Taft was annexed but will handle most of the traffic from any redevelopment.

Another concerning point about the annexation of the SCI sites into TIRZ 3 is the uncertainty over where the new increment will be spent and used by TIRZ 3.

**New tax dollars generated by any redevelopment of the SCI properties should stay in the immediate area, and not be used just to supplement projects in downtown or along**

**Allen Parkway. Some of those benefits should also include the surrounding neighborhood of Temple Terrace.**

Although not under the purview of TIRZ 3, it is worth noting that SCI has also submitted a 248-page Joint Referral Committee application to the City of Houston seeking the abandonment of several pieces of public infrastructure on and surrounding their properties. One of these pieces is a city street and the namesake of our neighborhood, Temple Drive, that provides access and through traffic around the SCI properties.

This uncertainty regarding the future of the public infrastructure that directly supports our neighborhood of Temple Terrace is exactly why we are writing this letter. It is also why we attended the Houston City Council Economic Development Committee (12/7/22), the Houston City Council hearing on the TIRZ 3 Annexation of the SCI properties (12/14/22), as well as a numerous public meetings between SCI and other stakeholders voicing our concerns and desire to have the infrastructure around SCI annexed into TIRZ 3. Temple Terrace Property Owners Association agreed to support the annexation of the SCI properties by TIRZ 3 because a commitment was made to further annex the rest of the affected infrastructure surrounding their sites.

**During the 12/7/22 COH Economic Development Committee meeting, and during the 12/14/23 Houston City Council hearing on the TIRZ 3 annexation of SCI, representatives from both Houston City Council, the COH Economic Development Department, and leadership from TIRZ 3 all acknowledged and represented to the public that additional annexation of the remaining infrastructure surrounding the SCI properties should be accomplished within the next year.**

**The question was posed by CM Abbie Kamin at the end of the Houston City Council Economic Development Committee meeting on 12/7/22:**

**“If this annexation moves forward, and there is an ability for us as a city to annex some of the public rights of way around the neighborhood for those specific improvements, would you consider that to be a benefit to the neighborhood?”**

Our answer then, and our answer now is still “Yes”.

Thank you for your time and consideration today.

We look forward to continuing to work with the Downtown Redevelopment Authority /TIRZ 3 to help address the infrastructure needs of our neighborhood, Temple Terrace.

Sincerely,



The Temple Terrace Property Owners Association, and the Undersigned Property Owners:

Adrianna Torres  
Allison Haddock  
Allyson Matus  
Andrew Edgerton  
Andy DiRaddo  
Bart Clark  
Calvin Upton  
Cooper Carter  
Dave Connell  
David Jobe  
David Mitcham  
Eric Wood  
Gary Cain  
Gil Barelas  
Greg Landry  
Greg Candelaria  
Greg Decker

Holly Leifeste  
Ian Cain  
Ian Jacoby  
Jeremy Howeld  
Jon-Erik Dillon  
Juan Solis  
Judith Snively  
Julie Mullally  
Kane Kenny  
Karen Schescke  
Kim Townsend  
Lloyd Adams  
Mark Conely  
Mark Hoefner  
Mark Hull  
Marti Jones  
Mason Perino

Melba Hernandez  
Mike Yates  
Monique Nolk  
Nancy Rehill  
Otis Brewer  
Robert Griffin  
Robert Jones  
Ron Aciermo  
Ron Rehill  
Stephanie Brill  
Terri DiRaddlo  
Tim Anthony  
Todd Wilson  
William McCallum  
Zach Edgerton  
Aaron Davis

## Temple Terrace Concerns

### A. Traffic

1. **SCI Parking Garage**- The exit of the proposed SCI garage exit would be located at Temple Drive and Walker Drive. TT has concerns that traffic will exit and flow south down Temple Drive into the neighborhood. A traffic mitigation strategy that would not allow traffic to exit and travel south down Temple to McKinney is desirable.
2. **Taft intersections** - With a larger SCI building comes increased density and traffic. A TIA should be done to examine potential traffic mitigation options for a traffic light on Taft St at either Walker or Temple.
3. **Stanford** - currently traffic along Stanford flows without a stop sign or any speed mitigation/calming devices. A proposed stop sign at Stanford and McKinney would be appropriate.

**B. Flooding** - The proposed SCI redevelopment of the KHOU site brings concerns about flooding in the area. Currently, this neighborhood does not flood. We have serious concerns about the potential of this development to back flood waters up into the neighborhood. KHOU site is located in the 100 year flood plain, and all new development must meet existing criteria from COH Chapter 19 in the Code of Ordinances which regulates development in the floodplain.

**C. Pedestrian Access** - with the proposed SCI development, and potential for redevelopment of other existing SCI sites, pedestrian access and mobility is a concern. Improvements such as better sidewalks, pedestrian crossings, and traffic calming devices should be implemented throughout and surrounding the site area.

**D. TIRZ 3 Annexation** - The recent annexation of the SCI sites into the TIRZ 3 boundaries was limited to only the SCI owned sites and portions of the public infrastructure that directly abut those pieces of property. The failure to annex complete sections of streets and the surrounding remaining infrastructure in the immediate area is a concern to TT residents.

**F. Joint Referral Committee**- SCI has requested the abandonment of several pieces of City of Houston property through the Joint Referral Committee. While some of them may be necessary for the redevelopment and completion of the former KHOU site, Temple Terrace has great concerns about the request to abandon Temple Drive and the impacts to the neighborhood and surrounding areas.

**From:** [Allen Douglas](#)  
**To:** [Jamie Perkins](#)  
**Subject:** FW: Temple Terrace Property Owners Association Letter for Downtown TIRZ Board Meeting  
**Date:** Tuesday, December 12, 2023 10:06:30 AM  
**Attachments:** [TTPOA TIRZ 3 Letter 12-12-23.pdf](#)

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**From:** Ashley Watt <ashley@antinaco.com>  
**Sent:** Tuesday, December 12, 2023 9:48 AM  
**To:** abbie.kamin@houstontx.gov; Allen Douglas <jadouglas@downtowntirz.com>  
**Cc:** Lloyd Adams (Lloydadams3@gmail.com) <lloydadams3@gmail.com>; mperino1@gmail.com  
**Subject:** Temple Terrace Property Owners Association Letter for Downtown TIRZ Board Meeting

You don't often get email from [ashley@antinaco.com](mailto:ashley@antinaco.com). [Learn why this is important](#)

Dear Council Member Kamin and Mr Douglas,

On behalf of the Temple Terrace Property Owners Association Board and residents, I would like to submit this letter to the Downtown TIRZ for inclusion at today's board meeting. While not all of the undersigned residents can attend the meeting today, I will be there in person and would like to read it into the record as well.

Thank you for your consideration,

Ashley W. Watt  
President  
TTPOA Board of Directors

## Financials

# Check register for December 2023

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- Total checks issued in December 2023 were \$148K
  - Central Houston, Inc.
    - Administrative Contractors - \$120,740
  - Ryan M. LeVasseur
    - Downtown Launch Pad - \$20,000
    - Office Conversion Study - \$5,000



# Statement of Net Position, December 31, 2023

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## Assets

- Cash and Investments are \$23.8 million
- Other Receivables – \$217K
  - HDMD support for DLI - \$217K
- Accounts Payable & Accrued Expense are \$1.7 million.
  - DLI and Economic Development Grants outstanding \$1.1million
  - Retainage Payable – Trebly \$268K
  - Accounts Payable - \$229K
- Bonds Payable due Aug 2024 – \$2.34 million



# Statement of Activities, December 31, 2023

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- Total Revenues of \$13.2 million is \$533K over budget due to interest income reflecting better rates than forecasted.
- Project Costs are \$1.9 million, \$6.2 million under budget due to funds not yet expended for
  - Pedestrian Lighting Improvements of \$722K
  - Main Street Market Square of \$461K
  - Targeted Blight Remediation of \$2.3M
  - and \$1.3M in forecasted DLI/Economic grant payments will not be paid until the tax increment is received in June, 2024.



# Cash & Investments, December 31, 2023

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- Cash balance - \$319,640
- Investment Funds
  - Logic Increment - \$8.8 million
  - Texas Class - \$8.5 million
  - Morgan Stanley Investment Fund
    - Debt Service - \$1 million, interest payments are issued in September and March.
    - Bond Reserve - \$4.5 million
  - Bank of New York Mellon
    - Pledged Funds - \$689,031
- Capital Assets, Net
  - Downtown Launchpad Lease - \$1.6 million
  - Trebly Park Lease - \$8.7 million

## MAIN STREET MARKET SQUARE

AP Check Register (Current by Bank)

Check Dates: 12/1/2023 to 12/31/2023

Check No.	Date	Status*	Vendor ID	Payee Name	Amount
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<b>BANK ID: OP - JPMORGAN CHASE BANK, N.A.</b>					<b>101.000</b>
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3115	12/01/23	P	3025	CENTRAL HOUSTON, INC	\$120,739.54
* 6007973	12/01/23	M	1970	BEE-LINE DELIVERY SERVICE	\$54.94
*					
* 6007978	12/01/23	M	4986	RYAN M. LeVASSEUR	\$15,000.00
*					
* 6007983	12/01/23	M	6054	J.P. COOKE COMPANY	\$85.80
*					
* 6007988	12/06/23	M	3700	HOUSTON DOWNTOWN MANAGEMENT	\$366.25
*					
* 6007993	12/01/23	M	2071	BRIGHT STAR PRODUCTIONS	\$114.75
*					
* 7959196	12/07/23	M	3079	COLD CREEK PRODUCTIONS, LLC	\$1,450.00
*					
* 7959200	12/07/23	M	1271	CREST PRINTING	\$684.00
*					
* 7959205	12/07/23	M	4986	RYAN M. LeVASSEUR	\$10,000.00
*					

<b>BANK OP REGISTER TOTAL:</b>	<b>\$148,495.28</b>
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<b>GRAND TOTAL :</b>	<b>\$148,495.28</b>
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\* Check Status Types: "P" - Printed ; "M" - Manual ; "V" - Void ( Void Date ); "A" - Application; "E" - EFT

\*\* Denotes broken check sequence.

**Downtown Redevelopment Authority**  
**Statement of Net Position**  
**December 31, 2023 and December 31, 2022**

	<b>2024</b>	<b>2023</b>
	<b><u>YTD Balance</u></b>	<b><u>YTD Balance</u></b>
<b>Assets</b>		
Cash	\$ 319,640	\$ 195,007
Investments - Project Funds	-	-
Investments - Debt Service	6,169,616	5,425,902
Investments - General	17,342,278	11,984,219
Tax Increments Receivable	12,561,839	12,077,417
Other Receivables & Prepaid Expenses	216,814	282,475
Capital Assets, Net	10,295,593	10,883,750
Cost of Issuance	342,426	372,640
<b>Total Assets</b>	<b><u>\$ 47,248,206</u></b>	<b><u>\$ 41,221,410</u></b>
<b>Liabilities</b>		
Accounts Payable & Accrued Expenses	\$ 1,665,215	\$ 2,307,471
Accrued Interest Payable	636,884	1,004,116
Lease Liabilities Due in One Year	209,526	312,096
Lease Liabilities Due After One Year	10,559,425	10,852,803
Notes Payable Due in One Year	-	-
Bonds Payable Due in One Year	2,340,000	2,250,000
Notes Payable Due After One Year	-	-
Bonds Payable Due After One Year	40,108,923	42,672,063
<b>Total Liabilities</b>	<b><u>55,519,972</u></b>	<b><u>59,398,549</u></b>
<b>Net Position</b>		
Net Position	(8,271,767)	(18,177,139)
<b>Total Liabilities &amp; Net Position</b>	<b><u>\$ 47,248,206</u></b>	<b><u>\$ 41,221,410</u></b>

**Downtown Redevelopment Authority**  
**Statement of Activities**  
**For the Second Quarter ended December 31, 2023**

	<u>2024</u> <u>Q2 Actual</u>	<u>2024</u> <u>YTD Actual</u>	<u>2024</u> <u>YTD Budget</u>	<u>Fav (Unfav)</u> <u>Variance</u>
<b>Revenues</b>				
Tax Increments	\$ 7,724,396	\$ 15,448,791	\$ 15,448,791	0
Other Revenues	-	-	-	-
Interest Income	289,062	662,783	130,163	532,621
<b>Total Revenues</b>	<u>\$ 8,013,458</u>	<u>\$ 16,111,574</u>	<u>\$ 15,578,953</u>	<u>\$ 532,621</u>
<b>Transfers</b>				
Administrative Fees	298,476	596,952	596,952	-
HISD Adjustment	1,145,000	2,290,001	2,290,001	-
	<u>1,443,476</u>	<u>2,886,953</u>	<u>2,886,953</u>	<u>-</u>
<b>Net Revenues</b>	<u>\$ 6,569,981</u>	<u>\$ 13,224,622</u>	<u>\$ 12,692,001</u>	<u>\$ 532,621</u>
<b>Expenses</b>				
Project Costs	856,122	1,861,585	8,064,416	6,202,832
Municipal Services	-	-	-	-
Accounting	-	-	-	-
Auditing	2,500	20,500	18,000	(2,500)
Administrative Contractor	273,113	576,589	350,000	(226,589)
Legal Fees	3,768	12,348	9,000	(3,348)
Insurance	1,029	2,533	1,000	(1,533)
Consulting Fees	3,500	6,730	25,000	18,270
Office Expense	9,464	15,704	3,750	(11,954)
Interest Expense - Bonds	422,252	848,400	856,169	7,769
Cost of Issuance	7,554	15,107	15,107	-
<b>Total Expenses</b>	<u>\$ 1,579,300</u>	<u>\$ 3,359,495</u>	<u>\$ 9,342,442</u>	<u>\$ 5,982,947</u>
<b>Change in Net Position</b>	<b>4,990,681</b>	<b>9,865,127</b>	<b>3,349,559</b>	<b>6,515,568</b>
Net Position Beginning of Year		(18,136,893)	(18,136,893)	-
<b>Net Position End of Period</b>		<u>\$ (8,271,767)</u>	<u>\$ (14,787,335)</u>	<u>\$ 6,515,568</u>

**Downtown Redevelopment Authority**  
**Statement of Activities**  
**For the Second Quarter ended December 31, 2023 and December 31, 2022**

	<b>2024</b>	<b>2023</b>	<b>Fav (Unfav)</b>
	<b>YTD Actual</b>	<b>YTD Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Tax Increments	\$ 15,448,791	\$ 13,670,531	1,778,260
Other Revenues	-	-	-
Interest Income	662,783	308,847	353,936
<b>Total Revenues</b>	<b>\$ 16,111,574</b>	<b>\$ 13,979,378</b>	<b>\$ 2,132,196</b>
<b>Transfers</b>			
Administrative Fees	596,952	569,997	(26,956)
HISD Adjustment	2,290,001	1,108,803	(1,181,198)
	<u>2,886,953</u>	<u>1,678,800</u>	<u>(1,208,153)</u>
<b>Net Revenues</b>	<b>\$ 13,224,622</b>	<b>\$ 12,300,579</b>	<b>\$ 924,043</b>
<b>Expenses</b>			
Project Costs	1,861,585	9,999,860	8,138,275
Municipal Services	-	-	-
Accounting	-	-	-
Auditing	20,500	19,228	(1,272)
Administrative Contractor	576,589	234,282	(342,307)
Legal Fees	12,348	2,069	(10,279)
Insurance	2,533	2,535	2
Consulting Fees	6,730	7,140	410
Office Expense	15,704	24,317	8,613
Interest Expense - COH	-	-	-
Interest Expense - Bonds	848,400	1,229,545	381,145
Cost of Issuance	15,107	15,107	-
<b>Total Expenses</b>	<b>\$ 3,359,495</b>	<b>\$ 11,534,083</b>	<b>\$ 8,174,588</b>
<b>Change in Net Position</b>	<b>9,865,127</b>	<b>766,496</b>	<b>9,098,631</b>
Net Position Beginning of Year	(18,136,893)	(18,943,634)	806,741
<b>Net Position End of Period</b>	<b>\$ (8,271,767)</b>	<b>\$ (18,177,139)</b>	<b>\$ 9,905,372</b>

**Downtown Redevelopment Authority**  
**Project Cost Detail**  
**For the Second Quarter ended December 31, 2023**

	<b>2024 YTD Actual</b>	<b>2024 YTD Budget</b>	<b>Fav (Unfav) Variance</b>
<b>Project Costs</b>			
<b>Capital Improvement Projects</b>			
Main Street Market Square 2.0	39,089	500,000	460,911
Allen Parkway	-	-	-
Southern Downtown Pocket Park	483,205	417,875	(65,330)
Bagby Street Improvements	13,318	-	(13,318)
NHHIP Civic Opportunities	-	250,000	250,000
Lynn Wyatt Square For The Performing Arts	-	-	-
<b>Total Capital Improvement Projects</b>	<b>535,612</b>	<b>\$ 1,167,875</b>	<b>\$ 632,263</b>
Future Project Costs	-	500,000	500,000
Buffalo Bayou Park	-	-	-
806 Main/JW Marriott	-	92,771	92,771
Hotel Alessandra	-	29,991	29,991
Holiday Inn/Savoy Hotel	-	11,986	11,986
723 Main/AC Hotel	-	14,077	14,077
Downtown Living Initiative	-	5,000	5,000
Economic Development/Retail Program	90,236	25,000	(65,236)
Texaco Building/The Star	-	142,211	142,211
SkyHouse Houston	3,715	145,230	141,515
Fairfield Block 334	2,943	79,170	76,227
Hines Market Square	-	220,280	220,280
Market Square Tower	-	355,221	355,221
SkyHouse Main	3,951	136,467	132,516
Fairfield Residential	-	140,228	140,228
Post HTX	-	-	-
Hike & Bike Trails East of Allens Landing	58,346	500,000	441,654
Downtown Launchpad	363,665	498,910	135,245
Gener8tor	250,000	250,000	-
Montrose Bridge at Allen Parkway	295,103	500,000	204,897
Targeted Blight Remediation	229,331	2,500,000	2,270,669
Pedestrian Lighting Improvements	28,400	750,000	721,600
<b>Total Developer/Project Reimbursements</b>	<b>1,325,691</b>	<b>6,896,541</b>	<b>5,570,850</b>
<b>Total Project Costs</b>	<b>1,861,303</b>	<b>\$ 8,064,416</b>	<b>\$ 6,203,114</b>

## Municipal Services & Initiatives

HPD Overtime Report  
Update on Major HPD Initiative in Downtown

An aerial photograph of downtown Chicago, featuring a dense cluster of skyscrapers in the background and the United Center arena in the foreground. The arena has a large, white, curved roof and a green steel structure. The surrounding area includes parking lots, streets, and other buildings.

# Downtown Division TIRZ Initiatives 2023-2024

---

# Civility Enforcement Initiative

- Civility enforcement has focus on identifying hotspots in the downtown area where large numbers of individuals tend to congregate who violate city civility ordinances and cause an overall decrease in quality of life in the area.
- A coordinated effort between Downtown Division's DRT, CST, Seal, Downtown Houston + and The Beacon has been effective in maintaining a safe, clean environment.



# BMV/Auto Theft Initiative

- BMVs & Auto Thefts remain the most prevalent crime in the Downtown area.
- Downtown CST works collaboratively with Auto Theft Division to conduct regular BMV operations during large events.
- In 2023, Downtown CST recovered 87 stolen vehicles totaling approximately \$4.8 million in value. 22 firearms were recovered within the stolen vehicles.



# Bike Patrol Initiative

- Bike patrols were implemented along Main Street, the Theater District and the area surrounding Discovery Green during the early evening hours.
- The purpose of the bike patrols is to provide increased presence in areas of high pedestrian traffic & address aggressive panhandling and other related behavior.



# Traffic Enforcement Initiative

- Officers focus on locating nuisance car clubs downtown and conducting proactive traffic enforcement.
- 493 citations issued



# Scooter & Illegal Vendor Initiative

- Scooter vendors consistently violate city ordinances downtown by blocking sidewalks and renting from public property. They are cited and admonished to leave the area.
- Illegal food vendors have been increasing along Main St and the Discovery Green area. Downtown DRT recently executed a joint operation with the COH Health Department along Main Street & has an upcoming operation to target illegal vendors in the Discovery Green area.
- 116 citations issued.

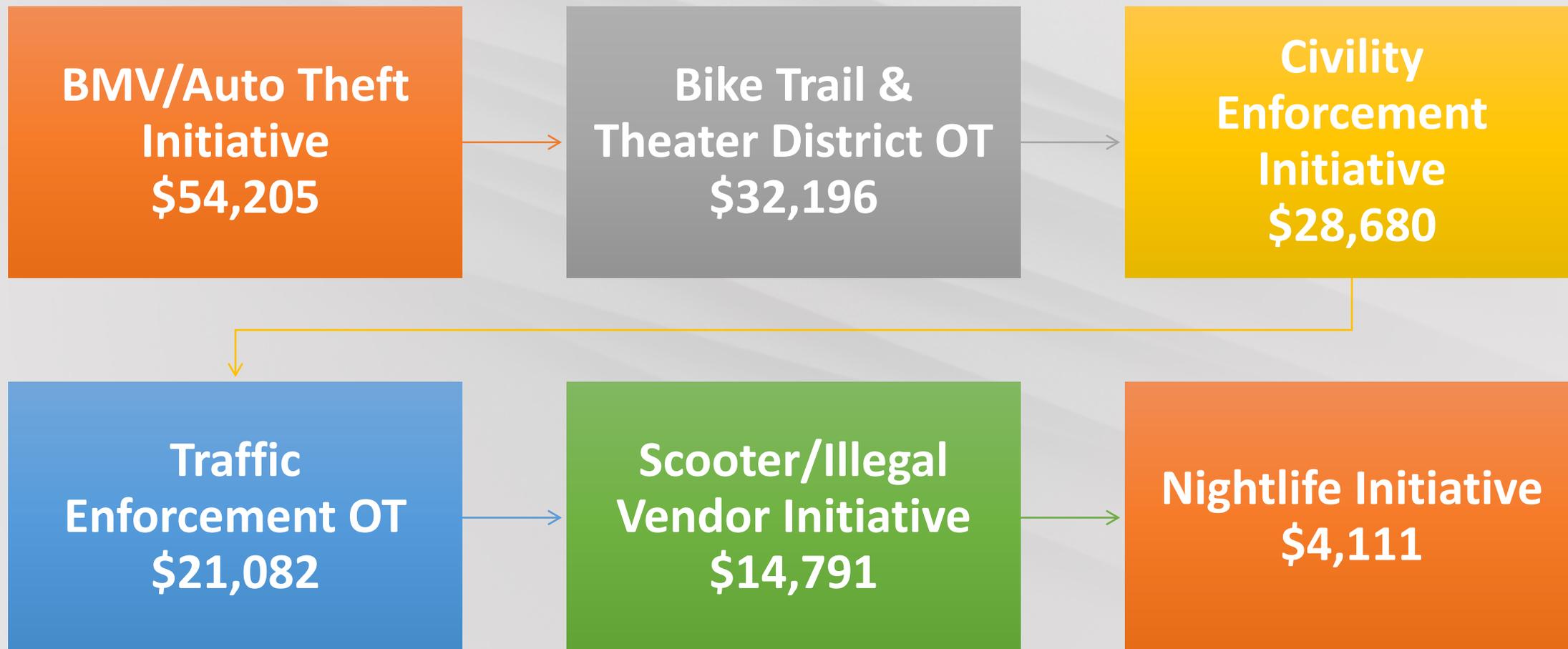


# Downtown Nightlife Initiative

- The Nightlife Initiative was implemented to increase visibility patrols along Main Street and other areas within downtown with clusters of bars or clubs.
- The hours for the program are 11pm-3am and officers continuously monitor the bar/club areas and address any calls for service.



# Spending September through December 2023



# Update: *September through December*

Total spending on OT programs as of 12/31/2023 = \$171,346

Total TIRZ spending as of 12/31/2023 =

***Approximately 2,323 hours worked / 5 arrests made / 1 major operation executed***

- ❖ During the months of October, November and half of December the BMV/Auto Theft Initiative and the Civility Enforcement Initiative utilized One Safe Houston funding. The majority of the arrests and major operations typically come from these two programs. Due to the additional funding source, we were able to increase bike patrols and implement a nightlife initiative.
- ❖ In September, Downtown CST organized a multi-agency operation (HPD, Texas DPS, Harris County SO, Fort Bend County SO, Galveston County SO, Brazoria County SO, Baytown PD) serving search warrants and arrest warrants simultaneously at 8 different locations across 4 counties (Harris County, Fort Bend County, Galveston County, and Brazoria County). The operation targeted an organized auto theft crew responsible auto thefts from the downtown and Galleria areas. The operation led to several arrests and the recovery of \$1.27 million in stolen vehicles.

# Information Sharing

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During our monthly meetings, and additionally as requested, Downtown Division will provide activity reports and financial snapshots for all TIRZ initiatives.



The Downtown Division management team will continuously assess each initiative to ensure the deployment of resources is effective in addressing the identified issues.

Questions?

## Electric Vehicle Charging Stations Update

*(no materials - verbal/discussion)*

## More Space Main Street 2.0 Basis of Design



# Morespace Main street 2.0

Basis of Design for Engineering Phase



# Acknowledgments

More Space Main Street 2.0 Visioning Plan was commissioned by **Downtown Houston+** by way of the Houston Downtown Management District and in partnership with the **City of Houston**. The Plan was produced by **Design Workshop** in collaboration with **Outside Voices**.

## Project Team



**Downtown Houston +**  
Jacque Gonzalez-Garcia  
Cassie Hoeprich  
Brett DeBord



**City of Houston**  
David Fields  
Brian Crimmins  
Brandon Mosley



**Design Workshop**  
Brian Chambers  
Tarana Hafiz  
Alex Ramirez  
Jie Yang



**Outside Voices**  
Leah Chambers  
Vanessa Toro Barragán

We thank the following for their time, guidance and support in informing this plan:

### Downtown residents, visitors, workers and business owners

#### City of Houston

- Houston Public Works
- Houston Fire Department
- Houston Police Department
- Houston Administration and Regulatory Affairs
- Mayor’s Office of People with Disabilities
- Mayor’s Office of Special Events

#### METRO

#### CenterPoint Energy

#### Stakeholders

- AC Hotel
- Buffalo Bayou Partnership
- Council Member Gallegos
- Dan Zimmerman
- Flying Saucer
- Harris County Precinct 1
- Hines
- Hotel Icon
- Houston First
- JW Marriot
- Little Dipper
- Midtown District
- Midway
- Moxy
- Shake Shack
- UofH Downtown
- Zenaku/ Cherry

# Contents

**01 Project Context** ..... 4  
 Main Street Connections, Study Area, Historic Timeline, Existing Conditions, Project Process and Goals, Existing Sections, Project Potential

**02 Stakeholder Engagement** ..... 9  
 Recap, Process and Collaborators, What we Heard, What Main Street 2.0 Should Be

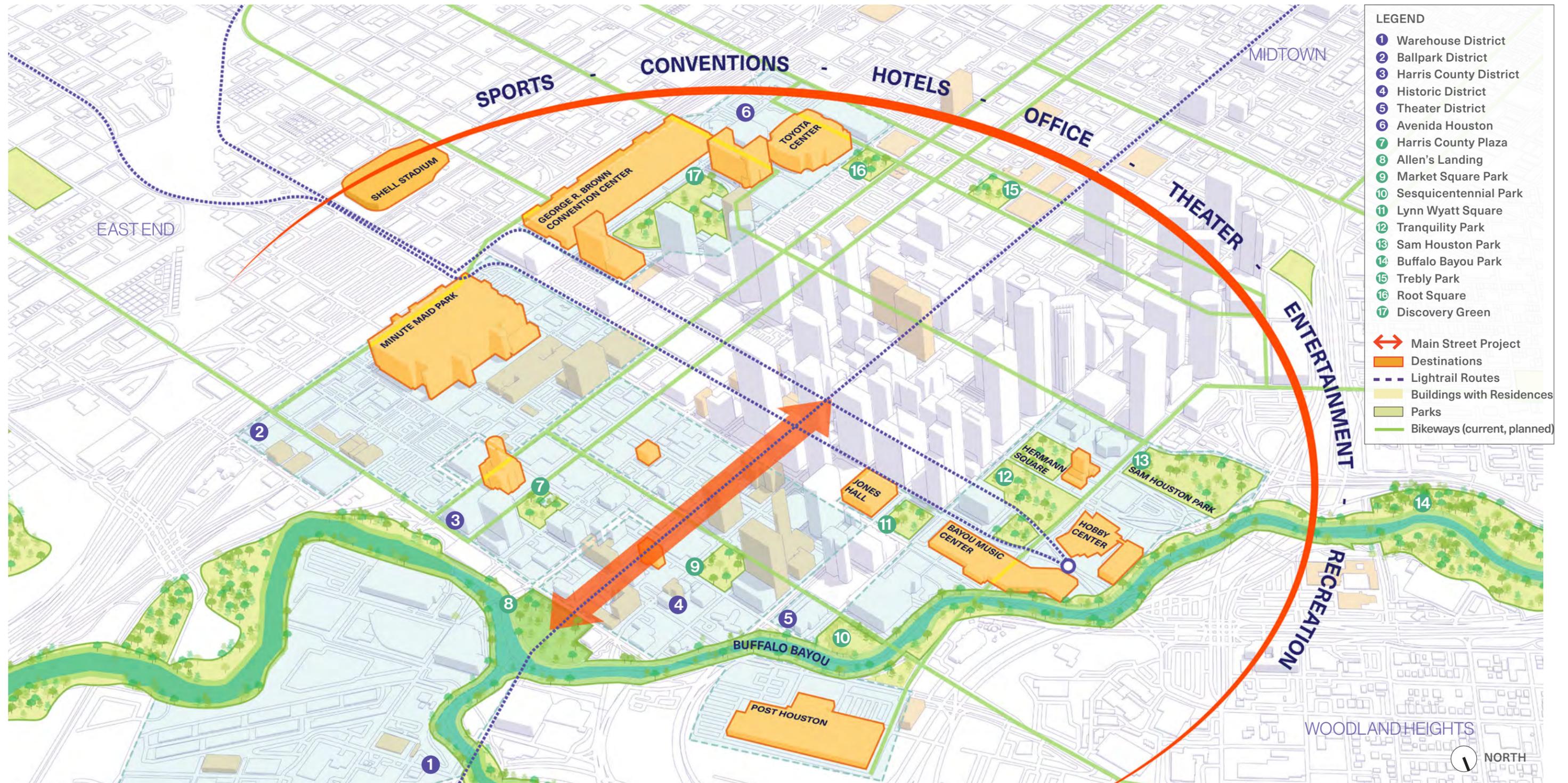
**03 Basis of Design** ..... 18  
 METRO, Fire, Stormwater and Utilities, Placemaking, Misc

# 1

# Project Context

# MAIN STREET, THE HEART OF DOWNTOWN

Downtown is experiencing an incredible transformation. Known for years as an office district, Downtown is now a mixed-use neighborhood, and the blocks of Main Street sited in the Historic District are at the very center of this transformation. Adjacent to Allen's Landing, the birthplace of Houston, this section of Main Street is the point of connection for the bayou, theaters, sports and events arenas, hotels, office and business centers, and civic buildings. A Main Street that reflects the changing Downtown has the potential to become a signature destination for Downtown—and the region.



