

ORDER NO. _____

STATE OF TEXAS

§

COUNTY OF HIDALGO

§

ORDER APPROVING AN AGREEMENT TO TERMINATE ECONOMIC DEVELOPMENT AGREEMENT RELATING TO THE SHOPPES AT RIO GRANDE VALLEY

WHEREAS, the CITY OF EDINBURG, TEXAS LOCAL GOVERNMENT FINANCE CORPORATION (the "*Issuer*"), is a nonprofit local government corporation created by the CITY OF EDINBURG, TEXAS (the "*City*") pursuant to the provisions of Subchapter D of Chapter 431, Texas Transportation Code, as amended, to aid and act on behalf of the City to assist with financing and constructing economic development projects within the City in order to promote economic development and to stimulate business and commercial activity in the City, all at the request of the City Council of the City (the "*City Council*"); and

WHEREAS, the City has informed Hidalgo County, Texas (the "*County*"), that the City Council desires to bring to the City a new first-class, indoor multipurpose event center, to be located on approximately 49.57 acres of land at the corner of Alberta Road and State Highway 281 in the City, which is expected to include approximately 8,500 fixed seats, 10 luxury suites, 1,200 club seats, a restaurant/club area, locker rooms, offices for sports team personnel, offices for facility management, and a marquee, and will be designed to host a variety of entertainment events, including sporting events such as basketball and ice hockey, concerts, family shows and trade shows, which, together with related parking and infrastructure, is herein referred to as the "*Project*"; and

WHEREAS, the City has informed the County that the City desires that revenues to support annual debt service payments, for certain "Contract Revenue Bonds" being issued by the Issuer to finance a portion of the costs to construct the Project (the "*Contract Revenue Bonds*"), will come from numerous local sources, all of which are more fully described in that certain *Project Funding Agreement Related to Edinburg Entertainment Center*, dated as of March 1, 2015 (the "*Project Funding Agreement*"), by and among (i) the Issuer, (ii) *Reinvestment Zone Number One, City of Edinburg, Texas*, (iii) *Reinvestment Zone Number Four, City of Edinburg, Texas*, (iv) the City, and (v) the *Edinburg Economic Development Corporation* (the "*EEDC*"); and

WHEREAS, the EEDC is a nonstock, nonprofit industrial development corporation created by the City pursuant to the provisions of Section 4A of the Development Corporation Act of 1979, which originally was found at Article 5190.6, Texas Revised Civil Statutes, as amended ("*Article 5190.6*"), to act on behalf of the City to satisfy the public purposes set forth in Section 4A of Article 5190.6 (all of which is now found, as it relates to the EEDC, primarily in Chapters 501, 502 and 504 of the Texas Local Government Code); and

WHEREAS, a majority of the citizens of the City voting at an election held on January 20, 1990, authorized the City to levy a sales and use tax on the receipts at retail of taxable items within the City at a rate of one-half of one percent ($\frac{1}{2}$ of 1%) to be used for improving and promoting industrial and economic development in accordance with Section 4A of Article 5190.6 (the "**EEDC Sales Tax**"); and

WHEREAS, in 2007, the City, along with the Issuer, the County, the EEDC , and **FIRST HARTFORD REALTY CORPORATION**, a Delaware corporation (the "**Shoppes Developer**"), entered into an *Economic Development Agreement*, dated as of February 20, 2007, which was subsequently amended with amendments dated and effective as of August 16, 2011, and November 15, 2011 (collectively, the "**Shoppes Development Agreement**"), which, among other things, (i) set forth the respective party's rights and obligations in connection with the development and construction by the Shoppes 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 "**Shoppes Project**"), and (ii) the potential reimbursements to be provided to the Developer by the City and the EEDC; and

WHEREAS, as required by the Shoppes Development Agreement, in 2007 the City created, pursuant to Chapter 311, Texas Tax Code, a tax increment reinvestment zone known as **REINVESTMENT ZONE NUMBER ONE, CITY OF EDINBURG, TEXAS ("TIRZ One")**, and committed to use certain tax increment revenues generated from ad valorem taxes levied by the City and the County within TIRZ One to reimburse the Shoppes Developer for certain expenditures related to the Shoppes Project; and

