

Controller's Office

To the Honorable Mayor and City Council of the City of Houston:

I hereby certify, with respect to the money required for the contract, agreement, obligation, or expenditure contemplated by the ordinance set out below that:

- () Funds have been encumbered out of funds previously appropriated for such purpose.
- () Funds have been certified and designated to be appropriated by separate ordinance to be approved prior to the approval of the ordinance set out below.
- (X) Funds will be available out of current or general revenue prior to the maturity of any such obligation.
- () No pecuniary obligation is to be incurred as a result of approving the ordinance set out below.
- () The money required for the expenditure or expenditures specified below is in the treasury, in the fund or funds specified below, and is not appropriated for any other purposes.
- () A certificate with respect to the money required for the expenditure or expenditures specified below is attached hereto and incorporated herein by this reference.
- () Other.

Date: 6-27, 2013. *RC* Ronald C. King
City Controller of the City of Houston, Texas

FUND REF: N/A AMOUNT: -0- ENCUMB. NO.: RF50046-13

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City of Houston, Texas, Ordinance No. 2013-664

AN ORDINANCE APPROVING AND AUTHORIZING AN ECONOMIC DEVELOPMENT AGREEMENT BETWEEN THE CITY OF HOUSTON, TEXAS AND COSTCO WHOLESALE CORPORATION FOR THE DEVELOPMENT OF A WHOLESALE AND RETAIL GENERAL MERCHANDISE FACILITY AND RELATED IMPROVEMENTS; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, pursuant to Article III, Chapter 52-a of the Texas Constitution and Chapter 380 of the Texas Local Government Code, as amended ("Chapter 380"), the City is authorized to establish a program to promote state or local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, the City has authority under Chapter 380 to use public funds for the public purposes of promoting local economic development and stimulating business and commercial activity within the City and surrounding region; and

WHEREAS, by City Ordinance No. 99-674 adopted by the City Council on June 20, 1999, the City established the City of Houston Chapter 380 Program, pursuant to the provisions of Chapter 380, including "Criteria for Chapter 380 Assistance" attached as Exhibit "A" to City Ordinance No. 99-674; and

WHEREAS, Section 2 of City Ordinance No. 99-674 provides that the Director of the City's Planning and Development Department or such Director's designee shall administer the Chapter 380 Program ("Program Administrator"); and

WHEREAS, the Director of the Planning and Development Department has designated the Deputy Director of the Office of the Mayor, Economic Development, as Program Administrator; and

WHEREAS, Costco Wholesale Corporation ("Costco") has submitted an application for assistance pursuant to the Chapter 380 Program; and

WHEREAS, the Costco application provides for the construction and operation of a retail and wholesale general merchandise facility on a 14.07 acre tract in the City's extraterritorial jurisdiction ("ETJ") that the City has annexed for limited purposes and within the boundaries of the Cimarron Municipal Utility District ("MUD"); and

WHEREAS, the Program Administrator has reviewed Costco's application for assistance and has determined that Costco has satisfied the qualifications to be eligible for assistance; and

WHEREAS, the City Council hereby waives any requirements in City Ordinance No. 99-674 with which Costco has not complied; and

WHEREAS, consistent with Article III, Section 52-a of the Texas Constitution, Chapter 380, and other laws, the City desires to enter into an economic development agreement with Costco in consideration for Costco's agreement to develop and operate a wholesale and retail general merchandise facility and related improvements ("Project") by which the City will reimburse Costco one half of the City's one percent of the sales taxes generated by the Project; and

WHEREAS, the City and the MUD have entered into that certain Strategic Partnership Agreement whereby the City and the MUD each receive fifty percent

(50%) of a one percent (1%) tax rate on sales taxes generated within the boundaries of the MUD annexed by the City for limited purposes; and

WHEREAS, the Project is located inside the MUD's boundaries within an existing 100-acre undeveloped tract to which the Project may attract future business and commercial development, generating additional sales tax revenues for the City that it would not otherwise receive; and

WHEREAS, Chapter 380 specifically authorizes the City to conduct an economic development program in its ETJ and an area annexed for limited purposes; and

WHEREAS, the City Council finds that the Project is located within the City's ETJ and in an area annexed for limited purposes and is eligible to be included in the Houston Chapter 380 program; and

WHEREAS, the City Council finds that the Project will accomplish a public purpose and will have a positive economic impact on the City and its ETJ through the timely development and diversification of the economy, elimination of unemployment and underemployment through the creation and retention of new jobs and the retention and growth of the sales tax revenues generated by the Project for the City; and

WHEREAS, in consideration of the design, timely construction, and development of the Project, which will bring additional sales tax revenues to the City and additional jobs resulting from the construction and operation of the Project, the City desires to enter into an agreement pursuant to Chapter 380 and other applicable laws as an economic incentive for Costco to develop, finance, construct, and operate the Project, and the Program Administrator has further determined that the agreement attached hereto as **EXHIBIT A** ("Agreement") generally meets the criteria for Chapter 380 assistance guidelines set forth in City Ordinance No. 99-674; and

WHEREAS, to ensure that the benefits the City provides under the Agreement are utilized in a manner consistent with Chapter 380 and other laws, the Company has agreed that its receipt of such benefits shall be conditioned upon its satisfaction of certain conditions, including performance conditions relating to the construction of the Project and job creation; and

WHEREAS, the City Council has determined and hereby finds that the Agreement promotes economic development in the City and, as such, meets the requirements of Chapter 380 and the City's established economic development program, and, further, is in the best interests of the City and Costco; **NOW, THEREFORE**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. Findings. That the facts, findings, and recitals contained in the preamble of this Ordinance are hereby found and declared to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. Approval of the Economic Development Agreement. That the City Council hereby approves and authorizes the contract, agreement, or other undertaking described in the title of this Ordinance, in substantially the form shown in the document attached hereto as **EXHIBIT A**, and incorporated herein by this reference. The Mayor is hereby authorized to sign such contract, agreement, or other undertaking described in the title of this Ordinance and any related documents on behalf of the City of Houston. The City Secretary is hereby authorized to attest to all such signatures and to affix the seal of the City to all such documents.

Section 3. That the City Attorney is hereby authorized to take all action necessary to enforce all legal obligations under this contract, agreement, or other undertaking described in the title of this Ordinance without further authorization from City Council.


Section 4. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and approval, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 17th day of July, 2013.

APPROVED this _____ day of _____, 2013.

