

C74764
2012-0536

ECONOMIC DEVELOPMENT AGREEMENT

THIS AGREEMENT (the "Agreement") by and between the CITY OF HOUSTON, TEXAS, a Texas home-rule municipal corporation (the "City"), and EASTGROUP PROPERTIES, LP, a Delaware limited partnership (the "Developer"), is entered into as of the date the City Controller countersigns this Agreement (the "Effective Date").

RECITALS

WHEREAS, the Developer owns certain tracts of land totaling approximately 133 acres within the corporate limits of the City (the "Property") on which it intends to develop a commercial and industrial development with LEED characteristics (the "Project"), as depicted in the conceptual site plan marked as **Exhibit A** attached hereto;

WHEREAS, certain public works and improvements, including road improvements, water and sanitary sewer improvements within certain City rights-of-way (the "Water and Sewer Improvements"), drainage improvements within certain City rights-of-way, and detention improvements necessary to serve certain City rights-of-way for roads and utilities (the "Detention Improvements"), as shown on the map marked as **Exhibit B-1** and further described in a preliminary list marked as **Exhibit B-2** attached hereto (collectively, the "Public Improvements"), must be developed to serve the Project;

WHEREAS, the Developer intends to finance and develop the Project and the Public Improvements in accordance with the terms and conditions of the Agreement;

WHEREAS, the City has the authority to contract with the Developer for the development of the Public Improvements;

WHEREAS, the Greater Houston Partnership has performed an economic impact study of the Project which projects that the construction of the Project will create 657 direct jobs, 768 indirect jobs and \$163,600,000 in economic impact to the City and that the businesses to be located at the Project will create 1,500 direct jobs, 2,455 indirect jobs and \$653,000,000 in annual economic impact to the City;

WHEREAS, the City recognizes the positive economic impact that the Project will bring to the City through the timely development and diversification of the economy, elimination of unemployment and underemployment through the creation and retention of new jobs, the attraction of new businesses, and the retention and growth of the ad valorem and personal property tax revenue generated by the Developer's operations on property within the economic impact area of the Project depicted on **Exhibit C** attached hereto (the "Economic Impact Area");

WHEREAS, the City recognizes that the Public Improvements will provide a public benefit to the City by extending three existing City rights-of-way that currently terminate at the Property, which will directly result in improved mobility and stimulate economic development with the Economic Impact Area; and

WHEREAS, the City has established a program in accordance with Article III, Chapter 52-a of the Texas Constitution and Chapter 380 of the Texas Local Government Code ("Chapter 380") under which the City has the authority to use public funds for the public purposes of promoting local economic development and stimulating business and commercial activity within the City;

WHEREAS, consistent with Article III, Section 52-a of the Texas Constitution, Chapter 380, and other law, the City agrees to make a grant to the Developer to advance the public purposes of developing and diversifying the economy of the state, eliminating unemployment or underemployment in the state, and developing or expanding transportation or commerce in the state;

WHEREAS, in consideration of the Developer's intent to develop the Project, which will bring additional ad valorem and personal property tax revenue to the City and result in additional jobs, the City desires to enter into this Agreement pursuant to Chapter 380 and other laws applicable to the development of the Public Improvements as an economic incentive for the Developer to develop and construct the Project;

WHEREAS, the City has concluded and hereby finds that this Agreement promotes economic development in the City and, as such, meets the requirements under Chapter 380 and the City's established economic development program, and, further, is in the best interests of the City and the Developer;

WHEREAS, to ensure that the benefits the City provides under this Agreement are utilized in a manner consistent with Chapter 380 and other applicable laws, the Developer has agreed to comply with certain conditions for receiving those benefits, including performance criteria relating to the funding, design and construction of the Project and Public Improvements and the operation of the Project;

WHEREAS, in consideration of the Developer's commitment to design, construct, and develop the Public Improvements and the Developer's intention to develop the Project, including the intention to invest private funds for the Project, to create employment, and to operate the Project as set forth herein, which will generate Tax Revenues (as defined herein) for the City, the City agrees to grant to the Developer the Reimbursement Amount (as defined herein), but not more than the Maximum Reimbursement Amount (as defined herein);

WHEREAS, consistent with Chapter 380 and other law, the City and the Developer, as contemplated in this Agreement, agree to work together to advance the public purposes of developing and diversifying the economy of the state, eliminating unemployment or underemployment in the state, and developing or expanding transportation or commerce in the state;

