

THE STATE OF TEXAS
COUNTY OF HIDALGO

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CITY OF PHARR

**FIRST AMENDMENT TO INTERLOCAL AGREEMENT REGARDING
REINVESTMENT ZONE NUMBER ONE, CITY OF PHARR, TEXAS**

WHEREAS, the CITY OF PHARR, TEXAS (the "*City*") approved the creation of REINVESTMENT ZONE NUMBER ONE, CITY OF PHARR (the "*Zone*") in accordance with the provisions of Chapter 311, Texas Tax Code, as amended; and

WHEREAS, the City, the Zone, and HIDALGO COUNTY, TEXAS (the "*County*"), a political subdivision of the State of Texas, entered into that certain Interlocal Agreement (the "*Agreement*") dated 2012, which was approved by the Commissioners' Court of the County on June 5, 2012; and

WHEREAS, the City represented to the County that there was no overlap between the Zone and Transportation Zone Number Two, County of Hidalgo (the "*Transportation Zone*"), and in reliance upon such representation the Agreement did not include provisions to govern an overlap between the Zone and the Transportation Zone;

WHEREAS, the City and the Zone subsequently informed the County that there is in fact overlap between the Zone and the Transportation Zone;

WHEREAS, the parties now desire to amend the Agreement to account for the overlap between the Zone and the Transportation Zone, as set forth in this first amendment (the "*Amendment*") to the 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 hereto agree as follows:

1. The first paragraph of Section IV.B.1. of the Agreement (up to but not including the sentence in Section IV.B.1 that begins with "The chart") is amended to read in its entirety as follows:

1. a. COUNTY's obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided in Section IV.A of this Agreement, shall accrue as the COUNTY collects its Tax Increment. The Parties hereto agree that all ad valorem property taxes collected each year by the COUNTY that are attributable to real property in the ZONE shall first constitute taxes on the Tax

Increment Base and after the total amount of taxes on the Tax Increment Base have been collected, then the remaining ad valorem taxes collected shall constitute the Tax Increment.

b. COUNTY agrees to deposit its first Tax Increment Payment to the Tax Increment Fund for tax year 2012 by the later of (i) all tax accounts having been coded by the Hidalgo County Appraisal District, the Hidalgo County Tax Office having received the list of tax accounts, collection reports having been provided to the Hidalgo County Auditor's Office, and the information required under section 311.016 of the Tax Code having been provided to the COUNTY (ii) May 1st, 2013, and (iii) 30 days after the full execution and delivery of that certain first amendment to this Agreement dated September __, 2013, by all Parties. The amount of the first Tax Increment Payment shall be based on the Tax Increments that were received up to January 31, 2013, but only for tax year 2012.

c. For subsequent payments, the COUNTY agrees to contribute its yearly Tax Increment Payment to the Tax Increment Fund annually not later than the 90th day after the delinquency date for the COUNTY's property taxes (or the first business day thereafter) following the end of each tax year. The amount of each Tax Increment Payment shall be based on the Tax Increments that are received up to January 31st following the end of the tax year, but which have not been previously deposited in the Tax Increment Fund, during the annual periods preceding each deposit date. Under no circumstances shall the COUNTY be required to participate in the ZONE with taxes attributable to periods after 2032. The CITY shall request collection reports from the Hidalgo County Tax Assessor Collector and provide a copy of these reports along with a payment request detailing the payment calculation as illustrated below to the COUNTY one month prior to a payment required to be made under this agreement. The following calculation will be used to calculate the COUNTY's Tax Increment Reinvestment Zone payment amount.

2. The remainder of Section IV.B.1. of the Agreement, starting with the sentence beginning with "The chart", is renumbered as Section IV.B.1.d of the Agreement.

3. Section IV.B.9.a of the Agreement is amended to read in its entirety as follows:

9. a. *General Provisions.* Subject to changes in the COUNTY M&O Tax Rate that will be addressed as set forth in section IV.B.9.b, and IV.B.9.c. below, the COUNTY agrees to participate at fifty percent (50%) of the COUNTY M&O Tax Rate (for tax year 2012, 50% equaling \$0.26125 per \$100 valuation on the Captured Appraised Value) for real property within the Zone, without regard to whether the real property is also within the Transportation Zone.

4. This Amendment may be executed in counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same instrument.