Mayor of the City of Houston, Texas

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is JUN 23 2013.



City Secretary

(Prepared by Legal Department Donna Capps
(DRC:drc June 25, 2013) Assistant City Attorney
(Requested by Andy Icken, Chief Development Officer – Office of the Mayor)
(L. D. File No. 0421300047001)

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AYE	NO	
✓		MAYOR PARKER
••••	••••	COUNCIL MEMBERS
✓		BROWN
✓		DAVIS
ABSENT-ON PERSONAL BUSINESS		COHEN
ABSENT-ON PERSONAL BUSINESS		ADAMS
✓		MARTIN
✓		HOANG
✓		PENNINGTON
✓		GONZALEZ
✓		RODRIGUEZ
✓		LASTER
	✓	GREEN
✓		COSTELLO
	✓	BURKS
✓		NORIEGA
	✓	BRADFORD
✓		CHRISTIE
CAPTION	ADOPTED	

EXHIBIT A

**Economic Development Agreement
between the City of Houston, Texas and Costco Wholesale Corporation**

ECONOMIC DEVELOPMENT AGREEMENT

This Economic Development Agreement ("Agreement") is made and entered into by and between the **CITY OF HOUSTON, TEXAS**, a Texas home-rule municipal corporation ("City"), and **COSTCO WHOLESALE CORPORATION**, a Washington corporation ("Company"), effective as of the date the City Controller countersigns this Agreement ("Effective Date").

RECITALS

WHEREAS, the Company owns or is under contract to acquire certain tracts of land totaling approximately 14.07 acres within the City's extraterritorial jurisdiction ("ETJ") and limited purpose annexed area located in the vicinity of Interstate 10 at Grand Parkway in Harris County, Texas, as more particularly described in **EXHIBIT A** attached hereto ("Property"), on which the Company intends to construct the Project defined in Article II, Section A below and to construct or have constructed certain improvements to serve the Project, including curbs, gutters, sidewalk and road improvements, a concrete parking lot, utilities, and storm drainage improvements as more particularly described in **EXHIBIT B** attached hereto ("Improvements"); and

WHEREAS, the City and the Cimarron Municipal Utility District ("MUD") have entered into that certain Strategic Partnership Agreement ("SPA") whereby the City and the MUD each receive fifty percent (50%) of a one percent (1%) tax rate on sales taxes generated within the boundaries of the MUD; and

WHEREAS, the Project is located inside the MUD's boundaries within an existing 100-acre undeveloped tract to which the Project may attract future business and commercial development, generating additional sales tax revenues for the City that it would not otherwise receive; 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") pursuant to which the City has authority to enter into this Agreement, and has authority to use public funds for the public purposes of promoting local economic development and stimulating business and commercial activity within the City and surrounding region; and

WHEREAS, Chapter 380 specifically authorizes the City to conduct an economic development program in its ETJ and an area annexed for limited purposes; and

WHEREAS, consistent with Article III, Section 52-a of the Texas Constitution, Chapter 380, and other laws, the City agrees to enter into this Agreement with the Company to advance the public purposes of developing and diversifying the economy of the State of Texas ("State"), eliminating unemployment or underemployment in the State, and developing or expanding transportation or commerce in the State; and

WHEREAS, the City has obtained an economic development analysis of the Project, more specifically described as the Economic Impact of the Project, attached hereto as **EXHIBIT C**, which demonstrates the positive economic impact of the Project and the net financial benefit from the sales tax revenues generated and jobs created by the Project over the term of the SPA; and

WHEREAS, the City recognizes the positive economic impact that the Project will bring to the City and its ETJ through the timely development and diversification of the economy, elimination of unemployment and underemployment through the creation and retention of new jobs and the retention and growth of the sales tax revenues generated by the Project for the City; and

WHEREAS, in consideration of the design, timely construction, and development of the Project, which will bring additional sales tax revenues to the City and additional jobs resulting from the construction and operation of the Project, the City desires to enter into this Agreement pursuant to Chapter 380 and other applicable laws as an economic incentive for the Company to develop, finance, construct, and operate the Project; and

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

WHEREAS, to ensure that the benefits the City provides under this Agreement are utilized in a manner consistent with Chapter 380 and other laws, the Company has agreed that its receipt of such benefits shall be conditioned upon its satisfaction of certain conditions enumerated herein, including performance conditions relating to the construction of the Project and job creation; and

WHEREAS, to induce the Company to develop and finance the construction of the Project for the public purposes of developing and diversifying the economy of the State and to create jobs in accordance with the performance measures set forth herein, which will generate sales tax revenues for the City, the City agrees to grant to the Company the Reimbursement Amount (as defined below), but not to exceed One Million Dollars (\$1,000,000) ("Maximum Reimbursement Amount"); and

WHEREAS, the City recognizes that the Improvements will provide a public benefit to the City and surrounding region by improving public and quasi-public infrastructure components including off-site road work, construction of a concrete parking lot, and storm drainage improvements; and

WHEREAS, the Company intends to engage directly with its developer or contractor to construct the Improvements;

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

ARTICLE I
GENERAL TERMS; DEFINITIONS

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," "Company," "Effective Date," "ETJ," "Improvements," "Maximum Reimbursement Amount," "MUD," "Project," "Property," "SPA," and "State" have the meanings given to such terms in the Recitals, and the following terms have the following meanings:

"Annual Payment" has the meaning ascribed to it in Article VI, Section B.

"Annual Payment Request" has the meaning ascribed to it in Article VI, Section B.

"City-Approved Cost Certification" means the Cost Certification provided to the City by the Company pursuant to Article V, Section B, as reviewed and approved in writing by the City Representative.

"Certificate of Compliance" means the Harris County Fire Code Certificate of Compliance issued by the Harris County Fire Marshall that is necessary for the opening of the Project for business.

"City Representative" means the Chief Development Officer of the City, or any successor position.

"Consent Conditions" has the meaning ascribed to it in Article II, Section C.

"Cost Certification" has the meaning ascribed to it in Article V, Section B of this Agreement.

"Event of Default" has the meaning ascribed to it in Article VII, Section C.

"Final Plans and Specifications" means the plans for the Improvements that have been approved by Harris County and the MUD and, if applicable, the City, and any other governmental entity with jurisdiction.

"Force Majeure" has the meaning ascribed to it in Article VII, Section E.

