

ORDER APPROVING AN INTERLOCAL AGREEMENT WITH THE CITY OF MCALLEN, TEXAS IN CONNECTION WITH REINVESTMENT ZONE NUMBER ONE, CITY OF McALLEN, TEXAS

WHEREAS, representatives of the **CITY OF MCALLEN, TEXAS** (the "**City**") have advised **HIDALGO COUNTY, TEXAS** (the "**County**") that pursuant to Ordinance No. 2014-75 adopted by the City Commission of the City on December 22, 2014, the City created **REINVESTMENT ZONE NUMBER ONE, CITY OF MCALLEN, TEXAS** (the "**Zone**") in accordance with the provisions of Chapter 311, Texas Tax Code, as amended (the "**Act**"); and

WHEREAS, the City has also advised the County that the Zone contains more than 2000 acres of contiguous property which is currently predominately vacant and used for agricultural purposes, and that the proposed development will add over \$2,000,000,000.00 to the tax rolls of the County, will eliminate the County's costs for street maintenance and emergency services within the Zone due to the City providing such services, and will require the use of recycled water and availability of high speed fiber data service to each future home and business in the Zone, resulting in significantly more tax revenue to the County and less street maintenance and emergency services cost than would likely occur without the establishment and development of the Zone; and

WHEREAS, the County determined on November 18, 2014, that the Tres Lagos Development Project for the Zone (as such project is described in the proposed Interlocal Agreement, as defined below), satisfied the requirements of Section VI.3.a.ii of the then applicable Amended and Restated Tax Increment Reinvestment Zone Participation Policy for Hidalgo County (as such policy was amended on March 10, 2015, the "**TIRZ Policy**"), and would authorize County participation at an amount not to exceed 100% of the Applicable M&O Tax Rate, as such term is defined in the TIRZ Policy, for a term of up to 30 years; and

WHEREAS, a Joint City and County Committee reviewed the merits and desirability of the proposed Zone and has recommended the City participate at a level of 80% of the City's M&O tax rate and the County participate at a level of 77% of the Applicable M&O Tax Rate, each for a term of 30 years, and the City has formally requested the County to participate in the Zone on such terms; and

WHEREAS, on November 18, 2014, the County, by resolution, based on the factors expressed therein, expressed its intent to participate in the Zone subject to conditions set forth in such resolution, including annexation of the land by the City, provision of services within the Zone by the City and the execution of an acceptable interlocal agreement between the City and the County; and

WHEREAS, representatives of the City have advised the County that pursuant to Ordinance No. 2014-65 adopted by the City Commission of the City on December 22, 2014, the City took the necessary action to annex the required land within the Zone and to adopt a plan for the provision of services to such land, all subject to the conditions set forth therein including the execution of an acceptable interlocal agreement between the City and the County; and

WHEREAS, based on the benefits and special circumstances for economic development that will be generated through the creation of, and participation by the County in, the proposed project in the Zone, the City and the County now deem it necessary and appropriate to enter into an interlocal agreement for the purposes of establishing their obligations with respect to the payment of tax increment revenues generated from certain ad valorem taxes levied within the Zone, as permitted by the Act, , all as set forth in that certain *Interlocal Agreement* between the City and the County relating to the Zone (the "**Interlocal Agreement**"); and

WHEREAS, representatives of the City have advised the County that pursuant to an ordinance adopted by the City Commission of the City on March 9, 2015, the City adopted the Interlocal Agreement; and

WHEREAS, a substantially final draft of the Interlocal Agreement has been presented to and reviewed by the staff and 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, and will be beneficial to the Zone, by approving the Interlocal Agreement to accomplish the purposes set forth therein; and

WHEREAS, based on information submitted to the County by the City and the Zone, the County has determined that pursuant to Section VI.3.a.ii. of the TIRZ Policy (as currently in effect) the special circumstances exist with respect to the Project such that the County will participate in the Zone at the rate and for the duration as set forth in the Interlocal Agreement;

NOW THEREFORE:

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

SECTION 1. APPROVAL OF INTERLOCAL AGREEMENT. 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 attorneys for the County, and the County Judge of the County is authorized to execute, and the County Clerk of the County is authorized to attest, the Interlocal Agreement on behalf of the County and deliver same, and when executed and delivered by all of the parties thereto, 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 Interlocal 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 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 from the date of its passage by the Commissioners Court.

PASSED, APPROVED and ADOPTED this 17th 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

**INTERLOCAL AGREEMENT BETWEEN THE CITY OF MCALLEN, TEXAS, AND HIDALGO COUNTY,
TEXAS FOR REINVESTMENT ZONE NUMBER ONE, CITY OF MCALLEN, TEXAS**