NOW, THEREFORE, for and in consideration of the promises and the mutual agreements set forth herein, the City and the Developer hereby agree as follows:

ARTICLE I GENERAL TERMS

A. Incorporation of Recitals. The recitals to this Agreement are hereby incorporated for all purposes.

B. Definitions and Terms. The terms "Agreement," "Chapter 380," "City," "Developer," "Economic Impact Area," "Effective Date," "Project," "Property," and "Public Improvements" shall have the meanings given to such terms in the Recitals, and the following terms have the following meanings:

"Base Personal Property Tax" means the amount of personal property taxes levied and collected by the City attributable to the Economic Impact Area based on the total taxable appraised value of the personal property in the Economic Impact Area as of January 1, 2011.

"Base Property Tax" means the amount of ad valorem taxes levied and collected by the City attributable to the Economic Impact Area based on the total taxable appraised value of the property in the Economic Impact Area as of January 1, 2011.

"Force Majeure" shall have the meaning ascribed to it in Article VI, Section B of this Agreement.

"Interest" shall mean interest on funds the Developer pays for the Public Improvements Cost (i) that accrues at a rate of 4.2% per annum, (ii) that is computed annually beginning on the date the funds are paid by the Developer and ending on the day that is seven (7) years from such date, (iii) that is computed based on a principal amount equal to the amount by which the Public Improvements Cost exceeds all payments that the City has made to the Developer pursuant to Article V of this Agreement as of the Interest computation date, and (iv) that shall not exceed a total amount of \$2,086,620.00.

"Maximum Reimbursement Amount" shall mean an amount not to exceed the Tax Revenues that is equal to the lesser of (i) the actual Public Improvements Cost plus Interest, or (ii) \$9,081,620.00 (\$6,995,000.00 of Public Improvements Cost plus \$2,086,620.00 of Interest).

"Parties" or "Party" shall mean the City and the Developer, the parties to this Agreement.

"Public Improvements Cost" means all costs of acquisition, design, development and construction of the Public Improvements paid by the Developer, including (i) the acquisition cost of any land that is part of the Public Improvements, including the Detention Improvements; (ii) all costs of design, engineering, materials, labor, construction, testing and inspection and other services arising in connection with the design and construction of the Public Improvements; (iii) all payments arising under any contracts entered into for the

design or construction of the Public Improvements; and (iv) all costs incurred in connection with obtaining governmental approvals, certificates and permits required in connection with the construction of the Public Improvements, including the legal, engineering and other consultant fees and expenses related to the design and construction of the Public Improvements and the drafting and negotiation of the Developer's application to the City and this Agreement.

"Reimbursement Amount" shall mean an amount equal to the Tax Revenues to pay for the Public Improvements Cost plus Interest, not to exceed the Maximum Reimbursement Amount.

"Tax Revenues" means 100% of the incremental increase in the collections of the City's ad valorem taxes attributable to the Economic Impact Area above the Base Property Tax and 100% of the incremental increase in the collections of the City's personal property taxes attributable to the Economic Impact Area above the Base Personal Property Tax during each year of the term of this Agreement and without regards to any future abatement or rebate (pursuant to an economic development agreement or otherwise) of any portion of such taxes granted by the City.

"Term" shall mean the term of this Agreement, which shall commence on the Effective Date and shall continue until the earlier of: (i) the payment to the Developer of the Maximum Reimbursement Amount, or (ii) December 31, 2032.

C. 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 II THE PROJECT AND THE PUBLIC IMPROVEMENTS

A. The Project. The Developer intends to construct (or cause to be constructed) the Project, a commercial and industrial development with LEED characteristics, which may be constructed in phases. If constructed in phases, the first phase of the Project will include not less than 100,000 square feet of commercial or industrial development. The Developer shall begin construction on the first phase of the Project not later than twenty-four (24) months after the Effective Date. The Developer shall satisfy all City permitting requirements, including, but not limited to, Chapter 9 of the City's Department of Public Works and Engineering Infrastructure Design Manual and building permitting requirements.