"Houston Area" means the area within the City of Houston, including its limited purpose annexed territory and its ETJ.

"Improvements" means those certain improvements described in the recitals and listed on **EXHIBIT B** that are (1) actually constructed, and (2) conveyed to and accepted by Harris County or the MUD, as applicable, or are necessary to prepare the Property for the construction of the Project and full service capability upon completion.

"Improvements Costs" means the costs of acquisition, design, development and construction of the Improvements, including without limitation (i) the acquisition cost of land under any roads to be dedicated to the public; (ii) the costs to prepare the Property for any of the Improvements constructed on or within the Property; (iii) all costs of design, engineering, materials, labor, construction, and other services arising in connection with the design and construction of the Improvements; (iv) all payments arising under any contracts entered into for the design or construction of the Improvements; and (v) reimbursements to any developer/contractor for the actual costs described above that are advanced to or on behalf of the Company. Harris County improvement guidelines related to design, construction, and inspection are outlined in the Regulations of Harris County for the Approval and Acceptance of Infrastructure.

A. "Jobs Creation Certification" has the meaning ascribed to it in Article IV, Section

"Party" or "Parties" means the City and the Company, the parties to this Agreement.

"Public Works Director" means the City's Director of the Department of Public Works and Engineering, or his or her designee.

"Reimbursement Amount" means the amount equal to the Tax Revenues necessary to reimburse the Company for the Improvements Costs (as stated in the City-Approved Cost Certification) in accordance with this Agreement, not to exceed the Maximum Reimbursement Amount.

"Reimbursement Date" means the date on which a Certificate of Compliance has been issued for the Project.

"Tax Revenues" means an amount equal to one hundred percent (100%) of the sales tax revenues collected and retained by the City from taxable sales generated by the Project pursuant to the SPA, at a local sales tax rate of one percent (1%), of which the City and the MUD each receive fifty percent (50%), (i.e., the one hundred percent (100%) percent of the fifty percent (50%) the City is entitled to collect pursuant to the SPA) during each year of the Term of the Agreement.

"Term" means the duration of this Agreement, commencing on the Effective Date and continuing until the earlier of: (i) the payment to the Company of the Maximum Reimbursement Amount; or (ii) seven (7) years from the Reimbursement Date; provided, however, that if the Company has not closed on the acquisition of the Property by **Friday, August 30, 2013**, then the Company may terminate this Agreement by giving notice to the City before **Monday, September 30, 2013**, and this Agreement shall terminate and be of no further force or effect as of the date of the notice, and the Parties shall have no further rights or obligations hereunder.

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 IMPROVEMENTS

A. The Project. The Project is a wholesale and retail general merchandise facility of approximately 149,000 square feet and related parking and other improvements to be constructed on the Property.

B. Modification of the Improvements and Plans. The Improvements listed in **EXHIBIT B** may be modified by mutual agreement of the Mayor of the City, or his or her designee, and the Company at the time that a modification is proposed, as applicable, to modify, add, or remove Improvements if the Mayor determines that the modification, addition, or removal is necessary to achieve the intent of this Agreement and does not result in costs that exceed the Maximum Reimbursement Amount. No modifications or changes to the list of Improvements or Final Plans and Specifications will entitle the Company to reimbursement for costs which exceed the Maximum Reimbursement Amount.

C. Standards and Approvals.

(1) The Company acknowledges that the City's conditions for consent to the creation of the MUD ("Consent Conditions") require City approval of the plans and specifications of certain infrastructure improvements, including, but not limited to, drainage facilities, and provides for the inspection of same.

(2) Construction of the Improvements must be in substantial accordance with the Final Plans and Specifications, subject to reasonable changes and modifications in the course of construction, which, to the extent required, shall be subject to the review and approval of Harris County and/or the MUD, and/or the City, and/or other governmental entities with jurisdiction, as applicable. The Company agrees to comply or cause its developer/contractor to comply with all applicable legal requirements relating to construction of the Improvements from all governmental entities with jurisdiction.

ARTICLE III REPRESENTATIONS

A. Representations of the City. The City hereby represents to the Company that as of 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 (i) the enforceability of such instruments may be limited by bankruptcy, reorganization, insolvency, moratorium, or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights, and (ii) certain equitable remedies including specific performance may be unavailable.

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 Company. The Company hereby represents to the City that as of the date hereof:

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

The Company 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 Company, 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 Company under any agreement or instrument to which the Company is a party or by which the Company 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 Company, 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
THE COMPANY COMMITMENTS**

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

A. Jobs Creation.

The Company agrees that jobs will be created by the development of the Project. The Parties acknowledge that the Company may not directly provide all the jobs created by the Project. As used herein, the term "jobs" means all full-time positions in construction, management, retail, and service which provide a regular work schedule of at least thirty-five (35) hours per week; provided that two (2) positions providing part-time work schedules for at least thirty-five (35) hours per week shall be equivalent to one job. In order to assure the City that the Project will produce sufficient job creation, the Company agrees that it is a condition to payment of the Reimbursement Amount that the Company submit to the City annually certifications in accordance with Article VI, Section B a Jobs Creation Certification substantially in the form attached hereto as **EXHIBIT E**, unless the City approves any variance thereto requested by the Company certifying that the Company has created and retained jobs in accordance with the following schedule:

Number of Jobs	Jobs Creation and Retention Schedule
125	To be created and retained by the Reimbursement Date
124	To be retained by each one year anniversary of the Reimbursement Date during the Term

Along with each Jobs Creation Certification, the Company shall provide the City with reports from the Warehouse Manager at the Project or, at the Company's election, the Company's Human Resources Department (or other, similar department) describing the data the Company used to determine the number of jobs created and/or retained by the Project for such year.

To the extent that the number of jobs created and retained by the Project for any year exceeds the minimum required for such year as set forth above, the Company may (i) certify the number of excess jobs in its Jobs Creation Certification for that year and (ii) count the number of excess jobs in its Jobs Creation Certification for the following year in order to meet the minimum required for that year. Failure by the Company to certify the minimum number of jobs in the schedule above will constitute a Job Creation Default as set forth in Article VII, Section B.