# THE MAIN STREET BRAND

## Historical Timeline

Since Houston's founding, Main Street has evolved based on the needs of the city. From horse and buggy, trolleys, cars, and then the light rail, this street has reinvented itself decade after decade.



1900s



1940s



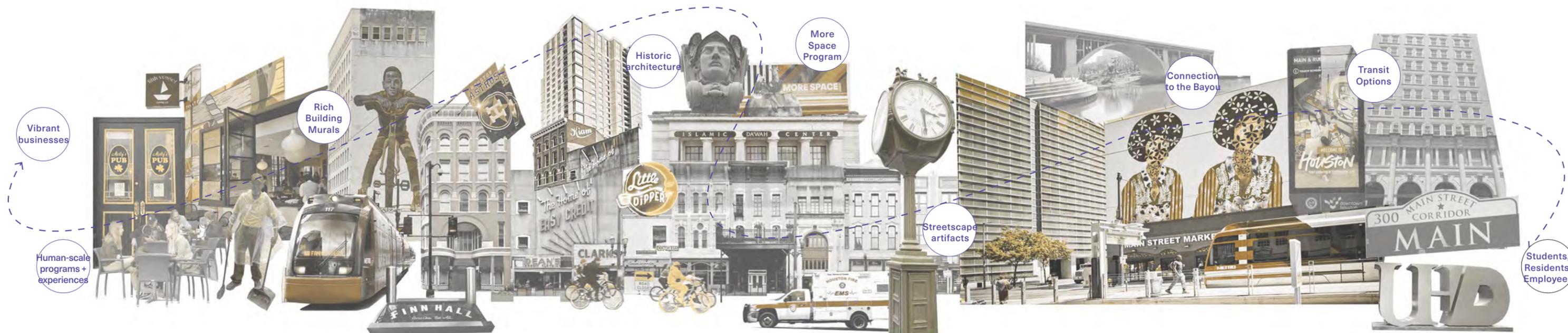
1990s

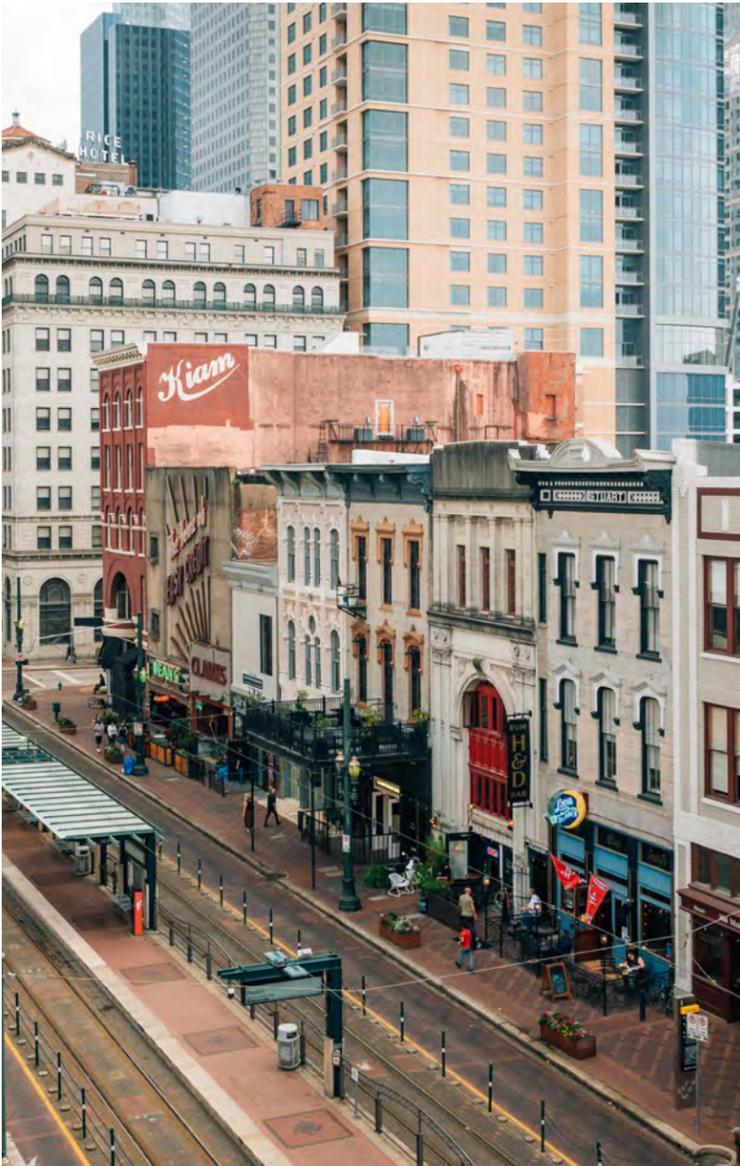


TODAY

## What is Main Street known for?

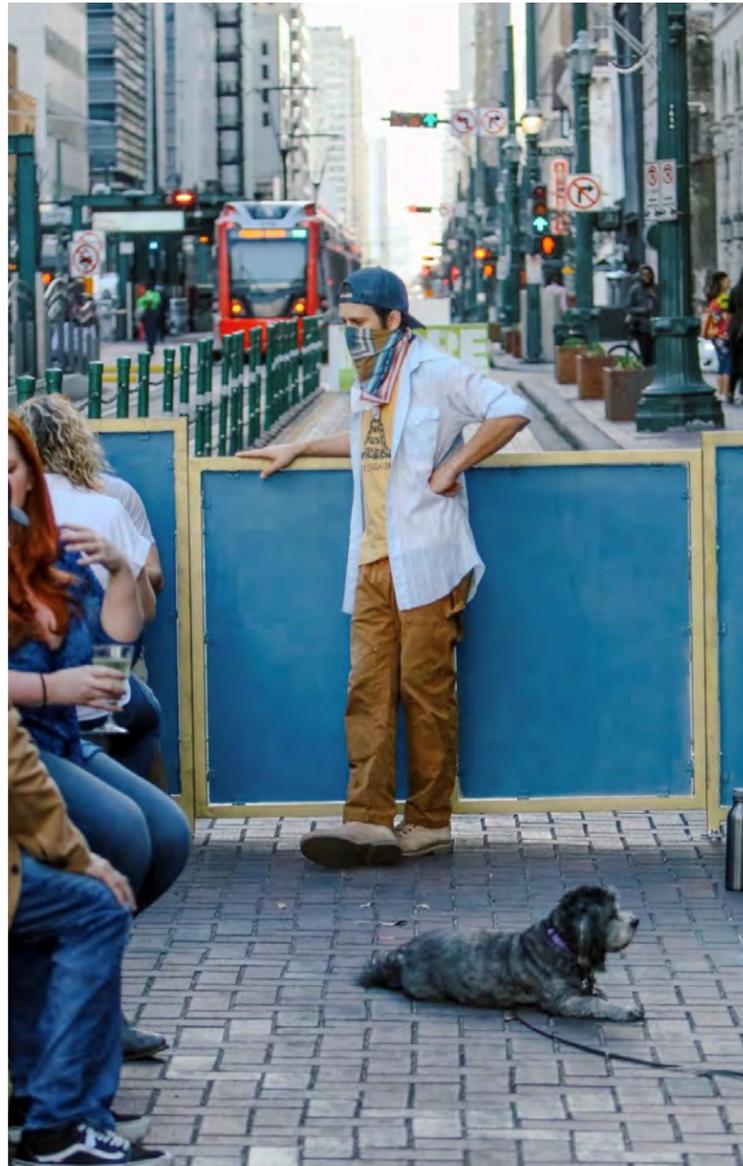
Main Street is quintessential Houston, and a Main Street that can only be found in Houston. From Buffalo Bayou to historic architecture, stunning art murals, the University of Houston Downtown, and vibrant businesses, this street is poised to be the anchor destination of the growing downtown.





## BEFORE PANDEMIC

A longtime active section of Main Street, accessible by pedestrians, light rail, and vehicular traffic.



## EARLY 2021

The More Space: Main Street program is introduced, closing blocks of Main Street to vehicular traffic to support businesses and their need for outdoor space during the pandemic.



## MARCH 2023

Houston's City Council approves a permanent More Space: Main Street program, setting up Main Street to become a pedestrian promenade with no vehicular access north-to-south.



## MARCH 2023

With the March 2023 permanent closure of Main Street, the Downtown Houston+ team, through the Houston Downtown Management District, took on the project of imagining a new promenade design for Main Street.

# Dedicating public space for everyone

Since its inception, More Space: Main Street has been a collaborative effort between the City of Houston and Downtown Houston +. It helped downtown businesses survive during COVID and taught us that our streets can provide so much more value than just to move cars. With the March 2023 permanent closure of Main Street, the Downtown Houston+ team initiated a stakeholder led process to develop a concept plan for Main Street that would be used to move forward into engineering and implementation.



# 2

# Stakeholder-Led Process

# ENGAGEMENT SUMMARY

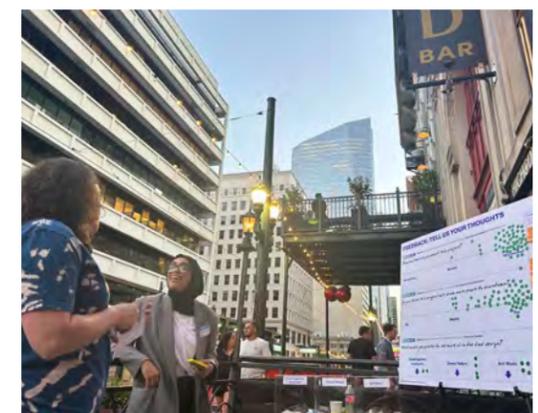
Recap

26 stakeholder groups engaged

8 hrs of public workshops

330 people engaged

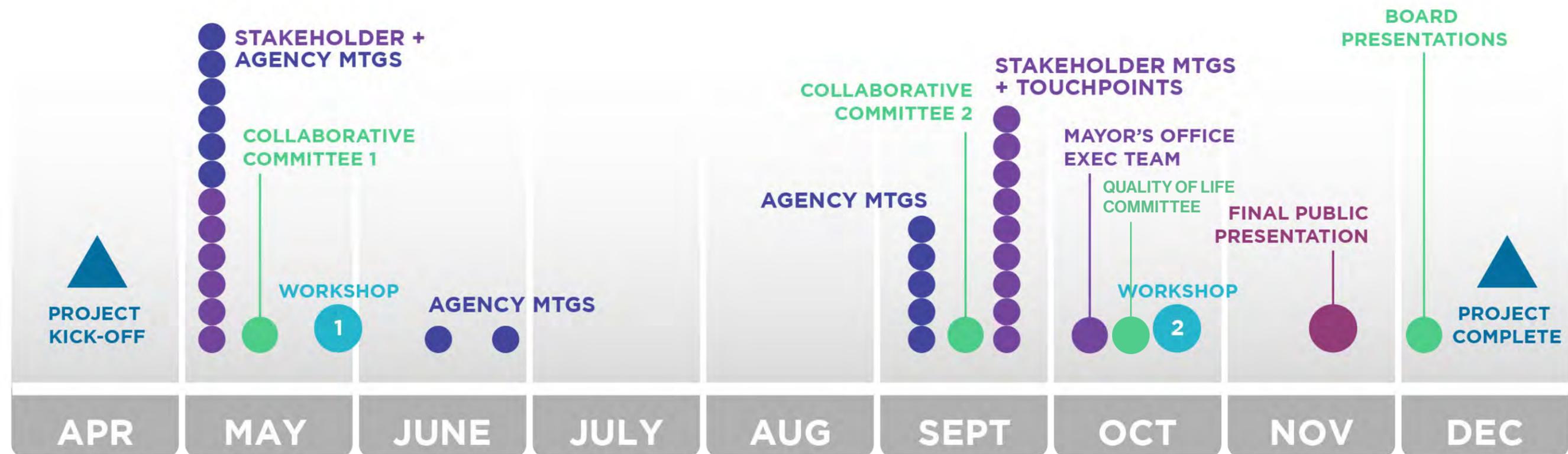
1,346 feedback points collected  
dots/post-its/chips



# ENGAGEMENT SUMMARY

## Process and Collaborators

Recognizing the complexity and importance of this project, we created an engagement-led process. Over the course of the nine month study, the design team facilitated 26 stakeholder and agency meetings. In these agency meetings, we worked through the technical, operational, and visionary needs for the project. The team hosted two public workshops at Little Dipper Bar on Main Street to connect with business owners, employees, families, and visitors. This project has had a positive response throughout the entire study. All the agencies involved have confirmed their support for the basis of design developed throughout this study.



### Agencies

- Houston Public Works
- METRO
- Centerpoint Energy
- Houston Fire Department
- Houston Police Department
- Houston Administration and Regulatory Affairs
- Mayor's Office of People with Disabilities
- Mayor's Office of Special Events

### Stakeholders

#### Business Owners

- Little Dipper
- Flying Saucer
- Zenaku / Cherry
- Shake Shack

#### Property Owners

- Hines
- Dan Zimmerman
- U of H Downtown
- Midway

#### Main Street Hotels

- Hotel Icon
- AC Hotel
- JW Marriott
- Moxy

#### Other

- Buffalo Bayou Partnership
- Council Member Gallegos
- Houston First
- Midtown Management District
- Harris County Precinct One

### Community

- 330 Downtown residents, business workers, business owners, families, advocates, and visitors

# ENGAGEMENT SUMMARY

## What We Heard

Throughout the course of engaging agencies, stakeholders, and the public, several themes arose. They were Maintenance + Safety, Accessibility, and Placemaking. Within each category there are both technical/operational needs and suggestions for how to make this project successful at drawing more people to downtown.

### Maintenance + Safety



**Need high quality maintenance** for a high quality environment

**Improve sense of safety**

**Create safe butters** between users—METRO, pedestrians, bikes, scooters

**Supply necessary support** for unhoused population

**Provide safe lighting** for the length of the street

**Maintain stormwater drainage capacity**

**Maintain intersection visibility** for METRO drivers

**Coordinate response** between METRO police and Houston police departments

### Accessibility



**Resolve the grade change** between drive lane and sidewalk

**Use ADA best practices** for materials, furnishings, and signals

**Provide everyday access** for agency and business operations

**Provide emergency access** for the fire department and METRO

**Provide clear directions** to affordable parking options

**Maintain access** to existing underground utilities

**Consider access** to water stations and public restrooms

### Placemaking



**Create a strong district identity and sense of place**

**Activate the street**—both day and night, including family-friendly spaces

**Add festive festoon lighting**

**Create spaces for pop-up events and programming**—street fests, farmer's markets, live music, seasonal performances, etc)

**Create more opportunities for art**

**Incentivize more restaurants and everyday services**—grocers, shops, pharmacies, etc

**Create a comfortable microclimate**—more green, fans, shade, umbrellas, trees, etc

# THREE BIG SHIFTS

## Approaches to Realize a New Main Street

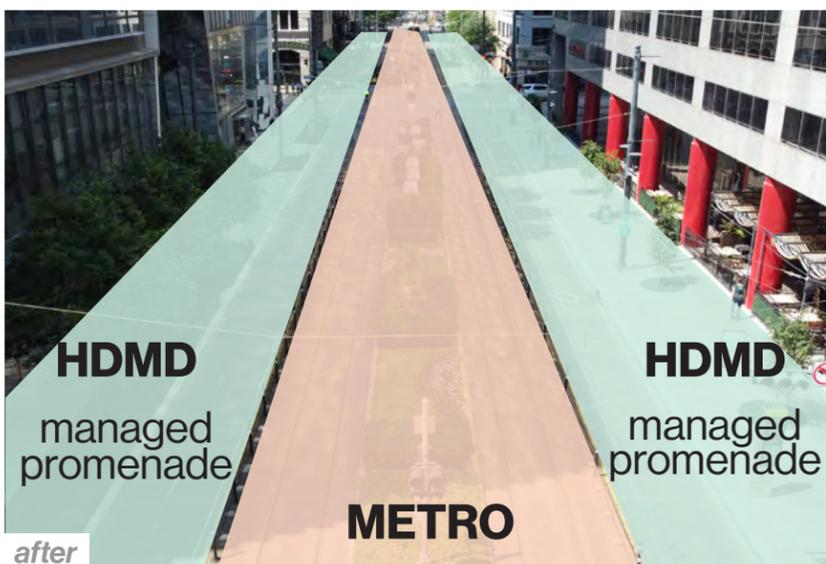
Downtown Houston+ brought on Design Workshop in 2023 to lead a design study for the future design of Main Street. Over the course of the year, a basis of design was developed in response to community and agency engagement and goals. Three key considerations were made clear throughout this process, which will be referred to throughout this basis of design as the Three Big Shifts.

### 1 Maintenance

*Like the ideas, but who is going to take care of this?*



before



after

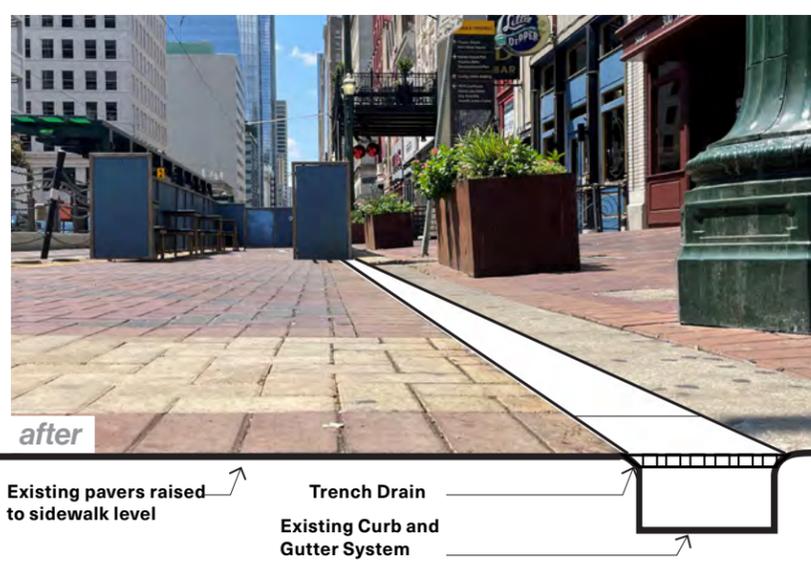
**Houston Downtown Management District**  
To manage the public realm

### 2 Accessibility

*How to resolve the elevation change between drive lane and sidewalk?*



before



after

**Raise the Street to Create Promenade**  
To create a flush walking surface between drive lane and sidewalk

### 3 Placemaking

*How do we identify Main Street as a place of interest and create a brand for the District?*



before



after

**Create Outdoor Rooms**  
That are fun, flexible and comfortable

# MAIN STREET STUDY AREA

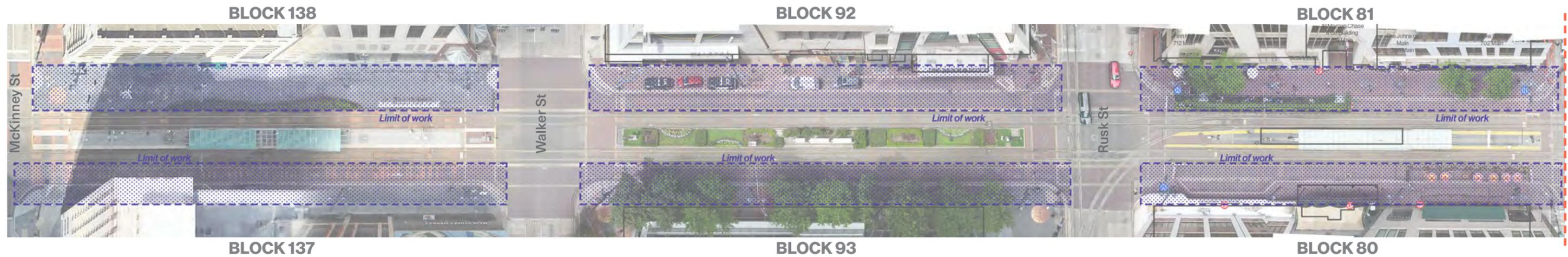
The project area extends the length of Main Street, for the blocks shown. East-west limits of work extend from the METRO right-of-way to the building face right-of-way on both sides of the street.

KEY MAP - AREA 1

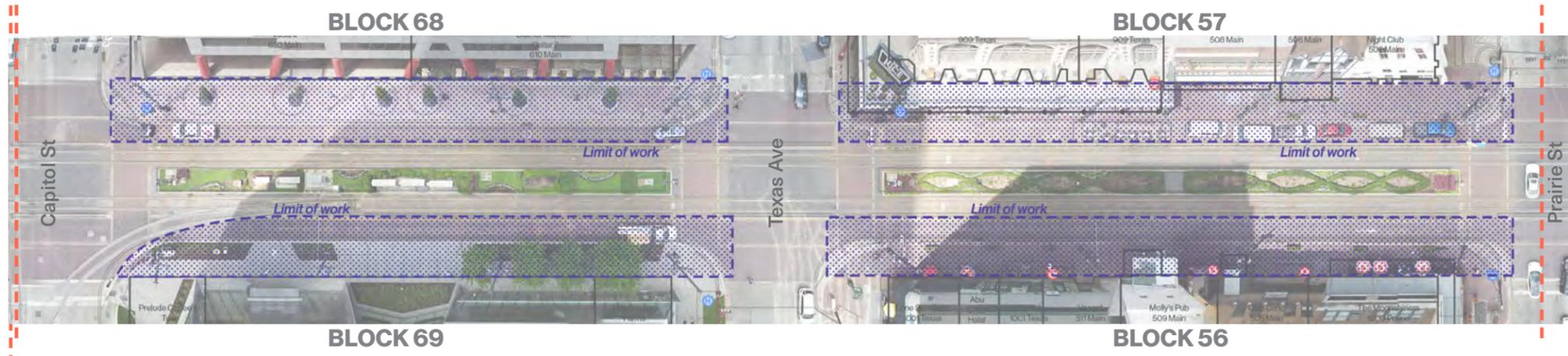
KEY MAP - AREA 2



## AREA 1



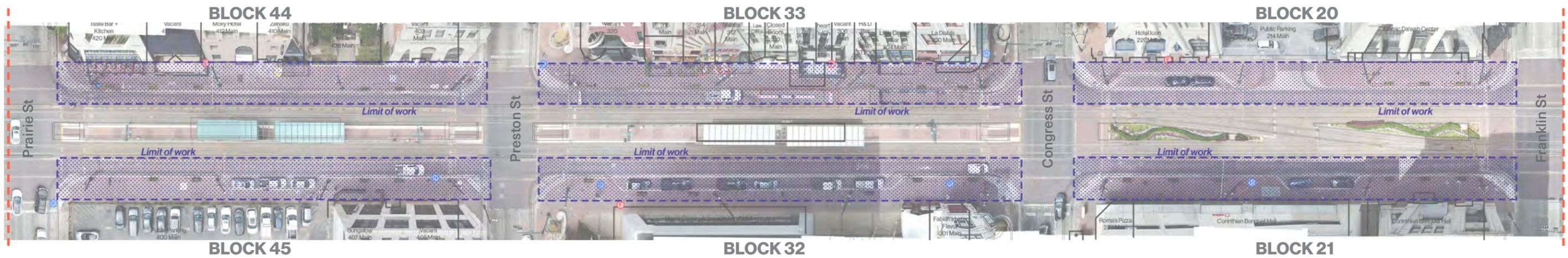
## AREA 2



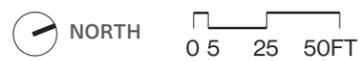
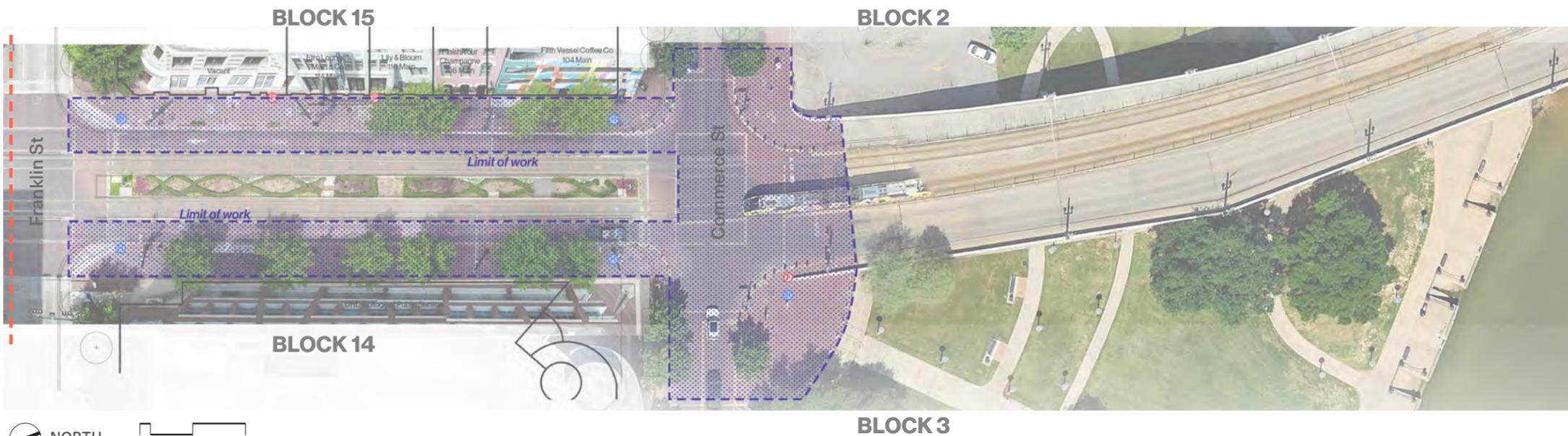
# MAIN STREET STUDY AREA



