

**MEMORANDUM OF UNDERSTANDING**

Among

THE COUNTY OF HIDALGO,

THE CITY OF EDINBURG

And

THE EDINBURG ECONOMIC DEVELOPMENT CORPORATION

REGARDING THE DEVELOPMENT OF AND FUNDING FOR A NEW HIDALGO  
COUNTY COURTHOUSE TO BE LOCATED IN EDINBURG, TEXAS

**1. Purpose**

The purpose of this Memorandum of Understanding (“MOU”) is to memorialize the commitments made by the County of Hidalgo (the “County”), the City of Edinburg (the “City”) and the Edinburg Economic Development Corporation, a non-profit corporation created by the City and organized pursuant to Section 4A of the Development Corporation Act of 1979, - Article 5190.6, V.A.T.C.S. (the “EEDC”), in furtherance of the construction of a new Hidalgo County Courthouse (the “Courthouse”), to be located in the county seat of Edinburg, Texas.

**2. Background**

Originally constructed in 1954, the existing courthouse accommodated five courts that served a small rural community with a population of 168,000. Today, the County has 24 courts with a population nearing 900,000. The increase in the number of courtrooms requires County and City leaders to address the need for a new courthouse (the “Courthouse”) that can accommodate all of the current County courts, while considering our continuing growth and the changing landscape that has become known as downtown Edinburg. In addition to serving the judicial needs of the County, a new Courthouse in downtown Edinburg is expected to revitalize the area, compliment the growth of the University of Texas RGV, and spur economic development in our vibrant community.

**3. Commitment of the County of Hidalgo**

The County is committed to constructing and operating a new Courthouse. The County currently expects that the Courthouse will:

- a. Be built on the existing courthouse square in downtown Edinburg;

- b. Serve the existing courts in Hidalgo County, and allow for consideration for future courts;
- c. Serve the County Clerk and District Clerk, as well as other offices deemed necessary to support court operations or otherwise deemed appropriate by the County;
- d. Improve safety and health conditions for all visitors, employees, and those who conduct business at the Courthouse;
- e. Accommodate parking for employees and others with business at the Courthouse;
- f. Increase opportunities for economic development; and
- g. Benefit the citizens of the City and the County.

#### **4. Commitment of the City of Edinburg**

To support and ensure the success of the County in its endeavor to create and operate the new Courthouse in downtown Edinburg, the City desires to cooperate by contributing to the County an amount equal to the lesser of (i) twenty percent (20%) of the Total Project Cost (as such term is defined below) and (ii) Thirty Million Dollars (U.S.\$30,000,000.00) (such amount, the “City Contribution Commitment”). The following terms apply to the City Contribution Commitment:

- a. The “Total Project Cost” includes, without limitation, the architectural, engineering, design, government approvals, geotechnical, lab testing, surveying, construction, construction/program management, FF&E, accounting and similar development costs to have the Courthouse designed, constructed and furnished, whether incurred prior to or after execution hereof. The current estimate of the Total Project Cost is One Hundred Fifty Million Dollars (U.S.\$150,000,000.00).
- b. If, in order to pay the City Contribution Commitment in full, the City incurs debt obligations for the purpose of financing the City Contribution Commitment, then the payment of the City Contribution Commitment to the County will be due and shall be paid by the City on or before the earlier of: (i) one year from the date the City incurs such debt obligations and (ii) the closing of the County’s issuance of bonds or other financing, if any, incurred by the County for the Courthouse (the “County Financing”).
- c. If the City opts to pay the City Contribution Commitment over time instead of paying the entire amount upfront, then the City will make thirty (30) annual payments of One Million Five Hundred Thousand Dollars (U.S.\$1,500,000.00) to the County with the first such payment being made on or before the earlier of:
  - i. thirty (30) days prior to the County’s first payment on the County Financing, which date shall be provided in writing by the County to the City at least thirty (30) days before the due date of the City’s payment; and