The Company will use good faith efforts to hire qualified residents of the Houston Area to work at the Project with the goal of having at least thirty percent (30%) of the Company's personnel at this location be residents of the Houston Area. In conjunction with the initial hiring of personnel to operate the Project, the Company will make good

faith efforts to offer available positions to qualified Houston Area residents over non-residents who are similarly qualified, as determined solely by the Company in its discretion and consistent with its business needs and its commitment to equal opportunity, and subject to all applicable local, state and federal employment laws. The Company's failure to reach the thirty percent (30%) goal shall not constitute an Event of Default hereunder or otherwise affect the City's obligation to pay the Company the full amount of the Reimbursement Amount as provided herein.

B. Construction of Project. The Company intends and has plans to construct the Project as expeditiously as possible, and expects that the Project will be open to customers and generating sales tax revenues by June 2014. Failure of the Company to open the Project for business by June 2015 will be an Event of Default under this Agreement.

C. Competitive Bidding. If the Company does not comply with a competitive bidding requirement of Texas law applicable to an Improvement conveyed to a public entity, the City shall not pay the cost of that Improvement.

D. Utilization of Local Contractors and Suppliers. The Company agrees to exercise commercially reasonable efforts to utilize local contractors and suppliers in the construction of the Project and the Improvements (other than portions being constructed by its developer/contractor), with a goal of at least twenty-five percent (25%) 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 (1) year. The Company's failure to reach the twenty-five percent (25%) goal shall not constitute an Event of Default hereunder or otherwise affect the City's obligation to pay the Company the full amount of the Reimbursement Amount as provided herein.

E. Business Opportunity. The Company is encouraged to review the City's Minority and Women Business Enterprise ("MWBE") program set forth in Chapter 15, Article V of the City of Houston Code of Ordinances and the requirements for good faith efforts on file with the City Office of Business Opportunity ("OBO"). The Company agrees to make good faith efforts to award the maximum number of contracts, subcontracts, or supply agreements to entities that are certified by the City as MWBEs. The Company's failure to award any certain number of of contracts, subcontracts, or supply agreements to entities that are certified by the City as MWBEs shall not constitute an Event of Default hereunder or otherwise affect the City's obligation to pay the Company the full amount of the Reimbursement Amount as provided herein.

F. Maintenance of Records. The Company shall be responsible for maintaining records of all costs incurred and payments made for the Project and the Improvements and records evidencing compliance with all Company commitments required by this Agreement during the Term and for three (3) years thereafter. At the City's request, the Company shall provide the City with copies of or the right to review such records to confirm the amount of any Improvement Costs for which the Company is seeking reimbursement under this Agreement.

G. Acquisition a Condition Precedent. Notwithstanding anything in this Agreement to the contrary, the Company shall have no obligations under this Agreement, nor any right to any payments of the Reimbursement Amount, unless and until the Company acquires title to the Property.

ARTICLE V ADMINISTRATIVE ROLE OF THE COMPANY

A. Administrative Capacity. The Company shall act as administrator in connection with reimbursing its developer/contractor for eligible Improvements Costs, including ensuring that its developer/contractor complies with the terms of this Agreement.

B. Approval of Invoices. The Company shall review and approve all invoices received from its developer/contractor to determine relevance to the Improvements and that its developer/contractor is in compliance with the terms of this Agreement.

C. Annual Reporting. The Company will provide to the City, on an annual basis and as part of the Annual Payment Request, the amount of Annual Payments received to date.

ARTICLE VI REIMBURSEMENT

A. Calculation of Reimbursement Amount. Calculation of the Tax Revenues in any particular year will be without regard to any future abatement or rebate (pursuant to an economic development agreement, tax abatement, etc. granted by the City) of any portion of such taxes.

B. Certification of Improvement Costs. After the Improvements are completed, the Company will provide to the City Representative for review and approval a certification in the form attached hereto as **EXHIBIT E**, certifying as to the actual Improvement Costs incurred or reimbursed by the Company (the "Cost Certification"). The City Representative shall approve the Cost Certification if he or she determines that the costs were actually incurred for the Improvements set forth on **EXHIBIT B**, as may be modified from time to time, and if the costs are commercially reasonable (the "City-Approved Cost Certification"). If the City Representative is unable to approve the Cost Certification, he or she shall so advise the Company in writing, identifying the items of concern. The Company shall have an opportunity to respond, in writing, and submit a

modified Cost Certification to the City for review and approval. Upon the City Representative's request, the Company shall promptly provide invoices and other supporting documentation for the City's review and approval of the Cost Certification. The amount of the Improvement Costs set forth in the City-Approved Cost Certification shall be used to validate the Reimbursement Amount.

C. Payment of the Annual Payments. The Reimbursement Amount shall be paid by the City in annual payments (each an "Annual Payment") in an amount equal to the Tax Revenues received by the City for the preceding calendar year, as follows:

1. Commencing after the Reimbursement Date and continuing each calendar year throughout the Term of this Agreement and so long as no Event of Default by the Company then exists, the Company may submit to the City for approval a request for the Annual Payment based upon the Tax Revenues received for the previous year ("Annual Payment Request"). The Annual Payment Request shall be in the form attached hereto as **EXHIBIT F** and shall be accompanied by a Jobs Creation Certification for the prior twelve (12) month period. Upon approval of the Annual Payment Request, the City shall pay the Annual Payment to the Company by the later to occur of (i) thirty (30) days after the City's receipt of the Annual Payment Request, or (ii) sixty (60) days after the City receives the Company's annual sales tax report from the State Comptroller's office for the preceding calendar year. The Company shall submit to the State Comptroller's office the waiver in the form of **EXHIBIT G** attached hereto (or other form required by the State Comptroller's office) to provide the City the annual revenue reports reflecting the sales taxes collected from the Project.

2. The City is unconditionally obligated to make each Annual Payment solely from the Tax Revenues through the Term of this Agreement, except in an Event of Default by the Company, and the City may not suspend or discontinue any Annual Payment except in an Event of Default by the Company. Except as otherwise expressly set forth in this Agreement, payment of the Annual Payment is not subject to any reduction, whether offset or otherwise. The City shall never be obligated to make any payment to the Company from any funds other than the Tax Revenues generated by the Project.

D. Final Payment. The final payment of the Reimbursement Amount will be the amount necessary to reimburse the balance of the Improvement Costs set forth in the City-Approved Cost Certification, not to exceed the Maximum Reimbursement Amount, unless the Term of the Agreement is reached prior to payment of the Maximum Reimbursement Amount.