## AREA 3

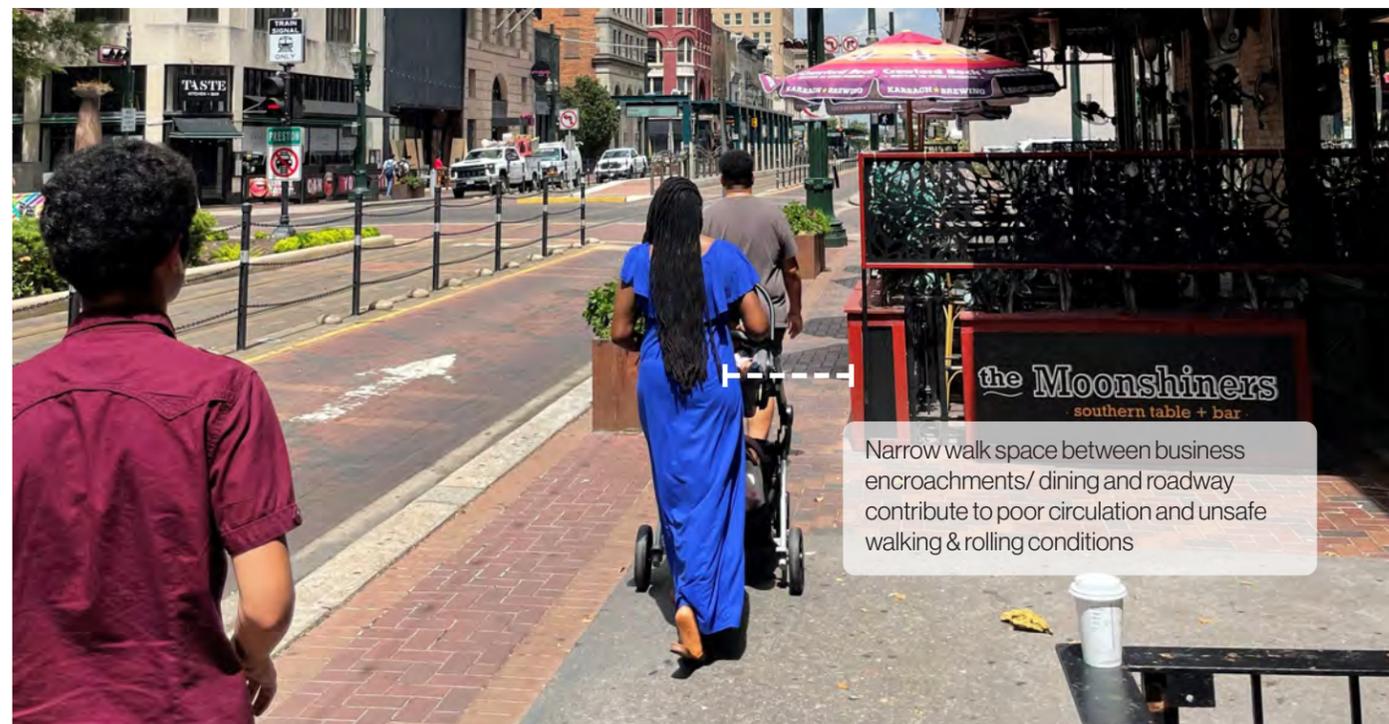
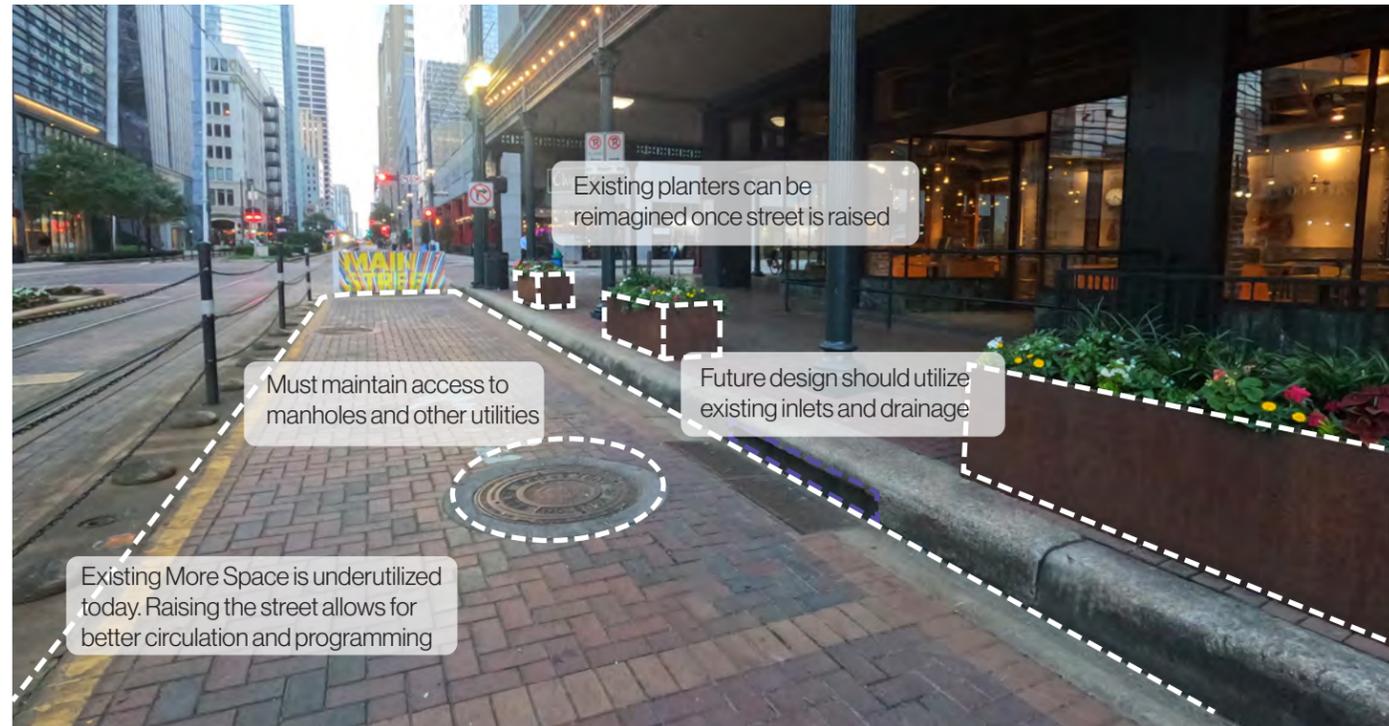


## AREA 4



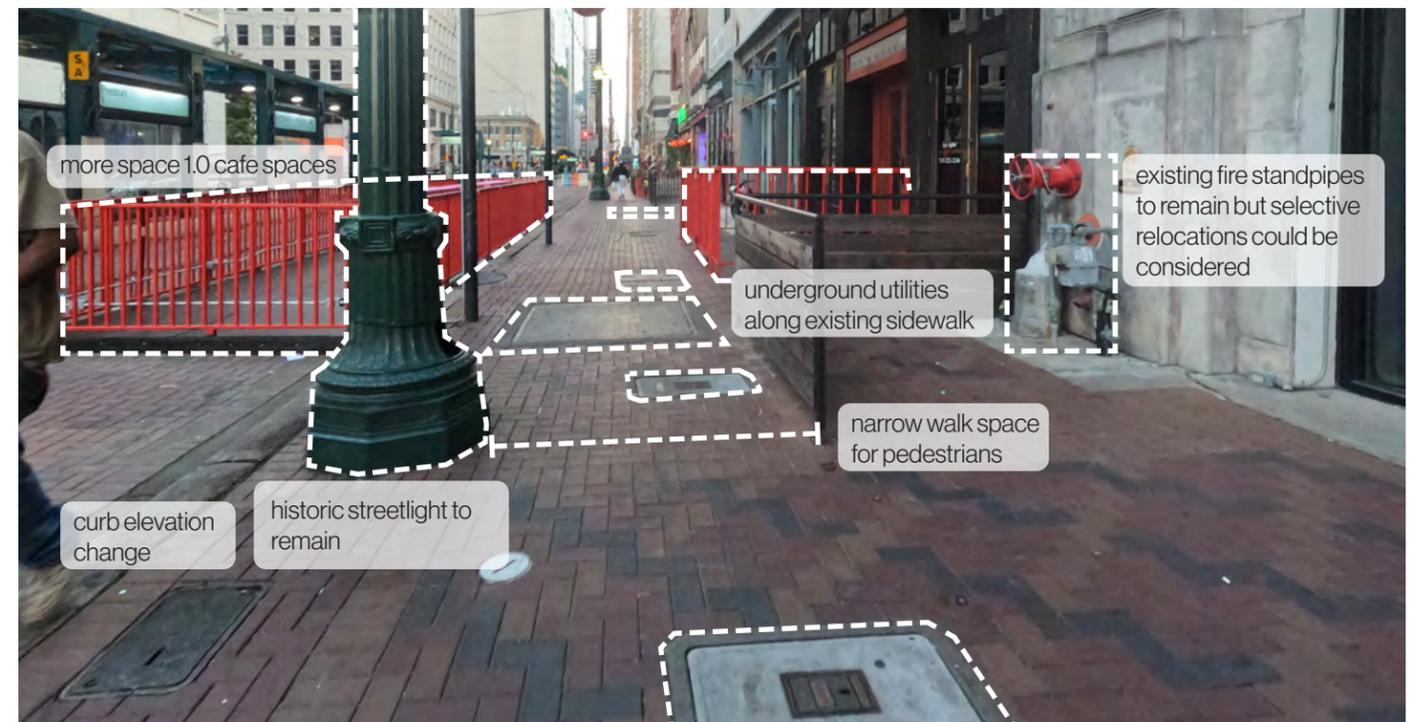
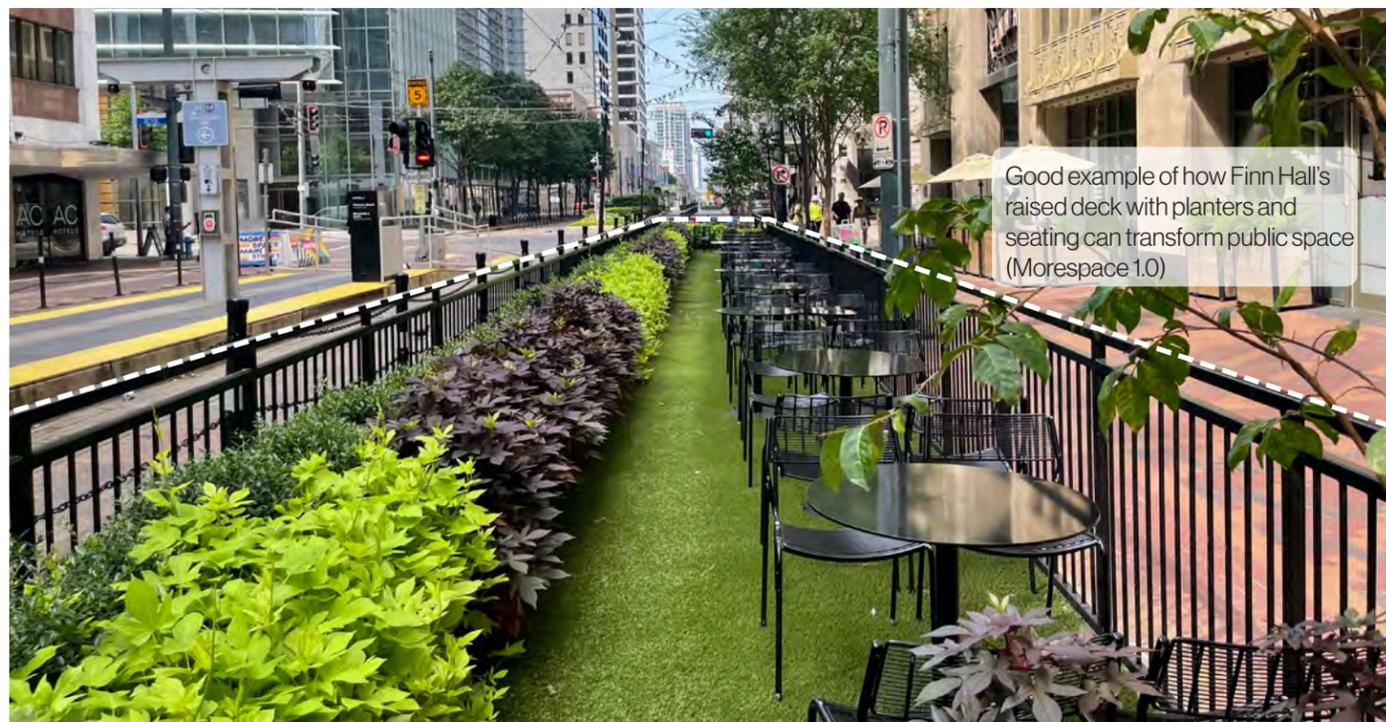
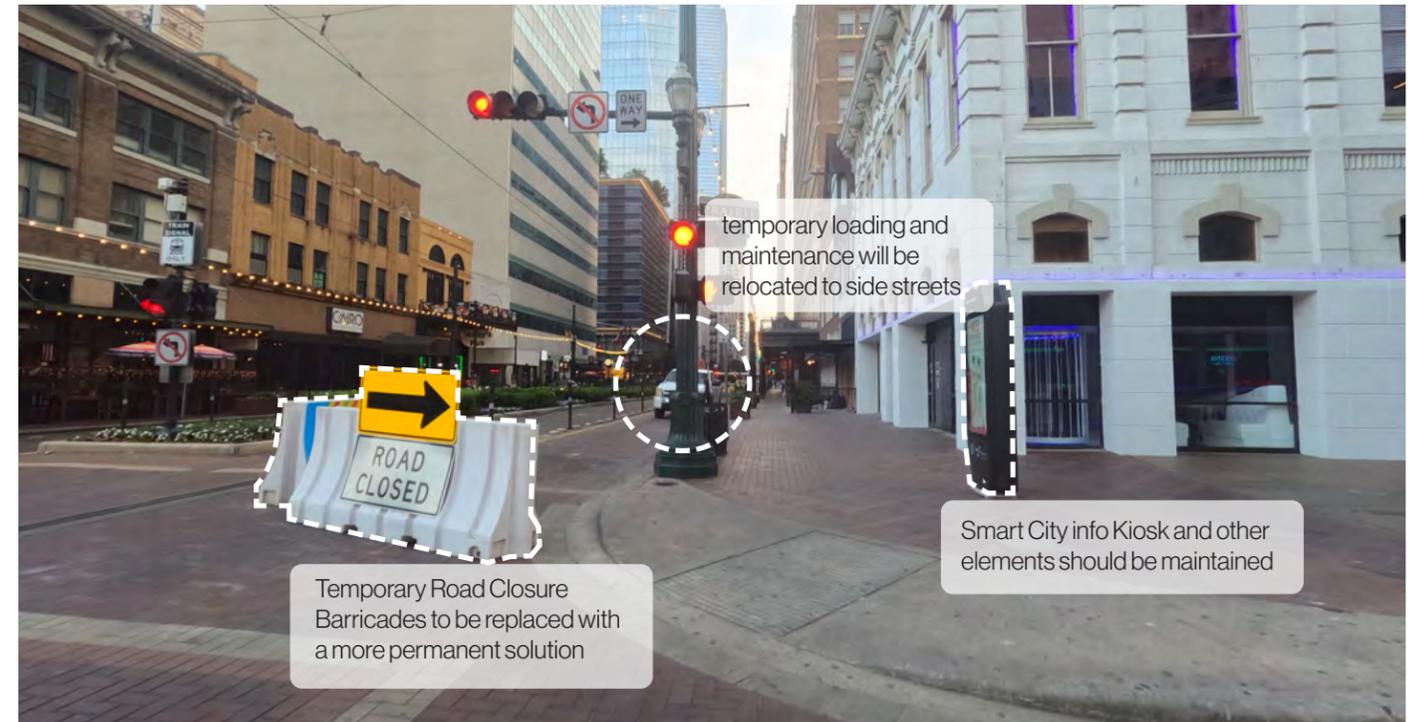
# PROJECT ISSUES + OPPORTUNITIES

Existing conditions were documented throughout the design study. Conditions that stand to be eliminated or improved include unattractive or poorly located utility boxes and streetlights that leave less than adequate space for pedestrian flow. Additionally, outdoor dining spaces—many prompted during the temporary More Space Program--created places for patrons to sit and linger. However, their placement, whether adjacent to existing cafes and bars or on closed streets next to the METRO line, are often inconsistent in character and dimension. These create challenges for pedestrian navigation and visual clutter.



# PROJECT ISSUES + OPPORTUNITIES

There are a number of existing uses along Main Street that are successful today, including the activated public spaces adjacent to Finn Hall which was constructed during the pandemic. Elements of human comfort such as planters, shade trees and festoon lighting at the Finn Hall location and at Main Street Square provide a precedent for future, permanent improvements that can be realized through the More Space Main Street 2.0 project. Additional conditions that will need to be addressed through this project include a need for better drainage and removing the varied elevation between the sidewalk and street, which impacts ADA access.



# 3

# Basis of Design

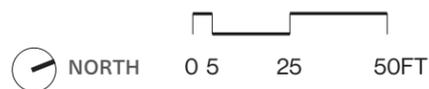
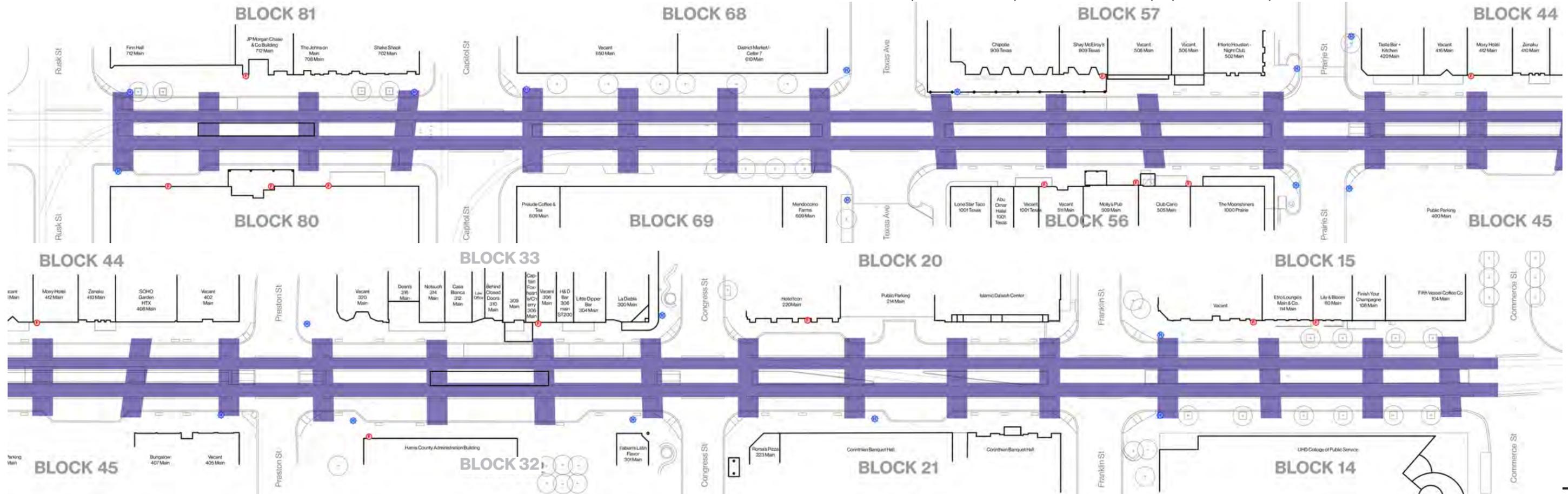


# BASIS OF DESIGN

## Supporting Diagrams

### METRO

The following diagrams and design criteria summarize the Basis of Design for METRO's needs, and the components that should be carried forward into detailed design and engineering. As much as possible, solutions for the final concept design are built off existing success on Main Street (particularly around Main Street Square). Strategies such as trench drains along the existing railing, the use of carefully placed trees, and vertical planting buffers between rail and pedestrians are all found on Main Street today. Continued coordination with METRO is required to shepherd the concept plan into implementation.



The primary requirement for designing around the METRO line is respecting the Overhead Catenary System (OCS) Safety Zone. This zone extends 8 feet around each electrified line down the length of the tracks and connects to the poles within the sidewalk. Vertical design elements like trees and shade structures should be avoided in these zones. The diagrams above and right indicate the pattern of OCS safety zones.

 Overhead Catenary System (OCS) Safety Zone

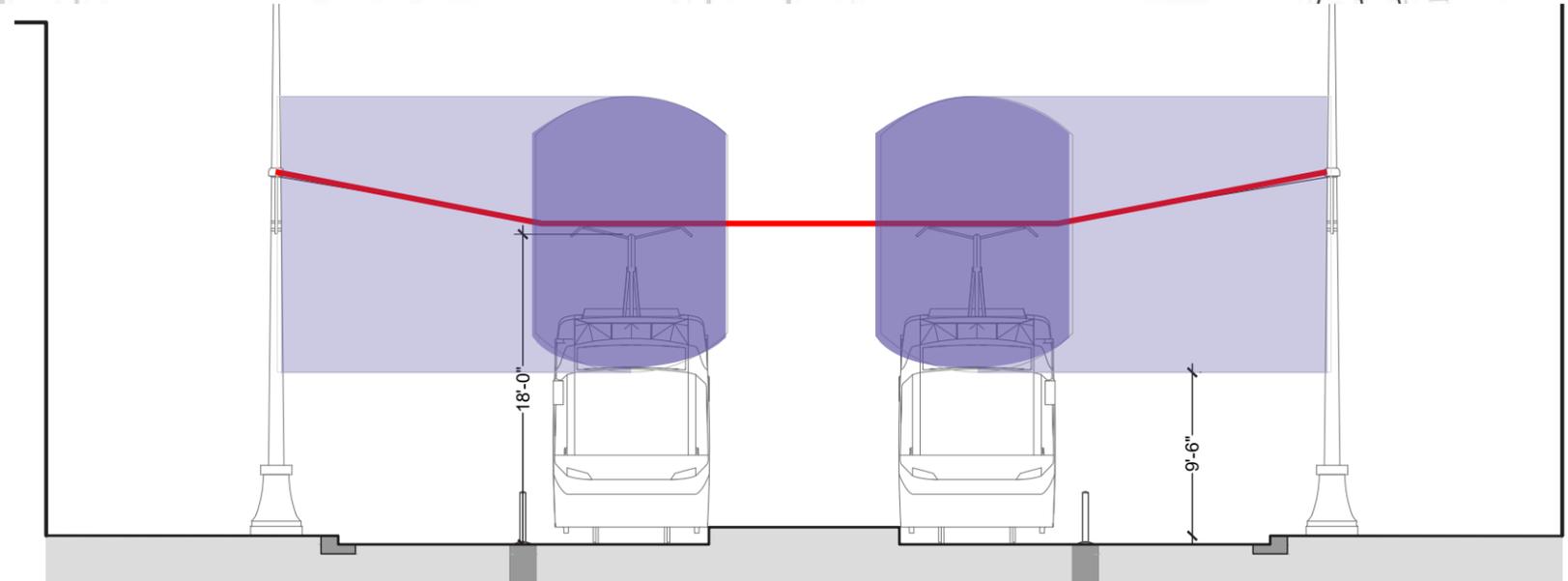


Figure 1: Overhead Catenary System (OCS) Safety Zone

# BASIS OF DESIGN CRITERIA

## METRO

**“Safety Zone”:** No obstructions in or around OCS Safety Zones and guidewires (see **Figure 1**).

- There are approximately 65’ pockets space with vertical clearance every 80’-0” or so for trees and shade structures.
- Explore design elements that can reasonably be located in or under the “Safety Zone” from OCS centerline. \*

**Platform Access:** Operations teams need access for on-going maintenance and repair trucks to park.

- Potential solution: Explore METRO-designated spaces on side streets and fire lanes.

**Emergency Access:** METRO PD + Houston PD should develop a coordinated emergency response system, particularly if train breaks down or derails and personnel need to lift doors without crawling under train.\*

- Explore potential use of fire lane access for emergency situations.\*

**Existing Operations Challenge for METRO-Management of deliveries to Main Street businesses:** deliveries currently block bus lanes and trains on side streets.

- Potential Solution: Explore METRO-designated spaces on side streets.

**Intersection Visibility:** Respect view triangles for METRO operators at intersections. (Exact view triangle dimensions to be determined with METRO based on needs of each block, platform and direction of travel.

- Design elements such as bollards or vegetative buffers at or below 36”.

### Additional Design Details:

**Buffer between pedestrians and trains:** Design elements should be applied in a targeted way, not extend the entire corridor, and not significantly impede visibility. Variations of the buffer may be explored to allow for both human comfort and safety as well as METRO maintenance/ access needs (see Figure 2 and 3).\*

**Promenade drainage system:** Capacity and maintenance must be self-sufficient and not overflow into METRO lines; trench drains, gutters, trees, tree debris, and trash need to be well maintained (see Figure 6 and 7).\*

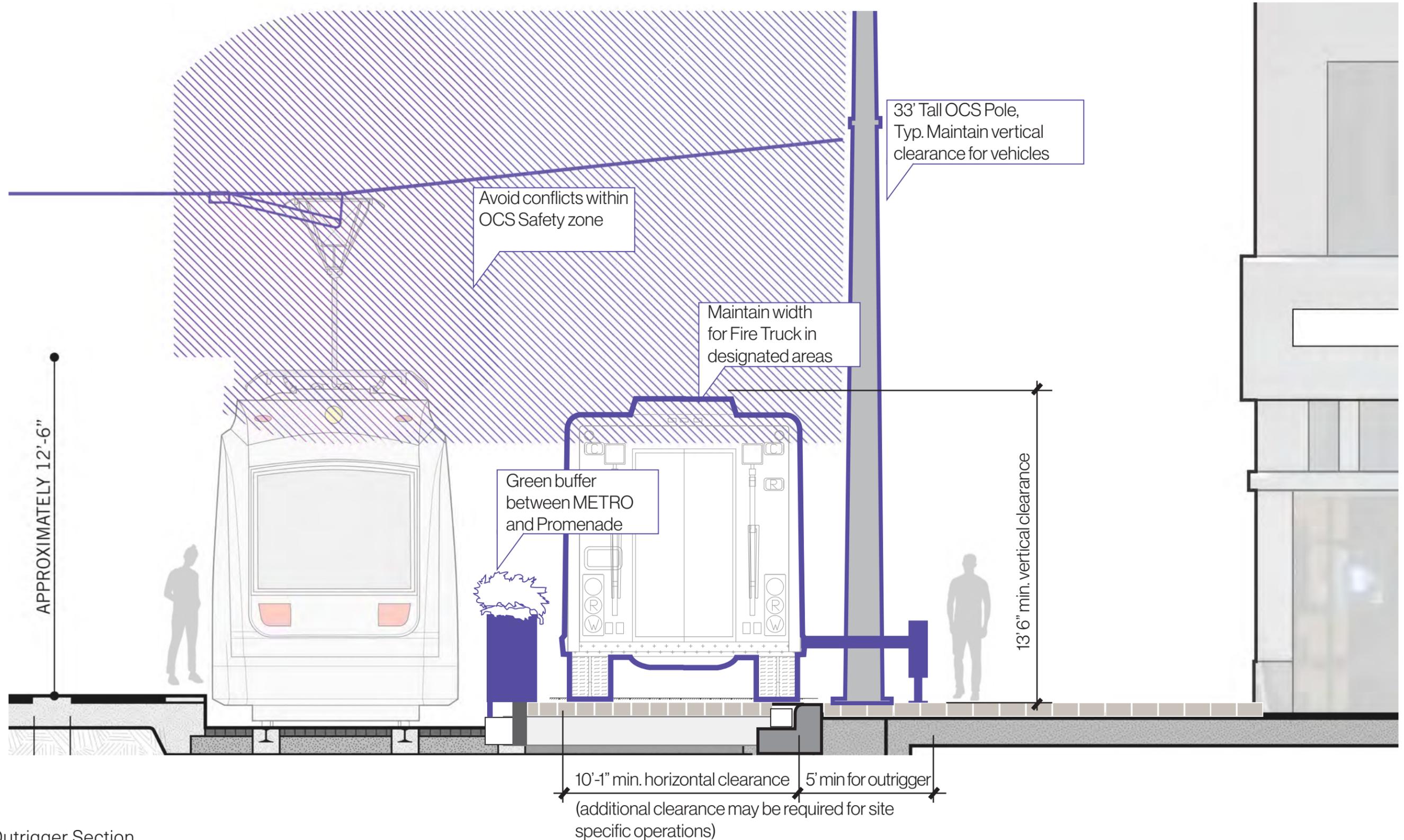
**Shade:** Trees, awnings or other structures should consider the minimum and maximum height requirements that does not obstruct the OCS Safety Zone and guidewires. Design will consider appropriate species selection and spacing of trees at maturity.

