INTERLOCAL AGREEMENT

Between the

CITY OF HOUSTON

and

HOUSTON CONVENTION CENTER HOTEL CORPORATION
INTERLOCAL AGREEMENT

THIS INTERLOCAL AGREEMENT (the “Agreement”) is by and between the CITY OF HOUSTON, a Texas home rule municipality (the “City”) and the HOUSTON CONVENTION CENTER HOTEL CORPORATION, a Texas local government corporation (“Corporation”).

WITNESSETH:

WHEREAS, City owns and operates various convention and entertainment facilities for the benefit of its residents, tourists, convention attendees and other visitors through its Convention and Entertainment Facilities Department (“CEFD”); and

WHEREAS, City created the Corporation to develop, construct and operate a 1200 room hotel known as Hilton Americas – Houston to enhance the appeal of Houston as a convention and corporate meeting site; and

WHEREAS, the collective efforts of these two entities will be more focused and efficient by consolidating and streamlining the operations, thereby enhancing Houston’s marketing success; and

WHEREAS, Corporation shall, promptly following the date hereof, reconstitute itself by revising its bylaws and articles of incorporation to broaden its authority to include, in addition to matters related thereto, the functions of CEFD, which functions include, but are not limited to, the operation, maintenance, management, development and redevelopment of the CEFD properties; and

WHEREAS, in order to effect the consolidation of CEFD with the Corporation, City desires to lease certain land and improvements, delegate certain duties, and provide certain services to Corporation; and

WHEREAS, Corporation desires to accept the land and improvements as well as all of the duties and services, all under the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual covenants, conditions and promises hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Parties hereby covenant and agree as follows:

ARTICLE 1. - DEFINITIONS

Capitalized terms used in this Agreement have the meanings specified below:

“Agreement” means this Interlocal Agreement between the City and Corporation together with all exhibits and other attachments thereto, as the same may be amended or restated from time to time.
“Agreement Year” means each full 12 month period beginning on each July 1 occurring during the Agreement Term, and the full or partial years consisting of the first Agreement Year beginning on July 1, 2011 and ending on June 30, 2012, and the last Agreement Year being a full or partial year beginning on July 1 of the year in which this Agreement expires or is terminated and ending on the date of such expiration or termination.

“Annual Budget” means the budget of the Corporation approved in accordance with this Agreement.

“Applicable Laws” means (i) any law, legislation, statute, act, rule, ordinance, decree, treaty, regulation, order, judgment, holding of a judicial or administrative tribunal, or other similar legal requirement, or (ii) any legally binding announcement, directive or published practice or interpretation thereof, enacted, issued or promulgated by any Governmental Authority.

“Available Pledged Revenues” means the amount of Pledged Revenues that, but for the execution of the Lease and the terms and provisions of this Agreement, would be available, subject to any restrictions imposed by any City Bond Documents, to the Department to pay capital expenditures or operating expenses with regard to the Department's facilities, to pay costs and expenses of the Department to encourage tourism, conventions and entertainment, or for any other lawful purpose.

“Board of Directors Candidates” means a list of names prepared by the President of the Corporation, approved by the Chairperson of the Corporation, submitted to the Mayor of the City.

“Bonds” means any type of notes, certificates of obligation, commercial paper or other evidence of indebtedness issued or to be issued by Corporation or the City, the proceeds of which are used for the financing of Capital Expenditures or for the acquisition of real property, plus interest by a specified future date, or the refunding or defeasance of any of such notes, certificates of obligation, commercial paper or other evidence of indebtedness.

“Business Day” means a day that is not a Saturday, Sunday or legal holiday recognized as such by the City.

“Capital Expenditures” means costs or expenditures which are considered capital costs or expenditures under GAAP including, but not limited to, capital expenditures for Improvements, alterations, additions, replacements, equipment, tools, and other items having a useful life in excess of one year; depreciation and amortization; sculptures, paintings, civic art and other art work used to decorate the Facilities; asbestos removal costs; Vehicles, easements and intangible assets (including the rights held by the City in the Hotel Garage) and renovations of Improvements other than routine repairs not considered to be capital items under GAAP.

“Casualty” means damage, destruction or other property casualty resulting from any fire or any Force Majeure or other sudden, unexpected or unusual cause.
"CEFD Employees" shall have the meaning ascribed to it in Section 7.01 below. "City" means City of Houston, Texas.

"City Council" means the City Council of the City.

"City Bond Documents" means all of the instruments, agreements, indentures and other documents evidencing indebtedness of City from time to time secured in whole or in part by a pledge of HOT or parking revenues from any of the garages or surface parking facilities that are part of the Leased Premises.

"City Dates" means those dates and terms provided for City use under the following documents:

- Ground lease for Toyota Center between the City and the Harris County/Houston Sports Authority;
- Lease agreement between the City and the Hobby Center Foundation;
- Lease agreement between the City and Talento Bilingue de Houston; and,
- Agreements for the downtown soccer stadium for the Houston Dynamo.

"City Default" is defined in Section 10.03.

"City Employee Compensation" means the actual salary plus benefits owed or to be owed to CEFD Employees during the Term including all wages, compensatory time, insurance benefits, vacation leave, sick leave, group insurance premiums, pension or retirement benefits and all other benefits or other obligations or liabilities owed or to be paid to CEFD Employees during the Term.

"Collateral Assignee" is defined in Section 9.01.

"Contracts" means those contracts, purchase orders and agreements between City and third parties for concessions, services, supplies or other items or matters relating to the operation of the Leased Premises as in effect on July 1, 2011.

"Corporation Default" is defined in Section 10.01.

"Corporation Fiscal Year" means the period January 1 of each year until December 31 of such year.

"Corporation Personal Property" means all tangible and intangible personal property owned or used by City in either the current operation of the Leased Premises or future operations, including, but not limited to, the FF&E, the Contracts, the Permits, the Intellectual Property and Vehicles.

"Countersignature Date" means the date this Agreement is countersigned by the City Controller of the City.
“Default Rate” means, for both the City and the Corporation, the maximum annual rate of interest allowed under the Prompt Payment Act, Chapter 2251.025, Texas Government Code, as amended, accruing on any amount due from the date that is 31 days after such amount becomes due, pursuant to the terms of this Agreement.

“Department” means the Convention and Entertainment Facilities Department of the City.

“Director” means the director of the Department

“Event of Default” means either a Corporation Default, or a City Default.

“Existing Interlocal Agreement” means that certain Interlocal Agreement between the City and the Corporation with a countersignature date of May 3, 2001, as the same may hereafter be amended and modified from time to time.

“Facilities” means the Leased Premises and the Corporation Personal Property.

“Fee” means the sum of $8,620,000.00.

“FF&E” means all of the fixtures, furnishings, artwork, equipment, supplies and other tangible personal property associated with the Leased Premises or owned or leased by the Corporation. For the avoidance of doubt, the term “FF&E” does not include any of the fixtures, furnishings, artwork, equipment, supplies and other tangible personal property associated with the Hotel or Hotel Garage or now or hereafter owned or leased by the Corporation in regard thereto.

“Force Majeure” means an event or circumstance beyond the reasonable control of, and without the fault or negligence of, the Party claiming Force Majeure. It shall include an act of God; war (declared or undeclared); sabotage, riot; insurrection; civil unrest or disturbance; military or guerrilla action; economic sanction or embargo; civil strike, work stoppage, slow-down, or lock-out; explosion; fire; earthquake; abnormal weather condition; hurricane, flood; the binding order of any Governmental Authority; the failure to act on the part of any Governmental Authority (other than City or political or other entities subject to the direct control of the City); unavailability of supplies or products necessary for the operation of the Leased Premises; failure of the equipment not utilized by or under control of a Party; and failure of equipment utilized by and under the control of a Party, provided that such equipment has been designed, constructed, operated, and maintained in accordance with prudent operating practice. Notwithstanding the foregoing, nothing related to market conditions shall constitute Force Majeure and settlement of a strike or lockout shall be deemed beyond the control of the Party claiming excuse thereby regardless of the cause of, or the ability of such Party to settle such strike or lockout.

“GAAP” means generally accepted accounting principles, consistently applied.
“Governmental Approvals” means any license, permit, approval, clearance, consent, certificate or other authorization of any Governmental Authority required under Applicable Laws.

“Governmental Authority” means the federal government of the United States, and any state, county, municipal or local government or regulatory department, body, political subdivision, commission, agency, instrumentality, ministry, court, judicial or administrative body, taxing authority, or other authority thereof having jurisdiction over either Party, whether acting under actual or assumed authority.

“HOT” means the municipal hotel occupancy tax levied by the City under Chapter 351 of the Texas Tax Code, as amended.

“Hotel” means the hotel located at 1600 Lamar, Houston, Texas owned by the Corporation and currently known as “Hilton Americas Hotel.”

“Hotel Garage” means the eight level, structured parking garage located immediately to the south of the Hotel and connected to the Hotel and the George R. Brown Convention Center by an elevated pedestrian walkway.

“Improvements” means all structures or other improvements of any kind whatsoever, whether above or below grade, whether now existing or hereafter constructed, and including buildings, the foundations and footings thereof, utility installations, storage, loading and parking facilities, walkways, driveways, landscaping, signs, site lighting, site grading and earth movement and all fixtures, plants, apparatus, appliances, furnaces, boilers, machinery, engines, motors, compressors, dynamos, elevators, fittings, piping, connections, conduits, ducts and equipment of every kind and description now or hereafter affixed or attached to any of the Leased Premises, structures or improvements and used or procured for use in connection with the heating, cooling, lighting, plumbing, ventilating or general operation of any of such Leased Premises.