WHEREAS, to further support the Shoppes Project, the City committed, pursuant to the Shoppes Development Agreement, to use 50% of the revenues received by the City from the City's 1% general sales and use tax generated within TIRZ One to reimburse the Shoppes Developer for certain expenditures related to the Shoppes Project; and

WHEREAS, similarly, to support the Shoppes Project the EEDC committed, pursuant to the Shoppes Development Agreement, to use all of its revenues generated from the EEDC Sales Tax within TIRZ One to reimburse the Shoppes Developer for certain expenditures related to the Shoppes Project; and

WHEREAS, the City and the EEDC each have remaining financial obligations to the Shoppes Developer under the Shoppes Development Agreement that need to be extinguished prior to the issuance of the Contract Revenue Bonds by the Issuer; therefore, it is necessary for the parties to the Shoppes Development Agreement to formally terminate the Shoppes Development Agreement by entering into an **AGREEMENT TO TERMINATE ECONOMIC DEVELOPMENT AGREEMENT RELATING TO THE SHOPPES AT RIO GRANDE VALLEY**, to be dated as of March 1, 2015, by and among the Shoppes Developer, the City, the County, the EEDC and the Issuer (the "**Termination Agreement**"); and

WHEREAS, a substantially final draft of the Termination Agreement has been presented to and reviewed by the Commissioners Court of the County, and the Commissioners Court of the County has determined that it is necessary and appropriate to assist with financing the Project by approving the draft of the Termination Agreement, with such changes thereto as are approved by the County Judge of the County, with advice of the County's attorneys, which thereafter will permit a portion of the revenues generated from the City's 1% general sales collected within TIRZ One, and all of the revenues generated from the EEDC Sales Tax collected within TIRZ One, to be committed and used, along with certain other revenues of the City, the EEDC and other entities, to support payment of the Contract Revenue Bonds under the terms provided in the Project Funding Agreement; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Order was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code; **NOW THEREFORE**:

BE IT ORDERED BY THE COMMISSIONERS COURT OF THE HIDALGO COUNTY, TEXAS:

SECTION 1. APPROVAL OF TERMINATION AGREEMENT. The draft of the Termination Agreement is hereby approved in substantially the form attached hereto as Exhibit A, with such changes thereto, including indemnification provisions, as are approved by the County Judge of the County, with advice of the County's attorneys, and the County Judge is authorized to execute, and the County Clerk is authorized to attest, the final Termination Agreement on behalf of the County and deliver same, and when executed and delivered, the Termination Agreement shall become a valid and binding obligation of the County in accordance with its terms.

SECTION 2. ENFORCEABILITY OF ORDER. If any section, paragraph, clause, or provision of this Order shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Order. In case any obligation of the County authorized or established by this Order or the Termination Agreement is held to be in violation of law as applied to any person or any circumstance, such obligation shall be deemed to be the obligation of the County to the fullest extent permitted by law.

SECTION 4. INCORPORATION OF RECITALS. The Commissioners Court hereby finds that the statements set forth in the recitals of this Order are true and correct, and the Commissioners Curt hereby incorporates such recitals as a part of this Order.

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PASSED, APPROVED and ADOPTED this 27th day of January, 2015.

HIDALGO COUNTY, TEXAS

By: _____

Ramon Garcia
County Judge
Hidalgo County, Texas

ATTEST:

Arturo Guajardo, Jr.
Hidalgo County Clerk

Signature Page to the Order Approving an
Agreement to Terminate Economic Development Agreement Relating to The Shoppes at Rio Grande Valley

Exhibit A
to the Order Approving an
Agreement to Terminate Economic Development Agreement Relating to The Shoppes at Rio
Grande Valley

Draft of
Agreement to Terminate Economic Development Agreement Relating to The Shoppes at
Rio Grande Valley