ARTICLE VII DEFAULT AND REMEDY

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

B. Jobs Creation Default. If the Company does not satisfy the Jobs Creation Certification for any year during the Term of this Agreement (commencing on the Reimbursement Date) and if such failure continues for thirty (30) days after written notice to the Company (“Jobs Creation Default”), the City may, as its sole and exclusive remedy, beginning on the date which is thirty (30) days after such written notice, until the Company has provided evidence that it has satisfied the Jobs Creation Certification, reduce the Maximum Reimbursement Amount to be paid to the Company by the percentage by which the Company does not satisfy the Jobs Creation Certification. A reduction in the Maximum Reimbursement Amount as a result of the Company’s failure to satisfy the Jobs Creation Certification in a calendar year is irrevocable and may not be recouped by the Company at any time, regardless of whether the Company satisfies the Jobs Creation Certification in a subsequent calendar year.

C. General Events of Default. A Party will be deemed in default under this Agreement, which will be deemed a breach and default hereunder, if such Party fails to materially perform, observe, or comply with any of the commitments, covenants, agreements, or obligations under this Agreement or if any of its representations stated in this Agreement or any certifications made pursuant to this Agreement are false (an “Event of Default”).

D. Notice of Default. If a Party fails to perform any of its obligations hereunder in substantial compliance with this Agreement (other than the City’s financial obligations, which shall be in strict compliance) or if any of a Party’s representations contained in this Agreement or certifications made pursuant to this Agreement are false in any material respect the same shall not constitute a default or breach under this Agreement unless and until the Party claiming such failure (the “Complaining Party”) shall give written notice demanding performance (a “Default Notice”) to the Party alleged to have failed to perform (the “Defaulting Party”). If the Defaulting Party fails to commence performance to the reasonable satisfaction of the Complaining Party within thirty (30) days of the receipt by the Defaulting Party of such Default Notice and cure such failure within sixty (60) days after receipt of such Default Notice (or such longer period as may be necessary in the event of a failure not reasonably susceptible of cure within sixty (60) days so long as the Defaulting Party is diligently pursuing such cure and further provided that there shall be no extension of such sixty (60) day period for a Payment Default), it shall constitute an “Event of Default” under this Agreement.

E. Conditions. The Company’s failure to construct any of the Improvements in **EXHIBIT B** shall not constitute an Event of Default as long as the Company has modified the list of Improvements in **EXHIBIT B** in accordance with Article II, Section B. Except as provided otherwise in this Agreement, the Company’s failure to satisfy the conditions for an Annual Payment as provided in Article IV, Article V, and Article VI shall not constitute an Event of Default, but the City will have no obligation to make any Annual Payment as long as any required conditions remain unsatisfied.

F. Remedies. The Company shall have all rights and remedies to which it is entitled under this Agreement or otherwise at law or equity for an Event of Default by the City. Notwithstanding anything in this Agreement which is or may appear to be to

the contrary, nothing in this Agreement shall be construed as a waiver of the City's immunity from suit. The City, as its sole and exclusive remedy, except as expressly provided otherwise herein, for an Event of Default by the Company, may terminate this Agreement by written notice to the Company. The City's termination of this Agreement for an Event of Default by the Company will terminate the City's obligation to make any payment under this Agreement.

G. Force Majeure. 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, hurricanes, 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").

ARTICLE VIII 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 Company's compliance with all applicable laws, expeditiously processing permits and approvals to facilitate the Company's timely procurement of all entitlements required for the Project and the Improvements.

B. Notices. Any notice or other communication ("Notice") given under this Agreement must be in writing, and may be given: (i) by depositing the Notice in the United States Mail, postage paid, certified, and addressed to the party to be notified with return receipt requested; (ii) by personal delivery of the Notice to the party; (iii) by depositing the notice with Federal Express or another nationally recognized courier service for next day delivery; or (iii) by confirmed facsimile, provided that a copy of the Notice is also given in one of the manners specified in (i), (ii) or (iii). Notice will be effective upon receipt or refusal of delivery by the party to be notified. For the purposes of Notice, the addresses of the Parties will, until changed as provided below, be as follows:

If to the Company:

Costco Wholesale Corporation
999 Lake Drive
Issaquah, Washington 98027
Attn: Bruce Coffey, Corporate Counsel
Fax: (425) 313-8105

With a copy to:

Thompson & Knight LLP
One Arts Plaza
1722 Routh Street, Suite 1500
Dallas, TX 75201
Attn: Ray T. Khirallah
Fax: (214) 969-1751

If to the City:

Chief Development Officer
City of Houston, Texas
P.O. Box 1562
Houston, Texas 77002

With a copy to:

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

A Party may designate a different address at any time by giving Notice to the other Parties.

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 Company and the City. No course of dealing on the part of the Company or the City nor any failure or delay by the Company 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 C.

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. No Party shall have the right to assign its rights under this Agreement or any interest herein without the prior written consent of the other Parties, except that the Company may assign its rights and responsibilities hereunder to (i) a lending institution of all of the Company's rights hereunder as security for repayment of one or more loans to finance the construction or ownership of any component of the Property, (ii) any related, affiliated or subsidiary entity (including without limitation a successor by merger or purchaser of substantially all of its assets), to which its rights to proceed with development of the Project and the Improvements are transferred or (iii) any person or entity to which the Company assigns, subleases, or otherwise conveys its interest in the Property, provided that any assignee under (ii) or (iii) agrees in writing to assume the Company's obligations under this Agreement. The

City shall not unreasonably withhold its written consent. The City's Chief Development Officer, or his or her designee, may consent to a qualifying assignment under this Section E on behalf of the City.

F. Exhibits, Headings, Titles of Articles, Sections and Subsections. The exhibits attached to this Agreement are incorporated herein and are deemed 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 will be considered a reference to such section or subsection of this Agreement unless otherwise stated. Any reference herein to an exhibit will 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 given by either of the Parties, the Parties agree that such approval or consent will 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 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 assumed primary responsibility for the drafting of this Agreement.

L. Conflicts with Ordinances. The Parties 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.

[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 Company and the City, effective as of the Effective Date defined herein.