“Intellectual Property” means the right to use the names that as of July 1, 2011 are associated with the various Leased Premises and the activities conducted therein; all domain names reserved by City in connection with the Leased Premises; all rights to trade names, trademarks, service marks, copyrights, and other such rights owned by City for the benefit of or in connection with the Leased Premises and the activities conducted therein.

“Lease Agreement” means that agreement between the City and the Corporation entered into simultaneously with this Agreement whereby the City leases the Leased Premises to the Corporation.

“Leased Premises” shall have the meaning ascribed to it in the Lease Agreement.

“Operating Expenses” shall have the meaning ascribed to it in the Lease Agreement.

“Party or Parties” means the City or the Corporation or both entities.
"Permits" means those Governmental Approvals relating to the Leased Premises and Facilities as in effect on July 1, 2011.

"Pledged Revenues" means (i) HOT and (ii) revenues from parking facilities that comprise part of the Leased Premises that, in each case, are pledged to secure obligations under any City Bond Documents.

"Term" means the term during which this Agreement is in effect, as set forth in Section 3.01 of this Agreement.

"Vehicles" means all of the trucks, cars, carts, trailers, golf carts, trams, forklifts and other vehicles used by the City in the operation of the Leased Premises.

ARTICLE 2. – GENERAL OBLIGATIONS

2.01 General Assignment; Authority and Budget

The City hereby delegates and assigns to the Corporation its rights, duties and obligations under all of the leases and Contracts described in Exhibit "A." The Parties agree to work cooperatively to obtain all necessary consents needed to effectuate any such assignment. In addition, the City hereby assigns to Corporation all revenue streams currently budgeted as a part of the budget for the Department including but not limited to, municipal hotel occupancy tax receipts, license fees, concession revenues, parking revenues, etc.; provided, that, with regard to Pledged Revenues, such assignment shall include only Available Pledged Revenues. The Parties agree that, subject to approval of the Annual Budget, the Corporation shall receive and have the right to expend during the Term of this Agreement all Available Pledged Revenues and all other proceeds of HOT that do not constitute Pledged Revenues as well as all revenues attributable to the operation of the Facilities. The City and Corporation agree that all revenues received by the Corporation may be expended by the Corporation to pay for Operating Expenses, Capital Expenditures and for any other lawful purpose as determined by Corporation in furtherance of the Corporation's purposes. As further provided in Section 5.04 below, the Corporation shall act as the City's agent with regard to collection of HOT and all other Pledged Revenues. The Corporation agrees to provide bonding for those Corporation employees responsible for receiving and expending Corporation funds and name the City as an insured on such bond(s).

2.02 Exclusions from General Assignment.

The City has assigned all revenue streams currently earned or available to the Department to the Corporation (except that, as noted above, such assignment with regard to Pledged Revenues extends only to Available Pledged Revenues) to accomplish the services described herein and to assist the Corporation in performing its obligations under the Lease Agreement; provided that the Corporation shall apply the following amounts to the following purposes:
a. **Arts funding**

The Corporation shall pay the City, on a quarterly basis, 19.3% of the gross receipts of municipal hotel tax paid to and received by the Corporation, as collection agent for the City, in each such quarter, for HOT occurring within Houston during that quarter, to fund arts-related contracts and services as the City may determine appropriate and as outlined in Chapter 351 of the Texas Tax Code.

b. **Promotion Funding**

The Corporation shall pay the City $425,000 per year in quarterly installments for promotion designed to promote business travel and hotel occupancy in Houston, as the City may determine appropriate, and in accordance with Chapter 351 of the Texas Tax Code. The amount to be paid herein by the City shall be adjusted under the terms as provided in Article 4.04 of the Lease Agreement.

c. **Protocol funding**

The Corporation shall pay the City $420,000 per year in quarterly installments to fund protocol services for the City as it may determine appropriate and in accordance with Chapter 351 of the Texas Tax Code. The Corporation shall have no responsibility for supervising or conducting protocol services but may access these services as may be necessary on a reasonable basis at no additional charge. The amount to be paid herein by the City shall be adjusted under the terms as provided in Article 4.04 of the Lease Agreement.

2.03 **Additional Covenants.**

The City and the Corporation agree to the following:

a. **Miller Outdoor Theatre**

The City will continue to provide funding for roof replacement for Miller Outdoor Theatre. The Corporation will be responsible for operations and maintenance and Capital Expenditures other than roof replacement for Miller Outdoor Theatre as provided under the Lease Agreement.

b. **Traffic Control/Administrative Expenses**

The Corporation shall pay the City $231,000 per year in quarterly installments to fund traffic control within the Convention Center District of the Central Business District and to fund miscellaneous administrative expenses. The amount to be paid herein by the City shall be adjusted under the terms as provided in Article 4.04 of the Lease Agreement.
c. Discovery Green Park; Convention District Garage

The Discovery Green Park (the "Park") is currently owned by the Houston Downtown Park Corporation (the "Park Corporation") and is managed by the Discovery Green Conservancy. The City has certain rights and obligations with regard to the Park under a series of operating and management agreements (the "Park Documents"). The City hereby appoints the Corporation to act as its representative and agent regarding all decisions, rights, obligations and benefits under all the Park Documents.

The Convention District Garage is currently owned by the Park Corporation, is located within an underground garage easement owned by the City and leased to the Park Corporation, and is operated by CEFD, all by virtue of the Park Documents. The City and Corporation agree that the Corporation will operate, manage, pay all costs of operation required to be paid by the City under the Park Documents, and have the right to receive and retain all revenues from the Convention District Garage during the Term of this Agreement and utilize same in accordance with the Garage Documents as defined hereafter.

The City hereby agrees that the Corporation shall have the full right and authority to terminate, modify or amend the various loan, operating and management agreements (the "Garage Documents") affecting the Convention District Garage when and if the Corporation determines it is advantageous to do so. Following execution of any agreements terminating the Garage Documents, the debt owed by the Park Corporation to the City (CEFD funds) will be deemed paid, the Convention District Garage will be conveyed to the City and the lease of the garage easement to the Park Corporation will be cancelled.

The City has included the Convention District Garage and the easement in which it is located as part of the Leased Premises in the Lease Agreement, subject, however, to the Garage Documents.

2.04 Leased Premises - Signs.

Corporation will have the non-exclusive right, at its expense, to install, construct and maintain signs in, on or about the Leased Premises (including within City rights-of-way adjacent or near thereto) in such numbers, type, size and configuration as (i) exist thereon as of July 1, 2011, and (ii) are permitted by Applicable Laws and are hereafter desired by Corporation, including by way of example and not limitation, identification and directional signs and, on light standards within City rights-of-way, banners and flags.
2.05 Fee.

In consideration of, and as an inducement to the City to enter into, this Agreement, Corporation hereby agrees to pay City the Fee, such fee to be paid in accordance with the following schedule: (a) $1,120,000 on July 1, 2011, and (b) $2,500,000 on each of October 1, 2011, January 1, 2012 and April 1, 2012.

2.06 Cooperation Regarding Litigation.

Corporation agrees to cooperate with City, at no cost or expense to City, with regard to City’s conduct of litigation affecting, as of the July 1, 2011, any of the Leased Premises, all the duties and services accepted by Corporation under this Agreement or revenues being assigned to Corporation under this Agreement (or with regard to which Corporation is to act as agent for City under this Agreement).

ARTICLE 3. TERM; TERMINATION AND RENEWAL

3.01 Term.

This Agreement shall be effective on the Countersignature Date. The Term of this Agreement shall commence on July 1, 2011 and end at midnight on the first to occur of (i) December 31, 2026 (subject to extension described below); (ii) the termination of this Agreement by either Party as expressly provided herein; (iii) the termination of this Agreement by the mutual agreement of City and Corporation, or (iv) the termination of the Lease Agreement. The Term of this Agreement shall automatically extend for a period commencing on January 1, 2027 and ending June 30, 2041, unless either Party provides written notice to the other Party on or before June 30, 2026 of its election to terminate this Agreement as of December 31, 2026. Notwithstanding the above, the Corporation shall have the right to terminate this Agreement at any time during the first year of the Term by providing City ninety (90) days prior written notice of such termination to Corporation.

3.02 Effect of Termination.

a. Upon the expiration or termination of this Agreement (1) Corporation will surrender possession of the Leased Premises to City in accordance with the Lease Agreement; (2) City will immediately take over the operation of the Leased Premises and Corporation will not have any liability for any costs or expenses incurred or arising after the date of such expiration or termination of this Agreement; and (3) City will assume and become liable for all indebtedness evidenced by Bonds issued by Corporation provided, however, that Corporation will (i) transfer to City any private donations or pledges of contributions held by Corporation, to the extent that the proceeds thereof are pledged or otherwise intended to repay or defease such Bonds and applicable tax laws and/or the terms of such private donations or pledges of contributions permit such transfer; and (ii) remain in existence after the termination or
expiration of the Lease and administer and apply to the debt service of such Bonds any private donations or pledges of contributions held by Corporation, to the extent that the proceeds thereof are pledged or otherwise intended to repay or defease such Bonds but applicable tax laws and/or the terms of such private donations or pledges of contributions do not permit a direct transfer thereof to City. The provisions of this Section 3.02.a shall survive the expiration or termination of this Agreement until such Bonds are fully repaid.

b. All Operating Expenses and debt service on any Bonds issued by Corporation and outstanding at the time of such expiration or termination will be prorated as of the date of such termination or expiration for the Term including such date of termination or expiration. All revenues derived from operating the Leased Premises and received by Corporation prior to such termination or expiration shall be applied by Corporation to pay, satisfy and discharge any Operating Expenses, debt service on the Bonds and other liabilities and obligations relating to the Leased Premises and accruing with respect to periods up to and including the effective date of such termination or expiration. All such revenues received by Corporation after such termination or expiration shall be paid over to City within ten Business Days after receipt thereof except for any amounts of such revenues that arise out of events that occurred, and the Operating Expenses for which were incurred, before the date of the expiration or termination of the Lease, which amounts may be retained by Corporation and used solely for the purpose of paying, satisfying and discharging such Operating Expenses. Any balances remaining after the final payment of all Operating Expenses shall be paid to the City and Corporation will supply a detailed accounting by category as to the source(s) of the balances.

