

**ORDER APPROVING AN AMENDMENT TO THE INTERLOCAL AGREEMENT WITH THE CITY OF EDINBURG, TEXAS IN CONNECTION WITH REINVESTMENT ZONE NUMBER ONE, CITY OF EDINBURG, TEXAS**

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

**WHEREAS**, the Reinvestment Zone originally was created by the City, and **HIDALGO COUNTY, TEXAS** (the "**County**") agreed to participate in the Reinvestment Zone, to provide funds to reimburse a private developer for costs incurred to construct certain public infrastructure improvements related to the development and construction of a new major shopping center complex located generally near the intersection of East Trenton Road and South U.S. Highway 281 in the City, which is now known as "*The Shoppes at Rio Grande Valley*" (the "**Shoppes Project**"); and

**WHEREAS**, the City and the County entered into that certain *Interlocal Agreement*, dated as of November 8, 2011 (the "**Interlocal Agreement**"), which provides, among other things, that by no later than May 1 of each year (i) the City is obligated to contribute and transfer annually into the "Tax Increment Fund" established and maintained by the City relating to the Reinvestment Zone (the "**Tax Increment Fund**") an amount equal to the 100% of the City's "Tax Increment" generated within the Reinvestment Zone until the expiration of the Reinvestment Zone, and (ii) the County is obligated to contribute and transfer annually to the City, for deposit in the Tax Increment Fund, 88% of the County's Tax Increment generated within the Reinvestment Zone, all of which are based on the Tax Increments generated within the Reinvestment Zone that are received by the City and the County up to January 31<sup>st</sup> following the end of the tax year, but which have not been previously deposited in the Tax Increment Fund, during annual periods preceding each deposit date; and

**WHEREAS**, 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 "**Entertainment Center Project**"; and

**WHEREAS**, pursuant to Section 5 of Ordinance No. 07-3211, the termination date of the Reinvestment Zone was established as September 6, 2037, unless otherwise terminated earlier as provided therein; however, the City deems it necessary to extend the termination date of the Reinvestment Zone by approximately eight years to December 31, 2045, in order to permit tax increment payments generated within the Reinvestment Zone by the City and the County to be

available to pay a portion of the debt service on certain "Contract Revenue Bonds" which are in the process of being issued by the *City of Edinburg, Texas Local Government Finance Corporation*, at the request of the City, in connection with providing a portion of the funds to construct and equip the Entertainment Center Project), which Contract Revenue Bonds are expected to have a final maturity date of March 1, 2045; and

**WHEREAS**, the Entertainment Center Project will not be located within the boundaries of the Reinvestment Zone; however, in accordance with Section 311.010(b) of the Act, the Reinvestment Zone is authorized to use tax increment revenues generated within the Reinvestment Zone to pay the costs of providing "areas of public assembly," such as the Entertainment Center Project, in or out of the Reinvestment Zone; and

**WHEREAS**, pursuant to authority granted in Section 311.011(e) of the Act, on March 3, 2015, the City Council of the City (after giving published notice and holding a public hearing in the same manner as required for the original designation of the Reinvestment Zone, which provisions are set forth in Section 311.003(c) of the Act) approved Ordinance No. 2015-3816 for the purpose of amending the final project and reinvestment zone financing plan (the "**Amended Plan**") related to the Reinvestment Zone to incorporate being able to use tax increment payments generated within the Reinvestment Zone to support the financing related to the Entertainment Center Project, which Amended Plan was adopted by the Board of Directors of the Zone as required by Section 311.011(e) of the Act by resolution approved on February 25, 2015; and

**WHEREAS**, pursuant to authority granted in Section 311.007(c) of the Act, on January 20, 2015, the City Council of the City (after giving published notice and holding a public hearing in the same manner as required for the original designation of the Reinvestment Zone, which provisions are set forth in Section 311.003(c) of the Act) approved Ordinance No. 2015-3794 for the purpose of extending the termination date of the Reinvestment Zone from September 6, 2037 to December 31, 2045; and

**WHEREAS**, the extension of the termination date for the Reinvestment Zone will enable tax increment payments generated within the Reinvestment Zone to be able to be used to support debt service on the Contract Revenue Bonds issued to finance a portion of the costs to construct and equip the Entertainment Center Project until the final maturity of such Contract Revenue Bonds; however, in accordance with Section 311.007(c) of the Act, the County is not obligated to continue participating in the Reinvestment Zone beyond the original termination date unless it enters into a written agreement to do so; and

**WHEREAS**, the City and the County now deem it necessary and appropriate to amend the Interlocal Agreement for the purposes of extending their obligations set forth in the Interlocal Agreement to the new termination date of December 31, 2045, and to acknowledge that tax increment payments will be used to support the Contract Revenue Bonds being issued to finance a portion of the costs to construct and equip and Entertainment Center Project, all as set forth in that certain *First Amendment to the Interlocal Agreement Between the City of Edinburg, Texas and Hidalgo County, Texas Relating to Reinvestment Zone Number One, City of Edinburg, Texas* (the "**First Amendment**"); and

**WHEREAS**, a substantially final draft of the First Amendment 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 Entertainment Center Project by approving the First Amendment to accomplish the purposes set forth therein; 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 HIDALGO COUNTY, TEXAS:**

**SECTION 1. APPROVAL OF FIRST AMENDMENT TO INTERLOCAL AGREEMENT.** The First Amendment to the Interlocal Agreement is hereby approved in substantially the form attached hereto as Exhibit "I", with such changes thereto 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 First Amendment to the Interlocal Agreement on behalf of the County and deliver same, and when executed and delivered, the First Amendment to the Interlocal 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 First Amendment 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 3. 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 Court hereby incorporates such recitals as a part of this Order.

**SECTION 4. EFFECTIVE DATE.** This Order shall become effective immediately upon on the passage hereof.

*[The remainder of this page intentionally left blank]*

**PASSED, APPROVED and ADOPTED this 10<sup>th</sup> day of March, 2015.**

**HIDALGO COUNTY, TEXAS**

By: \_\_\_\_\_

Ramon Garcia  
County Judge  
Hidalgo County, Texas

ATTEST:

\_\_\_\_\_  
Arturo Guajardo, Jr.  
Hidalgo County Clerk

**Exhibit I to County Order**

**FIRST AMENDMENT TO THE INTERLOCAL AGREEMENT  
BETWEEN THE CITY OF EDINBURG, TEXAS AND HIDALGO  
COUNTY, TEXAS RELATING TO REINVESTMENT ZONE NUMBER  
ONE, CITY OF EDINBURG, TEXAS**