

RESOLUTION EXPRESSING THE INTENT OF HIDALGO COUNTY CONCERNING THE FOLLOWING THREE RELATED CITY OF EDINBURG TAX REINVESTMENT ZONE PROJECTS: (I) PARTICIPATING IN TAX INCREMENT REINVESTMENT ZONE NUMBER FOUR, CITY OF EDINBURG, TEXAS AT A PARTICIPATION RATE TO BE DETERMINED BY THE COURT, OF THE M&O PORTION OF THE COUNTY'S TAX RATE, (II) TERMINATING THE ECONOMIC DEVELOPMENT AGREEMENT RELATING TO THE SHOPPES AT RIO GRANDE VALLEY IN TAX INCREMENT ZONE NUMBER ONE, CITY OF EDINBURG, AND (III) AMENDING THE EXISTING INTERLOCAL AGREEMENT RELATING TO TIRZ ONE, INCLUDING EXTENDING THE TERM OF TIRZ ONE AND ADDING FUNDING FOR THE TIRZ FOUR PROJECT; ALL SUCH ACTIONS CONDITIONED UPON ADOPTION OF REVISED PROJECT PLANS FOR TIRZ ONE AND TIRZ FOUR BY THE CITY OF EDINBURG AND THE RESPECTIVE ZONES THAT ARE ACCEPTABLE TO HIDALGO COUNTY, AND NEGOTIATION OF AGREEMENTS OR AMENDMENTS RELATED TO TIRZ ONE AND TIRZ FOUR THAT ARE ACCEPTABLE TO HIDALGO COUNTY.

WHEREAS, the COUNTY OF HIDALGO (the "County"), desires to promote and encourage the orderly growth and development within the County, and encourage the creation of economic development and new jobs within the County, and has therefore agreed to participate in certain tax increment finance zones and has adopted a policy concerning future participation in such zones (the "TIRZ Policy"); and

WHEREAS, pursuant to Ordinance No. 07-3211 adopted by the City Council (the "City Council") of the CITY OF EDINBURG, TEXAS (the "City") on September 4, 2007, the City approved the creation of REINVESTMENT ZONE NUMBER ONE, CITY OF EDINBURG, TEXAS (the "TIRZ One") in accordance with the provisions of Chapter 311, Texas Tax Code, as amended (the "Act"); and

WHEREAS, pursuant to Ordinance No. 2013-3687 adopted by the City Council on November 19, 2013, the City approved the creation of REINVESTMENT ZONE NUMBER FOUR, CITY OF EDINBURG, TEXAS ("TIRZ Four") in accordance with the provisions the Act; and

WHEREAS, the City and the County entered into that certain *Interlocal Agreement*, dated as of November 8, 2011 (the "TIRZ One Interlocal Agreement"), which provides, among other things, for certain payments by the City and the County into the "Tax Increment Fund" established and maintained by the City relating to the TIRZ One; and

WHEREAS, the CITY OF EDINBURG, TEXAS LOCAL GOVERNMENT FINANCE CORPORATION (the "Issuer"), is a nonprofit local government corporation created by the City pursuant to the provisions of Subchapter D of Chapter 431, Texas Transportation Code, as amended, to aid and act on behalf of the City to assist with financing and constructing economic development projects within the City in order to promote economic development and to

stimulate business and commercial activity in the City, all at the request of the City Council of the City and

WHEREAS, the City has informed the County, that the City Council desires to bring to the City a new first-class, indoor multipurpose event center, to be located on approximately 49.57 acres of land at the corner of Alberta Road and State Highway 281 in the City, which is expected to include approximately 8,500 fixed seats, 10 luxury suites, 1,200 club seats, a restaurant/club area, locker rooms, offices for sports team personnel, offices for facility management, and a marquee, and will be designed to host a variety of entertainment events, including sporting events such as basketball and ice hockey, concerts, family shows and trade shows, which, together with related parking and infrastructure, is herein referred to as the "**Arena Project**"; and

WHEREAS, the Arena Project will be located in TIRZ Four, and the City has asked the County to participate in TIRZ Four, which would require the City and the County to enter into an Interlocal Agreement related to such participation (the "**TIRZ Four Interlocal Agreement**"); and