ARTICLE 4. - USE AND COMPLIANCE.

4.01 Landlord's Representative.

Corporation shall act as the City's representative and agent during the Term in connection with Bayou Place, Jones Hall, Wortham Center, the Houston Aquarium and for all existing leases for space in the Houston Center for the Arts, Talento Bilingue de Houston and with regard to any other leases of space for which the Department was acting as City's representative on July 1, 2011. The Corporation shall obtain City Council prior approval to amend, terminate, or renew any of the leases that are the subject of this section.
4.02 Not for Profit.

To the extent it may lawfully do so and qualify therefore, Corporation will either undertake to create a wholly owned subsidiary that will seek "501(c)(3)" status or will cooperate with the City to create a Texas non-profit corporation that will apply for "501(c)(3)" status, in order to aid Corporation in obtaining grants or other donations to assist the Corporation in carrying out its purposes under this Agreement. The Parties agree that the Mayor shall appoint the board of directors for the proposed non-profit corporation and the City Council shall confirm such board.

4.03 Compliance with Applicable Laws and City Policies.

a. In General

Throughout the Term, Corporation will comply or cause compliance with all Applicable Laws, Governmental Approvals and the terms of this Agreement. Corporation will, at Corporation's sole cost, procure all Governmental Approvals, pay any charges, license fees, or taxes incident to its activities under this Agreement and give all notices necessary and incident to the lawful and proper execution of its activities under this Agreement.

b. MWBE Compliance

Corporation agrees to comply with the City's Minority and Women Business Enterprise program in regard to operation of the Facilities by making good faith efforts to award subcontracts to qualified minority and women-owned business enterprises certified by the City.

c. Texas Public Information Act/Open Meetings

Corporation shall, to the extent such laws apply to the Corporation, abide by the provisions of the Texas Public Information Act and the Texas Open Meetings Act.

4.04 References.

The Parties agree that to the extent the Code of Ordinances, City of Houston, Texas or any other ordinance, motion, resolution, contract or other document (including specifically and without limitation, the leases, Contracts and other agreements assigned to Corporation herein, but excluding the City Bond Documents) devolve duties upon the Department or the employees thereof or Director, such references shall be construed to mean the Corporation and the employees and President thereof.
ARTICLE 5- CITY'S SERVICES AND SUPPORT.

5.01 Annual Budget and Reporting Requirements.

a. Corporation shall submit its budget with regard to Corporation's activities under this Agreement and the Lease Agreement to the Mayor by no later than November 1 of each year. The City shall strive to submit the Corporation's budget to City Council for approval no later than December 1 of each year, with each such budget being herein called the "Approved Budget." The Approved Budget for the period July 1, 2011 through June 30, 2012 is attached hereto as Exhibit "B" and made a part hereof and is hereby approved by the City.

b. Corporation shall ensure that HOT received by the Corporation is expended in conformity with the provisions of Chapter 351 of the Texas Tax Code specifically including but not limited to, the requirement that at least 23% of the gross receipts be expended for advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity, and subject to not impairing the Corporation's right to spend funds necessary for payment of operation and maintenance expenses of the Facilities and any other convention center facilities acquired by the Corporation (but excluding the Hotel and Hotel Garage).

5.02 Utilities and Support Services.

To further facilitate the orderly transition of operations, until written notice from the Corporation, City will continue to provide telephone switch and service and IT and network support services (including, but not limited to, access to the City intranet, network/remote access server, authentication server, and email servers) for Corporation, at the Corporation's expense, on the same basis as such services were provided for the Leased Premises (or to the Department) as of July 1, 2011, notwithstanding any policy or protocol to the contrary. In addition, at Corporation's request and expense, City will at all times keep the Leased Premises covered under its electric service and other utility contracts, provided, however, that at Corporation's request and upon Corporation's acquiring such services for the Leased Premises through a non-City contract, City will exclude any one or none of the Leased Premises from City's service contracts, provided that none of the above actions are in violation of any existing contracts.

In addition to the foregoing, so long as any CEFD Employee remains a City employee, the City agrees to provide IT and network support to allow such employees remote access to only the City intranet, including the employee self service system, in the same manner and to the same extent as any other City employee.
5.03 Access to Public Streets, Rights-of-Way Abandonments.

City will at all times provide access to the Leased Premises by public roads. Corporation will not bear any costs of maintaining, repairing, repaving or re-aligning such public roads. In recognition of the events which occur in and about the Leased Premises, City agrees to provide its full cooperation and assistance to expedite the issuance of any permits, lane closures, parking meter bagging or other such measures as may be reasonable and desirable in connection with such events. The City agrees that except in cases of public emergency it will not close streets in proximity of the George R. Brown Convention Center for events without the prior consultation of the President of the Corporation.

5.04 HOT Collections.

City hereby delegates to Corporation the responsibility to act as collection agent for collection of the HOT; and Corporation hereby assumes the responsibility for all associated costs of administration, collection, accounting and auditing related to the City's HOT receipts. The Parties agree to cooperate with each other to effectuate such delegation. Until such time as a smooth transition can be effected, Corporation will continue to pay to City what has been historically billed to the Department for HOT collection services provided by the City's Finance Department. All HOT received by Corporation hereunder shall be received as agent for City and applied in accordance with City Bond Documents; provided, that Corporation may use Available Pledged Revenues (including HOT) for all lawful purposes to the extent permitted in City Bond Documents (and, in the case of HOT, only in accordance with Chapter 351 of the Texas Tax Code) and a budget approved by City Council for such funds. Corporation agrees to provide to City's Finance Department a monthly cash reconciliation regarding HOT collections. The City shall cause the City's Director of Finance to cooperate with the Corporation so to allow the Corporation to assume those functions assigned to the Director of Finance regarding HOT in Chapter 44 of the City's Code of Ordinances.

5.05 Parking.

a. The Department's current role as City Employee Parking Administrator under City's Administrative Policy 3-6 shall be transferred to the City on July 1, 2011.

b. In recognition of the fact that such funds are pledged under City Bond Documents, the City agrees to cooperate with the Corporation in insuring that such Pledged Revenues are collected and applied in accordance with the City Bond Documents. The Corporation will forward all funds received from the City for City Hall Annex Garage Parking to the City's General Services Department, or any other department the City may designate, for operating the City Hall Annex Garage.

c. City agrees that for so long as City employees park in Lots C or H or in the Theater District Garage, the City and/or the City employees will pay Corporation the then current rates for such employee parking in such a manner so as to not violate the
City's Bond covenants. On an annual basis, Corporation agrees to send to the City a statement evidencing Corporation's costs for maintaining and operating Lots C and H.

5.06 General Transition.

To assist Corporation in the transition of responsibilities of the Department to Corporation, the Corporation may continue to utilize City services to perform its duties under this Agreement and under the Lease Agreement until such services are no longer needed. Corporation agrees to pay for such services at rates equivalent to those charged to other City departments for such services.

ARTICLE 6– ACCESSIBILITY AND ADMISSIONS.

6.01 Rates, Fees and other Charges.

Corporation shall have exclusive authority to establish and negotiate rates, fees, deposits, charges and surcharges for use of the Leased Premises or for any purpose related to the services provided at or within the Leased Premises and to budget and expend such revenues in furtherance of the purposes of the Corporation. Until such time as Corporation adopts other policies, procedures and rate structures, Corporation will utilize the policies, procedures and rate structures set forth in Chapter 12 of the Code of Ordinances as in effect in the City of Houston, Texas as of May 1, 2011 with regard to operation of the facilities of the type and kind described in said Chapter 12.
ARTICLE 7- OPERATIONS

7.01 CEFD Bridge Employees.

Corporation will reimburse the City for all City Employee Compensation for City employees and up to three City Finance Department employees not employed by the Corporation as of July 1, 2011, but who provide services to the Corporation on or after July 1, 2011 (each a “CEFD Employee”), such reimbursement to cover pay periods extending, with regard to each CEFD Employee, to the earlier of the following: (i) the date on which such CEFD Employee becomes the direct employee of Corporation; (ii) the date upon which such CEFD Employee is no longer providing services to the Corporation, (iii) the date on which such CEFD Employee otherwise ceases to be a CEFD Employee or (iv) the termination of this Agreement. Corporation will also reimburse the City for all accrued termination benefits (including accrued vacation days, sick leave and other items to which a CEFD Employee is entitled upon termination) as of the date any such CEFD Employee assigned to the Department as of July 1, 2011 ceases to be a CEFD Employee. During the period that CEFD Employees are employees of the City, but perform services for the Corporation, the CEFD employees shall at all times report to and take their direction as to work tasks to be performed from the Director.

