

**FIRST AMENDMENT TO ECONOMIC DEVELOPMENT AGREEMENT
WITH FIRST HARTFORD REALTY CORPORATION REGARDING
CITY OF EDINBURG, TEXAS REINVESTMENT ZONE NUMBER ONE
AND THE DEVELOPMENT KNOWN GENERALLY AS
"THE SHOPPES AT RIO GRANDE VALLEY"**

WHEREAS, pursuant to Ordinance No. 07-3211 adopted by the City Council of the **CITY OF EDINBURG, TEXAS** (the "**City**") on September 4, 2007 (the "**Zone Ordinance**"), the City approved the creation of the **REINVESTMENT ZONE NUMBER ONE, CITY OF EDINBURG, TEXAS** (the "**Zone**") in accordance with the provisions of Chapter 311, Texas Tax Code, as amended; and

WHEREAS, prior to the adoption of the Zone Ordinance, the City, **HIDALGO COUNTY, TEXAS** (the "**County**"), the **EDINBURG ECONOMIC DEVELOPMENT CORPORATION** (the "**EEDC**"), a non-profit corporation created by the City and organized pursuant to Section 4A of the Development Corporation Act of 1979 (originally enacted as Article 5190.6, Vernon's Texas Civil Statutes, now codified under Chapters 501 - 505, Texas Local Government Code), the **CITY OF EDINBURG, TEXAS LOCAL GOVERNMENT CORPORATION** (the "**LGC**"), a non-profit corporation organized under Subchapter D of Chapter 431 of the Texas Transportation Code, as amended, and **FIRST HARTFORD REALTY CORPORATION**, a Delaware corporation (the "**Developer**"), entered into an Economic Development Agreement, dated as of February 20, 2007 (the "**Development Agreement**"), which set forth the respective party's rights and obligations in connection with the development and construction by the Developer of a retail shopping center in the City (now generally known as "**The Shoppes at Rio Grande Valley**"), which is further described therein (the "**Project**"), and the potential reimbursements to be provided to the Developer by the City, the County and the EEDC; and

WHEREAS, the Development Agreement requires the Developer to complete the following amount of square footage of the Project by the following respective date:

- (i) on or before March 31, 2010 - at least 267,000 square feet of retail space for occupation by retail tenants within the Zone;
- (ii) on or before March 31, 2011 - at least 534,000 square feet of retail space for occupation by retail tenants within the Zone; and
- (iii) on or before March 31, 2012 - at least 800,000 square feet of retail space for occupation by retail tenants within the Zone;

all of which is more fully set forth in Exhibit E thereto and in the definitions of the following terms "First Phase Projected Completion Date," "Second Phase Projected Completion Date," and "Final Projected Completion Date"; and

WHEREAS, the Developer fully satisfied its obligations to complete at least 267,000 square feet of retail space by March 31, 2010; however, due primarily to the economic downturn experienced nationwide over the last several years, the Developer was unable to meet the

development requirements for March 31, 2011 as described above and does not expect it will be able to meet the development requirements for March 31, 2012 as described above; and

WHEREAS, the Development Agreement provides certain penalties for failure of the Developer to meet the development requirements set forth in the Development Agreement; and

WHEREAS, in a letter to the City Manager of the City, dated March 25, 2011, the Developer has requested that the Development Agreement be amended in a manner which will permit the completion of the remaining phases of the Project on a timeline that the Developer believes is achievable under the current economic conditions; and

WHEREAS, in recognition of the good faith effort that the Developer has made to date to complete the Project under economic conditions which are significantly more adverse than when the Development Agreement was entered into, the parties to the Development Agreement deem it necessary and appropriate to amend the Development Agreement as set forth in this First Amendment;

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

SECTION 1. AMENDMENTS TO CERTAIN DEFINITIONS. The terms "Final Projected Completion Date" and "Second Phase Projected Completion Date" as set forth in Article II of the Development Agreement are hereby amended in their entirety to read as follows:

"Final Projected Completion Date" means March 31, 2014.

"Second Phase Projected Completion Date" means March 31, 2013.

SECTION 2. AMENDMENT TO EXHIBIT E. *Exhibit E* attached to the Development Agreement is hereby amended and replaced in its entirety with the form of *Exhibit E* attached to this First Amendment.

SECTION 3. NO OTHER MODIFICATIONS INTENDED. Except to the extent specifically modified by the provisions of this Agreement, all other provisions of the Development Agreement are to remain in full force and effect.

SECTION 4. INCORPORATION OF RECITALS. The City, the County, the EEDC, the LGC, and the Developer hereby find that the statements set forth in the recitals of this Agreement are true and correct, and the City, the County, the EEDC, the LGC, and the Developer hereby incorporate such recitals as a part of this First Amendment.

SECTION 5. COUNTERPARTS. This First Amendment may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same instrument.

SECTION 6. APPROVALS. This First Amendment has been duly approved on behalf of the City, County, the EEDC, and the LGC by their respective governing bodies, and on and on behalf of the Developer through its authorized representative.

[The remainder of this page intentionally left blank]

IN WITNESS HEREOF, the City, the County, the EEDC, the LGC, and the Developer have made and executed this Agreement, which is hereby dated and effective as of the ____ day of June, 2011.

FIRST HARTFORD REALTY CORPORATION,
a Delaware corporation

By: _____
Name: _____
Title: _____

CITY OF EDINBURG, TEXAS

ATTEST:

By: _____
Name: _____
Title: _____

City Secretary

APPROVED AS TO FORM AND LEGALITY:

City Attorney

**EDINBURG ECONOMIC
DEVELOPMENT CORPORATION**

By: _____
Name: _____
Title: _____

**CITY OF EDINBURG, TEXAS
LOCAL GOVERNMENT
CORPORATION**

By: _____
Name: _____
Title: _____

HIDALGO COUNTY, TEXAS

ATTEST:

By: _____
Name: _____
Title: _____

County Clerk

APPROVED AS TO FORM AND LEGALITY:

County Attorney

Exhibit E

Description of construction phases:

On or before March 31, 2011 Developer will have constructed 348,000 square feet of retail space within the TIF zone.

On or before March 31, 2013, Developer will cause the construction of at least 574,000 square feet of retail space within the TIF Zone.

On or before March 31, 2014, Developer will cause the construction of at least 800,000 square feet of retail space within the TIF Zone.