WHEREAS, the City has informed the County that the City desires that revenues to support annual debt service payments, for certain "Contract Revenue Bonds" being issued by the Issuer to finance a portion of the costs to construct the Arena Project (the "**Contract Revenue Bonds**"), will come from numerous local sources, all of which are more fully described in the draft of that certain *Project Funding Agreement Related to Edinburg Entertainment Center*, expected to be dated as of March 1, 2015 (the "**Project Funding Agreement**"), by and among (i) the Issuer, (ii) TIRZ One, (iii) TIRZ Four, (iv) the City, and (v) the Edinburg Economic Development Corporation (the "**EEDC**"); and

WHEREAS, the EEDC is a nonstock, nonprofit industrial development corporation created by the City pursuant to the provisions of Section 4A of the Development Corporation Act of 1979, which originally was found at Article 5190.6, Texas Revised Civil Statutes, as amended ("**Article 5190.6**"), to act on behalf of the City to satisfy the public purposes set forth in Section 4A of Article 5190.6 (all of which is now found, as it relates to the EEDC, primarily in Chapters 501, 502 and 504 of the Texas Local Government Code); and

WHEREAS, a majority of the citizens of the City voting at an election held on January 20, 1990, authorized the City to levy a sales and use tax on the receipts at retail of taxable items within the City at a rate of one-half of one percent ($\frac{1}{2}$ of 1%) to be used for improving and promoting industrial and economic development in accordance with Section 4A of Article 5190.6 (the "**EEDC Sales Tax**"); and

WHEREAS, in 2007, the City, along with the Issuer, the County, the EEDC , and **FIRST HARTFORD REALTY CORPORATION**, a Delaware corporation (the "**Shoppes Developer**"), entered into an *Economic Development Agreement*, dated as of February 20, 2007, which was subsequently amended with amendments dated and effective as of August 16, 2011, and November 15, 2011 (collectively, the "**Shoppes Development Agreement**"), which, among other things, (i) set forth the respective party's rights and obligations in connection with the development and construction by the Shoppes Developer of a retail shopping center in the City (now generally known as "*The Shoppes at Rio Grande Valley*"), which is further described

therein (the "**Shoppes Project**"), and (ii) the potential reimbursements to be provided to the Developer by the City and the EEDC; and

WHEREAS, as required by the Shoppes Development Agreement, in 2007 the City created, pursuant to Chapter 311, Texas Tax Code, TIRZ One, and committed to use certain tax increment revenues generated from ad valorem taxes levied by the City and the County within TIRZ One to reimburse the Shoppes Developer for certain expenditures related to constructing public infrastructure improvements in TIRZ One; and

WHEREAS, to further support the Shoppes Project, the City and the EEDC committed, pursuant to the Shoppes Development Agreement, to use certain revenues generated within TIRZ One other than tax increment revenues to reimburse the Shoppes Developer for certain other expenditures related to the Shoppes Project; and

WHEREAS, the City and the EEDC each have remaining financial obligations to the Shoppes Developer under the Shoppes Development Agreement that need to be extinguished prior to the issuance of the Contract Revenue Bonds by the Issuer; therefore, it is necessary for the parties to the Shoppes Development Agreement to formally terminate the Shoppes Development Agreement by entering into an **AGREEMENT TO TERMINATE ECONOMIC DEVELOPMENT AGREEMENT RELATING TO THE SHOPPES AT RIO GRANDE VALLEY**, to be dated as of March 1, 2015, by and among the Shoppes Developer, the City, the County, the EEDC and the Issuer (the "**Termination Agreement**"); and

WHEREAS, TIRZ One and TIRZ Four are essentially adjacent due to the fact that the southeast corner of the TIRZ One and the northern-most northwest corner of TIRZ Four are separated only by Highway 281 (both being at the intersection of Trenton Road and Highway 281 in the City), and the City has informed the County that the Arena Project will be located less than one-half mile from TIRZ One; and

WHEREAS, it is reasonably expected that, due to the Arena Project's close proximity to Zone One, TIRZ Four's Arena Project will generate additional economic activity in TIRZ One as many persons attending events at the Arena Project will patronize commercial establishments in the Shoppes Project and in other property located in TIRZ One either before or after such events; and

WHEREAS, even though the Arena Project is not located within the boundaries of the TIRZ One, Section 311.010(b) of the Act allows TIRZ One to "dedicate revenue from the tax increment fund to pay the costs of providing . . . areas of public assembly in or out of the zone", and the City has informed the County that the Arena Project will be an "area of public assembly" within the meaning of such Section 311.010(b) of the Act; and

WHEREAS, TIRZ One desires to permit and dedicate revenue from the TIRZ One tax increment fund to be used to support the development and construction of the Arena Project, including assisting with the payment of debt service on Contract Revenue Bonds; and

WHEREAS, the TIRZ One Interlocal Agreement would need to be amended to allow for the use of revenue from the TIRZ One tax increment fund to be used for the Arena Project, to

extend the term thereof and for certain other changes desired by the parties as set forth in the draft of the **FIRST AMENDMENT TO THE INTERLOCAL AGREEMENT BETWEEN THE CITY OF EDINBURG, TEXAS AND HIDALGO COUNTY, TEXAS RELATING TO REINVESTMENT ZONE NUMBER ONE, CITY OF EDINBURG, TEXAS** (the "**First Amendment**"); and

WHEREAS, the final project and finance plan for TIRZ One will need to be amended to accommodate the City's development of TIRZ One and the Arena Project to be located in TIRZ Four, and the final project and finance plan for TIRZ Four will need to be approved for the first time to accommodate the City's development of TIRZ Four, including the Arena Project (collectively, the "**Project Plans**"); and

WHEREAS, drafts of the TIRZ Four Interlocal Agreement, the Termination Agreement and the First Amendment have been presented to and reviewed by the Commissioners Court of 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 TIRZ Four, including the related changes to TIRZ One, the County wishes to express its non-binding intent to (i) participate in TIRZ Four at a participation rate to be determined by the Commissioners Court, of the maintenance and operations ("**M&O**") portion of the County's tax rate, (ii) terminate the Shoppes Development Agreement, and (iii) amend the existing TIRZ One Interlocal Agreement, including extending the term of TIRZ One and adding funding for the TIRZ Four Arena Project; all such actions conditioned upon adoption of the Project Plans for TIRZ One and TIRZ Four by the City and the respective zones that are acceptable to the County and negotiation of agreements or amendments related to TIRZ One and TIRZ Four that are acceptable to the County and are in accordance with the TIRZ Policy, as such TIRZ Policy is in effect at the time of such adoption;


NOW, THEREFORE, BE IT RESOLVED that the Hidalgo County Commissioners Court does hereby express its non-binding intent to (i) participate in the proposed TIRZ Four at a level to be determined by the Commissioners Court (but in no event to exceed 100% of the applicable M&O tax rate on the tax increment generated within TIRZ Four); (ii) terminate the Shoppes Development Agreement; and (iii) amend the existing TIRZ One Interlocal Agreement, including extending the term of TIRZ One and adding funding for the TIRZ Four Arena Project; in each case subject to and conditioned on all of the following:

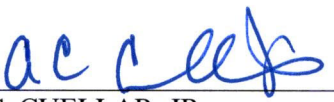
1. A revised final Project Plan for TIRZ One and the initial final Project Plan for TIRZ Four, which are acceptable to the County, are adopted by the City and the respective Zones.
2. If not previously provided to the County, all information required pursuant to the TIRZ Policy is provided to the County so that the County may complete its review of the respective zones in accordance with the TIRZ Policy.
3. A TIRZ Four Interlocal Agreement between the City and the County setting forth terms and conditions (including participation rate) for participation in TIRZ Four by the County that are acceptable to the County and are in accordance with

applicable law and the then applicable TIRZ Policy is presented to and approved by the Hidalgo County Commissioners Court, and such TIRZ Four Interlocal Agreement is executed by the parties thereto.


4. A Termination Agreement between the parties to the Shoppes Development Agreement setting forth terms and conditions for termination of the Shoppes Development Agreement that are acceptable to the County and are in accordance with applicable law and the then applicable TIRZ Policy is presented to and approved by the Hidalgo County Commissioners Court, and such Termination Agreement is executed by the parties thereto.
5. A First Amendment between the parties to the TIRZ One Interlocal Agreement setting forth terms and conditions (including participation rate) for the County's continued participation in TIRZ One that are acceptable to the County and are in accordance with applicable law and the then applicable TIRZ Policy is presented to and approved by the Hidalgo County Commissioners Court, and such First Amendment is executed by the parties thereto.

Approved this 4th day of February, 2015.


RAMON GARCIA
County Judge


A.C. CUELLAR, JR.
County Commissioner, Pct. 1


EDUARDO "EDDIE" CANTU
County Commissioner, Pct. 2


JOE M. FLORES
County Commissioner, Pct. 3

JOSEPH PALACIOS
County Commissioner, Pct. 4


Attest: ARTURO GUAJARDO, JR.
Hidalgo County Clerk

