



**Hidalgo County
Commissioners
Court**

Ramon Garcia
County Judge

David L. Fuentes
Commissioner, Precinct 1

Eduardo "Eddie" Cantu
Commissioner, Precinct 2

Joe M. Flores
Commissioner, Precinct 3

Joseph Palacios
Commissioner, Precinct 4

Executive Office

Valde Guerra
Executive Officer

2818 S. Business Hwy 281
Edinburg, Texas 78539

(956) 292-7655 | P

(956) 292-7034 | F

www.co.hidalgo.tx.us | W

October 25, 2017

City of La Villa
916 S. Mike Chapa
La Villa, Texas 78562
Attention: Alma Moron, Mayor

**Via Personal Delivery and
Certified Mail, Return
Receipt Requested**

City of La Villa – TIF Reinvestment Zone #1
916 S. Mike Chapa
La Villa, Texas 78562
Attention: Arnie Amaro, City Manager

**Via Personal Delivery and
Certified Mail, Return
Receipt Requested**

Re: Notice of Breach of La Villa TIRZ Interlocal Agreement

Ladies and Gentlemen:

By this letter, the County of Hidalgo (the "County") is providing written notice to the City of La Villa (the "City") and to Reinvestment Zone Number One, City of La Villa, Texas, a reinvestment zone created by the City pursuant to Chapter 311 of the Texas Tax Code (the "Zone"), of the material breach of that certain Interlocal Agreement made and executed as of May 2013 among the City, the County and the Zone (the "Agreement").

Pursuant to Section IV.B.6, of the Agreement, the County is hereby stating its intent to terminate its participation in the Zone due to the following objections and/or concerns, which constitute material breaches of the Agreement by the City and the Zone:

1. Failure to reimburse the County for administrative expenses pursuant to Sections IV.B.1.e and V.D.3 of the Agreement.
2. Failure to provide to the County collection reports, along with a payment request detailing the payment calculation one month prior to each payment required to be made under the Agreement in accordance with Section IV.B.1.f of the Agreement.
3. Failure to provide to the County, one month prior to each payment required to be made under the Agreement, an updated fact sheet that includes detail as to what portion of the Project (as defined in the Agreement) has been completed to date, a schedule of what portion of the Project is to be completed in the following year and a current roster of the Zone's board members, including the term of each board member, the entity that appointed the board member, the date for the next annual meeting and a formal request for payment in accordance with Section IV.B.2 of the Agreement..



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4. Failure to provide to the County all information as required under Section 311.016 of the Texas Tax Code on or before the 90th day following the end of the City's fiscal year during each year of the Agreement pursuant to Section IV.B.2 of the Agreement.
5. Failure to comply with the Project Plan (as defined in the Agreement) in accordance with Section IV.B.5 of the Agreement.
6. To the extent the failure to comply with the Project Plan was due to a change in the Project Plan, failure to provide prior written notice to the County of the proposed change in the Project Plan in accordance with Section IV.B.5 of the Agreement.
7. Failure to properly manage the Zone in accordance with Section IV.C.1 of the Agreement.
8. Failure to contribute the City's Tax Increment (as defined in the Agreement) into the Tax Increment Fund (as defined in the Agreement), the first of which payments was to have been made by April 30, 2013, with subsequent payments being made semi-annually on or before each March 10th and August 10th throughout the term of the Agreement in accordance with Sections V.A. and V.B.1 of the Agreement.
9. Failure to properly administer the Tax Increment Fund in accordance with Section V.D.1 of the Agreement.
10. Failure to provide the County with notice of use and disbursement of funds from the Tax Increment Fund in accordance with Section V.D.1 of the Agreement.
11. Failure each year to conduct or to cause to be conducted an annual financial review and to provide a copy to the County in accordance with Section VII.J. of the Agreement.
12. Failure each year to prepare and deliver an annual report to the County in accordance with Sections 311.016 and 311.0101(c), Texas Tax Code pursuant to Section VII.J. of the Agreement.
13. Breach of the representation in Section VII.K. of the Agreement to the extent areas outside of the City were included within the Zone.



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Should the objections and concerns as set out in this notice not be resolved within 90 business days of the date of this notice, then the County will terminate its participation in the Zone, which will relieve the County of any obligation to make any tax increment or other payments and of any other obligations under the Agreement. The County expressly reserves any objections, concerns and breaches of the Agreement not set forth in this letter, none of which are waived by their exclusion from this letter.

Respectfully,

Valde Guerra
County Executive Officer