B. The Public Improvements. The Developer shall design and construct the Public Improvements, which may be constructed in phases. The Developer shall begin construction on the Public Improvements not later than twelve (12) months after the Effective Date. The preliminary list of Public Improvements set forth in **Exhibit B-2** may be modified at any time by mutual agreement of the Mayor, or the Mayor's designee,

and the Developer, to modify, add or remove Public Improvements if the Mayor and the Developer determine that the modification, addition or removal is necessary to achieve the intent of this Agreement, provided, however, that the City shall not reimburse any such modification, addition or removal costs that exceed the Maximum Reimbursement Amount. Although the actual costs of the Public Improvements listed in **Exhibit B-2** may be higher or lower than the line item estimates provided therein, the City shall not reimburse Public Improvement Costs that exceed the Maximum Reimbursement Amount.

C. Standards and Approvals. The Developer agrees that the plans and specifications for the Public Improvements shall be subject to the review and approval of all governmental entities with jurisdiction, including, without limitation, the City. The Developer agrees to comply with all applicable legal requirements from such jurisdictions. Before commencing construction of any Public Improvements, the Developer will submit to the City's Director of the Department of Public Works and Engineering, or his or her designee ("Director"), all plans and specifications for the construction of the Public Improvements and obtain the Director's approval of the plans and specifications. All water wells, water meters, flushing valves, valves, pipes, and appurtenances thereto, will conform to the City's specifications. All water service lines, sewer service lines, lift stations, sewage treatment facilities, road facilities, and appurtenances thereto, will comply with the City's standard plans and specifications as amended from time to time. Prior to construction of any Public Improvements, the Developer or its engineer will give written notice by registered or certified mail to the Director stating the date that construction will be commenced. Construction of the Public Improvements will be in accordance with the approved plans and specifications, and with the City's applicable standards and specifications, and, during the progress of the construction and installation of the Public Improvements, the Director may conduct periodic, on-the-ground inspections.

ARTICLE III REPRESENTATIONS

A. Representations of the City. The City hereby represents to the Developer that as the date hereof:

The City is a duly created and existing municipal corporation and home rule municipality of the State of Texas under the laws of the State of Texas and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement.

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

This Agreement has been duly authorized, executed and delivered by the City and constitutes a legal, valid and binding obligation of the City, enforceable in accordance with its terms except to the extent that 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.

The execution, delivery and performance of this Agreement by the City do not require the consent or approval of any person that has not been obtained.

B. Representations of the Developer. The Developer hereby represents to the City that as of the date hereof:

The Developer is duly authorized and existing and in good standing under the laws of the State of Texas, and is qualified to do business in the State of Texas.

The Developer has the power, authority and legal right to enter into and perform its obligations set forth in this Agreement, and the execution, delivery and performance hereof, (i) have been duly authorized, and will not, to the best of its knowledge, violate any judgment, order, law or regulation applicable to the Developer, and (ii) do not constitute a default under or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Developer 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.

This Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of the Developer, enforceable in accordance with its terms except to the extent that 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.

ARTICLE IV DEVELOPER COMMITMENTS

In consideration of the City's agreeing to pay the Developer the Reimbursement Amount in accordance with the terms, provisions and conditions of this Agreement, the Developer agrees to fulfill the following conditions in order to receive the Reimbursement Amount:

A. Project and Public Improvements Funding. The Developer intends to invest approximately \$70,000,000.00 from and after the Effective Date, from private funding sources other than the Tax Revenues, toward the design and construction of the Project and the Public Improvements. In constructing the Project, the Developer shall comply with the provisions of the City's Code of Ordinances that require an applicant for a building permit to estimate the total value of work, including materials and labor, for which the permit is being issued. The Developer hereby represents and warrants that it will have all funds, from private sources, necessary to design and

construct all phases of the Project, at the time such funds are required. For any calendar year in which additional square footage of a phase of the Project is completed or under construction, the Developer shall provide a report to the City's Chief Development Officer, or his or her designee, of: i) the square footage of the Project that was completed during such calendar year, ii) the square footage of the Project that was under construction, but not yet complete, during such calendar year, and iii) the cumulative square footage of the Project that is complete since the initiation of construction.

B. Operational Condition. The Developer shall continuously operate (or cause to be operated) the Project on the Property during the Term of this Agreement by using reasonable efforts to lease the buildings that comprise the Project as such buildings are available for lease, subject only to (i) events of Force Majeure, (ii) reasonable periods of closing actually required for repair or restoration following casualty or condemnation, and (iii) temporary closings (not to exceed 270 days) for repair, renovations and/or alterations of the Property.