**Safety Buffer at METRO edge:** Raised planters can replace the existing chain and pole barrier system that exists today. Any solution must consider maximizing distance between train and walking path. Material selections should be approved by METRO to minimize conductivity and provide sufficient grounding.

\* Key issues to be resolved in the design and engineering phase of work.

**HOUSTON FIRE DEPARTMENT**

This diagram summarizes the Basis of Design for the Fire Department's needs, and the components that need to be carried forward into final design and engineering.



**Figure 2:** Outrigger Section

# BASIS OF DESIGN

## Supporting Diagrams

### HOUSTON FIRE DEPARTMENT

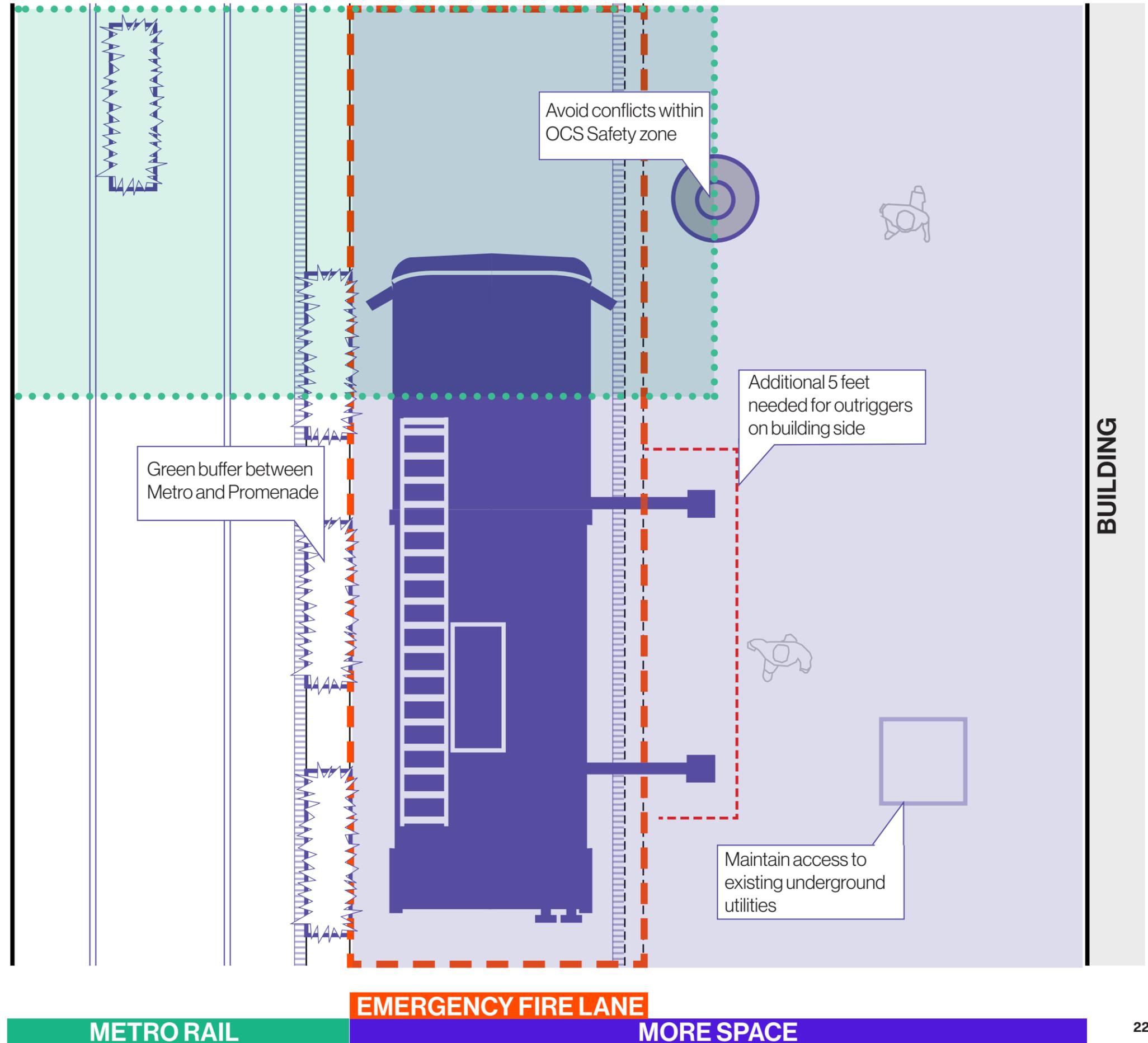


Figure 3: Outrigger Plan

# BASIS OF DESIGN

## Supporting Diagrams

### HOUSTON FIRE DEPARTMENT

PROPOSED MAIN STREET PROMENADE VS. FIRE LANE

With the closure of the vehicular travel lanes, the Fire Department and design team have collaborated to delineate several segments of Main Street that must remain accessible for fire trucks in the event of an emergency. These segments will be designed as the pedestrian walkway, and have the width and weight load requirements necessary for emergency situations.

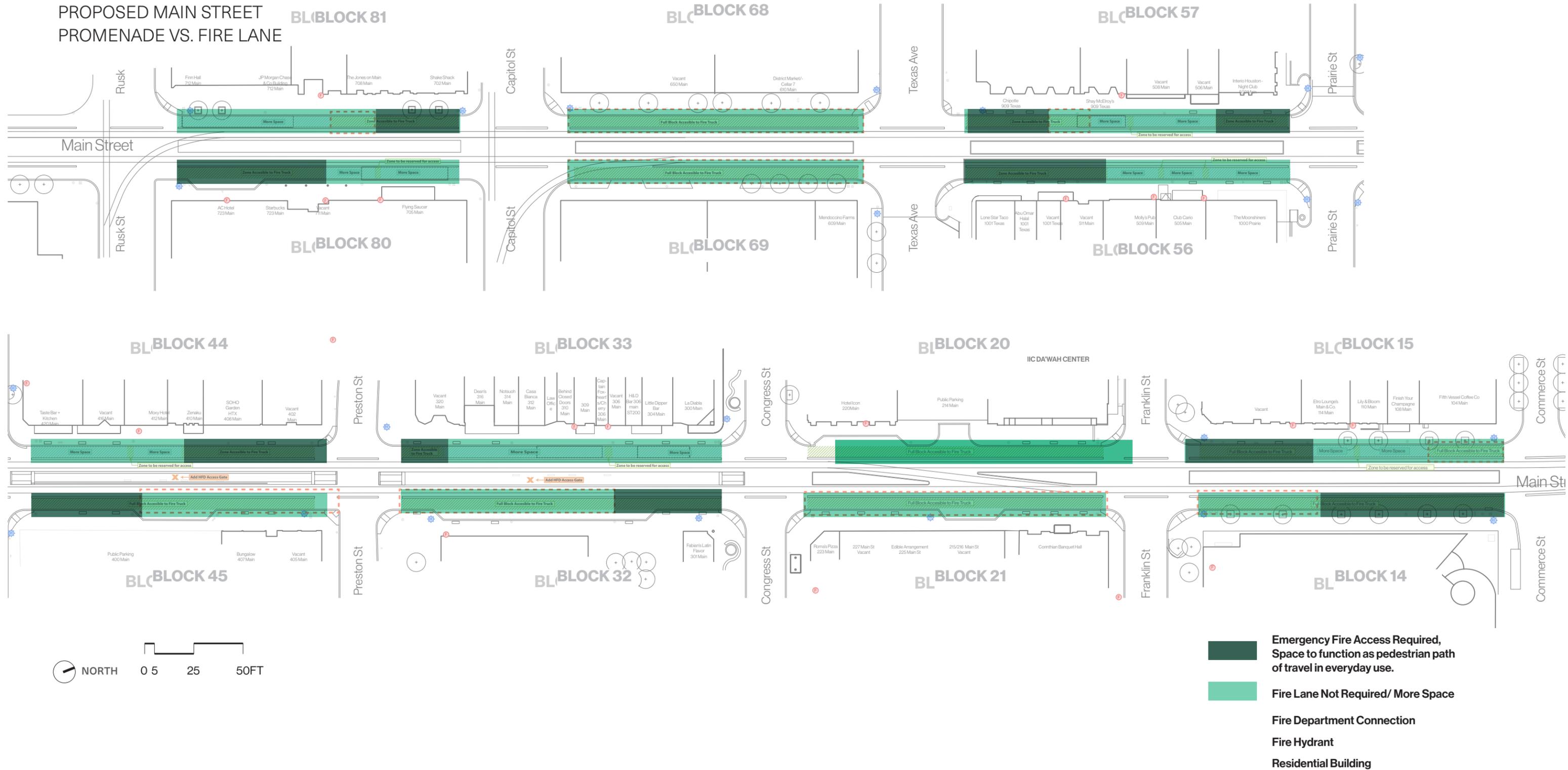


Figure 4: Fire lane that can be used for pedestrian path

# BASIS OF DESIGN

## Supporting Diagrams

### HOUSTON FIRE DEPARTMENT

In order to determine which spaces on Main Street require or do not require emergency fire access, the Fire Department is taking a comprehensive approach based on building height, standpipe locations, and overall block access. This diagram illustrates how the Fire Department plans to have emergency access to all buildings in the project area.

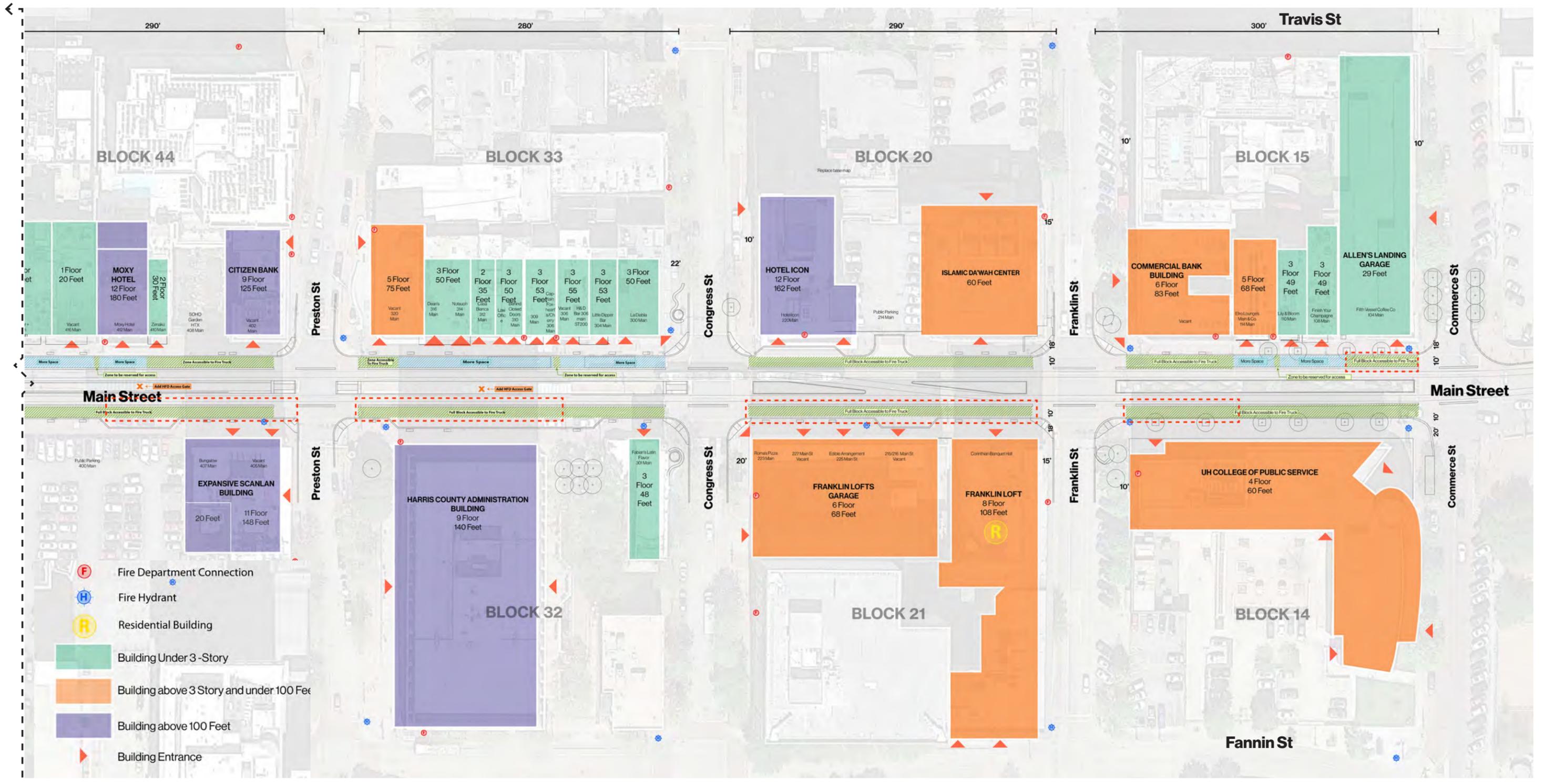


Figure 5: Building heights for firetruck access

# BASIS OF DESIGN

## Supporting Diagrams

### HOUSTON FIRE DEPARTMENT



# BASIS OF DESIGN CRITERIA

## Houston Fire Department

### **Difference between ladder and engine truck lanes:**

Ladder trucks will need space for outriggers, engines will not.

- Explore designated pad sites in locations where ladder trucks and outriggers are required; these locations should be free of obstruction. Exact length and width of pad sites will be determined with additional meetings with HFD.\*

**Access to standpipes:** Fire trucks should be within 100' to 150' of a standpipe, but a standpipe may be moved IF a ladder is not needed and 150' hose pull can reach. Exact locations to be verified by HFD in later phases of design.

### **Building accessibility requirements** (see Figure 4 and 5):

- Ground ladder can be used for buildings 3 stories and under.
- Ladder access needed for residential and buildings over 3 stories.
- Buildings over 100' have limited access by a ladder truck.
- Only need ladder truck space in front of buildings that cannot be serviced on sidestreet (midblock buildings over 3 stories tall).

**Weight load of proposed flushed sidewalks:** Needs to hold truck and outriggers where needed; load capacity for sidewalks need to be verified with HFD.

**Clearances needed for trucks and outriggers:** Vertical clearance for trucks: 13'-6"; Fire trucks are 10'-1" wide, ladder trucks need an additional 5' on outrigger side (building side) for fighting fires (see Figure 2 and 3).

- Morespace 2.0 will finalize proposal for designated fire lanes versus cafe/ outdoor dining/ park spaces based on emergency access needs. Additional meetings with HFD is needed for confirmation of specific location and length.

### **Additional Design Details:**

**Fire will shortjack ladder trucks in all Main Street emergencies:** Outriggers to be put on one side, the side they are extending the ladder (building side).

**Space for outriggers:** Ladder truck outriggers will need to be placed on sidewalks at specific pad sides in case of emergency; these spaces need to be rated for fire truck use.

**Fire access across METRO line:** No ladders can extend across Metro because of the catenary system, but pump hoses can pull across through designated gates at stations.

\* Key issues to be resolved in the design and engineering phase of work.

# BASIS OF DESIGN

## Supporting Diagrams

### Stormwater, Police, Utilities

This diagram summarizes the Basis of Design for the needs of COH Public Works, Houston Police Department, CenterPoint and the components that need to be carried forward into final design and engineering. To build off of existing success and solutions, this concept replicates currently existing systems that exist as much as possible.

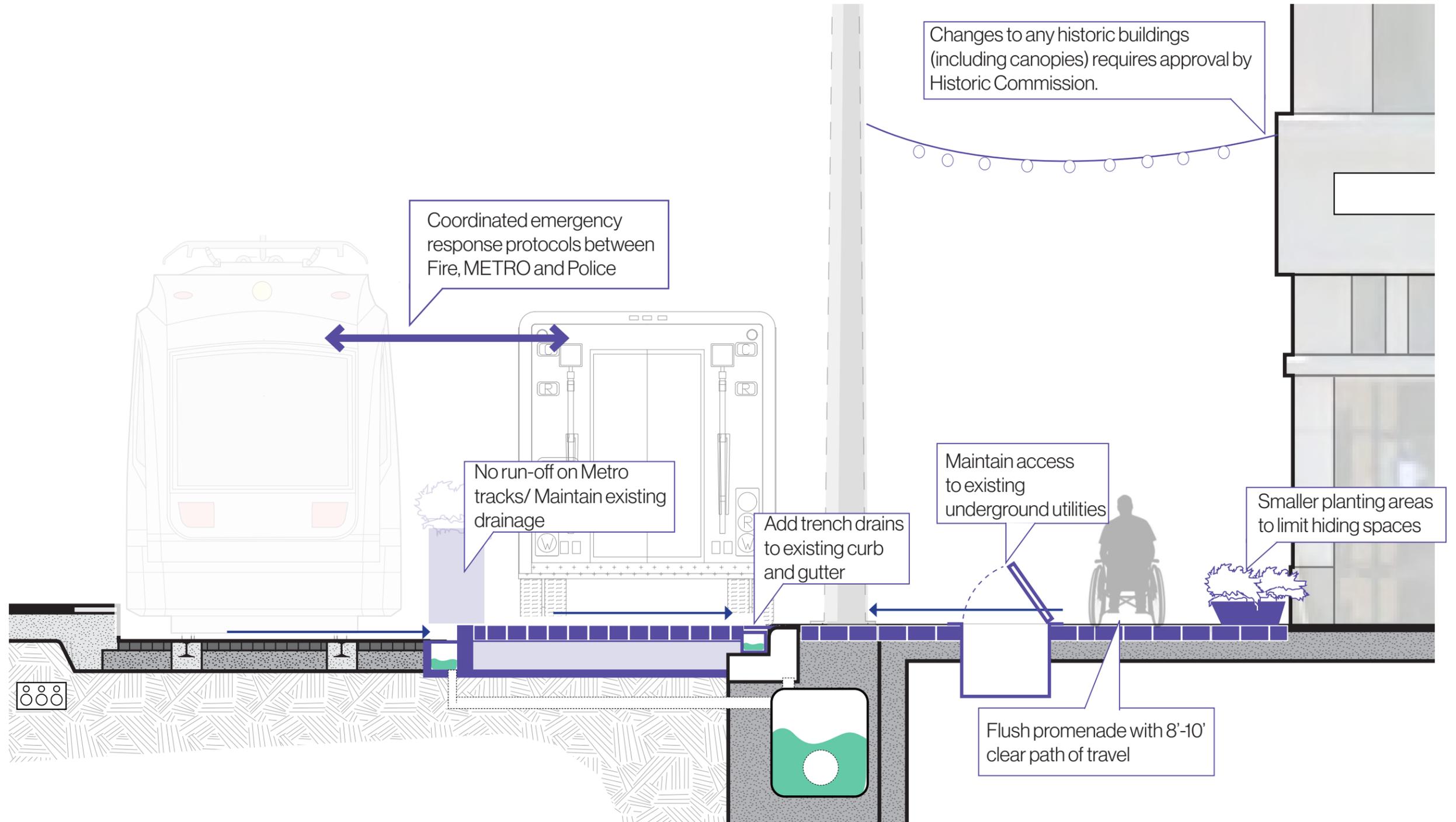


Figure 6: Drainage

# BASIS OF DESIGN

## Supporting Diagrams

### Stormwater, Police, Utilities

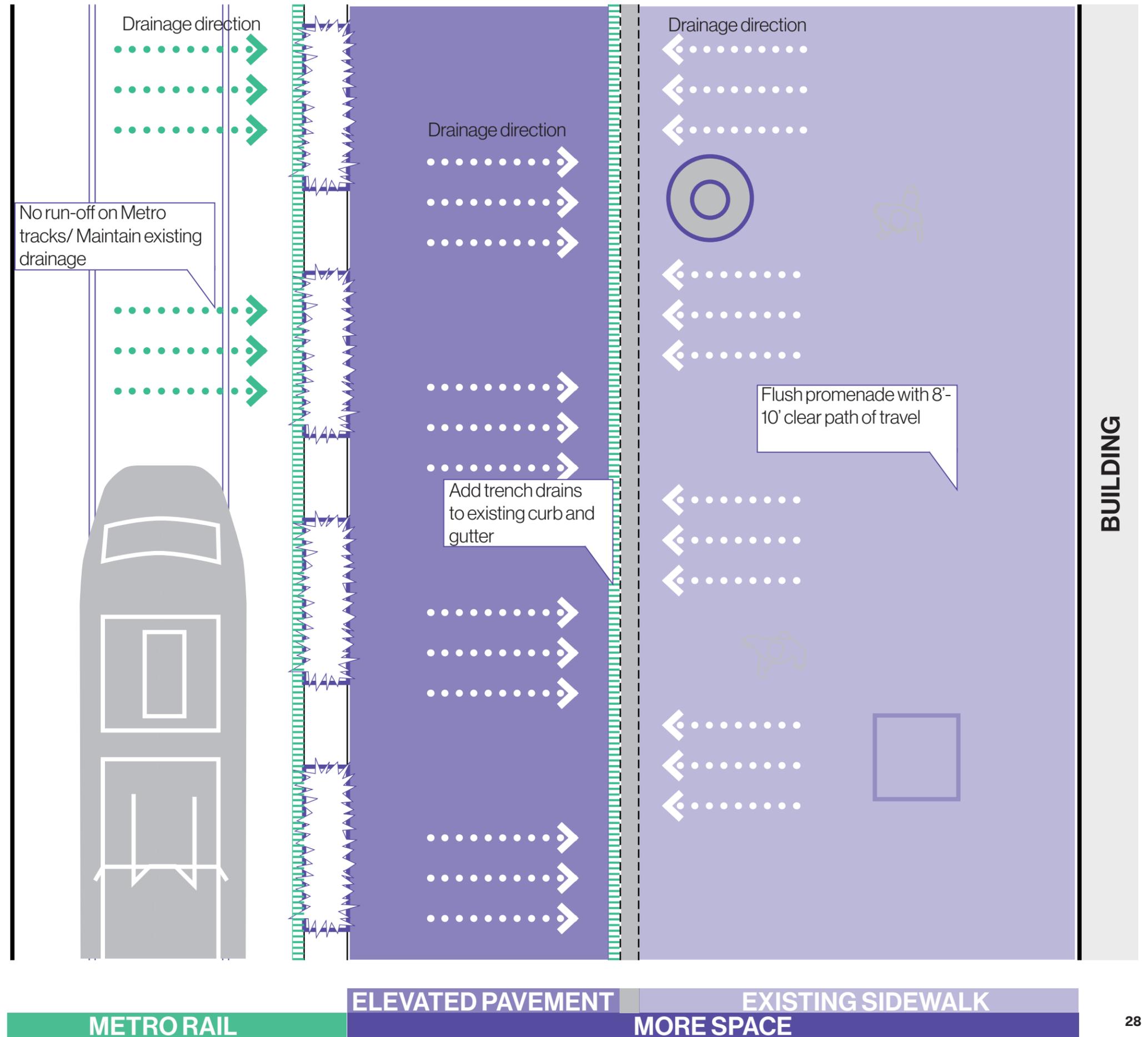


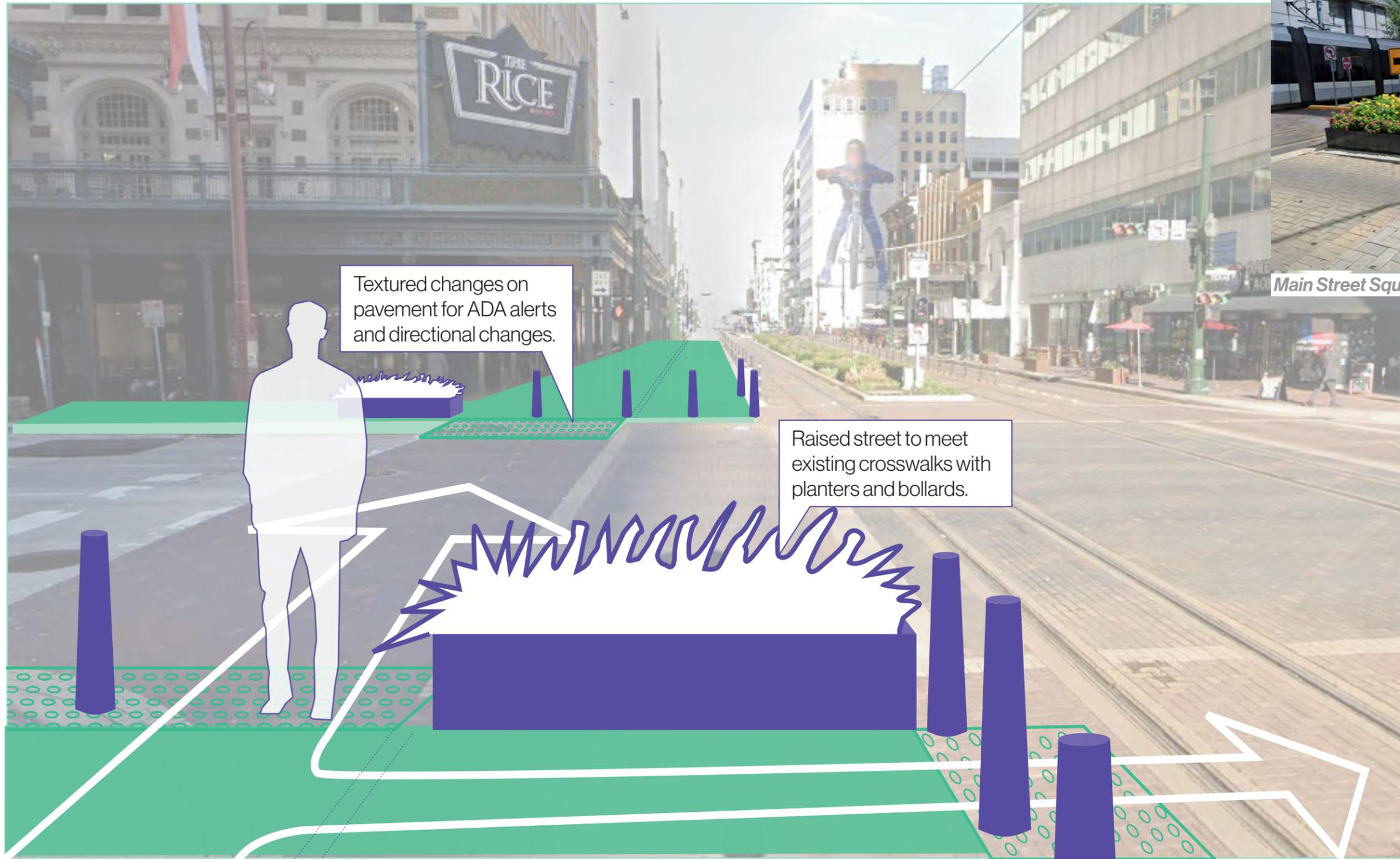
Figure 7: Drainage-plan

# BASIS OF DESIGN

## Supporting Diagrams

### Safe Crossings

Creating safe crossings is critical along a new pedestrian prioritized Main Street. Existing cross-walk alignment will be maintained with improvements to the corners to include “squaring” off corners to maximize the pedestrian zone and preventing car turns with the addition of planting buffers and/or bollards. There are several examples of this intersection design on Main Street, specifically around Main Street Square. While raising the intersection is not currently in the final concept plan, it could be something considered in the future as the final engineering develops.



Main Street Square

Figure 8: Safe Crossings

# BASIS OF DESIGN CRITERIA

## Stormwater

**Utilize existing stormwater infrastructure along Main Street** (See Figure 6 and 7).

- Assume raised condition drains towards existing curb. Water shall be captured in trench drain flush and adjacent to existing curb.
- \*Note: The use of trench drains is not required but offered as one potential solution. Engineering solutions that can utilize existing infrastructure and optimize storm water conveyance are encouraged.
- Water should not back up into METRO line with proposed promenade drainage. Assume water drains toward raised paved condition and captured in additional trench drain in approximate location of existing buttons/ guardrail.