7.02 CEFD Employees.

Corporation hereby acknowledges that it is a public employer for purposes of Chapter 146 of the Local Government Code.

a. Corporation may hire and employ such personnel as will, in Corporation’s judgment, be necessary to operate, manage and maintain the Leased Premises and to provide services in accordance with the provisions of this Agreement and the Lease Agreement. Except as otherwise set forth herein, Corporation will have sole responsibility to determine its policies and practices with regard to its operations, including with regard to its employees.

b. No later than 45 Business Days after July 1, 2011, or as soon thereafter as is reasonably practicable, Corporation may make a written offer to each CEFD Employee presently on the payroll in CEFD, which includes those employees performing services at Miller Outdoor Theatre and also includes up to three employees of the City’s Finance Department, for a job with Corporation without a reduction in the base salary or hourly pay rate such CEFD Employee is paid as of the date of the written offer (unless such CEFD Employee agrees to accept an alternative salary structure) and otherwise with such benefits as described herein or as other comparable employees of Corporation (excluding those employed by Corporation prior to July 1, 2011, or thereafter employed by the Corporation as a senior executive of the Hotel) receive, which offer will remain open to such CEFD Employee for 45 days after such offer is made, for employment commencing on the date specified by Corporation in the job offer.
Except as set forth in Section 7.02(d) below, any CEFD Employee who does not accept such offer within such initial 45-day offer period will be deemed to have rejected Corporation's job offer. Such CEFD Employee shall retain his or her existing job at the Leased Premises as a City employee, subject to the supervision of Corporation as herein provided, until no later than 90 days after the expiration of the initial 45 day offer period, during which time City shall have the right to reassign such employee to another position elsewhere within City's employment. Such person will no longer be deemed to be a CEFD employee for purposes of Section 7.02 hereof on the earlier of such date that City reassigns such person or on the last day of such pay period ending closest to the expiration of the initial 45 day offer period.

c. City employees participate in a defined benefit pension plan ("City Pension Plan") pursuant to Texas Revised Civil Statute Sec. 6243h which is administered by the Houston Municipal Employees Pension System ("HMEPS.") Succeeding provisions are included to smooth the transition by CEFD Employees from the City Pension Plan to any benefit plan offered by the Corporation.

d. The Parties agree that for any CEFD Employee whose age plus years of credited service will equal 75 ("Combined Service") on or before July 1, 2018 such CEFD Employee may accept Corporation's offer to perform services on behalf of the Corporation, but remain a City Employee with all benefits and rights thereof and continue to perform the same or similar services as they perform on the date of the written offer until such CEFD Employee achieves Combined Service.

Upon the achievement of Combined Service by a CEFD Employee, Corporation may offer such CEFD Employee a job with Corporation without a reduction in the salary or hourly pay rate such CEFD Employee is paid (unless such CEFD Employee agrees to accept an alternative salary structure) as of the date such CEFD Employee achieved the Combined Service, and otherwise with such benefits as described herein or other comparable employees of Corporation enjoy. The CEFD Employee shall have 45 days to accept Corporation's job offer as well as transition from being a CEFD Employee to being an employee of the Corporation. If the CEFD Employee declines the offer of employment or does not receive an offer of employment by Corporation, such CEFD Employee shall be deemed to have rejected such offer of employment by Corporation and will no longer be deemed to be a CEFD Employee for purposes of Section 7.02 hereof.

e. Intentionally Omitted.

f. Corporation agrees to assume responsibility to manage, supervise, assign work, assess performance and resolve disputes related to Corporation's employees following their transfer to Corporation. Except as otherwise provided above, all CEFD Employees and all Corporation's employees will be under the management of Corporation. Specifically, CEFD Employees will report to Corporation as if Corporation were the manager of a City department, subject, however, to City's civil service rules and procedures for so long as such respective employees remain CEFD Employees.
g. Except as set forth herein, Corporation shall have no obligation to continue the employment of any employee employed by Corporation for any specified period of time. The Parties expressly agree and intend that the City and any other employee of Corporation are not third party beneficiaries of any of the employment provisions of this Agreement and shall not have any right or standing to enforce such provisions, and that only the Parties to the Agreement are intended to benefit from, and to have the right and standing to enforce, such provisions.

h. City hereby agrees to make good faith efforts to offer the same set of health, dental, deferred compensation, voluntary plans such as life insurance and AFLAC plans or such other benefit plans as the parties may agree to (collectively “Plans”) to all of Corporation’s employees on or before December 31, 2011, regardless of whether the employee was originally an employee of the City or the Corporation, as are offered to all other City municipal employees. To the extent possible, the City shall continuously offer such Plans to Corporation’s employees at the same rates offered to all other active City municipal employees, regardless of whether the employee is retired from HMEPS or not. Corporation may elect to offer any or all of the City’s Plans to Corporation employees or Corporation may elect to offer other equal or better plans.

i. Notwithstanding anything contained in this Agreement to the contrary, in the event of the termination or expiration of this Agreement, employees of the Corporation who were originally CEFD Employees shall immediately resume City employment status and shall be immediately eligible for all benefits, with the exception of the City Pension, as if such Corporation employee had never left the employ of the City.

j. The Corporation agrees that for those CEFD Employees who as of August 31, 2011 are or would have been entitled to one or more Personal Days, as such term is utilized by the City, that such employees shall be granted the time off, without penalty, for the number of days to which such employees have earned during the period September 1, 2010 through August 31, 2011.

k. The Corporation agrees to offer sick and vacation plans that shall be adopted by the Corporation’s Board of Directors. However, the Corporation agrees that for purposes of determining vacation benefits and sick benefits, if applicable, all persons who become employees of the Corporation shall be similarly treated and will be treated as having accrued years of service equivalent to the years of service such persons have accrued at the City.

l. As of July 1, 2011, any CEFD Employee, if applicable, who has not utilized their Floating Holiday, as such term is defined by the City, then such employee shall have until December 31, 2011 to utilize such Floating Holiday.

7.03 Contracts.

a. Except as otherwise provided in this Agreement, Corporation shall have the exclusive right during the Term to enter into various agreements for the use of
the Leased Premises, or any part thereof, including without limitation, subleases, licenses, contracts, concessions and other activities for the purpose of providing ancillary goods and services to the licensees and invitees of the Leased Premises, including, but not limited to, food and beverage concessions, utility services, AV services, communication services, gift shops, ticket vending services, and other similar or dissimilar services deemed by Corporation to be necessary or desirable in connection with the operation of the Leased Premises. Corporation agrees to provide in any such agreements that the City has the right to assume same, at City's election, on termination or expiration of this Agreement. The City agrees that the Corporation may, but is not obligated to, from time to time utilize City's City-wide purchasing agreements to purchase goods and services for Corporation's benefit. Corporation agrees to pay for such goods and services at rates equivalent to those charged to other City departments for such services. On termination or expiration of this Agreement, City has the right to assume any of the herein above described contracts.

b. The City will not authorize, permit or enter into any concessions or other agreements in the vicinity of the Leased Premises that (i) give rights to any concessionaire of City to offer or sell tickets for events or admissions in the Leased Premises; (ii) give exclusive rights to any concessionaire of City that would prohibit Corporation from entering into a similar concession operating solely within the Leased Premises; or (iii) give rights to any concessionaire of City to operate within the Leased Premises.

c. The Mayor may execute additional assignments for various contracts, licenses and agreements germane to the Corporation's operations and Leased Premises in a form to be approved by the City Attorney.

7.04 Public Relations, Marketing, Advertising, Fund Raising.

Corporation will have exclusive authority and control over public relations, marketing and fund-raising activities as well as all advertising and promotional programs to attract tourists and convention delegates or registrants to the City.

7.05 Grants

Corporation, with prior approval of the Mayor, will have the exclusive right for the Term to apply for and accept, receive and manage all grants or other donations from governments and their subdivisions and agencies, foundations, corporations, other organizations and individuals for all purposes relating to the Leased Premises. All such grant applications and awards will be reported annually for the fiscal year just ended. Proceeds of all such grants will be held in a restricted account based on the purpose and requirements of such grants.

Corporation and the Mayor, acting on behalf of City, will each coordinate its respective grant application processes so as to maximize the grants that may be available to Corporation. Upon the request of Corporation, City will cooperate with Corporation,
including serving as “sponsor”, in connection with Corporation’s application for any grants offered by governmental, public, private or other sources.

7.06 City Dates

The Corporation shall have the use of City Dates for Corporation purposes. In addition to other rights under the Toyota Center ground lease, the Corporation shall have the right to exercise the City’s right to use the suite at Toyota Center.

7.07 City Events and City-Sponsored Events.

The Corporation agrees that City may reserve space in the Leased Premises for events conducted by and for the City and community events sponsored by the City as provided in this section. The Mayor or her authorized designee may request that Corporation reserve space for any such event within six months of the first date of the event, subject to approval by the Corporation based on availability and compatibility with other anticipated uses of the Leased Premises. Corporation agrees to waive up to $330,000 per Agreement Year in license fees and associated costs for such use of the Leased Premises, based on the standard rates established by Corporation that are in effect at the time of the request. The Corporation shall endeavor to develop a standardized request form for use by City to reserve space in the Leased Premises and shall assign a coordinator to each event to act as a liaison between Corporation and City.

7.08 Corporation’s Board of Directors.

The governing documents of the Corporation provide that the members of the Board of Directors are appointed by the Mayor and subject to confirmation or approval of the City Council of the City. So long as this Agreement remains in effect, the Corporation shall, with respect to any available position in or appointment to the Board of Directors of the Corporation, submit to the Mayor a list of Board of Directors Candidates. Selection from the list submitted by the Corporation is not mandatory for the City to confirm or approve. The Mayor, with approval of the City Council of the City, shall notify the Corporation of any member(s) of the Board of Directors to be replaced.

