

**AMENDMENT**  
**TO**  
**TAX ABATEMENT AGREEMENT**  
**BETWEEN**  
**HIDALGO COUNTY**  
**AND**  
**FRED LOYA INSURANCE AGENCY, INC.**

This amendment (the "Amendment") is by and between HIDALGO COUNTY, a political subdivision of the State of Texas (hereinafter referred to as the "County"), duly acting herein by and through its duly authorized representatives, pursuant to an Order dated November 2, 2010, by the Hidalgo County Commissioners Court (hereinafter referred to as the "Commissioners Court"), and FRED LOYA INSURANCE AGENCY, INC., a Delaware corporation (hereinafter referred to as the "Owner") and modifies that certain Tax Abatement Agreement (the "Agreement") between the County and the Owner entered into as of February 20, 2008.

WITNESSETH:

WHEREAS, on the 6<sup>th</sup> day of December, 2006, the County adopted Guidelines and Criteria for Granting Tax Abatements in Hidalgo County, Texas, (the "Guidelines and Criteria"); and

WHEREAS, on the 20<sup>th</sup> day February, 2008, the County adopted an Order (the "Order"), establishing a County Reinvestment Zone for commercial/industrial tax abatement (hereinafter the "Zone"), as authorized by the Property Redevelopment and Tax Abatement Act, Subchapter C, V.A.T.C., Texas Tax Code § 312.401 et seq., as amended (the "Act"); and

WHEREAS, in order to maintain and enhance the commercial and industrial economic and employment base of the County, the Commissioners Court deemed it to be in the best interest of the County to enter into the Agreement with Owner in accordance with said Order, Guidelines and Criteria and Act; and

WHEREAS, the Commissioners Court and the Owner entered into the Agreement; and

WHEREAS, Owner agreed in the Agreement to make certain Improvements to the Eligible Facilities, which Improvements were expected to result in the creation of a certain number of Jobs and an increase in the Property value ; and

WHEREAS, based on the expected Improvements and Job creation the County and the Owner anticipated the Owner would qualify for a 50% tax abatement during the Abatement Period on the increase in Property value; and.

WHEREAS, fewer Jobs have been created to date by the Project than originally expected, but the Owner expects to achieve the number of Jobs specified in the Agreement in the future; and

WHEREAS, the capital cost of the Project is higher than the minimum stipulated in the Agreement but the increase in appraised value does not currently reflect the entire amount of capital investment in the Project; and

WHEREAS, the economic climate since the execution of the Agreement may have contributed to both the lower than expected number of Jobs created to date and to the current appraised value of the Project; and

WHEREAS a dispute exists between the County and the Owner as to whether the Owner has qualified for the originally anticipated tax abatement; and

WHEREAS .in order to avoid litigation and to continue to contribute to the economic development of the County, the County desires to resolve the dispute with Owner; and

WHEREAS, it is in the best interests of the County to clarify the Agreement to resolve the dispute over the level of tax abatement applicable to the Owner by entering into this Amendment; and

WHEREAS, the Act allows for modification of tax abatement agreements;

NOW, THEREFORE, the County for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged (which consideration includes the attraction of major investment in the Zone and the expansion of primary employment which contributes to the economic development of the County and the avoidance of litigation), and the Owner for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged (which consideration includes the tax

abatement set forth herein, as authorized by the Act, and avoidance of litigation), do hereby contract, covenant and agree as follows:

1. **Definitions.** All terms defined in the Agreement shall have the meaning set forth therein unless otherwise defined herein.

2. **Method of Calculating Tax Abatement.** The parties agree that for the purpose of calculating the Owner's tax abatement under Section 3.05 of the Agreement, the applicable percentage of tax to be abated will be determined by the eligible capital cost of the Project and not by the increased in the appraised value of the Property. Except for the clarification set forth in the preceding sentence, this Amendment does not change the method of calculating the tax abatement under the Agreement, including that the applicable abatement percentage will then be applied to the increase in the appraised value in accordance with the Agreement and that the percentage of tax to be abatement may be subject to adjustment as provided therein.

3. **Current Level of Tax Abatement.** The Owner represents and warrants that the eligible capital cost of the Project was between \$5,000,000 and \$10,000,000. Pursuant to Section 3.05 of the Agreement as clarified above, the current level of tax abatement based on this capital cost is 50% of the eligible increase in eligible appraised value. The Owner agrees to provide the County documentation of the capital cost to the extent not previously provided by the Owner.

4. **Settlement of Dispute.** The parties agree that this Amendment resolves the dispute between them with respect to the calculation of the tax abatement pursuant to the Agreement. Each party shall bear such party's own legal and other expenses with respect to the dispute and this Amendment.

5. **Commissioners Court Authorization.** This Amendment was authorized by Order of the Commissioners Court dated the 2<sup>nd</sup> day of November, 2010, authorizing the County Judge to execute this Agreement on behalf of the County.

6. **Severability.** In the event any paragraph, subparagraph, sentence, phrase or word herein is held invalid, illegal, or unenforceable, the balance of this Amendment and the Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid paragraph, subparagraph, sentence, phrase and word. In such event there shall be substituted for such deleted provision as similar in terms and in effect to such deleted provision as may be valid, legal and enforceable.

7. **Applicable Law.** This Amendment shall be construed under the laws of the State of Texas and is performable in Hidalgo County, Texas.

8. **Ratification of Tax Abatement Agreement.** The Agreement, as modified hereby, is ratified and confirmed.

EXECUTED IN DUPLICATE ORIGINALS and made effective as of this 2<sup>nd</sup> day of November, 2010.

**FRED LOYA INSURANCE AGENCY, INC.**, a Delaware corporation

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

**HIDALGO COUNTY, TEXAS**

By: \_\_\_\_\_  
Name: Rene Ramirez  
Title: Hidalgo County Judge

ATTEST:

\_\_\_\_\_  
Name: Arturo Guajardo, Jr.  
Title: Hidalgo County Clerk

APPROVED AS TO FORM:

Atlas & Hall, L.L.P.

By: \_\_\_\_\_  
Stephen L. Crain