## Visibility

**Ground level activities for non-dining uses:** Hotels and residential buildings should be more open at ground level entrances.

- Design should be plaza-like, open and free of obstruction for high visibility.

**Lighting:** Existing light poles to be maintained in current locations (see Figure 9 and 10).

- Festoon lighting attached to historic buildings to be avoided. Any changes to historic buildings requires approval by Historic Commission.
- Design can consider independent structures for catenary systems.
- Additional lighting may be desired and is encouraged. Refer to Downtown lighting master plan\* for additional information.

**Tree Shade:** Trees (planted underground or in above grade planters) should be carefully located in areas clear of underground utilities.

- Design will consider tree species and placement with optimal canopy, limbed up clear height and placement clear of underground utilities (see Figure 9 and 10).

\* Key issues to be resolved in the design and engineering phase of work.

## Access, Accessibility + Safety

**Pedestrians should have a continuous 8'-10' clear path of travel at all time.**

- Path of travel should be designed for comfort, safety and ease of access into buildings.
- Alignment: Path of travel can occur either along building frontage or along current drive lane but should not change alignment more than (1) time per block.
- Paving textures and patterns to alert ADA users about circulation.
- Fire Lane: When emergency access for Fire is required on a block, the laneway can double as the clear path of travel for pedestrian movement. This allows additional space for outdoor dining or shared social space in front of buildings.

**Safe Crossings:** Ensure safe crossings between METRO and cross-streets along Main Street (see Figure 8).

- Curved corners for automobile turning radii will be removed.
- Raised planters, bollards and clear striping will protect pedestrians from proximity to METRO train. Design will consider more visually substantial, removable barrier at fire lanes to complement fixed planters and direct pedestrian crosswalks.
- Adjusted signalization to ensure adequate cross time for pedestrians.

**Utility interactions\*** - Centerpoint vaults, manhole covers, duct banks, valve shut-offs, water meters and various other utilities are assumed to remain in current locations. Further discussion with relevant agencies is required to determine adequate access for routine operations.

- A survey should be completed to locate any and all utilities prior to next phase of design.
- Note: while effort will be made to maintain convenient access to utilities, some changes are inevitable and cross-discipline coordination will be required to strike a balance of needs.

# BASIS OF DESIGN

## Supporting Diagrams

### Activities and Programming

This diagram summarizes the Basis of Design for Activities and Programming, and the components that need to be carried forward into final design and engineering.

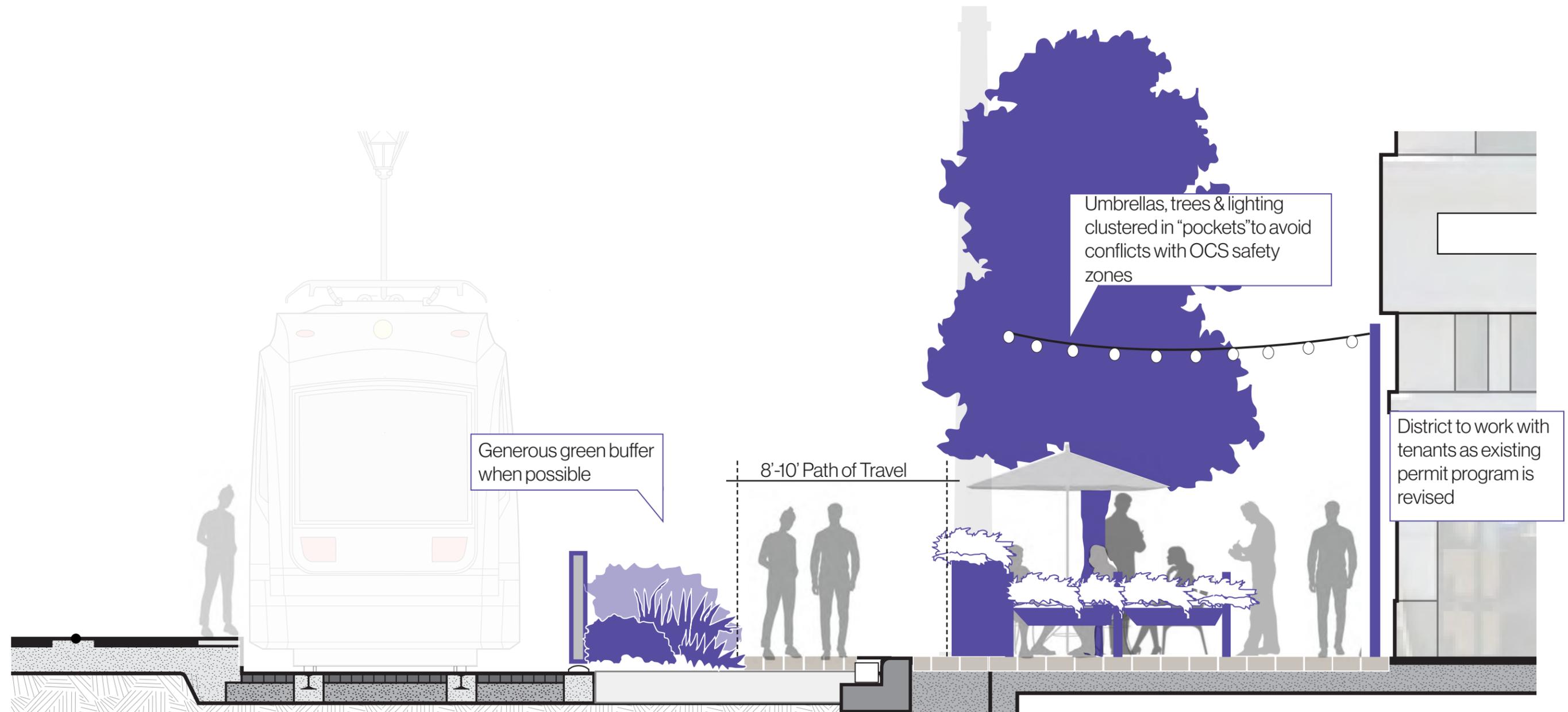


Figure 9: Active and Programming section

# BASIS OF DESIGN

## Supporting Diagrams

### Activities and Programming

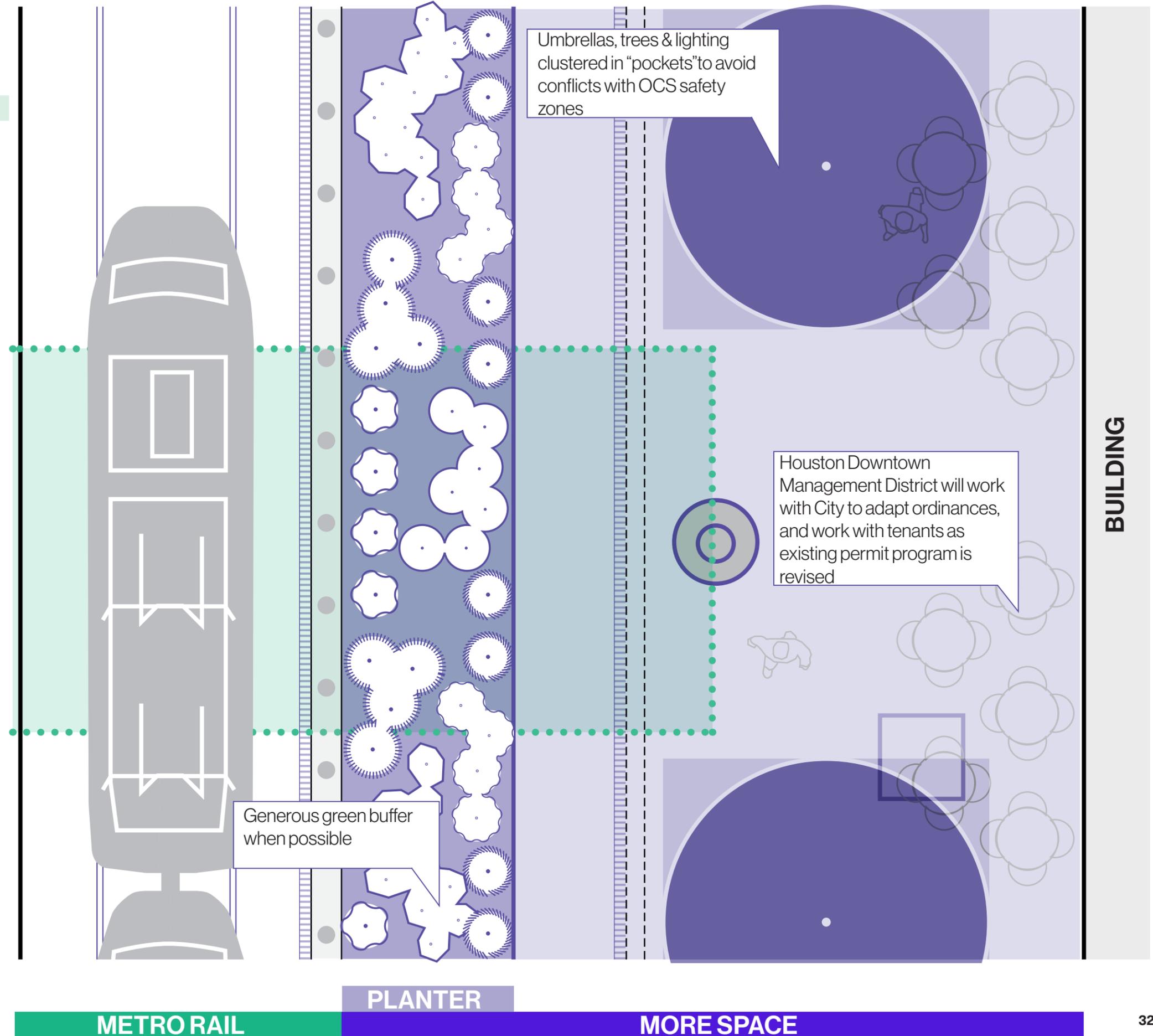


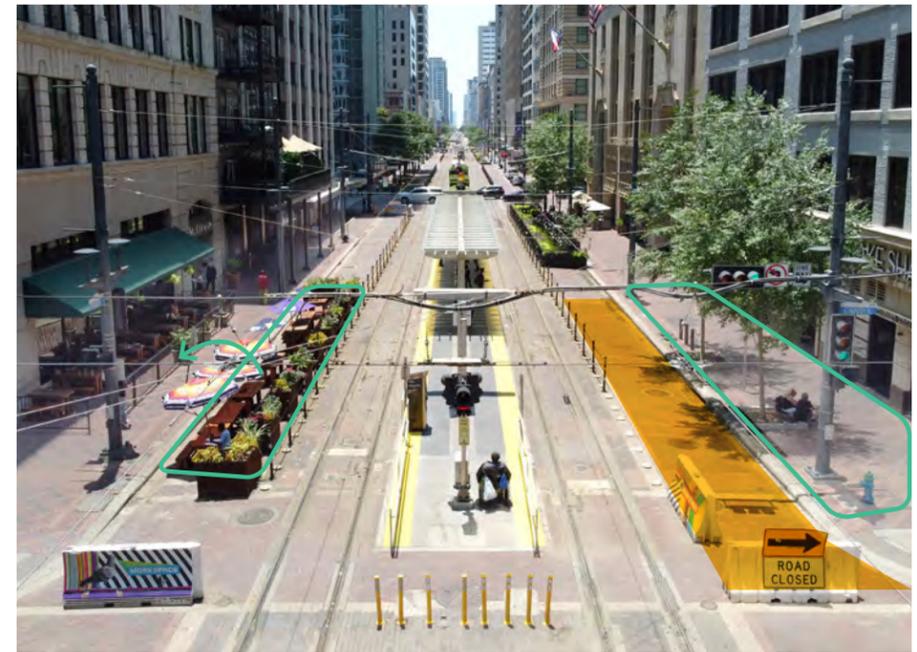
Figure 10: Active and Programming plan

# BASIS OF DESIGN

## Supporting Diagrams

### Activities and Programming

A “kit of parts” approach to building Main Street provides several benefits including the flexibility to adapt the public space over time to accommodate the changing of tenants and phasing over time. With the Houston Downtown Management District’s oversight and management it also allows interim activation of the street during times of ground floor storefront vacancy.



### Restaurant/Cafe

### Social Space

### Opportunity Space



Figure 11: Activities and Programming

# BASIS OF DESIGN CRITERIA

## Activities and Programming

**Bars and clubs:** Bars and nightclubs do not require traditional table/chair service adjacent to their business.

All privately enclosed areas are discouraged unless they can be activated during daytime.

- Design around such businesses can be flexible and creative to accommodate a park-like setting.

**Restaurants and table service:** Restaurants with table service (and alcohol service) prefer cafe space adjacent to building.

Restaurants without table service can have cafe space away from building frontage.

**Flexibility:** Outdoor amenities between cafe and dining, park features and event spaces should consider flexible enough to be phased over time; programs should be capable of being readily changed for different uses as tenants change or district desires.

- Design should utilize a kit-of-part approach to developing outdoor amenities to achieve flexibility and design cohesion across Main Street.

**Opportunity sites:** Blocks with large blank walls and minimal activation are considered opportunity sites for District placemaking interventions.

- Programming kit-of-parts considers amenities for farmers markets, pop-up tents, music venues, event programming and other tactical interventions.

**Human comfort:** Add elements for human comfort where possible.

- Design considers trees and structures for shade, planters, casual seating, turf grass.
- Benches to be designed to promote activities, but discourage sleeping.



\* Key issues to be resolved in the design and engineering phase of work.

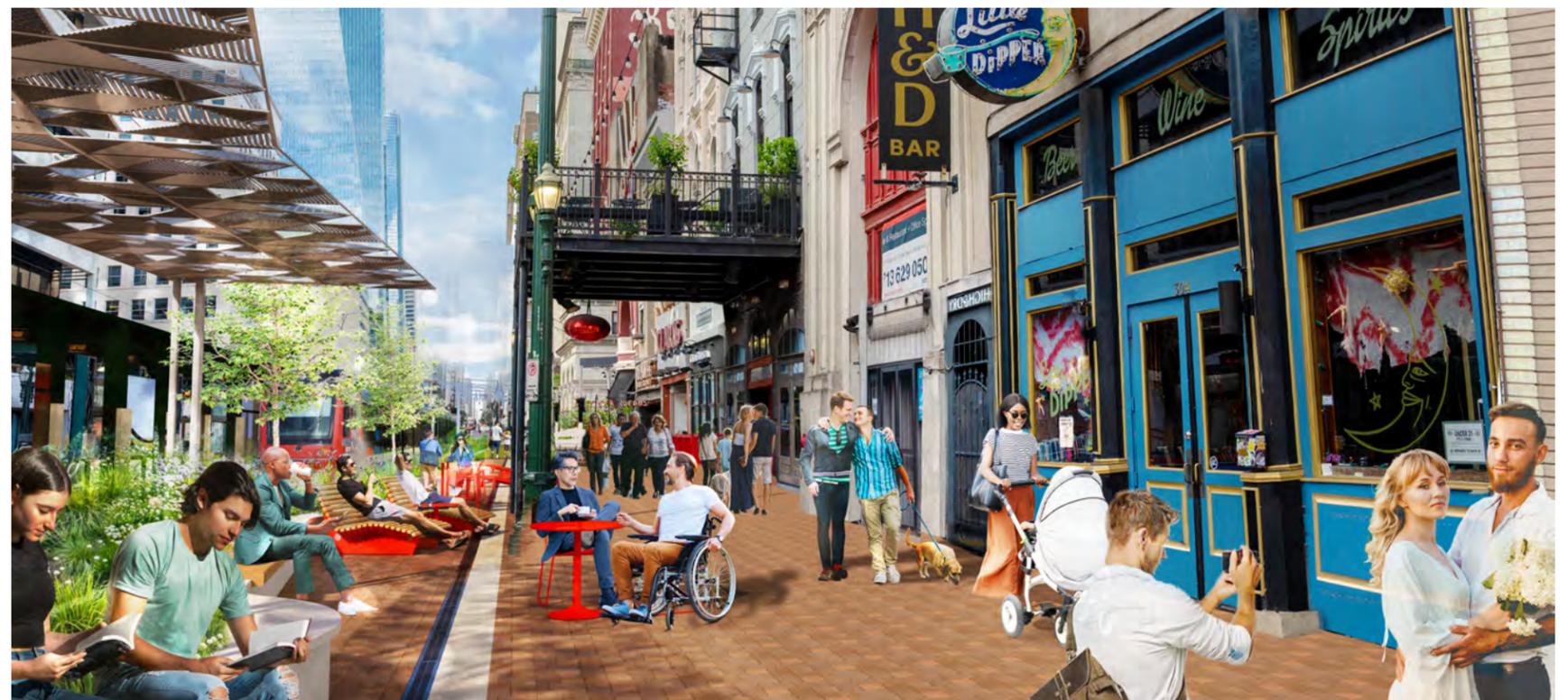
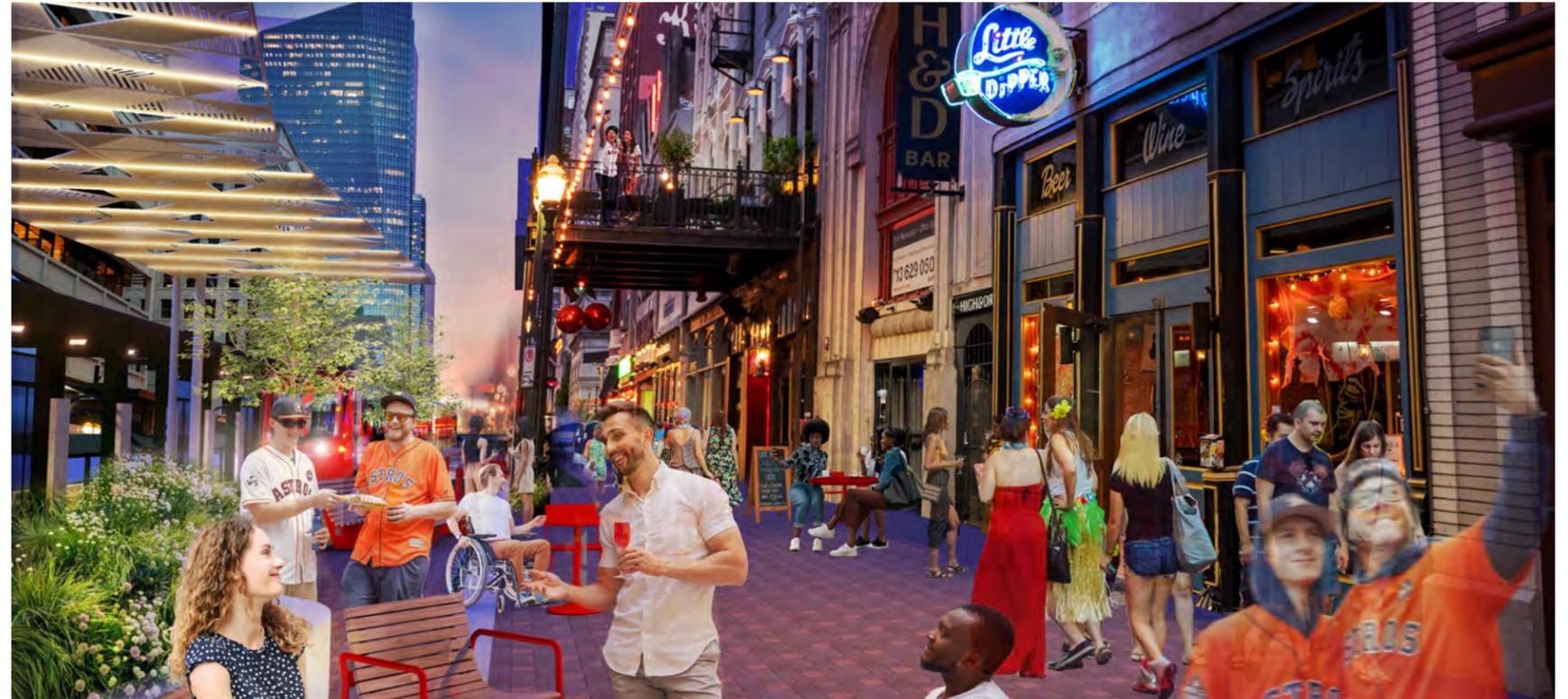
# BASIS OF DESIGN CRITERIA

## Governing Structure

### Operations and maintenance

- Downtown Houston+ via the Houston Downtown Management District are working closely with the City on a path forward for management and maintenance of the future Main Street, including the review of ordinances and City codes. This governing structure stands to be finalized in 2024.
- Future consultant team should continue to work with Downtown Houston+ and the City of Houston to define the appropriate boundaries of a future overlay zone (or similar governance structure) as part of final detailed design. This overlay zone should create unique opportunities for the District to create programming and host special events.

## 18-Hour Activation



\* Key issues to be resolved in the design and engineering phase of work.

# BASIS OF DESIGN CRITERIA

## Vehicle Access

**Access:** The proposed design assumes that vehicular through-traffic is not permitted within the 9-block study area with (3) exceptions:

- The east side of 600 block Main\* (for 609 Main Tower)
- The west side of 200 Main\* (for parking lot access)
- The west side of 800 Main (for JW Marriot)
- Future recommendations could consider side street access for 609 Main and land acquisition for parking lot at Congress.

## Other Important Design Details

**Historic Main Street quality:** Emphasize the unique historic qualities of Main Street.

- Design assumes integration of elements such as festival lighting, brick pavers, existing lightpoles, preservation of corridor views, historic architecture and classic forms.

**TABC policies:** When patrons carry drinks out to publicly-accessible seating areas. Final resolution to be determined.\*

**Restroom requirements:** When businesses expand outdoor occupancy, and there are more open promenade spaces for people, additional restrooms will need to be provided.\*

**Attachments or separations from buildings:** Permanent structures must be separated a certain distance for fire, and permanent attachments require building permit updates.

**Electricity source:** To be determined where electricity sources will be pulled from should street amenities require it.\*



\* Key issues to be resolved in the design and engineering phase of work.

# BASIS OF DESIGN CRITERIA

## Gateway at Main & Commerce

This intersection plays a key role for Downtown Houston, Buffalo Bayou Partnership and the University of Houston Downtown Campus. Design Considerations for this intersection include:

- Celebration of the terminus to Main Street and the birth place of Houston along Allen's Landing
- A "gateway" element and its surrounding improvement at this intersection should:
  - Be iconic and visible in order to draw people from the interior of Main Street to Commerce
  - Be designed as a 360 degree feature- recognizing that visitors will approach from all angles
  - Celebrate Houston's history- recognizing Allen's Landing as the birthplace of the City
  - Improve traffic control and clear wayfinding
  - Improve pedestrian comfort (shade, lighting, seating, etc)
  - Anticipate activation at this location for seasonal events, night and day
  - Contribute to the establishment and branding of a "North Campus"- that includes the convergence of trails, open spaces and businesses.
  - Must work with METRO safety requirements- especially as it relates to Overhead Catenary System Safety Zones
- The "gateway" design should not preclude opportunities for future access or park improvements along Buffalo Bayou

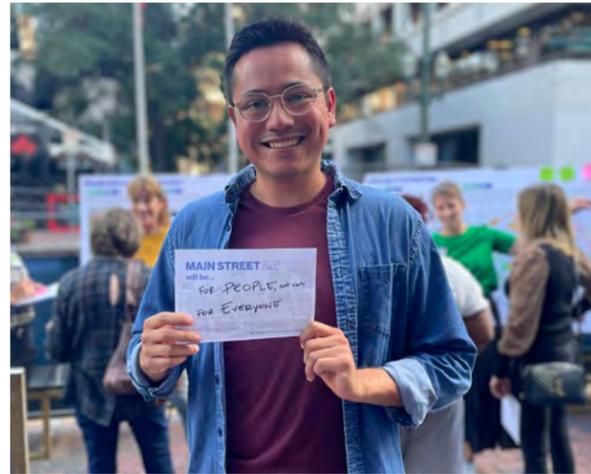


# BASIS OF DESIGN CRITERIA

Main Street 2.0 should be...

# Main Street 2.0 will be for everyone!

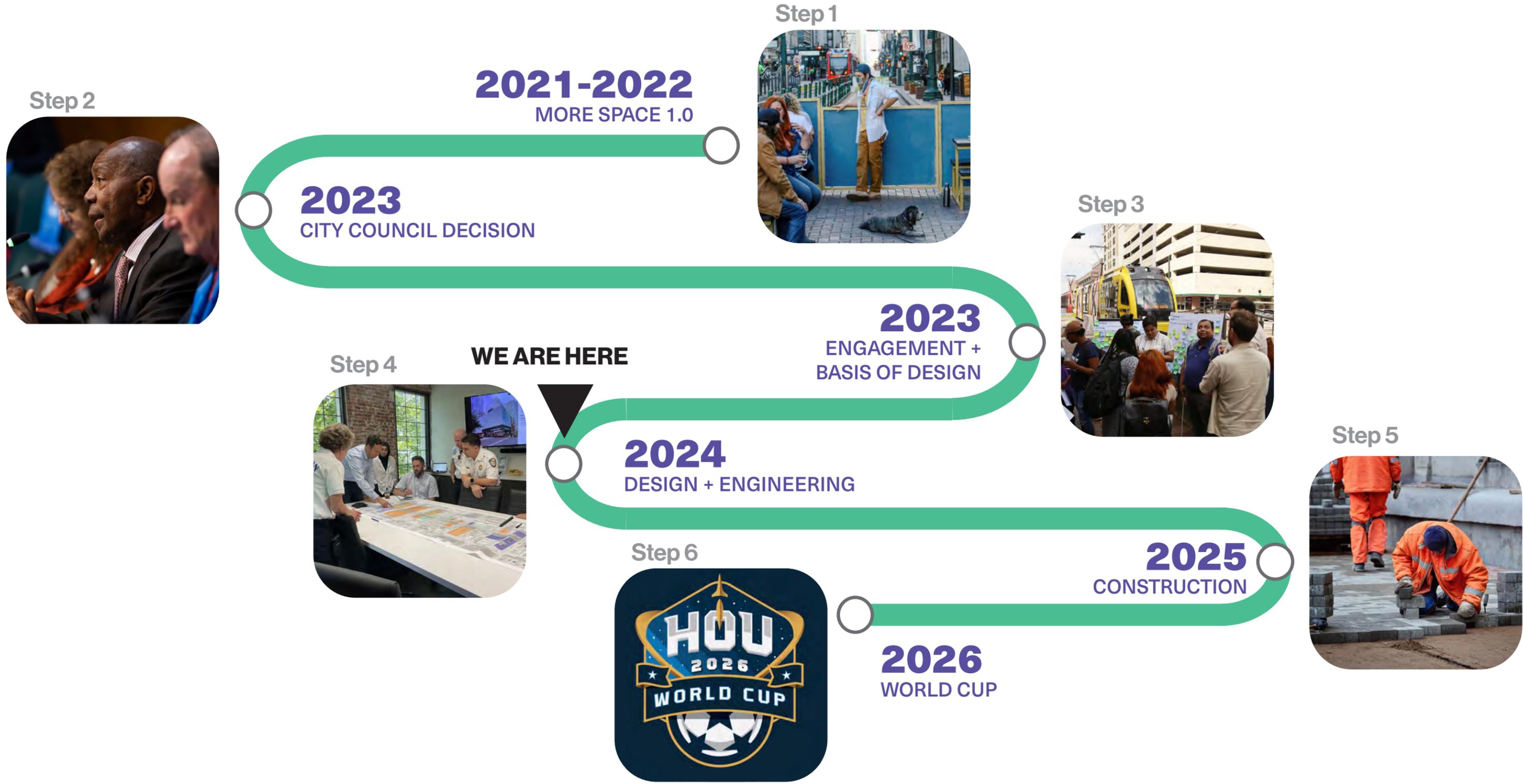
## Safe and accessible for all ages, abilities, and users



# PROPOSED PROJECT TIMELINE

## Planning Concept to Implementation

This document marks the conclusion of the Engagement and Basis of Design phase, resulting in a Final Concept Design. From here the project will move into final design and engineering in 2024, construction in 2025, and be open for the World Cup games in 2026.



