

# MEMORANDUM OF UNDERSTANDING

among

THE COUNTY OF HIDALGO  
THE CITY OF EDINBURG  
THE CITY OF McALLEN  
THE CITY OF MISSION  
and  
THE CITY OF PHARR

and

THE UNIVERSITY OF TEXAS SYSTEM

SUBJECT: Development of and Funding for a Medical School in the Lower Rio Grande Valley

1. Purpose. The purpose of this Memorandum of understanding (“MOU”) is to memorialize the commitments made by the parties, i.e., the County of Hidalgo (the “County”), the City of Edinburg, the City of McAllen, the City of Mission and the City of Pharr (collectively, the “Cities”, and together with the County, the “local governments”) and The University of Texas System (the “System”) in furtherance of the establishment of a medical school of the first class in the Lower Rio Grande Valley (the “new medical school”) that will be part of the new university established by Senate Bill 24, Regular Session, 83<sup>rd</sup> Texas Legislature, as codified in Chapter 79 of the Texas Education Code (the “new university”) in order to advance the health, education and economy of the region.

2. Background. In Senate Bill 24, the State of Texas authorized the establishment of a new System university in the Rio Grande Valley, which will have integrated within it the medical school initially authorized by Senate Bill 98, Regular Session, 81<sup>st</sup> Texas Legislature, as codified in Subchapter N, Chapter 74, Texas Education Code. The Texas Legislature has appropriated funding for medical education in the Lower Rio Grande Valley through the University of Texas Health Science Center San Antonio (“HSC-SA”) in the amount of \$15,800,000 per year for the 2014-2015 biennium and these funds will be expended on the development of the new medical school. It is expected that state appropriations will continue to be made through HSC-SA for medical education in the Lower Rio Grande Valley until such time as the new medical school is accredited, at which time state appropriations will flow to the new university and the new medical school. The University of Texas System Board of Regents has committed support for medical education in the Lower Rio Grande Valley and for the new medical school in the amount of \$10,000,000 per year for the next ten years. These funds are to be used for faculty support, operations and maintenance of the new medical school.

3. Commitments of the University of Texas System. The System is committed to creating and operating in the Lower Rio Grande Valley the new medical school of the first class as part of the new university, built on a community-based distributed model of medical education. It is expected that such a school will:

- Offer expanded opportunities for residents of the region to obtain medical degrees.
- Conduct medical research with special emphasis on conditions that might positively impact the health of the region's residents.
- Enhance the quality, extent, and availability of health care in the region through new and expanded facilities that involve faculty, medical students, residents, and other health care profession students.
- Increase opportunities for economic development, including new and expanded research funding and technology transfer and commercialization.
- Improve health throughout the region through public education and prevention programs.

4. Commitments of the Local Governments:

- a. To support and ensure the success of the System in its endeavor to create and operate in the Lower Rio Grande Valley the new medical school of the first class, the following commitments are made.
- b. The Cities that are parties to this MOU commit as follows:
  - The City of Edinburg: On or about October 15, each year from 2014 to 2023, the City shall pay/transfer/provide to The University of Texas System \$1,000,000.
  - The City of McAllen: On or about October 15, each year from 2014 to 2023, the City shall pay/transfer/provide to The University of Texas System \$2,000,000.
  - The City of Mission: On or about October 15, each year from 2014 to 2023, the City shall pay/transfer/provide to The University of Texas System \$500,000.
  - The City of Pharr: On or about October 15, each year from 2014 to 2023, the City shall pay/transfer/provide to The University of Texas System \$500,000.

All such funds from the Cities are to be used to support years 1 and 2 of medical education in Hidalgo County for faculty support, operations, programs and directly related activities of the new medical school.

- c. The County commits as follows: On or about *October 15*, each year from 2014 to 2023, the County shall pay/transfer/provide to The University of Texas System \$1,000,000, pursuant to (i) a contract authorized by Section 61.029(a), Health and Safety Code, under which the System agrees to provide health care services of that value to eligible county residents and/or, (ii) in recognition of the increased opportunities for economic development referenced in Paragraph 3 above, an economic development agreement to be executed by the County and the System pursuant to Chapter 381, Local Government Code, under which the county grants funds to the System each year from 2014 to 2023.
  - d. All such funds will be provided until a Hidalgo County or multi-county taxing district is created and such district either provides at least an equivalent amount of support attributable to the County and communities within the county or accepts and continues the commitments made by the County and the Cities.
5. Authority. If the final judgment of a court of competent jurisdiction determines that any party to this memorandum lacked the necessary authority to make a commitment expressed in the memorandum, the party is released from the commitment, and that party is entitled to and shall receive a refund of any money paid, transferred, or provided under this memorandum.

[Signature Page Follows]

This MOU shall take effect upon the execution of all parties hereto, as evidenced by the date of execution set forth below:

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[Signature Authority]  
Hidalgo County

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(Date)

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[Signature Authority]  
City of Edinburg

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(Date)

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[Signature Authority]  
City of McAllen

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(Date)

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[Signature Authority]  
City of Mission

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(Date)

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[Signature Authority]  
City of Pharr

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(Date)

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[Signature Authority]  
The University of Texas System

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(Date)