7.09 Relation to Existing Interlocal Agreement

Nothing herein shall, except as provided below in this paragraph, affect, impair, abridge or modify the Existing Interlocal Agreement; provided, that, all references to the “Department” in Sections 5.05 and 5.06 of the Existing Interlocal Agreement shall be deemed references to Corporation and shall relate to the costs and expenses of the Corporation in performing its obligations under this Agreement and the Lease Agreement; provided, further that All Excess Cash (as defined in the Existing Interlocal Agreement) shall continue to be deposited into the Convention and Entertainment Development Fund and expended in accordance with the provisions of the Bond Ordinance.

7.10 Facilities
Without limiting its obligations, covenants or agreements under the Lease, Corporation agrees to maintain all of the Facilities in good working order and condition and to insure (or, as provided for in the Lease, cause to be insured) the same under property damage insurance reasonably acceptable to City.

ARTICLE 8 – INSURANCE.

Corporation agrees to require its contractors, by written agreement, to procure and maintain the following minimum insurance coverages:

a. Commercial General Liability covering claims for property damage, bodily injury, death, contractual liability, personal injury and advertising coverage, and affording protection to the limits of no less than $500,000 per occurrence and $1,000,000 in the aggregate.

b. Automobile Liability, if automobiles may be used in the course of performance by contractor, including hired and non-owned automobile liability coverage, with a combined single limit of $1,000,000 per occurrence.

c. Workers’ Compensation at statutory limits and Employer’s Liability with limits for bodily injury by accident of $500,000 for each accident, $1,000,000 for disease per policy and $500,000 per employee.

d. The issuer of any policy must have a certificate of authority to transact insurance business in the State of Texas issued by the Texas State Board of Insurance and rated “A-VI” or better in the most current edition of Best’s Insurance Reports. Each issuer must be responsible and reputable and must have financial capability consistent with the risks covered.

e. Each policy, except those for Workers’ Compensation and Employer’s Liability, must name City and Corporation as additional insured parties.

f. Each policy must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against City and Corporation.

ARTICLE 9 - FINANCINGS.

9.01 Bond Issues.

Subject to the approval of the City, Corporation will have the right to issue Bonds from time to time to finance the construction of new facilities or for the renovation or reconstruction of the Leased Premises during the Term. In connection with the issuance of Bonds and as additional security for the refunding or defeasance thereof, Corporation will coordinate any private donations and other contributions and pledge of Corporation revenues, including revenues from the Leased Premises or from new facilities constructed, for the benefit of the holders of the Bonds (the "Collateral Assignee").

9.02 Conditions to Financing.
So long as any Bonds which City has approved remain outstanding, the following provisions will apply:

a. Mayor will, upon serving upon Corporation any notice pursuant to this Agreement, also serve a copy of such notice upon each Collateral Assignee at the address provided for in the notice referred to above. No notice issued pursuant to this Agreement will be deemed to have been duly given unless and until a copy thereof will have been so served.

b. The making of such pledge of donations, contributions and revenues will not be deemed to constitute an assignment or transfer of this Agreement, nor will any Collateral Assignee, as such, be deemed to be an assignee or transferee of this Agreement so as to require or permit such Collateral Assignee, as such, to assume the performance of any of the terms or conditions on the part of Corporation or City, as the case may be, to be performed under this Agreement.

c. In the event of any Casually or Condemnation with respect to the Leased Premises, the provisions of the assignment most senior in priority will control with respect to the use of Corporation's share of any proceeds of any such Casualty or condemnation.

d. The Mayor will provide the following information and documentation as reasonably requested by any Collateral Assignee or prospective Collateral Assignee, within fifteen (15) days after request therefor in connection with Corporation's issuance or proposed issuance of Bonds: (i) City's consent to the issuance of Bonds by Corporation, (ii) true and complete copies of this Agreement and all amendments or supplements thereto, together with all exhibits and attachments, and (iii) a certificate, in form reasonably approved by the city attorney of the City, confirming whether or not to the knowledge of Mayor, after due inquiry of the appropriate employees of City, an Event of Default exists under this Agreement.

e. If Corporation determines that any amendment or modification to this Agreement is required in connection with or as a condition to the issuance of Bonds, the Mayor and Corporation will immediately negotiate in good faith the terms of, and upon approval by City, the Mayor will execute, any and all such amendments or modifications that are mutually agreeable, provided that neither Party's rights under this Agreement will be limited in any way nor its obligations under this Agreement extended in any way as a result of such amendments or modifications.

**ARTICLE 10 - DEFAULTS AND REMEDIES.**

**10.01 Defaults by Corporation.**

The occurrence of any of the following events and the expiration of the applicable cure period set forth below without such event being cured or remedied will constitute a "Corporation Default":

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a. Failure of Corporation to perform or comply with any covenant or condition made under this Agreement, which failure is not cured within 60 days from the date of notice from City, provided, however, that if such default is not capable of being cured within such 60-day period, Corporation will have a reasonable period (not to exceed an additional 120 days) to complete such cure if Corporation promptly undertakes action to cure such default within such 60-day period and thereafter diligently prosecutes the same to completion;

b. Any lien is filed against the Leased Premises or Corporation’s interest therein or any part thereof in violation of this Agreement, and same remains unreleased for a period of 60 days from the date of such filing unless within such period Corporation contests in good faith the validity of such lien and such lien is appropriately bonded; or

c. The dissolution or liquidation of Corporation or the filing by Corporation of a voluntary petition in bankruptcy; the failure by Corporation promptly to remove any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises; the issuance of an order or decree by any court of competent jurisdiction providing for the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of Corporation or any substantial part of Corporation’s property or ordering the winding up or liquidation of Corporation’s affairs; the general assignment by Corporation for the benefit of its creditors; the entry by Corporation into an agreement of composition with its creditors; the approval by a court of competent jurisdiction of a petition applicable to Corporation in any proceeding for its reorganization instituted under the provisions of Title 11, United States Code, as amended, or under any similar act in any domestic or foreign jurisdiction, which may now be in effect or hereafter enacted (other than a reorganization not staying or impeding the collectibility or enforceability of the liabilities or obligations of Corporation).

d. An Event of Default by Corporation under, and as defined in, the Lease Agreement.

10.02 City’s Remedies.

In the event of any Corporation Default, City will have the following rights and remedies, together with any other rights or remedies to which it may be entitled at law or in equity:

a. City may, upon notice to Corporation, terminate this Agreement effective not less than 90 nor more than one hundred 180 days after the date of such notice and exclude Corporation from possession of the Leased Premises and all Corporation Personal Property.

b. City may sue for whatever injunctive relief as may appear necessary or desirable to enforce the performance and observance of any material obligation, agreement or covenant of Corporation under this Agreement.
c. If such Corporation Default creates a situation or condition that the Mayor reasonably determines is a serious threat to the health or safety of the patrons and visitors of the Leased Premises, City may enter the Leased Premises (without such entering causing or constituting a termination of this Agreement or an interference with the possession of the Leased Premises by Corporation) and cure such Corporation Default and do all reasonably necessary work and make all reasonably necessary payments on behalf of and at the expense of Corporation. Corporation will pay City on demand the out of pocket costs incurred and any amounts so paid by City on behalf of Corporation, together with all interest accrued thereon at the Default Rate from the date so incurred until City has been completely reimbursed.

10.03 Defaults by City.

The occurrence of any of the following events and the expiration of the applicable cure period set forth below without such event being cured or remedied will constitute a "City Default":

a. Failure of City to fully and timely pay, without offset or claim (except for the credits expressly described below), any monetary obligation due by City under this Agreement, which failure is not cured within 30 days from the date when such payment is due; or

b. Failure of City to perform or comply with any material non-monetary covenant or condition made under this Agreement, which failure is not cured within 60 days from the date of notice from City, provided, however, that if such default is not capable of being cured within such 60-day period, City will have a reasonable period (not to exceed an additional 120 days) to complete such cure if City promptly undertakes action to cure such default within such 60-day period and thereafter diligently prosecutes the same to completion.

10.04 Corporation's Remedies.

In the event of any City Default, Corporation will have the following rights and remedies, together with any other rights or remedies to which it may be entitled at law or in equity (except that the sole remedy for the City Default described in Section 10.03.a is as set forth in Section 10.04.a below):

a. Corporation may, upon notice to City, terminate this Agreement and the Agreement shall be effective not less than 90 nor more than 180 days after the date of such notice and surrender possession of the Leased Premises to City on the effective date of such termination.

b. Corporation may cure such City Default and pay all sums or do all reasonably necessary work and incur all reasonably necessary costs on behalf of and at the expense of City. City will pay Corporation on demand the costs incurred and any amounts so paid by Corporation on behalf of City, together with all interest accrued
thereon at the Default Rate from the date so incurred until Corporation has been completely reimbursed.

10.05 Annual Appropriations.

In the event of the failure of City to approve the amended Corporation budget or to make annual appropriations in any Agreement Year, Corporation will have the right to terminate this Agreement as set forth herein.

10.06 Default Rate.

Any sum due and payable hereunder will bear interest at the Default Rate from the earlier of (i) the date on which the failure to pay such sum becomes an Event of Default under this Agreement, or (ii) the date otherwise specified in this Agreement for commencement of interest at the Default Rate, until such sum and accrued interest thereon is paid.