# Morespace Main street 2.0

Basis of Design for Engineering Phase

## Downtown Houston+ Web Design Walk Through

*(no materials - verbal/presentation)*

## SCI Agreement

Execution Version

DEVELOPMENT AGREEMENT

Between

DOWNTOWN REDEVELOPMENT AUTHORITY

and

SCI CAPITAL HOLDINGS, INC.

Dated as of the Effective Date

## DEVELOPMENT AGREEMENT

This Development Agreement (“**Agreement**”) is made as of the Effective Date (hereafter defined) by and among the DOWNTOWN REDEVELOPMENT AUTHORITY (the “**Authority**”), a public non-profit local government corporation created and organized under the provisions of Chapter 431, Texas Transportation Code, and authorized and approved by the City of Houston, Texas (the “**City**”), acting by and through its governing body, the Board of Directors (the “**Authority Board**”) and acting on behalf of REINVESTMENT ZONE NUMBER THREE, CITY OF HOUSTON, TEXAS (the “**Zone**”), a tax increment reinvestment zone created by the City pursuant to Chapter 311 of the Texas Tax Code, as amended (the “**Act**”), acting by and through its governing body, the Board of Directors (the “**Zone Board**”), and SCI CAPITAL HOLDINGS, INC., a Delaware corporation (the “**Developer**”).

### RECITALS

By Ordinance No. 1995-1323, adopted by the City Council of the City (“**City Council**”) on December 13, 1995, the City created the Zone pursuant to the Act and appointed the Zone Board.

By Resolution No. 99-39, adopted by City Council on June 30, 1999, the City authorized the creation of the Authority to aid, assist and act on behalf of the City in the performance of the City’s governmental and proprietary functions with respect to the common good and general welfare of the area covered by the Zone.

By Ordinance Nos. 1998-1204, 2005-1049, 2007-1422, 2011-988, and 2019-983 adopted by City Council on December 16, 1998, December 14, 2005, December 12, 2007, November 16, 2011, and December 4, 2019 respectively, the City approved the annexation of additional property into the boundaries of the Zone.

The City, the Zone and the Authority have entered into that certain Agreement dated April 5, 2000, approved by the City pursuant to Ordinance No. 2000-240 (as may have been amended from time to time, the “**Downtown Agreement**”), pursuant to which the City has delegated to the Authority the power and authority to administer the Zone including, but not limited to, the power to engage in activities relating to the acquisition and development of land, the construction and improvement of infrastructure in the Zone, entering into agreements with the Developer and other builders in the Zone, and the issuance, sale or delivery of its bonds, notes or other obligations in accordance with and subject to the limitations set forth in the Downtown Agreement.

The Zone Board adopted and submitted to City Council for approval a Project Plan and Reinvestment Zone Financing Plan for the Zone (the “**Original Project Plan**”), and by Ordinance No. 96-911, adopted by City Council on September 11, 1996, the City approved the Original Project Plan. The City approved subsequent amendments to the Original Project Plan by Ordinance No. 98-1205, adopted by City Council on December 16, 1998, Ordinance No. 1999-828, adopted by City Council on August 11, 1999, by Ordinance No. 2005-1050, adopted by City Council on September 14, 2005, Ordinance No. 2007-1423, adopted by City Council on December 12, 2007, Ordinance No. 2011-989, adopted by City Council on November 16, 2011,

by Ordinance No. 2019-984, adopted by City Council on December 4, 2019, and by Ordinance No. 2022-1003, adopted by City Council on December 14, 2022 (the Original Project Plan, together with all subsequent amendments thereto, the “**Project Plan**”).

The Act authorizes the Zone to enter into agreements as the Zone Board considers necessary or convenient to implement the Project Plan and to achieve its purposes.

The Developer owns a certain tract of land that was annexed into the boundaries of the Zone as described and depicted on **Exhibit A** (the “**Development Site**”) on which the Developer will develop a headquarters building for Service Corporation International that will house over 900 employees (the “**Development**”).

The Development covered in this Agreement will include (i) “**SCI HQ**”, the global headquarters for Service Corporation International, a publicly traded company, and (ii) the associated parking and public improvements required to serve the SCI HQ and surrounding neighborhood (“**Phase I**”).

In connection with the Phase I, the Developer plans to construct and install certain public infrastructure and improvements described in and with estimated costs set forth in **Exhibit B** (collectively, the “**Public Improvements**” and individually, a “**Public Improvement**”) and has and will incur costs (the “**Phase I Public Improvements Costs**”) related to the design and construction of the Public Improvements associated therewith (the “**Phase I Public Improvements**”).

The Developer anticipates that the construction and installation of Phase I and the associated Public Improvements will significantly contribute to the economic improvement and development of the Zone and the City and currently plans on housing over 900 jobs on the site.

The Authority Board and the Zone Board have determined that it is in the best interest of the Authority and the Zone within the terms of the Downtown Redevelopment Authority Private Development Agreements Policy and Criteria attached hereto as **Exhibit D** to enter into this Agreement to further the efficient and effective implementation of certain aspects of the Project Plan to induce the development of Phase I and the Public Improvements and for the economic benefits expected to be derived from the presence of the Development within the Zone.

## AGREEMENT

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

### ARTICLE 1 GENERAL TERMS

**1.01 Definitions.** The terms “Act,” “Agreement,” “Authority,” “Authority Board,” “City,” “City Council,” “Developer,” “Development,” “Development Site,” “Downtown

Agreement,” “Phase I,” “Project Plan,” “Public Improvements,” “Zone,” and “Zone Board,” have the above meanings, and the following terms have the following meanings:

“*Advance*” shall have the meaning provided in Article 5.01 of this Agreement.

“*Affiliate(s)*” shall mean, with respect to a specified Person, a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified. For purposes of this definition, “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the day-to-day management and policies of a Person, whether through the ownership of voting securities or membership interests, by status as a sole general partner under a limited partnership agreement, by appointment as sole manager under an LLC operating agreement, by fund management contract or other similar arrangement.

“*Authority Obligations*” shall mean any bond, note or other obligation now or hereafter issued or incurred by the Authority which is secured by Available Tax Increment or funds deposited in the Tax Increment Revenue Fund.

“*Available Tax Increment*” shall mean 75 percent of the Contract Tax Increments received annually by the Authority above the Base Year Value for each year after the year following the Completion of Phase I and the Public Improvements; provided, however, that the pledge of any amounts deemed to be Available Tax Increments are subordinate to and subject to: (1) the rights of any holders of Authority Obligations; (2) reductions by the City in Contract Tax Increments paid annually to the Authority for administrative expenses and municipal services fees; and (3) reductions in the Contract Tax Increments resulting from a Taxing Unit no longer being obligated to pay Tax Increments to the City for the Zone.

“*Base Year Value*” shall mean the value of the Development Site on January 1, 2022, as established and certified by the Harris County Appraisal District.

“*Chief Development Officer*” shall mean the Director of the City’s Office of the Mayor, Economic Development, or such other City official designated by the Mayor of the City to administer the Downtown Agreement, or his or her designee.

“*Complete*”, “*Completed*”, or “*Completion*” shall mean (i) with respect to the Public Improvements, the substantial completion, as certified by the City and Developer’s Engineer, of all aspects of the Public Improvements in accordance in all material respects with the Plans and Specifications, subject only to minor punch-list type items; and (ii) with respect to Phase I, the substantial completion of the Developer’s work with respect to Phase I, as certified by the Developer’s Engineer.

“*Construction Contract(s)*” shall mean the construction contract with the General Contractor for the construction of Phase I.

“*Contract Tax Increments*” shall mean Tax Increments from time to time required to be deposited by the Taxing Units into the Tax Increment Fund pursuant to the Act and payable to and actually received by the Authority from the City pursuant to the Downtown Agreement.

“*Designated Agent*” shall mean the President of the Authority or any other person designated in writing to act on behalf of the Authority by the Executive Director or the Zone Board.

“*Effective Date*” means December 12, 2023.

“*Final Plans and Specifications*” shall mean the Plans and Specifications, as may have been modified in accordance with Section 4.03 and submitted to the Designated Agent.

“*General Contractor*” shall mean the entity(ies) with whom the Developer enters into the Construction Contract(s) for construction of the Public Improvements.

“*Maintenance Agreement*” shall have the meaning set forth in Article 4.06(b) of this Agreement.

“*MWBE*” shall have the meaning provided in Article 4.10 of this Agreement.

“*Non-Standard Elements*” means any aesthetic or functional enhancement elements of the Public Improvements that are not accepted, operated, or maintained by the City as Public Improvements and that will be maintained by the Developer pursuant to the Maintenance Agreement.

“*Outside Reimbursement Date*” shall have the meaning provided in Article 5.03 of this Agreement.

“*Parties*” or “*Party*” shall mean the Zone, the Authority, and the Developer.

“*Person*” shall mean any natural person, corporation, company, partnership, business trust, governmental entity, or other entity.

“*Plans and Specifications*” shall mean the designs, plans and specifications, as have been provided to the Authority, prepared on behalf of the Developer and deemed approved by the Authority for the construction and installation of the Public Improvements for the construction and installation of the Public Improvements.

“*Project Costs*” shall mean the eligible “project costs,” under the Act, of the Public Improvements, including, without limitation, all capital costs and other costs paid or incurred by, or on behalf of, the Developer in planning, designing, constructing and installing the Public Improvements in accordance with the Final Plans and Specifications.

“*Public Works Director*” shall mean the Director of Houston Public Works or his or her designee.

“*Reimbursement*” means the amount to be paid by the Authority to the Developer with respect to the actual Project Costs paid or incurred by the Developer for Phase I, which amount

shall not exceed the lesser of (i) \$\$13,790,215; (ii) the actual Project Costs; and (ii) the Available Tax Increment.

“*State*” shall mean the State of Texas.

“*Tax Increment*” shall mean the amount of property taxes collected each year by each Taxing Unit participating in the Zone as derived from the Development Site, to the extent of their participation, and paid to the Authority in accordance with the Downtown Agreement.

“*Tax Increment Revenue Fund*” shall mean the special fund established by the Authority and funded with payments made by the City, pursuant to the Downtown Agreement.

“*Taxing Unit*” shall mean individually and collectively, the City, and any other taxing unit that participates in the Zone.

**1.02 Singular and Plural.** 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.

## ARTICLE 2 REPRESENTATIONS

**2.01 Representation of Authority.** The Authority hereby represents to the Developer that as of the date hereof:

(a) The Authority 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) The Authority has the requisite power, authority and legal right to enter into and perform its obligations under this Agreement. The Authority has taken all requisite action to authorize the execution and delivery by it of this Agreement and to authorize the performance by it of its obligations hereunder. The execution and delivery by the Authority of the Agreement and the performance of its obligations hereunder (i) do not and will not violate the laws governing the Authority, (ii) do not and will not violate the organizational documents of the Authority or its Articles of Incorporation and Bylaws, (iii) to the best of its knowledge, do not and will not violate any applicable judgment, order, law or regulation, and (iv) do 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) The Public Improvements and the Project Costs are consistent with the Project Plan and the Act.

(d) This Agreement constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms except to the extent that (i) the enforceability of such instruments may be limited by bankruptcy, reorganization,

insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights and (ii) certain equitable remedies including specific performance may be unavailable.

(e) The execution, delivery and performance of this Agreement by the Authority do not require the consent, approval or authorization of any person which has not been obtained.

(f) The Authority has an exemption from the payment of sales and use taxes pursuant to the statute under which the Authority was created.

**2.02 Representation of Zone.** The Zone hereby represents to the Developer 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 requisite power, authority and legal right to enter into and perform its obligations under this Agreement. The Zone has taken all requisite action to authorize the execution and delivery by it of this Agreement and to authorize the performance by it of its obligations hereunder. The execution and delivery by the Zone of the Agreement and the performance of its obligations hereunder (i) do not and will not violate the laws governing the Zone, (ii) do not and will not violate the organizational documents of the Zone or its Articles of Incorporation and Bylaws, (iii) to the best of its knowledge, do not and will not violate any applicable judgment, order, law or regulation, and (iv) do 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) The Public Improvements and the Project Costs are consistent with the Project Plan or will be once the Development Site is annexed into the boundaries of the Zone and the Project Plan is amended to reflect the Development.

(d) This Agreement constitutes a legal, valid and binding obligation of the Zone, enforceable in accordance with its terms except to the extent that (i) the enforceability of such instruments may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights and (ii) certain equitable remedies including specific performance may be unavailable.

(e) The execution, delivery and performance of this Agreement by the Zone do not require the consent, approval or authorization of any person which has not been obtained.

**2.03 Representations of the Developer.** The Developer hereby represents to the Authority and the Zone that:

(a) The Developer is duly authorized, created and existing in good standing under the laws of the State of Texas, is qualified to do business in the State and is duly qualified to do business wherever necessary to carry out the operations contemplated by this Agreement.

(b) The Developer has the requisite power, authority and legal right to enter into and perform its obligations under in this Agreement. The Developer has taken all requisite action to authorize the execution and delivery by it of this Agreement and to authorize the performance by it of its obligations hereunder. The execution and delivery by the Developer of the Agreement and the performance of its obligations hereunder (i) do not and will not violate any operating agreement of the Developer, (ii) to the best of its knowledge, do not and will not violate any judgment, order, law or regulation applicable to the Developer, and (iii) do not constitute a default under any agreement or instrument to which the Developer is a party or by which the Developer or its assets may be bound or affected.

(c) The Developer has sufficient capital to complete Phase I.

(d) All Phase I Public Improvements completed by the Developer or its agents prior to the Effective Date were completed in accordance with all Applicable Laws.

(e) This Agreement constitutes a legal, valid and binding obligation of the Developer, enforceable in accordance with its terms extent that (i) the enforceability of such instruments may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights and (ii) certain equitable remedies including specific performance may be unavailable.

### ARTICLE 3

#### THE PUBLIC IMPROVEMENTS AND PROJECT COSTS

**3.01 Public Improvements and Project Costs.** The Public Improvements shall be and include the planning, engineering, design, construction, equipping and installation by the Developer of the Public Improvements in accordance with this Agreement. The Authority and the Developer acknowledge that some of the Phase I Public Improvements Costs were incurred prior to the Effective Date.

**3.02 Authority's Right to Terminate.** Notwithstanding any other provision of this Agreement, the Authority, subject to the dispute resolution procedures set forth in Section 7.02, may terminate this Agreement if the Developer does not cause construction of Phase I and the Public Improvements to commence on or before December 31, 2024; provided that, if the Developer's commencement is constrained due to unforeseen site conditions, delays in agency approvals, issues related to procurement or cost of necessary materials or any other causes out of the control of the Developer, the Authority shall negotiate in good faith to extend such completion date.

### ARTICLE 4

#### DUTIES AND RESPONSIBILITIES OF THE DEVELOPER

**4.01 Construction of Public Improvements.** The Developer shall enter into Construction Contract(s) providing for the construction and installation of the Public Improvements in accordance in all material respects with the Final Plans and Specifications and shall cause the General Contractor to provide and furnish all materials and services as and when required in connection with the construction of the Public Improvements. The Developer shall be responsible for all governmental authorizations required for the construction of the Public Improvements and is providing supervision and construction management of the Public Improvements. In addition, the Developer will provide to the Authority quarterly reports regarding the status of the construction of the Public Improvements and cause the General Contractor(s) to perform all elements of this Agreement applicable to the construction of the Public Improvements.

**4.02 Compliance with Development Standard.** The Developer shall perform its duties, responsibilities and obligations under this Agreement and shall cause the General Contractor(s) to perform its duties, responsibilities and obligations in a diligent and careful manner with the quality of services, skill, diligence, prudence and foresight at least equal to those performed and practiced by other developers nationally recognized as developers of projects of similar type, size and complexity to the Public Improvements.

**4.03 Design of Public Improvements.** The Developer has prepared the Plans and Specifications for the Public Improvements and has submitted to the Designated Agent. Notice shall be provided to the Designated Agent for any items that require modification to the Plans and Specifications for the Public Improvements and/or change orders to the Construction Contracts related to the Public Improvements. The Parties acknowledge that regulatory agencies may require certain modifications to the Plans and Specifications as provided and once final permitted drawings are received from all applicable governmental entities, such Final Plans and Specifications will be provided to the Designated Agent and be deemed the Final Plans and Specifications for the purposes of this Agreement. References in this Agreement to the Final Plans and Specifications shall mean and include any modifications related to the Public Improvements only.

**4.04 Project and Public Improvements Funding.** The Developer hereby certifies to the Authority that it has sufficient private funds and sources are available and/or have been expended to fully complete the Public Improvements.

**4.05 Monitoring Progress of the Work.** The Authority shall have the right, but not a duty, to monitor the progress of the construction and installation of the Public Improvements. Accordingly, the Developer shall accommodate and cause the General Contractor(s) to accommodate the Authority's Designated Agent, after reasonable notice to the Developer, in conducting such site visits as may be necessary to verify that work on the Public Improvements is being carried out in accordance with the Final Plans and Specifications.

**4.06 Inspection; Transfer; Maintenance.**

(a) Once construction of the Public Improvements is completed, City representatives shall inspect the same and, if the City finds that the Public Improvements have been Completed in accordance with the Final Plans and Specifications or any modifications

thereof, and in accordance with all applicable laws, rules, and regulations, the City will accept the Public Improvements (except for the Non-Standard Elements), free and clear of any liens in favor of the Developer, whereupon the Public Improvements shall be Complete and, except for the Non-Standard Elements, shall be operated and maintained by the City at its sole expense. Upon expiration of any maintenance bond for the Public Improvements, all warranties and other contract rights of the Developer concerning the design, acquisition, construction, installation, and inspection of the Public Improvements to which such bond pertains shall transfer and be assigned to the City without further action by the Developer.

(b) Developer and its contractors shall be responsible for repairs of improvements in the public right of way of Stanford Street, Walker Street, and Temple Drive as a result of construction of the Public improvements in accordance with applicable City Ordinance and its construction contract.

(c) Notwithstanding the foregoing, with respect to the Non-Standard Elements of the Public Improvements, the Developer or an Affiliate of the Developer shall be responsible for all aspects of the management, operation and maintenance of such Non-Standard Elements, including, without limitation: (i) all maintenance, repairs and replacements of the infrastructure, improvements, equipment, landscaping and related irrigation and electrical systems which constitute the Non-Standard Elements; and (ii) the payment of all associated utilities including water for irrigation purposes and charges for electric utilities, all in accordance with a maintenance agreement for the Non-Standard Elements substantially in the form of **Exhibit C** attached hereto (the “**Maintenance Agreement**”). The Maintenance Agreement for the Non-Standard Elements shall be executed by the Developer (or an Affiliate of the Developer, as applicable) and delivered to the Authority for recording in the Official Public Records of Real Property of Harris County, Texas, within ten (10) days of Completion of the Public Improvements. The Maintenance Agreement shall allow for assignment of the rights and obligations of the Maintenance Agreement to any municipal management district operating pursuant to Chapter 375 of the Texas Local Government Code or any other special district with boundaries that include the Development Site. Except for the Reimbursement, neither the Authority nor the City shall be responsible for managing, operating, maintaining, repairing or replacing any of the Non-Standard Elements or paying any recurring costs in connection with the same.

(d) Pursuant to that certain Revised Contact Letter, dated June 17, 2022 from Houston Public Works and acknowledged by Developer, pedestrian and bicycle connectivity from Temple Drive west of Walker Street to Taft Street shall be maintained.

The provisions of this Section 4.06(c) and 4.06(d) and the covenants and agreements contained in the Maintenance Agreement shall survive the expiration or termination of the Agreement in accordance with the terms set forth in the Maintenance Agreement.

**4.07 Compliance with Applicable Laws.** The Developer agrees to and shall comply with, and cause its General Contractor to comply with, all applicable laws and requirements in connection with performing its duties, responsibilities and obligations under this Agreement, including the planning, engineering, development and construction of the Public Improvements.

**4.08 Performance Bonds.** The Developer has required the General Contractor constructing the Public Improvements to furnish a performance bond in an amount equal to the full cost of the Developer's Construction Contract with that General Contractor conditioned on the General Contractor's full and timely performance under the Construction Contract.

**4.09 Utilization of Local Contractors and Suppliers.** The Developer agrees to exercise commercially reasonable efforts to utilize local contractors and suppliers in the construction of Phase I, including the Public Improvements, with a goal of at least thirty percent (30%) of the total dollar amount of all construction contracts and supply agreements being paid to local contractors and suppliers. A contractor or supplier shall be considered as local if it has maintained an office within the City of Houston Metropolitan Statistical Area for at least one year.

**4.10 Participation of Minority and Women Business Enterprises.** In constructing the Public Improvements pursuant to this Agreement, the Developer is encouraged to review the City's Minority and Women Business Enterprise ("MWBE") program as set forth in Article V, Chapter 15 of the Code of Ordinances of the City of Houston, Texas, and for any construction contracts related to the Public Improvements entered into after the Effective Date, comply with the requirements by making good faith efforts to award the maximum number of subcontracts and supply agreements to entities that are certified by the City's Office of Business Opportunity as MWBEs. The Developer shall, until two (2) years after the date of Completion of the Public Improvements, maintain records showing as far as is practicable its contracts, subcontracts, supply agreements, and other support with and to contractors and suppliers evidencing compliance with these provisions. Upon request by the Chief Development Officer, the Developer shall provide reports to the City of its efforts under this Article 4.10 in such form and manner as the Chief Development Officer may reasonably require.

**4.11 Maintenance of Records.** The Developer shall be responsible for maintaining records of all costs incurred and payments made for Phase I and the associated Public Improvements and records evidencing compliance with all the Developer commitments required by this Article 4 and shall provide the Authority with all such records for review and approval prior to payment of the Reimbursement.

**4.12 Completion.** Upon Completion of Phase I and the Public Improvements, the Developer shall provide the Authority with a final cost summary of all costs associated with such Public Improvements, a written certification from the Developer certifying that Completion of the Public Improvements has been achieved, and evidence that all amounts owing to contractors and subcontractors have been paid in full evidenced by customary affidavits executed by such contractors.

**4.13 Cooperation.** With respect to the design, development, acquisition, construction and installation of the Public Improvements, the Developer agrees that it will cooperate with the Zone and the Authority and will provide all necessary information reasonably requested to the Authority and its consultants in order to assist the Authority in complying with the Downtown Agreement, including without limitation the completion of the audit and construction audit required therein.

**4.14 Ineligible Project Costs.** The Developer will be responsible for payment of any costs that are ineligible Project Costs under the Act. The Authority shall not be responsible for any payments to the Developer for services or items that are ineligible Project Costs under the Act.

## ARTICLE 5 PUBLIC IMPROVEMENTS FINANCING AND FUNDING

**5.01 Developer Advances.** The Developer shall advance, or cause to be advanced, sufficient funds as such become due for all Project Costs arising in connection with the Public Improvements (each such advancement of funds by the Developer, an “**Advance**”).

**5.02 Information to be Provided by Developer.** The Developer may submit a request for payment of the Reimbursement upon Completion of the Public Improvements. With each request for payment, the Developer shall deliver to the Authority the following items:

- (a) a written request for payment;
- (b) a summary of all Project Costs incurred to-date;
- (c) evidence that all contractors, subcontractors, laborers, materialmen, architects, engineers and all other parties who have performed work on or furnished materials to-date have been paid in full, together with executed and delivered releases of lien or customary affidavits executed by such contractors;
- (d) a certificate executed by an officer or other party authorized to bind the Developer certifying that all contractors, subcontractors, laborers, materialmen, architects, engineers and all other parties who have performed work on or furnished materials to-date have been paid in full; and
- (e) evidence of MWBE efforts after the Effective Date related to Construction Contracts entered into after the Effective Date (the Developer having provided any other evidence of MWBE efforts prior to execution of this Agreement).

**5.03 Reimbursement.** Upon Completion of Phase I and the Public Improvements and execution and recordation of the Maintenance Agreement, the Developer shall provide to an auditor selected by and paid for by the Authority, an accounting of all Project Costs, including developer interest, of the Public Improvements paid or incurred by the Developer together with invoices or other such documentation as the auditor or the Authority may reasonably request to evidence payment or incurrence of the Project Costs. If the Authority shall dispute any item in any such accounting, it shall allow the Developer a reasonable opportunity to establish its right to Reimbursement of the disputed item. In the event that all conditions described herein have been met, the Authority shall pay the Reimbursement from the Available Tax Increment subject to the limitations in the following sentence, beginning November 1 in the year such Available Tax Increment is paid to the Authority following Completion of Phase I and the Public Improvements and on November 1 of each year thereafter until the term of the Zone expires (the “**Outside Reimbursement Date**”). The total Reimbursement paid by the Authority for the Public Improvements shall not exceed the lesser of (i) \$13,790,215; (ii) the actual Project Costs; and

(iii) the Available Tax Increment for the Development through and including the Outside Reimbursement Date. The Developer acknowledges that (i) the Available Tax Increment for the Development through and including the Outside Reimbursement Date may be less than the actual Project Costs incurred by the Developer; (ii) the Authority owes no obligation to pay the full amount of the Available Tax Increment pledged to the Developer under this Agreement, if the Available Tax Increment has not been collected; and (iii) the Developer may not look to any other source of funds other than the Available Tax Increment for reimbursement for its payment of the Project Costs under this Agreement.

**5.04 Assignment.** The Developer shall be entitled to pledge its rights in the Development Site and the Development or collaterally assign its rights under this Agreement to any commercial bank or lender which provides financing for the Development provided that the Developer provides to the Authority a fully executed copy of any such pledge or collateral assignment and the name and contact information of the commercial bank or lender promptly after closing of the transaction.

**ARTICLE 6  
INSURANCE; RELEASE**

**6.01 Insurance.** With no intent to limit any contractor’s liability or obligation for indemnification, the Developer shall require that each contractor providing work or service on the Project provide and maintain certain insurance in full force and effect at all times during the construction of the Project and shall require that the City, the Authority, and the Zone are named as additional insureds under such contractor’s insurance policies.

The insurance, at a minimum, must include the following coverages and limits of liability:

<u>Coverage</u>	<u>Limit of Liability</u>
Worker’s Compensation	Statutory
Employer’s Liability	Bodily Injury \$100,000 (each accident) Bodily Injury by Disease \$500,000 (policy limit) Bodily Injury by Disease \$100,000 (each employee)
Comprehensive Commercial General Liability: Including Broad Form Coverage, Contractual Liability, Bodily and Personal Injury, and Completed Operations (for a period of one year after completion of work)	Combined Limits of \$500,000 per Occurrence and \$1,000,000 in the Aggregate
Automobile Liability Insurance (for	\$500,000 Combined Single Limit per

automobiles used in performing under this Agreement, including Employer's Non-Ownership and Hired Auto Coverage)	Occurrence
Professional Liability Coverage (for professional service contract only)	\$500,000 per occurrence \$1,000,000 aggregate

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

If the amount of any contract awarded by the Developer to construct the Public Improvements shall exceed \$1,000,000, the Developer shall contract with the contractor to maintain Commercial General Liability coverage for at least twice the combined minimum limits specified above.

(a) Form of Policies. The Authority Board may approve the form of the insurance policies, but nothing the Authority Board does or fails to do relieves the Developer of its obligation to provide the required coverage under this Agreement. The Authority Board's actions or inactions do not waive the Zone's or Authority's rights under this Agreement.

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

(c) Insured Parties. Each policy, except those for Workers' Compensation, Employer's Liability, and Professional Liability, must name the Authority (and its officers, agents, and employees) as additional insured parties on the original policy and all renewals or replacements.

(d) Deductibles. The Developer shall be responsible for and bear (or shall contract with each applicable contractor to bear and assume) any claims or losses to the extent of any deductible amounts and waives (and shall contract with each contractor to waive) any claim it may have for the same against the Authority or Zone, its officers, agents, or employees.

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

(f) Subrogation. Each policy must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against the Authority, its officers, agents, or employees.

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

(h) Liability for Premium. The Developer shall pay (or shall contract with contractors to pay) all insurance premiums for coverage required by this Article 6.01, and the Authority or Zone shall not be obligated to pay any premiums.

(i) Subcontractors. Notwithstanding the other provisions of this Article 6.01, the amount of coverage contracted to be provided by subcontractors shall be commensurate with the amount of the subcontract, but in no case less than \$500,000 per occurrence.