<p>CITY:</p> <p>CITY OF HOUSTON, TEXAS a Texas home-rule municipal corporation</p> <p>_____</p> <p>Mayor</p> <p>Date: _____</p> <p>ATTEST/SEAL:</p> <p>_____</p> <p>City Secretary</p> <p>Date: _____</p> <p>COUNTERSIGNED:</p> <p>_____</p> <p>City Controller</p> <p>Date: _____</p> <p>APPROVED AS TO FORM:</p> <p>_____</p> <p>Assistant City Attorney L.D. File No. 0421300047001</p>	<p>THE COMPANY:</p> <p>COSTCO WHOLESALE CORPORATION, a Washington corporation</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
---	---

EXHIBIT A

DESCRIPTION OF PROPERTY

EXHIBIT A

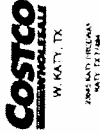
PROJECT DATA

CLIENT
 COSTCO WHOLESALE
 14111 13TH AVE
 ISSAQUAH, WA 98027

PROJECT ADDRESS
 23645 KATY FREEWAY
 KATY, TX 77458

SITE DATA:
 SITE AREA: 14.07 ACRES (612,790 S.F.)
 JURISDICTION: HARRIS COUNTY, TX
 ZONING: C2
 SETBACKS: TBD

BUILDING INFORMATION:
 BUILDING: TBD
 PARKING: TBD
 LANDSCAPE: TBD



COSTCO WHOLESALE CORPORATION
 14111 13TH AVE
 ISSAQUAH, WA 98027



MULVANNY G2
 11071 FARM ROAD, SUITE 100
 HOUSTON, TX 77036
 (281) 416-1000

BOUNDARIES INFORMATION:
 THIS PLAN HAS BEEN PREPARED BY MULVANNY G2 FOR THE PROJECTING A SITE PLAN SUBJECT TO BEING APPROVED BY WINKELMANN & ASSOCIATES, INC. DATED 02.05.13

PERMIT ISSUE

BUILDING DATA:

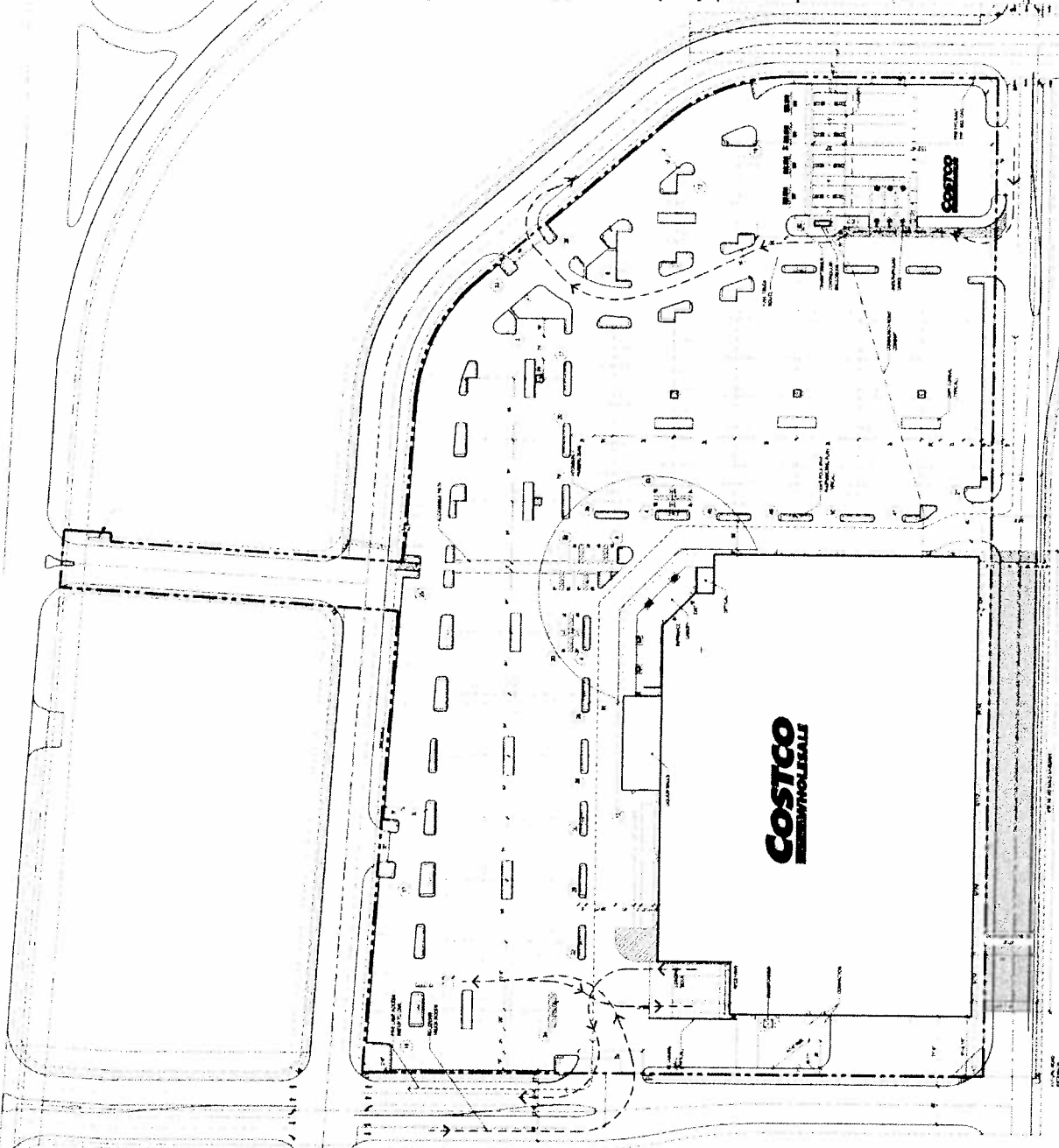
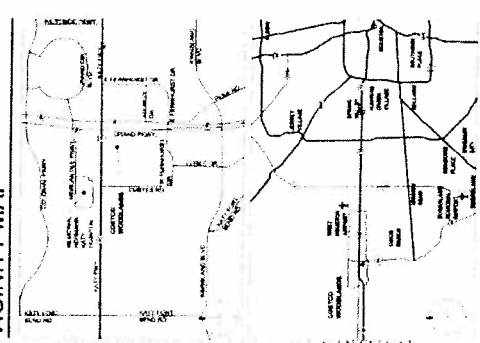
TOTAL BUILDING AREA
 WAREHOUSE: 191,596 S.F.
 LIQUOR SALES: 147,363 S.F.
 OPTICAL: 3,802 S.F.
 TOTAL: 431 S.F.