10.07 No Remedy Exclusive.

No remedy herein conferred upon or reserved to either Party is intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under this Lease or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default will impair any such right or power or will be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

10.08 Non-Waiver.

Every provision hereof imposing an obligation upon City or Corporation is a material inducement and consideration for the execution of this Agreement by City and Corporation. No waiver by City or Corporation of any breach of any provision of this Agreement will be deemed for any purpose to be a waiver of any breach of any other provision hereof nor of any continuing or subsequent breach of the same provision.
10.09 Limitation of Liability.

a. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NEITHER THE CORPORATION NOR THE CITY WILL BE LIABLE TO THE OTHER FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGE, COST, EXPENSE OR OTHER LIABILITY, INCLUDING LOSS OF REVENUE OR PROFITS, WHETHER ARISING OUT OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, OR ANY OTHER CAUSE OF OR FORM OF ACTION WHATSOEVER. Nothing contained in this Agreement is intended to waive, nor will be construed as waiving, any Party's statutory limitation of liability for actual damages provided by Applicable Laws.

b. Notwithstanding any contrary provision hereof or in the Lease Agreement, no director, officer, agent, or employee of Corporation shall ever have any personal liability for the payment of any sum due by Corporation hereunder or performance of any of the covenants, obligations or agreements of Corporation hereunder. Similarly, notwithstanding any contrary provision hereof or in the Lease Agreement, none of the Mayor of the City, any member of City Council, the Director or any other public official or employee of the City shall ever have any personal liability for the performance of the covenants, obligations, or agreements of the City hereunder.

c. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT OR ANY IMMUNITY TO WHICH CORPORATION MAY BE ENTITLED, CORPORATION HEREBY EXPRESSLY AGREES TO DEFEND, INDEMNIFY AND HOLD CITY HARMLESS, OF, FROM AND AGAINST ALL EXISTING AND FUTURE CLAIMS AND LITIGATION, IN TORT, CONTRACT, SEEKING DECLARATORY RELIEF, OR OTHERWISE, INCLUDING BUT NOT LIMITED TO CLAIMS ALLEGING THE CITY'S SOLE OR CONCURRENT NEGLIGENCE, ARISING OUT OF, RELATED TO OR TOUCHING UPON ANY PORTION OF THE LEASED PREMISES. CORPORATION'S DUTY TO DEFEND INCLUDES THE PAYMENT OF ALL ATTORNEY'S FEES AND LITIGATION COSTS, AND SPECIFICALLY INCLUDES, BUT IS NOT LIMITED TO THE CLAIMS ASSOCIATED WITH THE FOLLOWING:

- CAUSE NUMBER 2006-32744, STYLED SWINERTON BUILDERS, INC. V. CITY OF HOUSTON, NOW PENDING IN THE 165TH JUDICIAL DISTRICT COURT OF HARRIS COUNTY, TEXAS. CAUSE NO. 2009-08635;
- MARCO RIVERA V. THE CITY OF HOUSTON; TD INDUSTRIES MANAGEMENT, LLC.; AND TD INDUSTRIES, INC.; IN THE CIVIL DISTRICT COURT 333RD JUDICIAL DISTRICT OF HARRIS COUNTY, TEXAS.
- Cause No. 2010-28297; Shyamala T. Rajender and Gandi Rajender v. City of Houston and the Convention and Entertainment Facilities Department; In the 189th Judicial District Court of Harris County, Texas;
- CAUSE NUMBER 2006-32744, STYLED SWINERTON BUILDERS, INC. V. CITY OF HOUSTON, NOW PENDING IN THE
165TH JUDICIAL DISTRICT COURT OF HARRIS COUNTY, TEXAS.

- SCHINDLER ELEVATOR CORP.;
- INTERNATIONAL ASSOCIATION OF DIRECTIONAL DRILLING

CORPORATION EXPRESSLY AGREES THAT ITS DUTY TO DEFEND EXTENDS TO AND INCLUDES ALL APPEALS. CORPORATION FURTHER EXPRESSLY AGREES AND ACKNOWLEDGES THAT ITS DUTY TO INDEMNIFY THE CITY BY PAYING OR OTHERWISE SATISFYING ANY CLAIM OR JUDGMENT IN LITIGATION ARISING OUT OF, RELATING TO OR TOUCHING UPON ANY PORTION OF THE LEASED PREMISES IS ABSOLUTE. CORPORATION FURTHER WARRANTS THAT IT HAS REVIEWED THE CITY'S CLAIM FILES AND OR THE COURTS RECORDS IN ALL OF THE CLAIMS LISTED ABOVE AND HAS FAMILIARIZED ITSELF WITH THE DETAILS OF THOSE CLAIMS AND SUITS. CORPORATION FURTHER WARRANTS THAT ITS ABOVE REFERRED DUTY TO DEFEND, INDEMNIFY AND HOLD CITY HARMLESS APPLIES TO SUITS OR CLAIMS RELATING TO THE LEASED PREMISES EVEN IF THOSE SUITS OR CLAIMS HAVE BEEN OMITTED FROM THE ABOVE LIST.

ARTICLE 11- FISCAL MATTERS.

Corporation will keep its books and accounting records in accordance with Chapter 351 of the Texas Tax Code and GAAP, using a fiscal year end of December 31. On or before 120 days after each Corporation Fiscal Year and of Corporation, any part of which fiscal year occurs during the Agreement Term, Corporation will deliver to City audited financial statements of Corporation for the preceding Corporation Fiscal Year, which statements will be prepared by an independent certified public accountant and certified by such accountant as accurately reflecting the financial condition of Corporation as of such Corporation Fiscal Year end. The Mayor and any other City official will have the right, at its expense, to audit the books and records of Corporation, but no more frequently than one time in any 12 month period. The provisions of this article will survive the expiration or termination of the Term for a period of one year.

ARTICLE 12- NOTICES.

Whenever any notice, consent, approval or other communication is required or permitted under this Agreement (a "notice"), such notice will be in writing and will be deemed to be delivered (i) five days after being deposited in the United States mail, postage prepaid, Certified Mail, Return Receipt Requested, or (ii) upon actual receipt by such party at its designated address if delivery is by courier in either case addressed to the party to be notified at its respective address set forth below, or at such other address as it may have hereinafter specify by ten days’ prior notice given in accordance herewith:
If to City:

Mayor
City of Houston
901 Bagby
Houston, Texas 77002

With a copy to:

City of Houston Legal Department
900 Bagby, 4th Floor
Houston, Texas 77002
Attention: City Attorney

If to Corporation:

Houston Convention Center Hotel Corporation
George R. Brown Convention Center
1001 Avenida de las Americas
Houston, Texas 77010
Attention: President

ARTICLE 13- FORCE MAJEURE.

Neither Party will be liable for any delay in performance of any obligation under this Agreement (other than the payment of money) or any inability to perform an obligation under this Agreement (other than the payment of money) if and to the extent that such delay in performance or inability to perform is caused by Force Majeure, so long as the Party claiming Force Majeure is working diligently to terminate Force Majeure. A Party claiming Force Majeure as an excuse for delay or nonperformance under this Agreement will provide the other Party with prompt notice of the initiation of Force Majeure, when it is expected to terminate, and of the termination of Force Majeure. Force Majeure will be deemed to be terminated with respect to a particular delay or nonperformance when its effects on such future performance have been substantially eliminated. If it is reasonably estimated by the Parties that the Force Majeure will not terminate, or it does not in fact terminate, until at least 180 days after it occurs, then at any time while Force Majeure continues the Party not claiming Force Majeure may terminate this Agreement by notice to the Party claiming Force Majeure.

ARTICLE 14- GENERAL PROVISIONS.

14.01 Time is of the Essence.

Time is of the essence in the doing, performance and observation of each and every term, covenant and condition of this Agreement by City and Corporation.
14.02 Severability.

If any provision of this Agreement is held to be unlawful, invalid, or unenforceable under any present or future laws, such provision will be fully severable and this Agreement will then be construed and enforced as if such unlawful, invalid, or unenforceable provision had not been a part hereof. The remaining provisions of the Agreement will remain in full force and effect and will not be affected by such unlawful, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such unlawful, invalid, or unenforceable provision, there will be added automatically as part of this Agreement a provision as similar in terms to such unlawful, invalid, or unenforceable provision as may be possible, and be legal, valid, and enforceable.

14.03 Resolution of Disputes.

City and Corporation have entered into this Agreement in good faith and in the belief that it is mutually advantageous to them. It is with that same spirit of cooperation that they pledge to attempt to resolve any dispute amicably without the necessity of litigation. Accordingly, if any dispute arises between them relating to this Agreement, they may, but it is not mandatory, seek non-binding mediation to resolve any dispute between them concerning this Agreement before commencing any litigation.

14.04 Venue, Choice of Law.

Harris County, Texas will be the proper place of venue for suit on, or in respect of, this Agreement. Any legal proceeding in respect of this Agreement will be brought in the state district courts of Harris County, Texas, or in the United States District Court for the Southern District of Texas, Houston Division (collectively, the "Specified Courts"). Each of the Parties hereby irrevocably submits to the nonexclusive jurisdiction of the state and federal courts of the State of Texas. Each of the Parties hereby irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement brought in any Specified Court, and hereby further irrevocably waives any claims that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Corporation further (1) agrees to designate and maintain an agent for service of process in Houston, Texas in connection with any such suit, action or proceeding and to deliver to Agent evidence thereof and (2) irrevocably consents to the service of process out of any of the Specified Courts in any such suit, action or proceeding by the mailing of copies thereof by certified mail, return receipt requested, postage prepaid, to Corporation. THIS AGREEMENT WILL BE SUBJECT TO AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAWS PRINCIPLES.

14.05 Authorization to Enter Agreement.
Each Party represents and warrants to the other Party that the execution and delivery of the Agreement by it has been duly authorized by all proper actions and proceedings, including approval of this Agreement and all exhibits and attachments hereto by City Council, and that this Agreement constitutes the legal, valid and binding obligation of such Party.

