

THE STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

SECOND AMENDMENT TO AGREEMENT

This SECOND AMENDMENT TO AGREEMENT (this “Amendment”), dated as of January 27, 2015, is made by and between the CITY OF MISSION, TEXAS (the “City”), a municipal corporation and home-rule city principally situated in the County of Hidalgo, acting by and through its governing body, the City Council; COUNTY OF HIDALGO, TEXAS (the “County”); and the REINVESTMENT ZONE NO. ONE, CITY OF MISSION, TEXAS (the “Reinvestment Zone”), a reinvestment zone created by the City pursuant to Chapter 311 of the Texas Tax Code, acting by and through its Board of Directors.

RECITALS

The City, the County and the Reinvestment Zone entered into that certain Agreement, the latest signature on which is dated April 9, 2002 (the “Agreement”), providing for the participation in the Reinvestment Zone financing as more particularly described therein.

The terms of the Agreement provide that the County’s participation shall be limited to the area described in City of Mission, Texas, Resolution No. 1333 (the “2013 Resolution”, a copy of which is attached hereto as Exhibit “A”), and that it shall not extend to any additional areas unless the County approves the participation. In the first Amendment to Agreement between the parties hereto, approved by Commissioners Court September 6, 2005, the County approved a subsequent expansion of the Reinvestment Zone boundaries.

Pursuant to the 2013 Resolution, the City expanded the Reinvestment Zone to accommodate additional transportation improvements that will benefit the City, the County and the Reinvestment Zone. In January 2013, the City also adopted a corresponding amendment to the Project Plan and Reinvestment Zone Financing Plane (as amended, the “Reinvestment Zone Project Plan”).

The City informed the County that the expansion of the Reinvestment Zone pursuant to the 2013 Resolution would have no financial impact on the County’s participation in the Reinvestment Zone because the additional property added to the Zone is all within right of way.

The parties desire to provide for the participation of the County in the Reinvestment Zone, as expanded.

Now, therefore, the parties agree as follows:

1. Definitions. Capitalized terms used herein shall have the meanings provided in the Agreement, unless otherwise defined or the context clearly requires otherwise.

2. Expansion of the Reinvestment Zone.

a. The County hereby approves its participation in the Reinvestment Zone as enlarged by the City to include the land described in the 2013 Resolution. The terms of the Agreement are hereby amended to apply as of the date hereof to the Reinvestment Zone as enlarged.

b. The City and the Zone represent and warrant that (i) the land added to the Zone by the 2013 Resolution is all within the Right-of-Way of the proposed route for the Hidalgo County Loop project being developed by the Hidalgo County Regional Mobility Authority, and is not land that is likely to be developed or improved in such a way as to cause the Tax Increment to increase from what it would have been absent the expansion to the Reinvestment Zone by the 2013 Resolution; and (ii) because of (i) above, the expansion of the Reinvestment Zone by the 2013 Resolution will have no fiscal impact on the County.

3. Calculation and Payment of Tax Increment; Reports and Audits.

a. The parties acknowledge that because of the TRZ, the County's contribution with respect to any property added to the Reinvestment Zone that is also within the TRZ will be limited. The Agreement is amended by adding the following language at the end of the second paragraph of Section IV.A of the Agreement:

The City and the Reinvestment Zone acknowledge and agree that in the event there is real property added to the Reinvestment Zone after September 6, 2005 (including without limitation the property added to this Agreement pursuant to that certain Second Amendment to Agreement as of dated January 27, 2015), that is also within the boundaries of Transportation Reinvestment Zone Number Two, Hidalgo County (the "TRZ") as of January 27, 2015, that during any period with respect to which the County is obligated to pay part of the tax increment on such real property in the Zone to the TRZ, the County contribution to the Zone with respect to real property that is within the overlap between the TRZ

and the Reinvestment Zone shall not exceed fifty percent (50%) of the County M&O Tax Rate (as defined below). "County M&O Tax Rate" means that portion of the ad valorem tax rate used by the County for Maintenance and Operation. The County M&O Tax Rate may change from time to time, including during the Agreement Term.

b. The parties have agreed to clarify and change the timing provision for making payments. The Agreement is amended by deleting "and payment shall be due on the last day of each calendar quarter" from the last sentence of the third paragraph of Section IV.A of the Agreement and adding the following at the end of such paragraph:

In accordance with section 311.013(c) of the Texas Tax Code, the County agrees to contribute its yearly Tax Increment Participation payment to the Tax Increment Fund annually not later than May 1 of each tax year (or the first business day thereafter). The amount of each Tax Increment Participation payment shall be based on the Tax Increments that are received up to the preceding January 31st, but which have not been previously deposited in the Tax Increment Fund, during the annual periods preceding each deposit date.

c. The following new paragraphs are added at the end of Section IV.A. of the Agreement:

One month prior to a payment required from the County under this Agreement, the City shall provide to the County (i) a copy of the collection reports it has requested and received from the Hidalgo County Tax Assessor Collector, (ii) a payment request detailing the payment calculation in County's standard form or such other form as may be agreed to by the parties and (iii) a fact sheet that includes detail as to what portion of the Project has been completed to date and a current roster of the Reinvestment Zone's board members, including the term of each board member, the entity that appointed the board member, the date for the next annual meeting and a formal request for payment. In addition to and as part of the City's fact sheet, the City shall supply the County with all information as required under Section 311.016 of the Texas Tax Code on or before the 90th day following the end of the fiscal year of the City.

In the event there is a conflict between the Parties in regards to the amount of the Tax Increment owed by the County, the

Hidalgo County Auditor will make the final determination as to the amount of any Tax Increment owed by the County under this Agreement based on the information submitted by the parties. The annual Captured Appraised Value for the real property contained within the Reinvestment Zone shall be determined by the Hidalgo County Appraisal District on the assessed appraised values and the Hidalgo County Tax Offices' verification of collections in regards to the real property contained with the Reinvestment Zone.

The Reinvestment Zone agrees to conduct or to cause to be conducted, at a minimum, an annual financial review, a copy of which will be provided to the County. Furthermore, each party to the Agreement shall have reasonable access to financial information and audit reports regarding the operation of the Reinvestment Zone, contribution of Tax Increment Participation payments to the Tax Increment Fund, and expenditures from the Tax Increment Fund. In addition, the City agrees, during the term of this Agreement, to prepare and deliver an annual report to the County in accordance with Section 311.016 and, if applicable, 311.0101(c), Texas Tax Code. The County shall have the right to withhold or delay payments to the Tax Increment Fund until such time as it has received the financial or other report from the City for the applicable tax year or the City or the Reinvestment Zone are otherwise in material breach of their obligations under this Agreement, and shall not incur any penalties or interest with respect to any such withheld or delayed payments notwithstanding any provision herein to the contrary.

4. Amended Project Plan. The County has received a copy of the Reinvestment Zone Project Plan relating to the expansion of the Reinvestment Zone as described herein in compliance with Article V of the Agreement. A complete copy of the Reinvestment Zone Project Plan, which has been amended to expand the Reinvestment Zone in accordance with Exhibit A of this Amendment, is attached hereto as Exhibit "B".

5. Addresses. The addresses of the parties, which one party may change by giving written notice of its changed address to the other parties, for purposes of the Agreement, as amended hereby, are as follows:

City	County	Reinvestment Zone
City Manager or Designee City of Mission, Texas 1201 E. 8th St. Mission, Texas 78752	Hidalgo County Attention: County Judge 302 W. University Drive Edinburg, Texas 78539	Reinvestment Zone No. One, City of Mission, Texas Attention: Executive Director 901 Business Park Drive, Suite 200 Mission, Texas 78572

6. Agreement remains in effect; effective date. Except as specifically amended hereby, the terms of the Agreement shall remain in full force and effect as of the date thereof. The effective date of this Amendment shall be the date first written above.

[Signature pages follow.]

IN WITNESS WHEREOF, the City, the County and the Reinvestment Zone have made and executed this Agreement in multiple copies, each of which is an original.

CITY OF MISSION, TEXAS,
a home rule municipality

Mayor

ATTEST:

City Secretary

(SEAL)

COUNTERSIGNED:

City Manager

APPROVED AS TO FORM:

City Attorney

HIDALGO COUNTY

By: _____
Ramon Garcia
County Judge

ATTEST/SEAL:

Arturo Guajardo, Jr.
County Clerk

APPROVED AS TO FORM FOR
HIDALGO COUNTY:

ATLAS, HALL & RODRIGUEZ, LLP

By: _____
Stephen L. Crain

REINVESTMENT ZONE NUMBER ONE,
CITY OF MISSION, TEXAS

By: _____
Chairman, Board of Directors

ATTEST:

Secretary, Board of Directors

Exhibit A
Annexed Land

Exhibit B

Revised Reinvestment Zone Project Plan