PARKING DATA:

16 WIDE STALLS
 16 ACCESSIBLE STALLS
TOTAL PARKING: 720 STALLS
 NO. OF STALLS PER 1000 SF OF BUILDING AREA: 4.89 STALLS

NOTES:
 EXISTING CONDITIONS TO BE FIELD VERIFIED.

VICINITY MAP



SITE PLAN
 SCALE: 1" = 40' ±

NOTE:
 THIS PLAN IS FOR REFERENCE ONLY. SEE CIVIL DRAWINGS FOR POSITIVE CONTROL.

NOTE:
 DO NOT PLACE ANY CONCRETE NEXT TO LANDSCAPE BUNKER LOCATIONS.

SD101

EXHIBIT B

LIST OF IMPROVEMENTS

EXHIBIT B

EXTRA ORDINARY SITE WORK	Budget
Off-Site Road Work	600,000
Concrete Parking Lot	351,000
Soil Stabilization	275,000
Storm Drainage	100,000
Over Excavation at the Building Pad	130,000
Building Pad Moisture Condition 4'	350,000
Building Pad Select Fill 4'	450,000
Earthwork Fill 25,000 cy	200,000
TOTAL EXTRA ORDINARY COST	2,456,000

EXHIBIT C

ECONOMIC IMPACT OF THE PROJECT

An Executive Summary of the Economic Impact of Costco in Houston, Texas

April 3, 2013

Prepared for:

City of Houston
901 Bagby
Houston, Texas 77002

Prepared by:

Impact DataSource
4709 Cap Rock Drive
Austin, Texas 78735
(512) 892-0205
Fax (512) 892-2569
www.impactdatasource.com

ImpactDataSource

About this Analysis

This report summarizes the results of an economic impact analysis performed by Impact DataSource, Austin, Texas. The analysis was to determine the impact that Costco in Houston, Texas will have on the economy of the Houston area and the costs and benefits for local taxing districts over the first ten years.

The proposed site at the corner of I-10 and Grand Parkway, near Katy, is within a limited purpose area of the City of Houston. Through a Strategic Partnership Agreement, the city receives a half cent of its one percent sales tax, but no additional taxes in the area.

Description of the Facility

Costco plans a 149,000 square warehouse store with a 4,000 square foot liquor store at the site near Katy.

The firm plans to invest an estimated \$21 million in construction costs of real property improvements and an estimated \$6.3 million in business personal property including furniture, fixtures and equipment and inventories.

The store's initial annual taxable sales will be \$33 million -- increasing to \$71.2 million in ten years.

The company plans to have 233 workers at the facility when it opens and add an estimated 14 workers each year over the first ten years. The firm's estimated average hourly wages are \$20.51.

Estimated Number of Construction Jobs to be Created

During construction the project will create the following estimated number of construction jobs for residents of the city of Houston:

Estimated Number of Construction Jobs to be Created for Houston Residents	
Estimated construction costs	\$21,000,000
Estimated percent of construction cost for labor	40%
Length of construction, in years	0.75
Average annual construction salaries	\$39,000
Number of total construction jobs	162
Estimated percent of construction workers that are Houston residents	25%
Number of direct construction jobs to be created for Houston residents	40

Economic Impact of the Facility Over the First Ten Years of Operations

Some of the economic impacts of the facility on the Houston area over the first ten years are shown below:

Economic Impact over the First Ten Years	
Total number of permanent direct and indirect jobs to be created	539
Number of direct and indirect jobs created for Houston residents	78
Number of new direct and indirect workers who will move Houston	34
Number of new residents in the City	85
Number of new residential properties to be built in the City	7
Number of new students expected in Houston ISD	12
Salaries to be paid to direct and indirect workers	\$255,255,611
Taxable sales and purchases expected in the City	\$594,386,915
The value of new residential property to be built for direct and indirect workers who move to the City by Year 10	\$1,503,426
The facility's assets added to local tax rolls	\$27,300,000

Net Benefits for Local Taxing Districts Over the First Ten Years

Local taxing districts can expect the following net benefits from the facility over the first ten years:

Net Benefits for Local Taxing Districts Over the First 10 Years of the Facility's Operation			
	Benefits	Costs	Net Benefits
City of Houston	\$3,617,363	\$546,061	\$3,071,302
Harris County	\$1,186,708	\$32,480	\$1,154,228
Houston ISD	\$5,225,850	\$4,662,905	\$562,945
Houston Community College	\$290,910	\$0	\$290,910
Harris County Flood Control District	\$84,052	\$0	\$84,052
Port of Houston Authority	\$52,386	\$0	\$52,386
Harris County Hospital District	\$542,372	\$0	\$542,372
Harris County Department of Education	\$18,575	\$0	\$18,575
METRO	\$5,943,869	\$0	\$5,943,869
Total	\$16,962,084	\$5,241,447	\$11,720,637

EXHIBIT D

FORM OF JOBS CREATION CERTIFICATION

Chief Development Officer
City of Houston, Texas
P.O. Box 1562
Houston, Texas 77002

Re: ECONOMIC DEVELOPMENT AGREEMENT BETWEEN THE CITY OF HOUSTON, TEXAS AND COSTCO WHOLESALE CORPORATION; JOBS CREATION CERTIFICATION

This Jobs Creation Certification is being delivered by Costco Wholesale Corporation (the "Company") in connection with that certain Economic Development Agreement between the City of Houston, Texas (the "City") and the Company effective _____, 2013 (the "Agreement"). All terms used herein have the meanings ascribed to them in the Agreement unless otherwise defined herein.

USE THE FOLLOWING FOR THE INITIAL JOBS CREATION CERTIFICATION:

[1. The undersigned authorized officer of the Company hereby certifies to the City that as of the Reimbursement Date, the Company has created and retained _____ full-time jobs. As provided in the Agreement, the term "jobs" as means all full-time positions in construction, management, retail, and service which provide a regular work schedule of at least thirty-five (35) hours per week; provided that two (2) positions providing part-time work schedules for at least thirty-five (35) hours per week shall be equivalent to one job.]

USE THE FOLLOWING FOR SUBSEQUENT JOBS CREATION CERTIFICATION:

[1. The undersigned authorized officer of the Company hereby certifies to the City that during the twelve (12) months prior to the date of this Jobs Creation Certification, the Company has retained _____ full-time jobs. As provided in the Agreement, the term "jobs" means all full-time positions in construction, management, retail, and service which provide a regular work schedule of at least thirty-five (35) hours per week; provided that two (2) positions providing part-time work schedules for at least thirty-five (35) hours per week shall be equivalent to one job.]