14.06 Further Assurances.

Each of the Parties, at all times and from time to time hereafter, and upon reasonable written request to do so, will make, do, execute, deliver, or cause to be made, done, executed and delivered, all such further acts, deeds, instruments, assurances, and things as may be required for more effectually implementing and carrying out the true intent and meaning of this Agreement. The Mayor is hereby authorized to execute, deliver, or cause to be made, done, executed or delivered all of the foregoing on behalf of the City.

14.07 Reasonableness.

The Parties will act in accordance with the principles of good faith and fair dealing in the performance of this Agreement. Unless expressly provided otherwise in this Agreement, (i) where the Agreement requires the consent, approval, or similar action by a Party, such consent, approval, or other similar action will not be unreasonably withheld, conditioned, or delayed, and (ii) wherever the Agreement gives a Party a right or obligation to determine, require, specify, or take similar action with respect to a matter, such determination, requirement, specification, or similar action will be reasonable and timely.

14.08 Estoppel Certificates.

Within 15 days after notice by one Party to the other Party, Corporation or the City will execute and deliver such estoppel certificates as the requesting Party may reasonably require, which may be relied upon by the requesting Party, certifying to such facts (if and to the extent true) and agreeing to such reasonable notice provisions and other matters as such Party may reasonably require in connection with the business dealings of the requesting Party. The Mayor will have authority to execute such estoppel certificates or third-party agreements on behalf of City except for any agreements that increase the monetary obligations of City over those arising under this Agreement.

14.09 Rules of Interpretation.

a. Unless otherwise required by the context in which any term appears:

i. The singular will include the plural and the masculine will include the feminine and neuter.

ii. References to “Articles,” “Sections,” or “Exhibits” will be to articles, sections, or exhibits of this Agreement, and references to “Paragraphs,”
"Subparagraphs," or "Clauses" will be to separate paragraphs, subparagraphs, or clauses of the section in which the reference occurs.

iii. The words "herein," "hereof" and "under this Agreement" will refer to this Agreement as a whole and not to any particular section or subsection of this Agreement; the words "include," "includes" or "including" will mean "including, but not limited to" and the words "best efforts" will mean a level of effort which, in the exercise of reasonable judgment in the light of facts known at the time a decision is made, can be expected to accomplish the desired result at a reasonable cost, in a timely manner, and consistent with prudent operating practice.

iv. The term "day" will mean calendar day. The term "month" will mean a calendar month; provided that where a period measured in months commences on a date other than the first day of a month, the period will run from the date on which it starts to the corresponding date in the next month and, as appropriate, to succeeding months thereafter. The term "year" will mean a calendar year. Where the context requires, whenever an event is to be performed by a particular date, or a period ends on a particular date, and the date in question falls on a weekend, or on a day that is not a business day, the event will be performed, or the period will end, on the next succeeding Business Day.

v. All accounting terms not specifically defined herein will be construed in accordance with generally accepted accounting principles as in effect from time to time in the United States of America, consistently applied.

vi. All references to a particular person will include such person’s successor and permitted assigns.

vii. All references herein to any contract or other agreement will be to such contract or other agreement as amended, supplemented, or modified to the date of reference.

viii. All references herein to any Applicable Law will be to such Law as amended, supplemented, modified, or replaced from time to time.

ix. Reference to Force Majeure as an excuse of non-performance in any provision will not be interpreted to mean that Force Majeure is not an excuse with respect to other provisions where it is not specifically mentioned.

b. The titles of the articles and sections herein have been inserted as a matter of convenience of reference only, and will not control or affect the meaning or construction of any of the terms or provisions hereof.

c. The exhibits hereto are incorporated in and are intended to be a part of this Agreement; provided, however, that in the event of a conflict between the terms of any exhibit and the terms of this Agreement, the terms of this Agreement will take precedence.
14.10 Entire Agreement, Amendments; Conflicts

This Agreement constitutes the entire agreement among the parties as to the subject matter hereof. This Agreement will not be amended, restated or replaced except by written instrument duly executed by Corporation and City. In the event of any conflict between this Agreement and the Lease Agreement, the terms and provisions of this Agreement shall control.

[Signature Page to Follow]
EXECUTED in multiple counterpart originals as of the dates set forth below.

ATTEST:
By:  
Name: Anna Russell  
Title: City Secretary  

CITY:
CITY OF HOUSTON, TEXAS,  
a Texas home rule municipality  

COUNTERSIGNED:
By:  
Name: Ronald Green  
Title: City Controller  

DATE OF COUNTERSIGNATURE  
6-9, 2011  

Approved as to form:  
By: Sr. Assistant City Attorney  
ID# 025.0900023.001  

CORPORATION:
HOUSTON CONVENTION CENTER HOTEL CORPORATION,  
a Texas local government corporation  

By:  
Name: Dawn Ulrich  
Title: President  

Approved as to form:  
Counsel to Corporation
EXHIBIT "A"

