

ORDER APPROVING FIRST AMENDMENT TO THE INTERLOCAL AGREEMENT BETWEEN THE CITY OF MCALLEN, TEXAS, HIDALGO COUNTY, RHODES ENTERPRISES, INC. AND REINVESTMENT ZONE NUMBER ONE, CITY OF MCALLEN, TEXAS RELATING TO REINVESTMENT ZONE NUMBER ONE, CITY OF MCALLEN, TEXAS

WHEREAS, pursuant to Ordinance No. 2014-75 adopted by the City Commission of the CITY OF MCALLEN, TEXAS (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, HIDALGO COUNTY, TEXAS (the "**County**") agreed to participate in the Zone, 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 project known as the Tres Lago Development Project, as referenced in the Commissioners Court Order of March 17, 2015;

WHEREAS, the City, the County, Rhodes Enterprises, Inc. (the "Developer") and the Zone entered into that certain *Interlocal Agreement*, dated as of March 17, 2015 (the "**Interlocal Agreement**"), which provides, among other things, that the City participate in the Zone at a level of 80% of the City's M&O tax rate and the County participate in the Zone at a level of 77% of the Applicable M&O Tax Rate; and

WHEREAS, the City submitted to the County a Supplemental Project and Finance Plan for the Zone, approved by the board of the Zone on August 27, 2015 (the "**Supplemental Plan**"), which includes, in accordance with a Letter of Intent dated September 15, 2015, to be entered into between The Texas A&M University System and Texas A&M University (collectively, "Texas A&M"), the City and the County, the development, on approximately 100 acres of land within the original Tres Lagos Development Project, of a new Texas A&M campus (the "**Supplemental Project**"); and

WHEREAS, in order to develop the Supplemental Project in accordance with the Supplemental Plan, the City has requested the County contribute an additional amount not to exceed 23% of the tax increment in the Zone; and

WHEREAS, the County previously determined that the Tres Lagos Development Project for the Zone, even without the Supplemental Project, satisfied the requirements of Section VI.3.a.ii of the Amended and Restated Tax Increment Reinvestment Zone Participation Policy for Hidalgo County (as such policy was amended on March 10, 2015, the "**TIRZ Policy**"), which authorizes 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; and

WHEREAS, the City Council of the City and the Commissioners Court of the County are meeting together to consider the Supplemental Project, and the benefits of it, including to economic development, of the City and the County; and

WHEREAS, following a public hearing, the City Council by ordinance earlier today at such joint meeting has adopted the Supplemental Plan concerning the Supplemental Project, including increasing the City's participation to a level of 100% of the City's M&O tax and the County's participation and subject to certain conditions to a level of 100% of the Applicable M&O Tax Rate, and designating certain amounts to be available to pay the debt service on certain bonds to be issued by the City or another entity involved in the financing in accordance with the Supplemental Plan; and

WHEREAS, the County finds that the Supplemental Project will bring substantial additional benefits to economic development in the County; and

WHEREAS, the City, the County, the Developer and the Zone now deem it necessary and appropriate to amend the Interlocal Agreement for the purposes of adding the Supplemental Project, and implementing the Supplemental Plan, including increasing the City's and the County's participation, providing for the related bonds and/or other financing, and adding the **TRES LAGOS PUBLIC IMPROVEMENT DISTRICT** (the "**PID**") as a party, all as set forth in that certain *First Amendment to Interlocal Agreement* (the "**First Amendment**") among such parties dated September 15, 2015; and

WHEREAS, the PID has not had the opportunity to authorize execution of the First Amendment, and the First Amendment allows the County to terminate the First Amendment in the event the PID does not execute 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 Supplemental 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 Curt 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.

PASSED, APPROVED and ADOPTED this 15th day of September, 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 MCALLEN, TEXAS, HIDALGO COUNTY,
TEXAS, RHODES ENTERPRISES, INC. AND REINVESTMENT ZONE
NUMBER ONE, CITY OF MCALLEN, TEXAS RELATING TO
REINVESTMENT ZONE NUMBER ONE, CITY OF MCALLEN, TEXAS**