

**ORDER APPROVING
AMENDED AND RESTATED INTERLOCAL AGREEMENT
(AS TO MCALLEN TIRZ NUMBER ONE)**

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 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 a maximum contribution by the County of \$143,318,484 (the "**Original Cap**"); and

WHEREAS, the City and the board of the Zone approved a supplemental plan for the Zone, which includes, in accordance with a Letter of Intent dated and entered into September 15, 2015, among 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, 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, on September 15, 2015, the City Council of the City and the Commissioners Court of the County met together to consider the Supplemental Project, and the benefits of it, including to economic development, at which time the City, the County, the Developer and the Zone deemed 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, pursuant to the Interlocal Agreement as amended by the First Amendment, the County's original pledge of 77% of the tax increment remained subject to Original Cap and the County's additional pledge for the Supplemental Project was subject to a maximum of \$6.8 million (the "**Additional Pledge Cap**", and together with the Original Cap, the "**Aggregate Cap**"), and;

WHEREAS, the City and the board of the Zone subsequently amended the Supplemental Project and Finance Plan, which was approved by the board of the Zone, on November 18, 2015, and the City, on December 14, 2015 (as so amended, the "**Supplemental Plan**"); and

WHEREAS, in order to implement the Supplemental Plan for the Supplemental Project, the City requested changes to the Interlocal Agreement as amended by the First Amendment, including changing the allocation of the County's tax increment contributions such that, during years 2015 – 2025, up to 33%, instead of 23%, of the County's tax increment will be allocated to the Additional Pledge Cap and during such years 67% of the County's tax increment, instead of 77%, will be allocated to the Original County Cap, while the Aggregate Cap remains unchanged; and

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

WHEREAS, the City, the County, the Developer, the PID and the Zone now deem it necessary and appropriate to amend the Interlocal Agreement for the purpose of adding the amended Supplemental Plan, implementing certain changes related to providing for the related bonds and/or other financing, and restating the Interlocal Agreement as amended, all as set forth in that certain *Amended and Restated Interlocal Agreement* (the "**Amended and Restated Interlocal Agreement**") among such parties dated December 15, 2015; and

WHEREAS, a substantially final draft of the Amended and Restated Interlocal 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 Supplemental Project in accordance with the amended Supplemental Plan by approving the Amended and Restated Interlocal Agreement 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 AMENDED AND RESTATED INTERLOCAL AGREEMENT. The Amended and Restated 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 Amended and Restated Interlocal Agreement on behalf of the County and deliver same, and when executed and delivered, the Amended and Restated 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 Amended and Restated 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 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 December 2015.

HIDALGO COUNTY, TEXAS

By: _____
Ramon Garcia
County Judge
Hidalgo County, Texas

ATTEST:

Arturo Guajardo, Jr.
Hidalgo County Clerk

Exhibit I to County Order

DRAFT OF AMENDED AND RESTATED INTERLOCAL AGREEMENT