TO

INTERLOCAL AGREEMENT

LEASES AND CONTRACTS
<table>
<thead>
<tr>
<th>Title of Agreement</th>
<th>Parties (In addition to the City of Houston Convention &amp; Entertainment Facilities Department)</th>
<th>City of Houston Contract #</th>
<th>Effective Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Sublease Agreement</td>
<td>All-Star Parking, Inc.</td>
<td>4600007893</td>
<td>6/1/2007</td>
<td>Sublease of two parking lots near the George R. Brown Convention Center</td>
</tr>
<tr>
<td>2 Agreement for Convention Services</td>
<td>American Liberty Hospitality, Inc. and ALH Properties No. Fourteen, L.P.</td>
<td>C73342</td>
<td>5/7/2009</td>
<td>Convention services agreement for Embassy Suites hotel</td>
</tr>
<tr>
<td>3 Food and Beverage Management Contract</td>
<td>Aramark Sports &amp; Entertainment Services of Texas, Inc. (now known as Aramark Sports and Entertainment Services of Texas, LLC)</td>
<td>C70538 or O.A. # 4600008976</td>
<td>7/1/2007</td>
<td>Caterer</td>
</tr>
<tr>
<td>4 Agreement for Cleaning &amp; Janitorial Services for Special Events</td>
<td>Aramark Sports and Entertainment Services, Inc.</td>
<td>4600007173</td>
<td>11/1/2006</td>
<td>Event cleaning and janitorial services</td>
</tr>
<tr>
<td>5 Lease Agreement, as amended by First Amendment to Lease Agreement</td>
<td>Arts Council of the Houston/Harris County Region (now known as Houston Arts Council)</td>
<td>C33334</td>
<td>12/14/2001</td>
<td>Tenant at Houston Center for the Arts</td>
</tr>
<tr>
<td>6 Agreement Regarding Theater at Bayou Place Box Office</td>
<td>Bayou Place Performance Hall General Partnership</td>
<td>Ord. 98-40</td>
<td>6/30/1997</td>
<td>Box Office Agreement for Verizon Wireless Theater at Bayou Place</td>
</tr>
<tr>
<td>7 Lease Agreement</td>
<td>Bayou Preservation Association, Inc.</td>
<td>53364</td>
<td>1/1/2002</td>
<td>Tenant at Houston Center for the Arts</td>
</tr>
<tr>
<td>8 Agreement for Professional Consulting Services</td>
<td>Central Houston Civic Improvement, Inc.</td>
<td>4600010514</td>
<td>8/3/2010</td>
<td>Master plan for GRBCC</td>
</tr>
<tr>
<td>9 Agreement for Elevator and Escalator Maintenance and Repair Services</td>
<td>Elevator Repair Service, Inc.</td>
<td>4600000933</td>
<td>9/18/2008</td>
<td>Elevator and escalator maintenance &amp; repair</td>
</tr>
<tr>
<td>12 Agreement for Audio Visual Services</td>
<td>Freeman Audio Visual Solutions, Inc.</td>
<td>C73954</td>
<td>6/1/2010</td>
<td>Audio-visual services for exhibitors at the GRBCC</td>
</tr>
<tr>
<td>13 Agreement for Convention and Tourism Services</td>
<td>Greater Houston Convention &amp; Visitors Bureau</td>
<td>4600010758</td>
<td>10/1/2010</td>
<td>Promotion of tourism and convention business in Houston</td>
</tr>
<tr>
<td>14 Parking Management Agreement</td>
<td>Houston Aquarium, Inc.</td>
<td>54412</td>
<td>9/17/2002</td>
<td>Outlines plans to design and construct Discovery Green park, establishes annual management fee.</td>
</tr>
<tr>
<td>15 Joint Development Agreement, as amended by First Amendment</td>
<td>Houston Downtown Park Conservancy and Houston Downtown Park Corporation</td>
<td>C56512</td>
<td>12/7/2004</td>
<td>Corporation agrees to develop Easement Facilities, construct the Garage, and operate both. City agrees to make advances of the Loan to the Corporation. The Corporation promises to pay the City for the Loan, with interest.</td>
</tr>
<tr>
<td>16 Interlocal Agreement</td>
<td>Houston Downtown Park Corporation</td>
<td>C61691-A</td>
<td>1/30/2003</td>
<td></td>
</tr>
<tr>
<td>17 Lease Agreement for Convention Center Parking Easement</td>
<td>Houston Downtown Park Corporation</td>
<td>C61691-B</td>
<td>1/30/2003</td>
<td>Tenant (Houston Downtown Park Corporation) agrees to be responsible for the cost and expense of all restoration, repair and maintenance of the Leased Premises.</td>
</tr>
<tr>
<td>18 Garage Development Management Agreement</td>
<td>Houston Downtown Park Corporation Houston Downtown Park Conservancy</td>
<td>C61691-C</td>
<td>1/30/2003</td>
<td>for Discovery Green (Convention District) parking garage</td>
</tr>
<tr>
<td>Title of Agreement</td>
<td>Parties (in addition to the City of Houston Convention &amp; Entertainment Facilities Department)</td>
<td>City of Houston Contract #:</td>
<td>Effective Date</td>
<td>Description</td>
</tr>
<tr>
<td>--------------------</td>
<td>-------------------------------------------------</td>
<td>-----------------------------</td>
<td>---------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Assignment with Assumption</td>
<td>Houston Grand Opera Productions, Inc. (&quot;Assignor&quot;) Houston Ballet Foundation (&quot;Assignee&quot;)</td>
<td>Signed by Mayor 4/20/2003</td>
<td>4/21/2003</td>
<td>Assignment of Houston Ticket Center lease from Houston Grand Opera to Houston Ballet (Council Action not required) Long term lease agreement for ticket office at Wortham Theater Center</td>
</tr>
<tr>
<td>Lease, Development and Grant Agreement, as amended by First Amendment to Lease, Development and Grant Agreement</td>
<td>Houston Lyric Theater Foundation, Inc. And approved by: Houston Grand Opera Association, Inc. and Houston Ballet Foundation</td>
<td>24389</td>
<td>6/15/1984</td>
<td>Resident Company agreement for the Wortham Theater Center</td>
</tr>
<tr>
<td>Lease Agreement</td>
<td>Houston Symphony Society</td>
<td>73827</td>
<td>6/1/2010</td>
<td>Lease agreement for office space at Jones Hall</td>
</tr>
<tr>
<td>Agreement</td>
<td>Impressario L.L.C. Smart City Networks, L.P.</td>
<td>C73610</td>
<td>4/14/2010</td>
<td>Software license for Tessitura ticketing system</td>
</tr>
<tr>
<td>Agreement for Automated Teller Machine Services</td>
<td>International Bancshares Corporation (dba International Bank of Commerce)</td>
<td>4600008003</td>
<td>7/1/2003</td>
<td>ATM agreement</td>
</tr>
<tr>
<td>Agreement for Parking Operations and Management Services</td>
<td>Republic Parking System, Inc.</td>
<td>4600010437</td>
<td>7/1/2010</td>
<td>Parking operations and management</td>
</tr>
<tr>
<td>Contract for the License and Maintenance of Computer Software and Purchase of Related Hardware, as amended by First Amendment</td>
<td>RICCORP</td>
<td>31047</td>
<td>2/19/2001</td>
<td>ConsCentrics software license</td>
</tr>
<tr>
<td>Agreement for Licensees and Exhibitor Utility Services</td>
<td>Smart City Electric, Inc.</td>
<td>C74003</td>
<td>10/1/2010</td>
<td>Utility services at GRBCC</td>
</tr>
<tr>
<td>Agreement for Telecommunications Services</td>
<td>Smart City Networks, L.P.</td>
<td>4600007222</td>
<td>11/1/2005</td>
<td>Telecommunications services at George R. Brown Convention Center</td>
</tr>
<tr>
<td>Lease Agreement</td>
<td>Society for the Performing Arts</td>
<td>57181</td>
<td>8/1/2005</td>
<td>Lease agreement for office space and ticket center at Jones Hall</td>
</tr>
<tr>
<td>Telecommunications License Agreement</td>
<td>Sprintcom, Inc.</td>
<td>55533</td>
<td>12/30/2003</td>
<td>Antenna system on GRBCC's roof</td>
</tr>
<tr>
<td>Lease Agreement</td>
<td>Stages, Inc.</td>
<td>73739</td>
<td>11/18/2003</td>
<td>Tenant at Houston Center for the Arts</td>
</tr>
<tr>
<td>Agreement for Window Cleaning Services</td>
<td>Superior Building Services, Inc.</td>
<td>4600005045</td>
<td>10/1/2006</td>
<td>Window cleaning services (maximum contract amount was increased by Ordinance 2009-944)</td>
</tr>
<tr>
<td>Lease Agreement, as amended by First and Second Amendments</td>
<td>Talento Bilingue de Houston and Department of Housing and Community Development</td>
<td>C36250</td>
<td>3/25/1995</td>
<td>Lease agreement</td>
</tr>
<tr>
<td>Agreement for Facility Maintenance and Repair Services</td>
<td>TDIIndustries, Inc.</td>
<td>4600009883</td>
<td>10/1/2000</td>
<td>Operations &amp; maintenance</td>
</tr>
<tr>
<td>Membership Agreement</td>
<td>Tessitura Network, Inc.</td>
<td></td>
<td>Agreement did not require Council approval.</td>
<td>2/11/2010</td>
</tr>
<tr>
<td>Addendum to Membership Agreement of Tessitura Network, Inc.</td>
<td>Tessitura Network, Inc.</td>
<td>4600010348</td>
<td>3/24/2013</td>
<td>Modifies the terms of the Membership Agreement for Tessitura ticketing system.</td>
</tr>
<tr>
<td>Agreement for Security Guard Services</td>
<td>The Wackenhut Corporation (now known as G4S Secure Solutions (USA) Inc.)</td>
<td>4600009993</td>
<td>2/9/2009</td>
<td>Security guard services</td>
</tr>
<tr>
<td>Agreement for Telecommunications License</td>
<td>VoiceStream, Houston, Inc. (also known as T-Mobile)</td>
<td>58367</td>
<td>10/27/2003</td>
<td>Wireless telecom service atop GRBCC roof</td>
</tr>
<tr>
<td>Agreement for Landscaping Services</td>
<td>Western Horticultural Services, L.P.</td>
<td>4600010085</td>
<td>3/2/2010</td>
<td>Landscaping services</td>
</tr>
<tr>
<td>Amended and Restated Operating Agreement</td>
<td>Wortham Center Operating Company</td>
<td>4600007384</td>
<td>11/2/2006</td>
<td>Backstage operations at Wortham.</td>
</tr>
</tbody>
</table>
EXHIBIT "B"

TO

INTERLOCAL AGREEMENT

BUDGET
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct (.loss) in Fund</td>
<td>$156,960</td>
<td>$156,960</td>
<td>$156,960</td>
<td>$156,960</td>
<td>$156,960</td>
<td>$156,960</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Direct Expense/Income</td>
<td>(156,960)</td>
<td>(156,960)</td>
<td>(156,960)</td>
<td>(156,960)</td>
<td>(156,960)</td>
<td>(156,960)</td>
</tr>
<tr>
<td>Nonoperating Revenues</td>
<td>$50,700</td>
<td>$50,700</td>
<td>$50,700</td>
<td>$50,700</td>
<td>$50,700</td>
<td>$50,700</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>$2,260</td>
<td>$2,260</td>
<td>$2,260</td>
<td>$2,260</td>
<td>$2,260</td>
<td>$2,260</td>
</tr>
<tr>
<td>Total Operating Results</td>
<td>$2,260</td>
<td>$2,260</td>
<td>$2,260</td>
<td>$2,260</td>
<td>$2,260</td>
<td>$2,260</td>
</tr>
</tbody>
</table>

**Total Noninterest Revenues (Expenses)**

- Interest Income
- Dividends
- Data Services
- Conversion
- Fraud
- Taxes
- Others
- Discount on Bank Capital
- Transfer from General Reserve
- Noninterest Expense

**Total Certain Costs and Expenses**

- Total Operating Results
- Noninterest Revenues
- Direct Expenses
- Indirect Expenses
- Other Expenses
- Total Costs and Expenses

**Net Income**
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total</th>
<th>Education &amp; Training</th>
<th>Administration</th>
<th>Parks &amp; Rec.</th>
<th>Cultural Services</th>
<th>Economic Development</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020-2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021-2022</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022-2023</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The table above represents the budget presentation for FY 12.
<table>
<thead>
<tr>
<th>Proposal Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>To move balance of fund balance above C &amp; M Reserve requirement to Houston First Corp.</td>
</tr>
<tr>
<td>11</td>
<td>To move funding to be moved to Mayor's Office in real-time FY 12 Proposed budget to Houston First in Interlocal Agreement.</td>
</tr>
<tr>
<td>12</td>
<td>Protocol funding to be moved to Mayor's Office in real-time FY 12 Proposed budget.</td>
</tr>
<tr>
<td>6</td>
<td>To reassess funding to arts groups, BAHPEF and CHP to transfer to General Fund.</td>
</tr>
<tr>
<td>7</td>
<td>FY 12 lease payment per lease agreement.</td>
</tr>
<tr>
<td>8</td>
<td>Payable upon execution of Interlocal Agreement.</td>
</tr>
<tr>
<td>9</td>
<td>Net available pledged revenues per bond documents: assigned by City.</td>
</tr>
<tr>
<td>5</td>
<td>To move personnel funding for HOT audit and revenue collection from Finance to Houston First.</td>
</tr>
<tr>
<td>4</td>
<td>Reduction in FY 12 capital project plan.</td>
</tr>
<tr>
<td>3</td>
<td>Changes by performing in-house with existing employees or contractors.</td>
</tr>
<tr>
<td>2</td>
<td>Savings from various General Fund administrative, legal, financial and other support services.</td>
</tr>
<tr>
<td>1</td>
<td>Subsequent to 7-year bridge period, annual savings projected to increase to $565k.</td>
</tr>
</tbody>
</table>

**Adjustment/eliminations**

Reduction in FY 12 capital project plan.

Changes by performing in-house with existing employees or contractors.

Savings from various General Fund administrative, legal, financial and other support services.

Subsequent to 7-year bridge period, annual savings projected to increase to $565k.

Savings projected from move to defined contribution plan from defined benefit plan.

Rebate related to lightning repair project deferred in (4) below.