C. Ownership, Operation, and Maintenance of Public Improvements Other than Detention Improvements. Except as otherwise provided herein for the Detention Improvements, as the acquisition and construction of each integral stage of the Public Improvements is completed and each integral stage of the Public Improvements becomes operational, the Developer shall convey all such Public Improvements, to the City (including rights-of-way). As construction of each integral stage of the Public Improvements is completed, City representatives shall inspect the same and, if the City finds that the same has 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 same, whereupon such portion of the Public Improvements shall be operated and maintained by the City at its sole expense.

D. Detention Improvements. The Developer shall own, operate and maintain the Detention Improvements at the Developer's sole expense.

E. Esplanades. The Developer shall landscape, irrigate and maintain the esplanades in Diplomatic Plaza Drive at the Developer's sole expense.

F. Competitive Bidding. Construction contracts for the Public Improvements shall be let on a competitive bidding basis. After preparation of final plans and specifications and their approvals as required by this Agreement, the Developer shall advertise for or solicit bids (as required by law applicable to the City) for construction as described in the final plans and specifications. The City's representatives shall be notified of, and invited to attend when applicable, pre-bid conferences, bid openings, and the award of contracts in accordance with the notice provision of Article VII, Section B of this Agreement. The City shall designate from time to time in writing the persons who shall be their designated representatives. In the event of the failure of the City to designate representatives, the Director of Public Works and Engineering shall be the City's representative.

G. Performance Bonds. The Developer shall require each contractor constructing the Public Improvements to furnish a performance bond in an amount equal to the full cost of Developer's construction contract with that contractor, conditioned on the contractor's full and timely performance under the construction contract. The Developer and the City shall be dual obligees for each performance bond. The performance bond(s) must be in a form approved by the City Attorney and issued by a corporate surety authorized and admitted to write surety bonds in Texas. If the amount of the bond exceeds \$100,000.00, the surety must be listed on the current list of accepted sureties on federal bonds published by the United States Treasury Department or reinsured for any liability in excess of \$100,000.00 by a reinsurer listed on the U.S. Treasury list.

H. Utilization of Local Contractors and Suppliers. The Developer agrees to exercise commercially reasonable efforts to utilize local contractors and suppliers in the construction of the Public Improvements, with a goal of at least 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 for at least one year.

I. Affirmative Action. The Developer shall demonstrate good faith efforts to comply with the City's Affirmative Action program in the design and construction of the Public Improvements.

J. Maintenance of Records. The Developer shall be responsible for maintaining records of all costs incurred and payments made for the Public Improvements and records evidencing compliance with all of the Developer commitments required by this Article IV for ten (10) years from the final payment by the Developer of the Public Improvements Cost and shall make such records available to the City for examination at the City's reasonable request. The City shall have the right to review and audit such records upon five (5) business days prior written notice to the Developer.

ARTICLE V REIMBURSEMENT

The City shall pay the Reimbursement Amount to the Developer beginning on January 1, 2013, and continuing each year until the earlier of (i) December 31 2032, or (ii) the date that the Maximum Reimbursement Amount has been disbursed. The City shall pay the Reimbursement Amount to the Developer within thirty (30) days following the end of the month(s) in which the City receives its Tax Revenues. The City is unconditionally obligated to pay the Reimbursement Amount. Such payments are not subject to any reduction, whether offset or otherwise. The City shall not be obligated to make any payment to the Developer in an amount in excess of the Tax Revenues.

ARTICLE VI DEFAULT AND REMEDY

A. Payment Default. The City agrees that its failure to pay the Reimbursement Amount when due is an event of default (a "Payment Default") and that the Developer shall be entitled to any and all of the remedies available in this Article or otherwise at law or equity.

B. General Events of Default. A Party shall be deemed in default under this Agreement (which shall be deemed a breach hereunder) if such Party fails to materially perform, observe or comply with any of its material commitments, covenants, agreements or obligations hereunder or if any of its representations contained in this Agreement are false.

Before the failure of any Party to perform its obligations under this Agreement, except a Payment Default, is deemed to be a breach of this Agreement, the Party claiming such failure shall notify, in writing, the Party alleged to have failed to perform of the alleged failure and shall demand performance. No breach of this Agreement, except a Payment Default, may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within thirty (30) days of the receipt by the defaulting Party of such notice.