- ii. the later of (i) December 31, 2018, and (ii) commencement of construction, and each subsequent payment shall be due, and shall be paid no later than, the same date of the year during each of the subsequent twenty-nine (29) years.
- d. In the event the City intends to incur debt obligations in accordance with Subparagraph 4.b. above but has not incurred such debt by the earlier of (i) December 31, 2017 and (ii) the closing on the County Financing, then the City shall make annual payments in accordance with Subparagraph 4.c. above until such time as the City pays off the remaining balance of the City Contribution Commitment pursuant to Subparagraph 4.b. above.
- e. Nothing in Subparagraphs 4.b. through 4.d. above shall be construed to prevent the City from making payments on the City Contribution Commitment prior to the due date for such payment.
- f. If the City creates a Tax Increment Reinvestment Zone (“TIRZ”) including any of the Edinburg downtown area, then the City shall cause the TIRZ to dedicate the tax increment revenue to fulfill the City’s Contribution Commitment before using any such TIRZ funds for other purposes. Without limiting the generality of the foregoing, if the County participates in such TIRZ, no County funds shall be used for the City
- g. The City’s agree to make the City Contribution Commitment pursuant to this Paragraph 4 is subject to annual appropriation from the City Council of the City except to the extent (i) the City opts to fund the City Contribution Commitment through bonds pursuant to Subparagraph 4.b. above or through a TIRZ pursuant to Subparagraph 4.f. above or (ii) of the EEDC’s payments pursuant to Paragraph 5 below). The City agrees, however, to use its best efforts to secure the funds necessary for making the City Contribution Commitment in accordance with the terms hereof.
- h. The Courthouse development will require off-site infrastructure design, approval and construction for improvements including, without limitation, drainage systems, utilities, roadways and traffic controls (“Off-Site Infrastructure”). The County and City agree that payments by the City or any third party, including the Hidalgo County Metropolitan Planning Organization for Off-Site Infrastructure shall not count towards the City Contribution Commitment.
- i. The City may provide input to the County with respect to the County’s ongoing planning, design, and site-work considerations for the Courthouse. If the County creates a committee for such planning design and site-work considerations for the Courthouse, the County agrees to allow the City to appoint one member of the committee.

**5. Commitment of the EEDC**

To support and ensure the success of the County in its endeavor to create and operate the Courthouse in downtown Edinburg, the EEDC desires to cooperate by providing a minimum of Seven Hundred Fifty Thousand Dollars (U.S.\$750,000.00) per year to the County. Any such funds received by the County from the EEDC shall be allocated toward the City Contribution Commitment pursuant to Paragraph 4 above.

**6. Future Development and Actions**

a. The parties acknowledge that additional terms are to be determined among them, and will be subject to one or more additional agreements between them, which may include (i) an agreement pursuant to the Interlocal Cooperation Act, Texas Government Code 791.001 *et seq.*, which authorizes local governments to contract with each other to perform governmental functions and services under the terms of the Act; and/or (ii) in recognition of the increased opportunities for economic development, an economic development agreement pursuant to Chapters 380, Local Government Code.

b. Notwithstanding anything to the contrary contained herein, the parties agree that (i) the Courthouse is the County's project, (ii) the parties hereto other than the County shall have no ownership, control or management with respect to the Courthouse, and (iii) the County shall retain control of it, including without limitation with respect to planning, design, site-work, scheduling, and procurement of goods and services.

*[Signature page follows]*

This MOU shall take effect upon the execution of all parties hereto, as evidenced by the date of execution set forth underneath each signatures below.

\_\_\_\_\_  
Judge Ramon Garcia  
Hidalgo County

\_\_\_\_\_  
Mayor Richard Garcia  
City of Edinburg

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Mark Iglesias, Board President  
Edinburg Economic Development Corporation

\_\_\_\_\_  
(Date)

DRAFT