(j) Proof of Insurance. Promptly after the execution of this Agreement and from time to time during the term of this Agreement at the request of the Authority, the Developer shall furnish the Authority with certificates of insurance maintained by the Developer in accordance with this Article 6.01 along with an affidavit from the Developer confirming that the certificates accurately reflect the insurance coverage maintained. If requested in writing by the Authority, the Developer shall furnish the Public Works Director with certified copies of the Developer's actual insurance policies. If the Developer does not comply with the requirements of this Article 6.01 and such non-compliance is not corrected within ten (10) days after written notice from the Authority to the Developer, the Authority, at its sole discretion, may (1) suspend performance by the Authority hereunder and begin procedures to terminate this Agreement for default or (2) purchase the required insurance with Authority or Zone funds and deduct the cost of the premiums from amounts due to the Developer under this Agreement. The Authority shall never waive or be estopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.

(k) Other Insurance. If requested by the Authority, the Developer shall furnish adequate evidence of Social Security and Unemployment Compensation Insurance, to the extent applicable to Developer's operations under this Agreement.

**6.02 Indemnification and Release. THE DEVELOPER SHALL DEFEND, INDEMNIFY, AND HOLD THE AUTHORITY, THE ZONE, AND THE CITY AND THEIR AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY, THE "INDEMNIFIED PERSONS") HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR**

**INCIDENTAL TO THE DEVELOPER'S PERFORMANCE UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:**

**A. THE DEVELOPER'S AND/OR ITS AGENTS', EMPLOYEES', OFFICERS', DIRECTORS', CONTRACTORS', OR SUBCONTRACTORS' (COLLECTIVELY, "DEVELOPER") ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL MISCONDUCT;**

**B. THE INDEMNIFIED PERSONS' AND DEVELOPER'S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER DEVELOPER IS IMMUNE FROM LIABILITY OR NOT; AND**

**C. THE INDEMNIFIED PERSONS' AND DEVELOPER'S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER DEVELOPER IS IMMUNE FROM LIABILITY OR NOT.**

**THE DEVELOPER SHALL DEFEND, INDEMNIFY, AND HOLD THE INDEMNIFIED PERSONS HARMLESS DURING THE TERM OF THIS AGREEMENT AND FOR FOUR YEARS AFTER THIS AGREEMENT TERMINATES.**

Notwithstanding any other provision of this Article 6.02 or other provisions of this Agreement, (1) the Developer's indemnification of all Indemnified Persons is limited to \$1,000,000 per occurrence; and (2) the Developer shall not be obligated to indemnify any Indemnified Person for the Indemnified Person's sole negligence; and (3) The Developer shall not be obligated to indemnify any Indemnified Persons to the extent that any claims which might otherwise be subject to indemnification hereunder resulted, in whole or in part, from the gross negligence, recklessness or intentional act or omission of any Indemnified Person or Persons.

If an Indemnified Person or the Developer receives notice of any claim or circumstance which could give rise to an indemnified loss, the receiving party shall give written notice to the other party within 10 days. The notice must include a description of the indemnification event in reasonable detail, the basis on which indemnification may be due, and the anticipated amount of the indemnified loss. This notice shall not estop or prevent an Indemnified Person from later asserting a different basis for indemnification or a different amount of indemnified loss than that indicated in the initial notice. If an Indemnified Person does not provide this notice within the 10 day period, it does not waive any right to indemnification except to the extent that the Developer is prejudiced, suffers loss, or incurs expense because of the delay.

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

If the Developer elects to defend a claim, the Indemnified Person may retain separate counsel at the sole cost and expense of such Indemnified Person to participate in (but not control)

the defense and to participate in (but not control) any settlement negotiations. The Developer may settle the claim without the consent or agreement of the Indemnified Person, unless the settlement (i) would result in injunctive relief or other equitable remedies or otherwise require the Indemnified Person to comply with restrictions or limitations that adversely affect the Indemnified Person, (ii) would require the Indemnified Person to pay amounts that the Developer does not fund in full, or (iii) would not result in the Indemnified Person's full and complete release from all liability to the plaintiffs or claimants who are parties to or otherwise bound by the settlement.

**THE DEVELOPER RELEASES EACH INDEMNIFIED PERSON FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE INDEMNIFIED PERSON'S CONCURRENT NEGLIGENCE AND/OR THE INDEMNIFIED PERSON'S STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, BUT NOT SUCH INDEMNIFIED PERSON'S SOLE NEGLIGENCE OR FROM ANY DAMAGE OR LOSS TO THE EXTENT RESULTING FROM THE GROSS NEGLIGENCE, RECKLESSNESS OR INTENTIONAL ACT OR OMISSION OF THE INDEMNIFIED PERSON.**

**THE DEVELOPER SHALL REQUIRE ALL CONTRACTORS ENGAGED BY IT TO CONSTRUCT THE PUBLIC IMPROVEMENTS (AND THEIR SUBCONTRACTORS) TO RELEASE AND INDEMNIFY THE INDEMNIFIED PERSONS TO THE SAME EXTENT AND IN SUBSTANTIALLY THE SAME FORM AS ITS RELEASE OF AND INDEMNITY TO THE INDEMNIFIED PERSONS HEREUNDER.**

**6.03 RELEASE. THE DEVELOPER SHALL ALSO REQUIRE THAT ALL GENERAL CONTRACTORS INDEMNIFY THE CITY, THE AUTHORITY, AND THE ZONE AND THEIR RESPECTIVE OFFICIALS AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, SUITS AND LIABILITIES ARISING OUT OF SUCH CONTRACTOR'S WORK AND ACTIVITY RELATED TO THE PUBLIC IMPROVEMENTS.**

## **ARTICLE 7 DEFAULT**

### **7.01 Default.**

(a) If the Authority or the Zone does not perform its obligations hereunder in substantial compliance with this Agreement, in addition to the other rights given the Developer under this Agreement, the Developer may enforce specific performance of this Agreement or seek actual damages incurred by the Developer for any such default. Neither the Authority nor the Zone are required to make payments of the Available Tax Increment, if there are no Available Tax Increments or if such funds have not been collected or received by the Authority.

(b) In the event the Developer does not perform its obligations hereunder in substantial compliance with this Agreement, the Authority and Zone's sole remedy shall be termination of this Agreement, subject to the provisions of Section 7.02.

## **7.02 Dispute Resolution.**

(a) In the event there exists a dispute to compliance with any provision of this Agreement for which the Authority or Zone has a termination right, the Authority and Zone shall provide written notice to the Developer requesting that it be cured ("**Default Notice**"), and if the Developer takes no action or has provided no response to the Authority or Zone within 30 days of receipt of such written notice of such failure requesting that it be cured, then the Authority may, subject to the provisions of 7.02(b) below, seek to terminate the Agreement. So long as the Developer commences to cure such default identified in the Default Notice within the initial 30 days after receipt, or provides a written response as to why cure of such failure cannot be commenced within 30 days and provides a reasonable timeline as to when such cure will begin, and thereafter diligently prosecutes the cure to completion and provides the Authority documentation of such efforts, then the Authority shall not terminate this Agreement.

(b) If there is a dispute as to the methodology of the cure selected by the Developer or as to whether there was a breach of the Agreement as identified in the Default Notice that entitles to the Zone or Authority to termination, the parties shall work in good faith to resolve the dispute through principal negotiations. If after 30 days, the parties are still unable to agree, the parties shall submit the dispute to non-binding arbitration and within ten (10) days after such election, each of the Authority and Developer shall appoint an independent, qualified arbitrator qualified by the American Arbitration Association, located in Houston, Texas, licensed to practice law in the State of Texas, and familiar with real estate matters, and within ten (10) days after their appointment, such arbitrators shall then mutually agree upon a third independent, qualified arbitrator to serve as the third arbitrator. Each arbitrator must not have represented either party or its affiliates in the previous five (5) years. Within ten (10) days after all of the arbitrators have been appointed, each of Authority and Developer shall then submit their respective documentation for the issue in question to such arbitrators. Within fifteen (15) days thereafter, the arbitrators (by majority vote) shall issue a ruling,. Each party shall pay its own costs for the arbitrators appointed by such party. The parties shall equally share the costs of the third arbitrator.

## **ARTICLE 8 GENERAL**

**8.01 Inspections, Audits.** The Developer agrees to keep such operating records relating to the Public Improvements as may be reasonably required by the Authority. The Developer shall allow the Authority reasonable access to documents and records in the Developer's possession, custody or control that the Authority deems reasonably necessary to assist the Authority in determining the Developer's compliance with this Agreement.

**8.02 Developer Operations and Employees.** All personnel supplied or used by the Developer in the performance of this Agreement shall be deemed employees or subcontractors of the Developer and will not be considered employees, agents or subcontractors of the Authority or the City for any purpose whatsoever. The Developer shall be solely responsible for the compensation of all such personnel, for withholding of income, social security and other payroll taxes and for the coverage of all workers' compensation benefits.

**8.03 Personal Liability of Public Officials.** To the extent permitted by State law, no director, officer, employee or agent of the Zone or the Authority, and no officer, employee or agent of the City, shall be personally responsible for any liability arising under or growing out of the Agreement. No director, officer, employee or agent of the Developer shall be personally responsible for any liability arising under or growing out of the Agreement.

**8.04 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:

If to the Zone or the Authority:

Chief Operating Officer  
Downtown Redevelopment Authority/TIRZ#3  
1221 McKinney Street  
Suite 4250  
Houston, Texas 77010  
Attn: Allen Douglas  
Email: allen.douglas@downtownhouston.org

with a copy to:

Clark Lord  
Bracewell LLP  
711 Louisiana Street, Suite 2300  
Houston, TX 77002-2770  
Email: clark.lord@bracewell.com

If to Developer:

SCI Capital Holdings, Inc.  
Attn: Daniel Kleban  
1929 Allen Parkway, Houston, Texas 77002  
Daniel.Kleban@sci-us.com

with a copy to:

Steve Robinson  
 ABHR, LLP  
 3200 Southwest Freeway, Suite 2600  
 Houston, Texas 77027  
 Email: srobinson@abhr.com

If to the City:

Chief Development Officer  
 City of Houston  
 901 Bagby Street  
 Houston, Texas 77002  
 andy.icken@houstontx.gov

Each party may change its address by written notice in accordance with this Article 8.04. Any communication addressed and mailed in accordance with this Article 8.04 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 received for by, or actually received by, the Chief Development Officer, the Zone, the Authority, or the Developer, as the case may be.

**8.05 Amendments and Waivers.** Any provision of this Agreement may be amended or waived only if such amendment or waiver is in writing and is signed by the Zone, the Authority, and the Developer. No course of dealing on the part of the Developer, nor any failure or delay by the Developer with respect to exercising any right, power or privilege of the Developer under this Agreement shall operate as a waiver thereof, except as otherwise provided in this Article 8.05.

**8.06 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.

**8.07 Successors and Assigns.** All covenants and agreements contained by or on behalf of the Authority and the Zone in this Agreement shall bind their successors and assigns and shall inure to the benefit of the Developer and its respective successors and assigns. No party may assign its rights and obligations under this Agreement or any interest herein without the prior written consent of other parties; provided, however Developer may (without the consent of the Authority and the Zone) assign this Agreement to (i) any successor owner of the Project provided that: (a) successor owner assumes all of the obligations of the Developer arising or accruing after the effective date of such assignment; (b) written notice of such assignment is provided by the Developer to Authority and the Zone at least thirty (30) days prior to such assignment; and (c) Developer is not in default under this Agreement or (ii) may collaterally assign this Agreement to any commercial bank or lender which provides financing for the Development provided that Developer provides to the Authority a fully executed copy of any

such pledge or collateral assignment and the name and contact information of the commercial bank or lender promptly after closing of the transaction.

**8.08 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.

**8.09 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.

**8.10 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.

**8.11 Term.** Unless otherwise terminated in accordance with this Agreement, this Agreement shall be in force and effect for a term commencing on the Effective Date and expiring as of the termination date of the Zone, as may be extended from time to time by City Council. Notwithstanding the expiration of the term or earlier termination of this Agreement, the provisions of this Agreement and the Maintenance Agreement that contemplate performance after the expiration or termination of this Agreement and the obligations of the Parties not fully performed at the expiration or termination of this Agreement shall not be deemed to be waived or merged into any documents executed prior to or on the expiration or termination of this Agreement, but shall survive the expiration or termination of this Agreement.

**8.12 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 withheld, delayed or conditioned.

**8.13 Estoppel Certificates.** Either Party shall, within fifteen (15) business days after receipt of written request from the other Party, execute, acknowledge, and deliver to a proposed lender, purchaser, or permitted assignee, as applicable, an estoppel statement generally certifying, as to the Party's actual knowledge, this Agreement is in full force and effect and there are no defaults hereunder (or if there are known defaults a description thereof), and attaching a true, correct and complete copy of this Agreement. Neither Party shall be obligated to deliver more than four (4) estoppels annually throughout the term of this Agreement.

**8.14 Counterparts.** This Agreement may be executed in as many counterparts as may be convenient or required. All counterparts shall collectively constitute a single instrument. Any signature page to any counterpart may be detached from such counterpart without impairing the

legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages. Any facsimile or electronic copies hereof or signatures hereon shall, for all purposes, be deemed originals.

**8.15** Developer hereby certifies that Developer is not delinquent in a tax owed the State under Chapter 171, Texas Tax Code, as amended.

**8.16 Verifications of Statutory Representations and Covenants.** Developer makes the following representation and verifications pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended, in entering into this Agreement. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations.

(a) **Not a Sanctioned Company.** Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code. The foregoing representation excludes Developer and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) **No Boycott of Israel.** Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Texas Government Code.

(c) **No Discrimination Against Firearm Entities.** Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Texas Government Code.

(d) **No Boycott of Energy Companies.** Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Texas Government Code.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of the \_\_\_\_ day of \_\_\_\_\_, 2023.

**REINVESTMENT ZONE NUMBER  
THREE, CITY OF HOUSTON, TEXAS**

**DOWNTOWN REDEVELOPMENT  
AUTHORITY**

DocuSigned by:  
*Curtis Flowers*  
F0F980D23008471...  
By: \_\_\_\_\_  
Name: Curtis Flowers  
Title: Chair

DocuSigned by:  
*Curtis Flowers*  
F0F980D23008471...  
By: \_\_\_\_\_  
Name: Curtis Flowers  
Title: Chair

ATTEST:

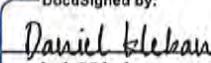
ATTEST:

DocuSigned by:  
*Barry Mandel*  
CB2F27386FD74B6...  
By: \_\_\_\_\_  
Name: Barry Mandel  
Title: Secretary

DocuSigned by:  
*Barry Mandel*  
CB2F27386FD74B6...  
By: \_\_\_\_\_  
Name: Barry Mandel  
Title: Secretary

**DEVELOPER:**

**SCI Capital Holdings Inc.**

DocuSigned by:  
By:   
Name: Daniel Kleban  
Title: President

**APPROVED:**

**CHIEF DEVELOPMENT OFFICER,  
CITY OF HOUSTON**

By:   
Name: Andy Icken

**EXHIBIT A**

**Development Site**



HOK  
2000 California Street, Suite 3000  
San Francisco, CA 94109  
Tel: 415 774 2100 Fax: 415 774 2100

Architect  
Hines Construction Company  
1000 California Street, Suite 3000  
San Francisco, CA 94109  
Tel: 415 774 2100 Fax: 415 774 2100

Structural Engineer  
HOK  
2000 California Street, Suite 3000  
San Francisco, CA 94109  
Tel: 415 774 2100 Fax: 415 774 2100

MEP Engineer  
HOK  
2000 California Street, Suite 3000  
San Francisco, CA 94109  
Tel: 415 774 2100 Fax: 415 774 2100

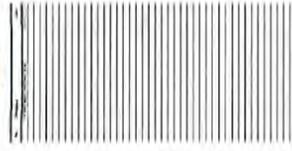
Interior Architect  
HOK  
2000 California Street, Suite 3000  
San Francisco, CA 94109  
Tel: 415 774 2100 Fax: 415 774 2100

Exterior Architect  
HOK  
2000 California Street, Suite 3000  
San Francisco, CA 94109  
Tel: 415 774 2100 Fax: 415 774 2100

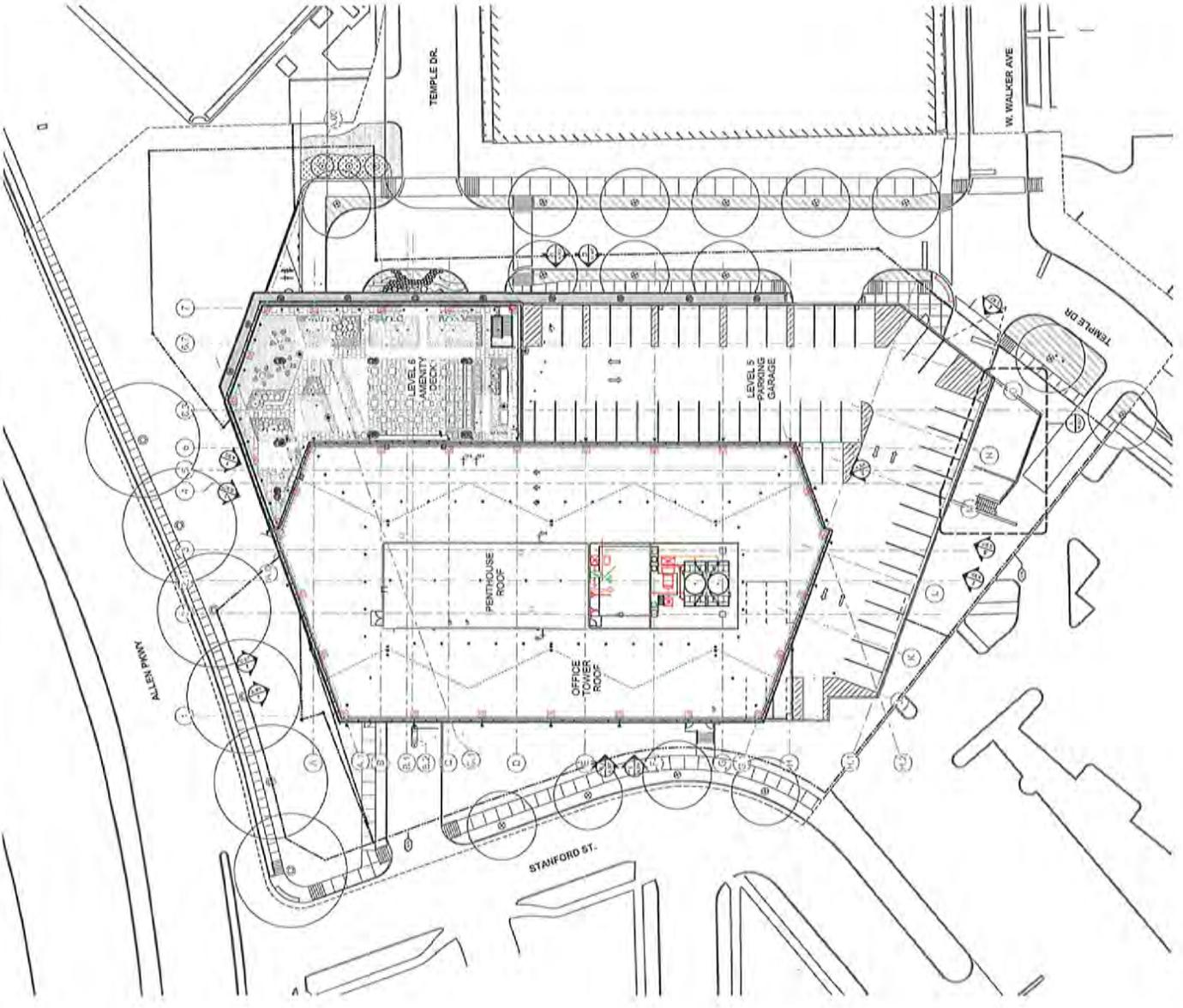
Site Architect  
HOK  
2000 California Street, Suite 3000  
San Francisco, CA 94109  
Tel: 415 774 2100 Fax: 415 774 2100

Construction Manager  
HOK  
2000 California Street, Suite 3000  
San Francisco, CA 94109  
Tel: 415 774 2100 Fax: 415 774 2100

General Contractor  
HOK  
2000 California Street, Suite 3000  
San Francisco, CA 94109  
Tel: 415 774 2100 Fax: 415 774 2100



DATE	DESCRIPTION



1 SITE PLAN

**EXHIBIT B**

**Phase I Public Improvements and Estimated Project Costs**

**Exhibit B**  
**Allen Parkway Redevelopment Components**

Proposed Developer Reimbursable Items	Revised SS Route		HQ
Grading/Drainage/Retaining Walls			\$ 3,655,975
Detention			\$ 3,286,503
Green Infrastructure (Bio swales, etc)			\$ 187,974
Storm Sewer Upgrade/Realignment*	\$ 6,192,578		
Sidewalks/Landscaping/Hardscape/Bus Stop in Public Right of Way			\$ 502,137
Design/Architectural/Engineering/Legal	\$ 395,350		\$ 895,019
Temple Street Reconstruction			\$ 798,750
<b>Total</b>	<b>\$ 6,587,928</b>		<b>\$ 9,326,358</b>

## EXHIBIT C

### Form of Maintenance Agreement

#### MAINTENANCE COVENANTS

These **MAINTENANCE COVENANTS** (“Covenants”) are made by [\_\_\_\_\_] , a [\_\_\_\_\_] [\_\_\_\_\_] , or its successors or assigns (“Owner”) to and for the benefit of the **DOWNTOWN REDEVELOPMENT AUTHORITY**, a public non-profit local government corporation created and organized under the provisions of Chapter 431, Texas Transportation Code, and authorized and approved by the City of Houston, Texas (“**Authority**”), acting by and through its governing body, the Board of Directors, and acting on behalf of the **REINVESTMENT ZONE NUMBER THREE, CITY OF HOUSTON, TEXAS**, a tax increment investment zone created by the City pursuant to Chapter 311 of the Texas Tax Code (“**Zone**”).

#### RECITALS

A. Owner owns certain real property located at \_\_\_\_\_, Houston, Harris County, Texas and described on Exhibit A attached hereto and incorporated herein (“**Property**”) on which Owner has developed a mixed-use development that features a corporate headquarters, green space, and parking spaces to support the development (the “**Development**”).

B. The Authority and Owner entered into that certain Development Agreement dated December 12, 2023, regarding certain public improvements associated with the Development (“**Development Agreement**”).

C. Pursuant to the Development Agreement, Owner has planned, designed, constructed, equipped and installed certain public access easements and utilities, [\_\_\_\_\_] (“**Public Improvements**”),<sup>1</sup> and the Authority has agreed to reimburse Owner for certain costs for the Public Improvements.

D. In consideration of the covenants and agreements of the Authority pursuant to the Development Agreement, and conditioned on Owner’s compliance with its obligations under the Development Agreement, Owner has agreed to manage, operate and maintain certain non-standard elements of the Public Improvements shown on **Exhibit B**<sup>2</sup> (“as defined in the Development Agreement) for the Term (as hereinafter defined) and to execute and record these Covenants.

#### COVENANTS

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<sup>1</sup> **NTD**: to be finalized upon completion of project.

<sup>2</sup> **NTD**: to be included upon completion of the project

NOW, THEREFORE, in consideration of the covenants and agreements set forth in the Development Agreement and these Covenants, Owner hereby agrees and declares that the Property and each part thereof shall be subject to the following terms, covenants and restrictions.

1. **Maintenance of Non-Standard Elements.** Conditioned on the Authority's compliance with its obligations under the Development Agreement, Owner covenants and agrees, at its sole cost and expense, to maintain in good condition and working order at all times the Non-Standard Elements. Owner's maintenance obligations shall include, without limitation: (a) the maintenance, repair, upkeep and replacement of all components of the Non-Standard Elements, including all [\_\_\_\_\_].<sup>3</sup> Owner shall replace any damaged, destroyed or stolen components of the Non-Standard Elements with materials of comparable quality and quantity to the quality and quantity of the materials originally installed as components of the Non-Standard Elements.

2. **Default and Remedies.** In the event Owner does not perform its maintenance obligations hereunder and, if such default remains uncured for a period of sixty (60) days after notice thereof is given in accordance with Section 5 (or in the event of a casualty or other loss requiring restoration or replacement of the Non-Standard Elements such longer period as may be reasonably necessary for Owner to perform such maintenance obligations), the Authority, at its option, may pursue specific performance of the Owner's obligations hereunder, cause such maintenance obligations to be performed and recover from Owner the reasonable cost of same or pursue any other remedy available at law or in equity. Owner shall pay such costs within thirty (30) days of receipt of a written statement of costs from the Authority, accompanied by contractor invoices, paid receipts, or other reasonable documentation to substantiate the amount set forth in such statement. The amount of any such statement that is not timely paid by Owner shall accrue interest at the lesser of the prime rate plus three percent (3%) or highest rate allowed by law.

3. **Covenants Run with the Land; Successors and Assigns.** The terms, covenants, and agreements set forth in these Covenants shall run with the Property and each portion thereof and shall be binding on all parties having any right, title or interest in or to the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of, and be enforceable by, the Authority or the Zone and their respective successors and assigns. As used herein, the term "Owner" shall mean the Owner, and the Owner's successors and assigns holding title to the Property or any portion thereof. In the event at any time more than one party holds title to the Property or any portion thereof, then, such parties shall be jointly and severally liable for the maintenance obligations herein set forth and such parties shall jointly exercise any rights of Owner hereunder. Any party constituting Owner that ceases to hold title to the Property or any portion thereof shall be deemed released from the obligations of Owner under these Covenants to the extent such obligations arise from and after the date such party ceases to hold title to the Property or any portion thereof. Owner has (or may in the future) establish a property owners association (the "POA") with authority to manage, maintain and operate the Non-Standard Elements for the benefit of the owners and occupants of the Development. There may be a municipal management district operating under Chapter 375 of the Texas Local Government

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<sup>3</sup> **NTD:** to be included upon completion of the Project

Code or other special district formed over the Property (“MMD”). The Authority expressly consents to the delegation of Owner’s obligations under this Agreement to the POA or MMD, as applicable and agrees that performance by the POA or MMD, as applicable, shall be deemed performance by Owner.

4. **Term.** The term of these covenants shall run until terminated by the Authority or its successors or assigns.

5. **Notices.** Any notice sent under these Covenants shall be written and mailed, or sent by electronic transmission confirmed by mailing written confirmation at substantially the same time as such electronic transmission, or sent by nationally recognized overnight courier for next business day delivery, or personally delivered to the receiving party at the following addresses:

If to the Authority:

Downtown Redevelopment Authority

[ ]  
[ ]  
[ ]  
[ ]

with a copy to:

[ ]  
[ ]  
[ ]  
[ ]

If to Owner:

[ ]  
[ ]  
[ ]  
[ ]

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 deposited with the U.S. Postal Service, sent by certified mail, return receipt requested, postage prepaid; any communication sent by nationally recognized overnight courier shall be deemed given (1) business day following deposit; and any communication delivered in person shall be deemed to be given when received for by, or actually received by the Authority or Owner, as the case may be.

6. **Invalidity.** If any provision of these Covenants is held to be illegal, invalid or unenforceable under the present or future laws, the legality, validity and enforceability of the remaining provisions of these Covenants will not be affected thereby.

7. **Governing Law.** These Covenants shall be governed by and construed in accordance with the laws of the State of Texas.

8. **Construction.** The parties acknowledge that the parties and their counsel have reviewed these Covenants and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of these Covenants.

9. **Counterparts.** These Covenants may be executed in multiple counterparts, each of which shall be deemed an original.

10. **No Third Party Beneficiaries.** Owner and the Authority acknowledge and agree that, except as expressly set forth herein, there are no intended third party beneficiaries of these Covenants or of any of the right and privileges conferred herein.

11. **Amendments.** These Covenants may be amended, supplemented, restated or otherwise modified only by a written instrument executed by Owner and the Authority or their respective successors and assigns.

12. **Entire Agreement.** These Covenants and the Development Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior written and oral agreements and understandings with respect to such subject matter.

[Signatures on Following Page]

These Covenants are executed to be effective as of the \_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

OWNER  
[\_\_\_\_\_]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS         §

This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_, by \_\_\_\_\_, \_\_\_\_\_ of [\_\_\_\_\_], LLC,  
a [\_\_\_\_\_], on behalf of said company.