Upon a breach of this Agreement, the non-defaulting Party, in any court of competent jurisdiction, by an action or proceeding at law or in equity, may secure the specific performance of the covenants and agreements herein contained, may be awarded damages for failure of performance, or both. Except as otherwise set forth herein, no action taken by a Party pursuant to the provisions of this Section or pursuant to the provisions of any other Section of this Agreement shall be deemed to constitute an election of remedies; and all remedies set forth in this Agreement shall be cumulative and non-exclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the Parties shall have the affirmative obligation to mitigate its damages in the event of a default by the other Party.

Notwithstanding anything in this Agreement which is or may appear to be to the contrary, if the performance of any covenant or obligation to be performed hereunder by any party (except for a Payment Default) is delayed as a result of circumstances which are beyond the reasonable control of such Party (which circumstances may include, without limitation, pending or threatened litigation, acts of God, war, acts of civil disobedience, fire or other casualty, shortage of materials, adverse weather conditions [such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures, or tornadoes], labor action, strikes or similar acts) the time for such performance shall be extended by the amount of time of such delay ("Force Majeure").

In addition to any other right or remedy available to the Parties pursuant to this Agreement, in the event of a default or a breach by either Party under this Agreement which continues for 30 days after written notice to the Party alleged to have defaulted or breached and the failure of the Party alleged to have defaulted or breached to cure or

diligently proceed to cure such breach to the complaining Party's reasonable satisfaction, the complaining Party shall have the right (but not the obligation), in its sole discretion, to exercise its rights with regards to mandamus, specific performance or mandatory or permanent injunction to require the Party alleged to have defaulted or breached to perform.

ARTICLE VII GENERAL PROVISIONS

A. Time of the essence. Time is of the essence in the performance of this Agreement. The Parties will make every reasonable effort to expedite the subject matters hereof and acknowledge that the successful performance of this Agreement requires their continued cooperation, including, without limitation, subject to the Developer's compliance with all applicable laws, expeditiously processing permits and approvals to facilitate the Developer's timely procurement of all entitlements required for the Project and the Public Improvements.

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

If to the Developer:

EastGroup Properties, L.P.
4220 World Houston Parkway, Suite 170
Houston, Texas 77032
Attention: Brent Wood

With a copy to:

Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Attention: Trey Lary

If to the City:

Chief Development Officer
City of Houston, Texas
P.O. Box 1562
Houston, Texas 77251-1562

or

Director, Public Works and Engineering Department
City of Houston, Texas
P.O. Box 1562
Houston, Texas 77251-1562

With a copy to:

City Attorney
City of Houston, Texas
900 Bagby, 4th Floor
City Hall Annex
Houston, Texas 77002

Notice shall be deemed to have been received on the date such notice is personally delivered or three days from the date such notice is mailed or sent by rapid transmission. Either Party may change its address by written notice in accordance with this Section. Any communication addressed and mailed in accordance with this Section shall be deemed to be given when so mailed, any notice so sent by rapid 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, an authorized officer of the Developer or the City, as the case may be.

C. Amendments and waivers. Any provision of this Agreement may be amended or waived if such amendment or waiver is in writing and is approved by the Developer and the City. No course of dealing on the part of the Developer or the City nor any failure or delay by the Developer or the City with respect to exercising any right, power or privilege pursuant to this Agreement shall operate as a waiver thereof, except as otherwise provided in this Section.

D. 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 provisions of this Agreement and, to that end, all provisions, covenants, agreements or portions of this Agreement are declared to be severable.

E. Successors and assigns. Neither Party shall have the right to assign its rights under this Agreement or any interest herein, without the prior written consent of the other Party, except that the Developer may assign its rights and responsibilities hereunder to (i) a lending institution of all or a portion of the Developer's rights hereunder as security for repayment of one or more loans to finance the construction or ownership of the Project or the Public Improvements, (ii) any related, affiliated or subsidiary entity to which substantially all of its assets, liabilities and its rights to proceed with development of the Project and the Public Improvements are transferred or (iii) any person or entity to which the Developer assigns, subleases, or otherwise conveys its interest in the Property, provided that any assignee under (ii) or (iii) agrees in writing to assume the Developer's obligations under this Agreement. The City shall not unreasonably withhold its written consent. The City's Director of the Finance

Department, or the Director's designee, may consent to a qualifying assignment under this Section on behalf of the City.

F. 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.

G. Applicable law. 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, and any actions concerning this Agreement shall be brought in either the State Courts of Harris County, Texas, or the United States District Court for the Southern District of Texas.

H. Entire agreement. This 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.

I. 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 or delayed.

J. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

K. Interpretation. This Agreement has been jointly negotiated by the Parties and shall not be construed against a Party because that Party may have primarily assumed responsibility for the drafting of this Agreement.

L. Conflicts with Ordinances. The City and the Developer agree that, in the event of a conflict between the provisions of this Agreement and any City ordinance, or regulation by any other agency over which the City has control, whether heretofore or hereafter adopted, the provisions of this Agreement shall govern matters addressed by this Agreement. Without limited the foregoing, the terms and conditions of this Agreement specifically control over any conflicting provisions of City Ordinance No. 99-674.

[EXECUTION PAGE FOLLOWS]

IN TESTIMONY OF WHICH this instrument has been executed in multiple counterparts, each of equal dignity and effect, on behalf of the Developer and the City, effective as of the Effective Date defined herein.

<p>CITY:</p> <p>CITY OF HOUSTON, a Texas home-rule municipal corporation</p> <p><u>Annise D. Parker</u> Mayor <u>Mattie D. Kpal</u></p> <p>Date: <u>6-11-12</u></p> <p>ATTEST/SEAL:</p> <p><u>[Signature]</u> City Secretary Date: <u>6-12-12</u></p> <p>COUNTERSIGNED:</p> <p><u>Ronald C. Grew</u> City Controller <u>[Signature]</u></p> <p>Date: <u>6-15-12</u></p> <p>APPROVED AS TO FORM:</p> <p><u>[Signature]</u> Assistant City Attorney</p>	<p>DEVELOPER:</p> <p>EASTGROUP PROPERTIES, L.P., a Delaware limited partnership</p> <p>By: EastGroup Properties General Partners, Inc., a Delaware corporation, its general partner</p> <p>By: <u>Brent Wood</u></p> <p>Name: <u>Brent Wood</u></p> <p>Title: <u>Senior Vice President</u></p> <p>By: <u>Kevin Seger</u></p> <p>Name: <u>Kevin Seger</u></p> <p>Title: <u>Vice President</u></p>
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EXHIBIT A

CONCEPTUAL SITE PLAN OF PROJECT

WORLD HOUSTON INT'L. BUSINESS CENTER ◻ ◻ HOUSTON, TEXAS

W.H. SECTION 11 MASTER PLAN - OFFICE / WAREHOUSE BUILDINGS



BASED ON PRELIMINARY INFORMATION PROVIDED BY THE OWNER - SUBJECT TO CHANGE PER THE DEED RESTRICTIONS, DETENTION REQUIREMENTS, AND FINAL SURVEY ONCE THEY ARE PROVIDED

PRELIMINARY MASTER PLAN	
PROPOSED BUILD TO SUIT	161,000 S.F.
TOTAL BUILDINGS (2-15)	1,449,050 S.F.
TOTAL BUILDINGS	1,610,300 S.F.
TOTAL LAND	133.09 ACRES
TOTAL ROAD / R.O.W.	10.06 ACRES
TOTAL DETENTION	12.83 ACRES



SCALE: 1" = 200'-0"



EXHIBIT B-1

MAP OF PUBLIC IMPROVEMENTS

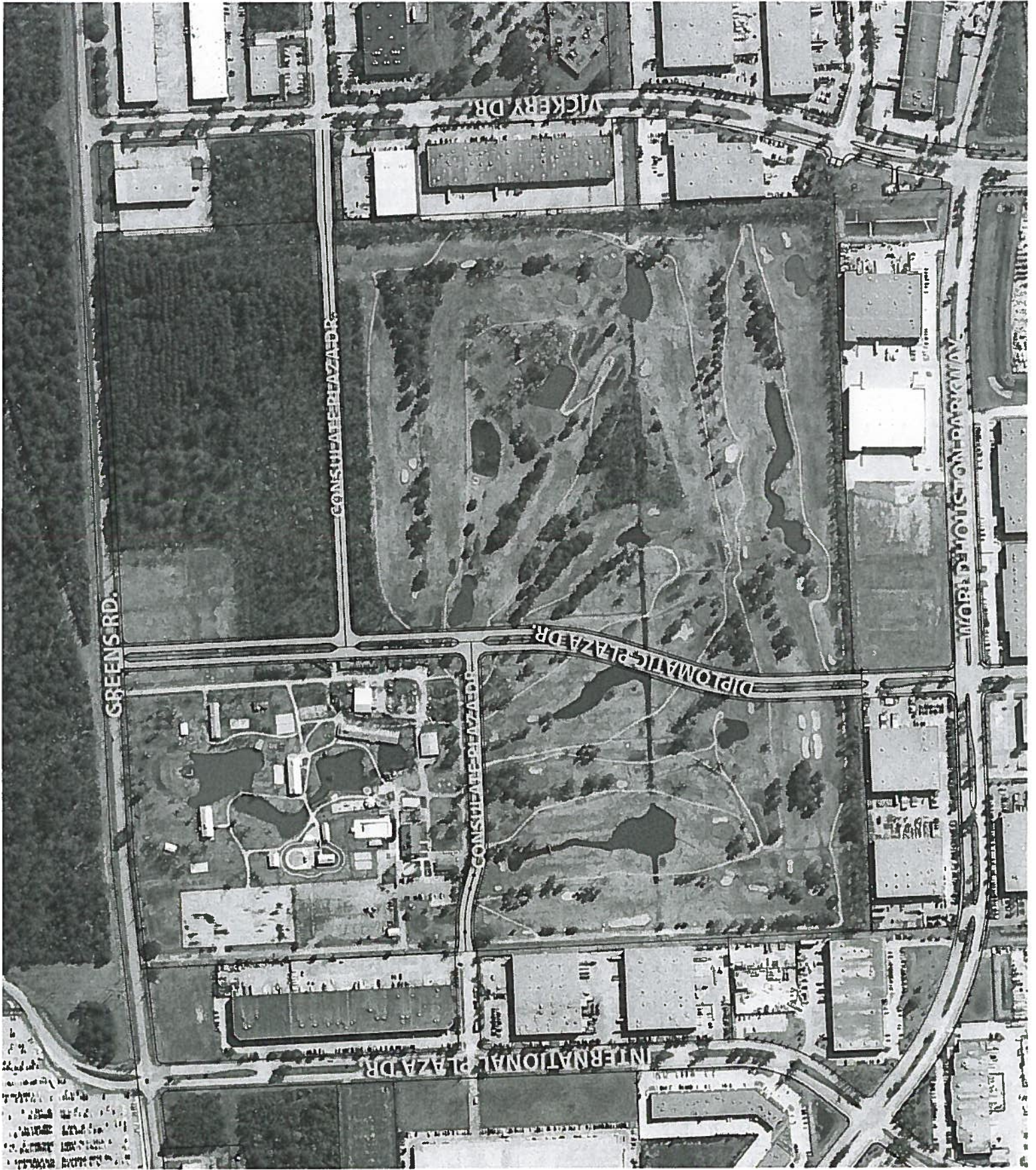


EXHIBIT B-2

PRELIMINARY LIST OF PUBLIC IMPROVEMENTS

**EASTGROUP PROPERTIES
WORLD HOUSTON INTERNATIONAL BUSINESS
CENTER
DIPLOMATIC PLAZA AND CONSULATE PLAZA ROAD
EXTENSIONS
PUBLIC WORKS ESTIMATED COSTS
SUMMARY**

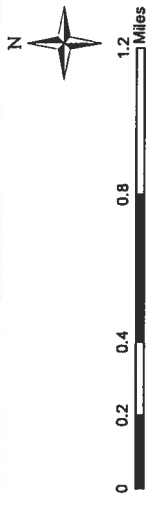
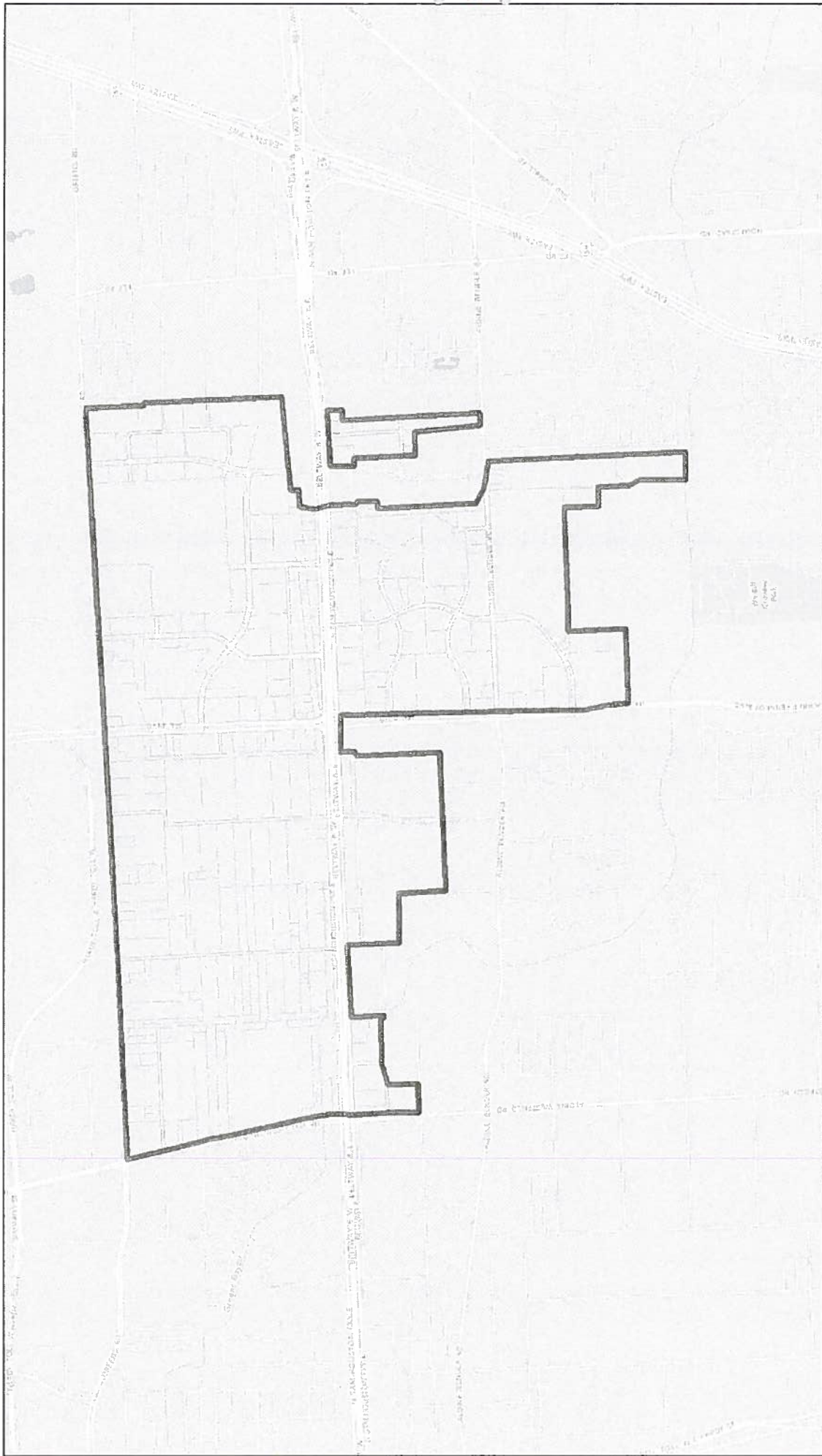
2,500 Linear Feet of New Public Roadway and Infrastructure

Hard Costs Summary:	<u>Amount</u>
Roads and Utilities - construction	\$5,133,000
Water and Sanitary Related Costs only	\$550,000
DPC Reimbursement at 30%	(\$165,000)
Land cost for ROW (10.1 acres)	770,000
Detention - as required for ROW only	50,000
Land cost for Total ROW Required Detention (1.2 acres)	91,000
Engineering, Legal & Environmental	475,000
Standard City Required Street lights	91,000
Total Infrastructure/Public Works Costs	<u><u>\$6,995,000</u></u>

Note: EastGroup shall landscape, irrigate and perform all maintenance related to the esplanade areas at its sole cost. EastGroup shall construct, own, operate and maintain the detention improvements at its sole cost.

EXHIBIT C

ECONOMIC IMPACT AREA



Produced By:
marshdarcy
PARTNERS

East Group Properties
Sources: Esri, DeLorme, NAVTEQ, HCAD 2011