

REQUEST FOR COUNCIL ACTION

TO: Mayor via City Secretary

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| Subject: Ordinance approving and authorizing a Supplemental Agreement to the Lease Agreement between the City and Houston First Corporation relating to the Levitt Pavilion | Category # | Page 1 of 1 | Agenda Item |
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| FROM (Department or other point of origin): Chief Development Office Office of the Mayor | Origination Date: December 5, 2016 | Agenda Date |
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| DIRECTOR'S SIGNATURE:  Andrew F. Icken, Chief Development Officer | Council District(s) affected: K |
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| For additional information contact: Andy Icken 832-393-1064 | Date and Identification of prior authorizing Council Action: Ord. No. No. 2011-390 (June 1, 2011) |
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RECOMMENDATION:
Approve an ordinance authorizing a Supplemental Agreement to the Lease Agreement between the City and Houston First Corporation relating to the Levitt Pavilion

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| Amount and Source of Funding: No funding required | Finance Budget: |
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SPECIFIC EXPLANATION:

The City and Houston First Corporation (HFC) previously entered into a Lease Agreement approved by City Ordinance No. 2011-390, passed on June 1, 2011, and effective as of June 9, 2011, pursuant to which the City has leased certain land and improvements and delegated certain duties to HFC. This Supplemental Agreement to the Lease Agreement describes the maintenance and funding obligations that HFC has agreed to undertake on behalf of the City with respect to the Levitt Pavilion, which will be constructed, operated and maintained at Willow Waterhole by the Friends of Levitt Houston (Levitt Houston) pursuant to a separate agreement (Levitt Agreement).

Under the Levitt Agreement, the City will be responsible for certain capital repair costs during the first fifteen years of operation of the Levitt Pavilion, and HFC will fund these obligations on the City's behalf, subject to certain limitations and conditions. The responsibility of HFC for these obligations will begin on January 1 of the year immediately following completion of construction of the Levitt Pavilion and will end on the expiration of that fifteen-year period. HFC has committed to budgeting up to \$100,000.00 per year for the first 10 years of operation of the Levitt Pavilion, for a maximum amount of \$1,000,000.00, that can be drawn on by Levitt Houston for authorized capital costs. HFC's funding obligations are limited to authorized capital costs totaling no more than \$500,000.00 in any twelve-month period, and no more than \$1,000,000.00 in total, during the first 15 years of operation of the Levitt Pavilion. The responsibility of HFC for these obligations will begin on January 1 of the year immediately following completion of construction of the Levitt Pavilion and will end on the expiration of that fifteen-year period. If the full amount of the HFC's annual funding commitment of \$100,000.00 is not expended in any twelve-month period, the unexpended funds can, at the option of Levitt Houston, carry over to any subsequent twelve-month periods, or be paid to Levitt Houston to reimburse funds spent in excess of the annual commitment amount in any prior twelve-month period. If there are any funds remaining at the end of the first fifteen years of operation, the City, HFC, and Levitt Houston will negotiate in good faith as to the expenditure of those funds. In exchange for HFC's funding commitment, Levitt Houston will designate one voting seat on its Board of Directors that will be reserved for appointment by HFC during the term of the Supplemental Agreement.

The Administration recommends that City Council approve this ordinance authorizing the Supplemental Agreement to the Lease Agreement between the City and HFC relating to HFC's commitment of funds for authorized capital costs related to the Levitt Pavilion.

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| Finance Director: | General Services Director: | Other Authorization: |
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