USE IF AND AS APPLICABLE:

2. The undersigned authorized officer of the Company hereby certifies to the City that [The number of jobs in excess of the required seventy-five (75) jobs is _____ (the "Excess Jobs").][The number of Excess Jobs as certified in the

Company's last Jobs Creation Certification was _____ and together with the jobs certified to in Paragraph 1 above equal at least seventy-five (75) jobs.]

The undersigned hereby certifies that I am a duly authorized representative of the Company and am duly authorized to execute this Jobs Creation Certification.

ATTEST: COSTCO WHOLESALE CORPORATION

BY:

NAME – SIGNATURE

NAME – PRINTED

TITLE DATE

STATE OF _____

COUNTY OF _____

Sworn to and subscribed to before me on the ___ day of _____, 20_____, by _____.

NOTARY NAME

NOTARY PUBLIC STATE OF _____

With a copy to:
City Attorney
City of Houston, Texas
900 Bagby, 4th Floor
City Hall Annex
Houston, Texas 77002

EXHIBIT E

FORM OF COST CERTIFICATION

**Chief Development Officer
City of Houston, Texas
P.O. Box 1562
Houston, Texas 77002**

Re: ECONOMIC DEVELOPMENT AGREEMENT BETWEEN THE CITY OF HOUSTON, TEXAS AND COSTCO WHOLESALE CORPORATION; COST CERTIFICATION

This Cost Certification is being delivered by Costco Wholesale Corporation (the "Company") in connection with that certain Economic Development Agreement between the City of Houston, Texas (the "City") and the Company effective as of _____, 2013 (the "Agreement"). All terms used herein have the meanings ascribed to them in the Agreement unless otherwise defined herein.

1. The undersigned authorized officer of the Company hereby certifies to the City that the Reimbursement Date occurred on _____, 20____. Attached hereto as Exhibit A is a true and complete copy of the Certificate of Completion for the Project.

2. The undersigned authorized officer of the Company hereby certifies to the City that the Company has paid or reimbursed its developer/contractor for Improvements Costs in the amount of \$_____ and that attached hereto as Exhibit B is an itemization of such Improvements Costs.

The undersigned hereby certifies that I am a duly authorized representative of the Company and am duly authorized to execute this Cost Certification.

ATTEST: COSTCO WHOLESALE CORPORATION

**BY: _____
NAME – SIGNATURE**

**_____
NAME – PRINTED**

TITLE

DATE

STATE OF _____

COUNTY OF _____

Sworn to and subscribed to before me on the ____ day of _____, 20_____, by _____.

NOTARY NAME

NOTARY PUBLIC STATE OF _____

APPROVED BY THE CITY OF HOUSTON:

By: _____
City Representative

Date: _____

With a copy to:
City Attorney
City of Houston, Texas
900 Bagby, 4th Floor
City Hall Annex
Houston, Texas 77002

**Exhibit A to Form of Cost Certification
Certificate of Compliance for the Project**

Exhibit B to Form of Cost Certification
Itemization of Improvements Costs

EXHIBIT F

FORM OF ANNUAL PAYMENT REQUEST

**Chief Development Officer
City of Houston, Texas
P.O. Box 1562
Houston, Texas 77002**

Re: ECONOMIC DEVELOPMENT AGREEMENT BETWEEN THE CITY OF HOUSTON, TEXAS AND COSTCO WHOLESALE CORPORATION; ANNUAL PAYMENT REQUEST

This Annual Payment Request is being delivered by Costco Wholesale Corporation (the "Company") in connection with that certain Economic Development Agreement between the City of Houston, Texas (the "City") and the Company effective _____, 2013 (the "Agreement"). All terms used herein have the meanings ascribed to them in the Agreement unless otherwise defined herein.

1. The undersigned authorized officer of the Company hereby requests the City to make an Annual Payment of the Reimbursement Amount., and the Company has submitted to the City all invoices and supporting documentation required and requested for the City's approval of the Company's request.

2. The undersigned authorized officer of the Company hereby certifies to the City that (i) the total Reimbursement Amount is \$_____ ; (ii) [the Company has received the following prior Annual Payments: [ADD AS APPLICABLE] Annual Payment received _____, 20__ in the amount of \$_____ ; Annual Payment received _____, 20__ in the amount of \$_____ ; and (iii)] that, as of the date of this Annual Payment Request, the unpaid balance of the Reimbursement Amount is \$_____.

The undersigned hereby certifies that I am a duly authorized representative of the Company and am duly authorized to execute this Annual Payment Request.

ATTEST: COSTCO WHOLESALE CORPORATION

BY:

NAME – SIGNATURE

NAME – PRINTED

TITLE DATE

STATE OF _____

COUNTY OF _____

Sworn to and subscribed to before me on the ____ day of _____, 20____, by _____.

NOTARY NAME

NOTARY PUBLIC STATE OF _____

APPROVED BY THE CITY OF HOUSTON:

By: _____
City Representative

Date: _____

With a copy to:
City Attorney
City of Houston, Texas
900 Bagby, 4th Floor
City Hall Annex
Houston, Texas 77002

EXHIBIT G

FORM OF WAIVER OF SALES TAX CONFIDENTIALITY

**Texas Comptroller
Waiver of Sales Tax Confidentiality**

Date: _____ 20_____

The undersigned authorizes the Texas Comptroller of Public Accounts to release sales tax information to the City of Houston, Texas pertaining to the taxpayer indicated below. I understand that this waiver applies only to our wholesale/retail facility located in the vicinity of Interstate 10 at Grand Parkway in Harris County, Texas.

Please print or type the following information as shown on your Texas Sales Tax permit:

Name of Taxpayer Listed on Texas Sales Tax Permit

Name Under Which Taxpayer is Doing Business (d/b/a or Outlet Name)

Taxpayer Mailing Address

Physical Location of Business Permitted for Sales Tax

Texas Taxpayer ID Number

Tax Outlet Number
(As Shown on Texas Sales Tax Permit)

Authorized Signature*

Print Name of Authorized Signature

Position of Authorized Signature

Phone # of Authorized Signature

*The authorized signature must be that of an owner, officer, director, partner, or agent authorized to sign a Texas Sales Tax Return. If you have any questions concerning this waiver of confidentiality, please contact the Texas Comptroller of Public Accounts at 1 (800) 531-5441.