\_\_\_\_\_  
Notary Public, State of Texas

**AUTHORITY**

**DOWNTOWN REDEVELOPMENT  
AUTHORITY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF TEXAS           §  
                                      §  
COUNTY OF HARRIS      §

This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_,  
by \_\_\_\_\_, the \_\_\_\_\_ of Downtown Redevelopment  
Authority, a public non-profit local government corporation created pursuant to Chapter 431,  
Texas Transportation Code, on behalf of said public non-profit local government corporation.

\_\_\_\_\_  
Notary Public, State of Texas

**EXHIBIT A**

**Description of Property**

[To be inserted.]

**EXHIBIT D**

**Downtown Redevelopment Authority Private Development Agreements Policy and Criteria**

## **Downtown Redevelopment Authority Private Development Agreements Policy and Criteria**

Purpose: To establish policy and criteria outlining necessary and sufficient conditions to assist the Downtown Redevelopment Authority (“Authority” or “Board” or “DRA”) & staff when considering development agreements proposed by private parties to jointly fund eligible developments.

These agreements typically take the form of economic development reimbursement contributions, whether the reimbursement is authorized as a direct payment reimbursing eligible costs (as with the façade grant program) or as an indirect payment as a percentage of a property’s tax bill reimbursed yearly upon proof of tax payment (as with the Downtown Living Initiative program).

Goal: To create a fair, clear, and predictable process for evaluating private capital investment that conforms with the Authority’s Project Plan and Strategic Alignment Plan and adheres to state and local legal requirements in a way that serves to maximize the public benefit of reimbursed tax increment funds via a private development.

Fair policy and criteria support equitable decision-making from the Authority both across differing private development proposals and between those proposals and requests for Zone funds from competing needs in separate DRA projects. Fair policy and criteria also enhance the certainty among private developers that their eligible proposals will receive appropriate review.

Clear policy and criteria assist the Authority in reasonably and objectively reviewing the viability of proposals and authorizing the use of incremental tax funds generated within the Zone. Authority adopted policies and criteria also provide applicants and the public with clear expectations regarding the Authority’s considerations for requests to participate.

Predictable policy and criteria enhance Authority decision-making by highlighting those private development projects most promising to the public while underscoring specific areas for further negotiation. Predictable policy and criteria also foster private investment within the Zone by maximizing rationality in the deployment of public funds into qualifying private developments.

General: The Authority continues to encourage and facilitate strategic new private investment in Downtown Houston within the designated boundaries of the

Zone. The DRA Board has the authority to support the development or redevelopment of properties in the Zone by entering into development agreements that provide Zone benefits including reimbursement to private entities incurring the costs of certain, eligible expenses. The Authority has precedent for participating in private development agreements within the terms of an established program, as it did with the Downtown Living Initiative. The Authority may also consider engaging in private development agreements on a case-by-case basis within the terms of the policy and criteria established herein. In all instances, eligible expenses put forth by private development must directly involve public infrastructure or sufficiently reflect a provable public purpose.

[*Board authority derives from Texas Constitution, Article III, Sec. 52(a), Texas Tax Code 311, City Ordinance 2005-1051*]

Funding:

The Authority collects funds for use toward public improvements and eligible programs through its designated Tax Increment Reinvestment Zone. Tax increment is captured tax revenue based on the difference between the initial taxable value of a property assessed at the time that property is annexed into the Zone and any increased assessed taxable value that may have resulted from market valuation increases, as well as direct and adjacent new investment.

Public Infrastructure  
And  
Public Purpose:

In consideration of development projects in the Zone which will address blight, enhance property values and tax revenues, produce additional jobs, and align with the Project Plan amendments affirmed by City Council, the Authority may determine that it is in the best interests of the Zone and the City to enter into an economic development benefits agreement with a private entity for reimbursement of eligible public infrastructure and/or public purpose costs associated with a capital project.

Public Infrastructure:

The Authority may enter into an agreement that it considers necessary to further the Project Plan and Reinvestment Zone Financing Plan and achieve the Zone's purpose pursuant to that Plan. The Zone may dedicate, pledge, or otherwise provide for the use of revenue in the tax increment fund to pay any project costs that benefit the Zone, including but not limited to project costs relating to the cost of affordable housing, areas of public assembly, the remediation of conditions that contaminate public or private land or buildings, the preservation of the facade of a private or public building, the demolition of public or private buildings, public educational facilities, transit facilities, or the construction of a road, sidewalk, or other public infrastructure, such as but not limited to public sanitary sewer and storm water systems, landscaping including tree canopy, traffic lights and streetscape, vegetation, lighting, way-finding, trash receptacles and benches within the boundaries of a Zone.

*[Board authority derives from Section 311.010(b) of the Texas Tax Code]*

Public Purpose:

The Authority has the power to enter into agreements that benefit the public purpose of the Zone and also advance business and commercial activity in the Zone. The Authority may provide contributions for a project to induce investment in the Zone, so long as that induced investment carries sufficient public purpose, which may include developing and diversifying the economy of the Zone, eliminating unemployment and underemployment in the Zone, and developing or expanding transportation, business, and commercial activity in the Zone, including programs to make grants and loans from the tax increment fund of the Zone in an aggregate amount for activities that benefit the Zone and stimulate business and commercial activity in the Zone.

*[Board authority derives from and must adhere to Article III, Section 52(a) of the Texas Constitution, Section 311.010(h) of the Texas Tax Code, and City Ordinance No. 2005-1051]*

The expenditure of public funds accomplishes a public purpose when:

- (1) the expenditure's predominant purpose is to accomplish a public purpose, not solely to benefit private parties; and,
- (2) the Authority or other public entity retains public control over the funds to ensure that the public purpose is accomplished and to protect the public's investment; and,
- (3) the Zone or other public entity is ensured of receiving a return benefit.

Expanding upon these three requirements:

(1) The Authority has the right and responsibility to determine whether a public purpose is served by a particular expenditure, and to respond to any proposed development agreement accordingly. Benefits from a private development agreement may be recognized as serving both a private and public purpose, and an expenditure which incidentally benefits a private party is not invalidated if it is made for the direct accomplishment of a legitimate public purpose. Thus, an incidental benefit to a private developer is acceptable if, in the opinion of the Authority, the agreement is predominantly for the direct accomplishment of a legitimate public purpose in the Zone.

(2) The Board has the authority and responsibility to see that sufficient controls are established when designating the use of public funds to ensure that the expenditure serves a public purpose. The form in which sufficient control takes place varies by application.

(3) What constitutes a sufficient return benefit in any given case will

depend on a number of factors with the ultimate consideration being a project's consistency with the Authority's Project Plan amendments and Strategic Alignment Plan. Sufficient return benefit, under this consideration, need not be equal but there must not be such a gross disparity in the return benefit as to suggest unconscionability, bad faith, or fraud.

Guidelines:

The following policy guidelines are meant to establish parameters to assist the Authority in its decision-making processes as well as to provide direction for those in the private sector seeking public funds. In order for an economic redevelopment project to be eligible to receive DRA assistance, it must satisfy all of the following criteria:

1. The project site must be located within the boundary of the Zone as designated by City Council. A map of the current Zone boundaries is attached as MAP 1. While not legally required, currently all property within the Zone is contiguous.
2. The proposed redevelopment must conform to all building codes, permits, and City Ordinances.
3. The proposed redevelopment must result in the retention and/or creation of permanent jobs, or the addition of residential units within the Zone as determined by the Board. Each development agreement will contain provisions for compliance.
4. To satisfy the requirement of "return benefit" and accomplish a public purpose, the proposed redevelopment must involve significant private investment so as to assure adequate yield of tax increment financing revenues. As determined by the Board, construction related to private investment must yield such captured valuation as to exceed any committed Zone funds by at least five-fold. Thus, for each 1 million committed by the Zone the related private investment yields an incremental valuation increase of 5 million. The Board may adopt "return benefit" considerations that involve 'areas' of need within the Zone, such as workforce or affordable or accessible housing; institutional accommodations such as educational facilities; enhanced connectivity benefits; or, retail opportunities that address access and equity such as grocery, pharmacy, or medical facilities.
5. Pursuant to the Board's review and amendment, the maximum time period in which expenses are eligible for reimbursement from the Zone for any one project shall not exceed fifteen years from

the inception of the first year of reimbursement.

6. Authority assistance shall be administered and paid to the ownership entity on a reimbursement basis and will be fully described in the development agreement between the Authority and developer. The agreement shall be written in accordance with the terms of this policy and will serve as a legally binding contract, which will enjoy the full effect of law. The agreement will include a schedule of estimated annual reimbursement payments.
7. Subject to the other limitations of this policy, the amount of eligible and captured incremental tax value contributed through reimbursement shall not exceed 80% of the yearly assessed tax on the project property.
8. In the event of a transfer or sale of the property, the development agreement may be assigned to the new owner of the property with prior written consent by the DRA. The proposed new buyer shall be required to submit information to the Authority regarding proposed job and/or residential additions and any other information required by the Authority for it to make a determination regarding the assignment of the agreement. Such an assignment will be in accord with the guidelines and the executed agreement and will not be unreasonably withheld.
9. The developer shall provide a pro forma analysis of the project to the Authority's legal counsel. Said analysis shall be used, in part, to verify the need for reimbursement and reasonableness of the request.
10. Integral to any project proposal, the developer shall provide specific analysis in support of any claim of 'public improvement' for which it seeks reimbursement whether claimed as public infrastructure or public benefit. Support for such a claim may be satisfied through the clear application of designated easements, public covenants, or prior and continued public ownership. Developer shall assume responsibility for the maintenance and operation of all property to which developer has granted easements or covenants to a public entity.
11. If approved by the Authority Board, eligible costs for off-site public infrastructure may also be eligible for payment of accrued interest on unpaid reimbursable costs at an agreed upon rate of interest. Off-site public infrastructure shall be located outside of the project building typically in the public rights of way or public easements, or on public property. Interest will accrue from the

later date of the developer having paid for the eligible cost item or the Authority having begun to capture project tax increment revenues.

12. Each development agreement shall designate a milestone event that signifies project completion (such as the issuance of a temporary certificate of occupancy). That event will vary depending upon the type of project, but it shall be fair, clear and predictable for all parties.
13. Reimbursement under the terms of an agreement shall not begin before the first full year of tax assessment after project completion.
14. If approved by the Authority Board, eligible expenses for on-site public facilities are eligible for reimbursement without interest. Reimbursement shall not begin until the Authority has begun to capture project tax increment revenues.
15. The obligation of the Authority to reimburse the developer for eligible costs shall be subordinate to existing and future debt obligations of the Authority. To the extent that other debt obligations reduce the ability of the Authority to reimburse the developer, the term of reimbursement may be extended for an appropriate period of time to assure reimbursement.
16. The developer shall prepare or cause to be prepared the plans and specifications for the public improvements – whether designated as public infrastructure or public benefits -- as described in the development's project costs as applicable and submit the same to the Authority for approval. The Authority shall approve or reject the proposed plans and specifications within thirty (30) business days of submission. In the event of the rejection of the plans and specifications, the Authority shall include specific reasons for such rejection in writing. The Authority and developer each agree to exercise commercially reasonable efforts to promptly resolve any objections to the proposed plans and specifications. On approval of the plans and specifications by the Authority, the same shall constitute the final plans and specification. Any modifications (other than corrective changes) to the Final Plans and Specifications shall be submitted to the Authority for its reasonable approval. For purposes hereof, "corrective changes" mean any necessary and reasonable changes required to correct defects or deficiencies in construction as originally contemplated by the plans and specifications, or as may be necessary to obtain required permits, inspections or approvals from governmental authorities.

17. The Authority shall pay the reimbursement to the ownership entity of the project in annual installments by October 1<sup>st</sup> of each year beginning no sooner than the first full operating year after the agreed upon event that marks the project completion and ending under the terms of the agreement, subject to and conditioned upon the following:
- (i) no later than September 1<sup>st</sup> in the First Full Operating Year, the ownership entity shall provide to the Authority:
    - (a) three (3) full and complete sets of final “record” drawings for the project, including public improvements, whether public infrastructure or public benefits, and
    - (b) a summary of all project costs eligible for reimbursement that accurately details related expenses, receipts for qualifying expenses, plus appropriate releases and lien waivers in forms acceptable to the Authority; and
  - (ii) no later than September 1<sup>st</sup> in each calendar year beginning with the first full operating year, the ownership entity shall annually provide to the Authority:
    - (a) evidence that all ad valorem taxes due to all taxing jurisdictions for the present or future tax account or accounts relative to the project have been paid in full; and
    - (b) evidence that the ownership entity still operates the project for the use as funded under the agreement; and
    - (c) evidence that the public improvements are built and maintained in accordance with the development agreement, final plans and specifications including compliance with all City regulations; and
    - (d) evidence that the public has sufficient and appropriate access to the public benefits identified in the agreement; and
    - (e) any other information reasonably requested by the Authority and related to the public improvements.

18. The DRA has the authority to create a designated fund from portions of a project's incremental increase in value. The Board may consider that achieving a sufficient degree of public benefit may include the creation of a designated fund established prior to the triggered reimbursement payments and comprised of the development tax increment produced by a project. The designated funds shall be earmarked for public infrastructure and public purpose projects authorized by the Authority to address public community enhancement to the development. The terms of such a fund would be established within the development agreement.

Policy

Changes:

These guidelines may be modified or waived by the Authority at any time, and without notice. The Executive Director shall periodically perform a review of the guidelines and prepare a report recommending any changes to the policy necessary to improve the effectiveness of the policy. The Executive Director may recommend elimination of the policy if financial conditions warrant if the goals of the policy are deemed to be accomplished or based on other factors.

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## Affordability Discussion

## AFFORDABLE HOUSING RESOURCE GUIDE FOR DOWNTOWN

Many of the country's great downtowns will have to diversify uses and activity to overcome and outplay the typical real estate cycle of boom and bust. Downtown Houston is no exception. Downtown Houston will no longer be able to count on the office market driving all activity and related uses downtown, or on the City of Houston's inherent desirability to attract employers and residents to the urban core. As the Houston Metro region's population continues to grow, our Downtown must evolve. The evolution will mean cultivating Downtown Houston as a genuine mixed-use, 24-hour community.

While mixed-use strategies such as office-to-residential conversions are one potential solution, the underlying opportunity with increasing residential supply in Downtown Houston is creating more opportunity for affordable housing units that retain and grow businesses, such as retail and restaurants, by providing a viable workforce. In turn, affordable housing strategies bring into focus other ways to increase foot traffic and economic activity downtown, including enhancing retail-oriented, as well as institutional and cultural uses of space, and improved safety and connectivity.

Due to a variety of market and other disruptive forces, including technology, globalization, federal tax policy, the aftermath of the Great Recession, and the COVID pandemic aftermath of high interest rates and inflation, the income and wealth gaps have widened considerably in the U.S. To further exacerbate the affordability issue, the minimum wage has not risen with a higher cost of living to ensure that folks who are working full time in minimum wage jobs can afford a decent place to live. In most American Downtown submarkets, it is virtually impossible to deliver affordable housing units at an affordable price point. Federal and state tax credits and other subsidies are not available on an unlimited or on an as-needed basis. They are allocated according to a formula that has more to do with state population than actual, real-time demand for affordable housing units. There are simply not enough financial resources to support the development of all the units that would be needed to bring supply in line with demand.

As part of a broader effort to bring new residential vitality and ultimately shape Downtown Houston into a mixed-use and mixed-income neighborhood, Downtown Houston+ staff conducted an exhaustive research effort to identify the most promising and applicable funding sources available to improve delivery of accessible and affordable housing units directly in Downtown. The funding sources research is intended to help interested stakeholders accelerate the provision of affordable housing that specifically targets the Downtown Houston submarket. Below are several findings from the research:

- HUD acts as key agent of most affordable housing supply funding in Houston.** Most of the funding available for low-income housing is funneled from the federal to local levels of government through the U.S. Department of Housing and Urban Development (HUD). This is no different in Houston. HUD directs funding directly to agencies like the City of Houston and Harris County Housing

Departments, along with the city of Houston and Harris County Housing Authority. HUD calculates the Area Median Income for households in the Houston Standard Metropolitan Statistical Area (SMSA). When seeking federal affordable housing funding, the specific AMI amounts for the Houston SMSA will be used to determine project qualification although they will not reflect the median income for Downtown Houston residents.

- **Throughout the country, Low Income Housing Tax Credits (LIHTC), are one of the most critical tools used to apply federal dollars towards multifamily projects that include affordable housing units.** Federal tax credits are allocated to state housing finance agencies by a formula based on population. Each state establishes its affordable housing priorities and developers compete for an award of tax credits based on how well their projects satisfy the state's housing needs. Developers receiving an award use the tax credits to raise equity capital from investors in their developments. The tax credits are claimed over a 10-year period but the property must be maintained as affordable housing for a minimum of 30 years. Projects receiving tax credits, must be affordable for people earning no more than 60 percent Average Median Income (AMI).
- **The Biden Administration is actively seeking to create new or additional affordable housing funding resources and streamline existing ones.** In fact, recently, the Biden Administration released a guidebook that provides additional ways to integrate affordability into multifamily residential projects. The Guidebook highlights new resources that increase affordability and the emission reduction potential of conversions. It also features case studies that illustrate how federal programs that are already in action make conversions work with detailed descriptions of each.

[Commercial-to-Residential-Conversions-Guidebook.pdf \(whitehouse.gov\)](#)

- **In Texas, other than state tax credits, Public Finance Corporations (PFCs) are a promising tool for the provision of affordable housing.** PFCs are primarily a property tax exemption available under 303.042(f) of the Texas Local Government Code. The state code was recently reformed requiring agencies granting such tax breaks to developers give prior notice to all taxing entities involved that there would be audits on how much of the tax break went toward lowering rents and that at least 10% of the units are affordable for those earning 60% of the area median income (AMI).
- **Affordable housing is determined by the income level(s) of the residents of each project.** In the Houston-specific context, the HUD 2023 AMI for a household of one is \$65,275. Using HUD AMI, 60% of the AMI would be \$ 39,345 for a household of one. The average size of the Downtown Houston household is 1.3 persons. Workforce housing income levels are designated up to the 120% AMI levels. Workforce housing is often not eligible for tax credits, private activity bonds or most other federal, state or local government subsidies.

However, in the City of Houston, the City and Harris County Housing and Community Development Departments include housing for households up to 120% AML in some of their programs.

- **Local advocates for affordable housing in Houston are numerous and differ in programmatic services and approach.** With a few exceptions, the one common feature across most programs is that they are aimed primarily at the provision of affordable single family residential versus multifamily. The following is a list of the more prominent agencies active in affordable housing development in Houston. Most are either directly involved in the provision of affordable housing or serve as intermediaries.

- **City of Houston Housing and Community Development Department (HCDD).** Most federal funding and, specifically, HUD-related funding is funneled directly through this department of the City of Houston. Though funding is not predictable based on federal funding priorities and legislation, the department provides an important resource and launchpad for public and private entities interested in a potential partnership opportunity for the provision of affordable housing. While most of the funding is directed towards the provision of affordable single family residential, the HCDD does have a targeted affordable multifamily residential program.

[Home | Housing and Community Development Department \(houstontx.gov\)](https://houstontx.gov)

- **Harris County Community Services Department.** Though most funding currently targets affordable housing outside of the Downtown area, funding could be redirected to other potential target areas based on availability of funding.

[Harris County Texas Housing \(harriscountytexas.gov\)](https://harriscountytexas.gov)

- **Houston Land Bank.** Through a homebuyer program, the Houston Land Bank sells lots to approved homebuilders at a discount from market prices. In exchange, the builder agrees to construct a quality affordable home to be sold to an income-eligible homebuyer at or below a capped price.

[home - Houston Land Bank](https://houstonlandbank.com)

- **New Hope Housing.** New Hope Housing is a national leader in addressing housing insecurity, especially with its holistic and strategic community development approach, which includes direct real estate development, resident services delivery, and property management. Among many of its locations across Houston, is a multifamily property at

1414 Congress Street in Downtown Houston, which features 57 studio efficiency apartment homes.

<https://newhopehousing.com>

- **Local Initiatives Support Coalition (LISC) Houston.** LISC acts as an intermediary between the real estate development community and partners to address the whole spectrum of affordable housing ranging from trainings, housing development, preservation, access to homeownership and rehab from disasters. LISC directly provides grants and loans for every aspect of development, including planning and acquisition and construction and renovation.

[Lending & Capital | LISC Houston](#)

- **Avenue Community Development Corporation.** Avenue is a builder of homes and apartments for purchase and rent, while providing education and coaching that help families build assets for the long-term. Most of their projects are focused directly in areas near and around Downtown Houston, including but not limited to Old Sixth Ward/Washington Avenue Arts District and Near Northside.

[Avenue Home - Avenue \(avenuecdc.org\)](#)

- **Houston Housing Finance Corporation.** HHFC is a nonprofit corporation founded in 1979 by the City of Houston with the purpose of providing decent, safe, and sanitary housing at affordable rates to the residents of Houston. HHFC has no staff but instead independent contractors, who carry out its functions. HHFC is an active issuer of multifamily, private activity bonds for affordable housing and serves as a direct lender. HHFC works with City and County agencies, community nonprofit developers, and commercial banks to raise the financial capital that is needed for successful projects.

[About | Houston Housing Finance Corporation \(houstonhfc.com\)](#)

## Update on Potential Purchase Negotiations

*(no materials - verbal/discussion)*



DOWNTOWN HOUSTON+

# STRATEGIC ALIGNMENT PLAN UPDATES

JANUARY 2024

# GOAL 1



## Champion major projects, initiatives and investments that improve Downtown.

1.4 Guide the implementation of Plan Downtown, the HDMD Service & Improvement Plan, and TIRZ Project Plan.

Highlight: On December 14th, the HDMD Board voted to approve its 2024 budget. The 2024 budget includes an aggressive investment strategy totaling over \$22M. Revenues were bolstered by a 0.5-cent increase in assessments (per \$100 valuation) approved by the board.

As a state-created special assessment district, the HDMD protects and beautifies the public realm, centralizes marketing and programming for Downtown, plans and implements an array of enhancements, and drives economic development. **Decisions about the HDMD's priorities and investments are made by a 30-member Board representing the District's diverse stakeholders.**

Excerpted highlights of the 2024 budget included:

- Continuation of public safety programs (\$3.6 M)
- Sidewalk cleaning efforts (\$2.8M)
- Increasing efforts to address homelessness (\$1.4 M)
- Maintaining & programming Market Square and Trebly Parks (\$830k)
- Holiday décor and programming (\$925k)
- Walkability & connectivity improvements (\$500k), and
- Storefront business development (\$350k)

Participating Agency:



1.9 Explore opportunities to assume management and administration of geographically relevant and mission-aligned tools.

Highlight: With the approval of the CHI Budget on December 6, management finalized negotiations with a fund development & grant writing consultant that can help the organization **pursue federal, state, and philanthropic funds to help augment and expand the organization's** programs and other major investments. The consultant will begin a six-month scope of work with CHI / CHCI that will include the development of a fund development strategy and submitting applications for 10 grants on behalf of the organization.

Participating Agency:



## GOAL 2

Enhance and maintain a comfortable, welcoming, and well-managed public realm.

- 2.2 Cultivate nature across Downtown, including its urban forest, planters, and other greenspace elements.

Highlight: **It's a bird, it's a plane, it's a flying tree?** On Saturday, December 9, a new live oak tree will be installed at Market Square Park to replace one of the large existing oaks that was **lost due to last winter's freeze and the recent summer drought.** The new tree is a **17" caliper** live oak that was hand selected in Brookshire, Texas. The tree is approximately 36 ft tall, 30 ft **wide, has a 144" root ball that weighs roughly 65-70,000 lbs** and will be hoisted in the air to its new home with a 250-ton crane. The new oak is the largest size tree that could legally be moved down the road!

Participating Agency:



- 2.6 Deploy welcoming ambassador teams within the public realm to improve visitor experiences and augment public safety.

Highlight: The work of our ambassador teams to maintain Downtown cannot be overstated, and those **hardworking men and women are personally responsible for Downtown's exceptional appearance.** To show them our appreciation, HDMD management recently hosted an Annual Holiday Appreciation Luncheon on December 21 for our Ambassadors and agency partners. It provides a time for District staff to show our support and appreciation for all the hard work that our Ambassadors, law enforcement, and homeless outreach partners do throughout the year in making Downtown beautiful and safe for all to enjoy.

Participating Agency:





# GOAL 3

Drive vibrancy through improved street-level connectivity, a commitment to walkability, and inclusive programming strategies.

### 3.1 Plan, design, and construct public infrastructure that supports safety and equity.

Highlight: On December 12th, the DRA Board approved \$13.79 M for public infrastructure improvements and storm resilience adjacent to Buffalo Bayou Park on Allen Parkway. These improvements will be built by Service Corporation International (SCI) as part of its new \$150M corporate headquarters tower.

This partnership will deliver enhanced storm water management, improved pedestrian amenities, environmental resiliency, and keep 900 jobs in Houston. **The site for SCI’s new project was previously home to KHOU-TV until flooding from Hurricane Harvey in 2017 forced the media company to vacate and sell the property.**

**As a tax increment reimbursement deal, the DRA’s support comes without incurring upfront costs or taking on debt. The \$13.79M comes from the new taxes generated by SCI’s new HQ building.**

Participating Agency:



### 3.3 Partner with Houston First in advancing strategies that connect visitors to Downtown places and experiences.

Highlight: HDMD again partnered with Houston First to energize Downtown for the holiday season. New for this year, Downtown City Lights offers a fleet of free holiday-decorated pedicabs and a reasonably priced double-decker bus tour, both sponsored by Downtown Houston+. The pedicabs and hop on-**hop off bus thread together Downtown’s bright spots, encouraging visitors** to extend an evening of festivities to multiple venues. Also new this year: Santa Paws in Twinkle Town (Trebley Park) offers free holiday pet portraits and *pupaccinos*, and Mistletoe Square (Market Square Park) hosts multicultural Santas, a mini-market, gift-wrap station, and free face painting.

Participating Agency:



# GOAL 4



Foster a vital and thriving economy through business growth, residential expansion, and enhanced reasons to be in Downtown.

- 4.2 Engage with local partners such as the City of Houston, Houston First and the GHP to improve the national image and reputation of Downtown Houston.

Highlight: On December 13, the Downtown Houston+ President & CEO was invited to provide a 30-minute speech to the GHP Board on the topic of the importance of Downtown to the city and region. The speech was organized around critical issues facing North American downtowns, and the work being done locally to ensure that Downtown Houston is protected against those threats. This opportunity also highlighted the importance of working in lockstep with the GHP, the regional leader in economic development, and was the first Board for the new GHP President & CEO, Steve Kean. That Mr. Kean requested Downtown Houston+ to provide the keynote speech at his first Board Meeting was a significant indication of the strengthening partnership between the organizations.

Participating Agencies:



- 4.6 Facilitate the delivery of more residential development, building toward a residential population of 15,000 by 2027.

Highlight: At the request of JLL, the brokerage agency overseeing the sale of 1021 Main Street, Downtown Houston+ staff has attended multiple meetings with prospective purchasers of the property to help explain its prospects as an office conversion project. Given the Nov 30, 2023 **publication of the DRA's** office conversion feasibility study plus a steady stream of media coverage of the study, Downtown Houston+ has become the go-to agency to help advise of the prospects for conversion and access to economic development tools that can make conversions to residential and other product types possible.

Participating Agencies:



## GOAL 5

Develop a hivemind of intelligence and goodwill by genuinely engaging and convening stakeholders.

- 5.6 Improve and expand external communications to increase awareness of CHI, its actions, and general Downtown happenings.

Highlight: In collaboration with Coalition for the Homeless and SEARCH, CHI met with Nicholas Kristof, **New York Times columnist and winner of two Pulitzer Prizes, to discuss Houston’s collaborative approach to helping people experiencing homelessness access permanent, supportive housing. In the resulting article: [“America has a homelessness problem. Houston has a solution.”](#)** Kristof writes, “Houston has succeeded because it has strong political leadership that gathers data, follows evidence and herds nonprofits in the same direction. It is relentless.”

Participating Agencies:



- 5.7 Develop programs and collateral to orient new companies, employees, and residents to Downtown.

Highlight: While streamlining and unifying our organizational brands into a single focus as Downtown Houston+ makes it simpler for anyone to find what they are seeking Downtown, we also created new tools to help tell the story of a welcoming, vibrant community. The resulting [brand anthem video](#) and updated [Downtown Field Guide](#) bring “Houston’s original neighborhood,” to life and make it easier to navigate Houston’s heart of opportunity, excitement and joy.

Participating Agency:

