

CERTIFICATE FOR ORDER

**THE STATE OF TEXAS
COUNTY OF HIDALGO**

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I, the undersigned County Clerk of **HIDALGO COUNTY, TEXAS** (the "*County*") hereby certify as follows:

1. The Commissioners Court of the County convened in **SPECIAL MEETING ON THE 10th DAY OF MARCH, 2015**, at the County Courthouse, and the roll was called of the duly constituted officers and members of said Commissioners Court, to wit:

Ramon Garcia, County Judge
A.C. Cuellar, Jr., Commissioner, Precinct 1
Eduardo "Eddie" Cantu, Commissioner, Precinct 2
Joe M. Flores, Commissioner, Precinct 3
Joseph Palacios, Commissioner, Precinct 4

and all of said officers and members of said Commissioners Court were present, except the following absentees: Eduardo "Eddie" Cantu and Joseph Palacios, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

**ORDER APPROVING AN AMENDMENT TO THE INTERLOCAL AGREEMENT
WITH THE CITY OF EDINBURG, TEXAS IN CONNECTION WITH
REINVESTMENT ZONE NUMBER ONE, CITY OF EDINBURG, TEXAS**

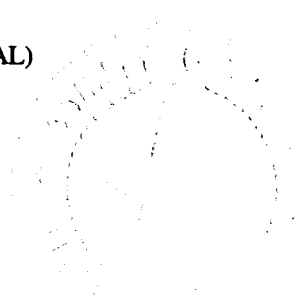
was duly introduced for the consideration of said Commissioners Court. It was then duly moved and seconded that said Order be adopted; and, after due discussion, said motion carrying with it the adoption of said Order, prevailed and carried by the following vote:

AYES: 3 NOES: 0 ABSTENTIONS:

2. A true, full and correct copy of the aforesaid Order adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Order has been duly recorded in said Commissioners Court's minutes of said Meeting; the above and foregoing paragraph is a true, full and correct excerpt from said Commissioners Court's minutes of said Meeting pertaining to the passage of said Order; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Commissioners Court as indicated therein; each of the officers and members of said Commissioners Court was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said Order would be introduced and considered for passage at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; and that said Meeting 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.

SIGNED AND SEALED the 24 day of March, 2015.

(SEAL)



Rafaela Guajardo Jr.
County Clerk, Hidalgo County, Texas

ORDER APPROVING AN AMENDMENT TO THE INTERLOCAL AGREEMENT WITH THE CITY OF EDINBURG, TEXAS IN CONNECTION WITH REINVESTMENT ZONE NUMBER ONE, CITY OF EDINBURG, TEXAS

WHEREAS, pursuant to Ordinance No. 07-3211 adopted by 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 "**Reinvestment Zone**") in accordance with the provisions of Chapter 311, Texas Tax Code, as amended (the "**Act**"); and

WHEREAS, the Reinvestment Zone originally was created by the City, and HIDALGO COUNTY, TEXAS (the "**County**") agreed to participate in the Reinvestment Zone, to provide funds to reimburse a private developer for costs incurred to construct certain public infrastructure improvements related to the development and construction of a new major shopping center complex located generally near the intersection of East Trenton Road and South U.S. Highway 281 in the City, which is now known as "*The Shoppes at Rio Grande Valley*" (the "**Shoppes Project**"); and

WHEREAS, the City and the County entered into that certain *Interlocal Agreement*, dated as of November 8, 2011 (the "**Interlocal Agreement**"), which provides, among other things, that by no later than May 1 of each year (i) the City is obligated to contribute and transfer annually into the "Tax Increment Fund" established and maintained by the City relating to the Reinvestment Zone (the "**Tax Increment Fund**") an amount equal to the 100% of the City's "Tax Increment" generated within the Reinvestment Zone until the expiration of the Reinvestment Zone, and (ii) the County is obligated to contribute and transfer annually to the City, for deposit in the Tax Increment Fund, 88% of the County's Tax Increment generated within the Reinvestment Zone, all of which are based on the Tax Increments generated within the Reinvestment Zone that are received by the City and the County up to January 31st following the end of the tax year, but which have not been previously deposited in the Tax Increment Fund, during annual periods preceding each deposit date; and

WHEREAS, 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 "**Entertainment Center Project**"; and

WHEREAS, pursuant to Section 5 of Ordinance No. 07-3211, the termination date of the Reinvestment Zone was established as September 6, 2037, unless otherwise terminated earlier as provided therein; however, the City deems it necessary to extend the termination date of the Reinvestment Zone by approximately eight years to December 31, 2045, in order to permit tax increment payments generated within the Reinvestment Zone by the City and the County to be

available to pay a portion of the debt service on certain "Contract Revenue Bonds" which are in the process of being issued by the *City of Edinburg, Texas Local Government Finance Corporation*, at the request of the City, in connection with providing a portion of the funds to construct and equip the Entertainment Center Project), which Contract Revenue Bonds are expected to have a final maturity date of March 1, 2045; and

WHEREAS, the Entertainment Center Project will not be located within the boundaries of the Reinvestment Zone; however, in accordance with Section 311.010(b) of the Act, the Reinvestment Zone is authorized to use tax increment revenues generated within the Reinvestment Zone to pay the costs of providing "areas of public assembly," such as the Entertainment Center Project, in or out of the Reinvestment Zone; and

WHEREAS, pursuant to authority granted in Section 311.011(e) of the Act, on March 3, 2015, the City Council of the City (after giving published notice and holding a public hearing in the same manner as required for the original designation of the Reinvestment Zone, which provisions are set forth in Section 311.003(c) of the Act) approved Ordinance No. 2015-3816 for the purpose of amending the final project and reinvestment zone financing plan (the "**Amended Plan**") related to the Reinvestment Zone to incorporate being able to use tax increment payments generated within the Reinvestment Zone to support the financing related to the Entertainment Center Project, which Amended Plan was adopted by the Board of Directors of the Zone as required by Section 311.011(e) of the Act by resolution approved on February 25, 2015; and

WHEREAS, pursuant to authority granted in Section 311.007(c) of the Act, on January 20, 2015, the City Council of the City (after giving published notice and holding a public hearing in the same manner as required for the original designation of the Reinvestment Zone, which provisions are set forth in Section 311.003(c) of the Act) approved Ordinance No. 2015-3794 for the purpose of extending the termination date of the Reinvestment Zone from September 6, 2037 to December 31, 2045; and

WHEREAS, the extension of the termination date for the Reinvestment Zone will enable tax increment payments generated within the Reinvestment Zone to be able to be used to support debt service on the Contract Revenue Bonds issued to finance a portion of the costs to construct and equip the Entertainment Center Project until the final maturity of such Contract Revenue Bonds; however, in accordance with Section 311.007(c) of the Act, the County is not obligated to continue participating in the Reinvestment Zone beyond the original termination date unless it enters into a written agreement to do so; and

WHEREAS, the City and the County now deem it necessary and appropriate to amend the Interlocal Agreement for the purposes of extending their obligations set forth in the Interlocal Agreement to the new termination date of December 31, 2045, and to acknowledge that tax increment payments will be used to support the Contract Revenue Bonds being issued to finance a portion of the costs to construct and equip and Entertainment Center Project, all as set forth in that certain *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, 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 Entertainment Center 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 "P", 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.

[The remainder of this page intentionally left blank]

PASSED, APPROVED and ADOPTED this 10th day of March, 2015.

HIDALGO COUNTY, TEXAS

By: Ramon Garcia
Ramon Garcia
County Judge
Hidalgo County, Texas

ATTEST Arturo Guajardo Jr.
Arturo Guajardo, Jr.
Hidalgo County Clerk

Approved by Commissioners' Court
on 3/10/15 RW

Exhibit I to County Order

**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**

**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 STATE OF TEXAS
COUNTY OF HIDALGO**

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THIS 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 (this "*First Amendment*"), dated as of March 10, 2015, is made by and between the **CITY OF EDINBURG, TEXAS** (the "*City*"), a municipal corporation of the State of Texas, acting by and through its governing body, the City Council, and **HIDALGO COUNTY, TEXAS** (the "*County*"), acting by and through its governing body, the Commissioners Court.

RECITALS

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

WHEREAS, the Reinvestment Zone originally was created by the City, and the County agreed to participate in the Reinvestment Zone, to provide funds to reimburse a private developer for costs incurred to construct certain public infrastructure improvements related to the development and construction of a new major shopping center complex located generally near the intersection of East Trenton Road and South U.S. Highway 281 in the City, which is now known as "*The Shoppes at Rio Grande Valley*" (the "*Shoppes Project*"); and

WHEREAS, the City and the County entered into that certain *Interlocal Agreement*, dated as of November 8, 2011 (the "*Interlocal Agreement*"), which provides, among other things, that by no later than May 1 of each year (i) the City is obligated to contribute and transfer annually into the "Tax Increment Fund" established and maintained by the City relating to the Reinvestment Zone (the "*Tax Increment Fund*") an amount equal to 100% of the City's "Tax Increment" generated within the Reinvestment Zone until the expiration of the Reinvestment Zone, and (ii) the County is obligated to contribute and transfer annually to the City, for deposit in the Tax Increment Fund, 88% of the County's Tax Increment generated within the Reinvestment Zone, all of which are based on the Tax Increments generated within the Reinvestment Zone that are received by the City and the County up to January 31st following the end of the tax year, but which have not been previously deposited in the Tax Increment Fund, during annual periods preceding each deposit date; and

WHEREAS, all capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Interlocal Agreement; and

WHEREAS, the obligations of the City and the County to reimburse the developer of the Shoppes Project were set forth in the Development Agreement; and

WHEREAS, all public infrastructure improvements related to the Shoppes Project have been completed; and

WHEREAS, the parties had previously considered certain amendments to the Interlocal Agreement to correct scrivener's errors and otherwise clarify certain of the Interlocal Agreement so as to avoid confusion in the implementation of the Interlocal Agreement, which the City was unable to agree to due to while certain bonds related to the Shoppes Project were outstanding, which bonds are being paid and redeemed pursuant to the Termination Agreement (as defined below); and

WHEREAS, 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 "**Entertainment Center Project**"; and

WHEREAS, pursuant to Section 5 of Ordinance No. 07-3211, the termination date of Reinvestment Zone was established as September 6, 2037, unless otherwise terminated earlier as provided therein; however, the City deems it necessary to extend the termination date of the Reinvestment Zone by approximately eight years to December 31, 2045, in order to permit Tax Increment payments generated within the Reinvestment Zone by the City and the County to be available to pay a portion of the debt service on certain "Contract Revenue Bonds" which are in the process of being issued by the *City of Edinburg, Texas Local Government Finance Corporation*, at the request of the City, in connection with providing a portion of the funds to construct and equip the Entertainment Center Project), which Contract Revenue Bonds are expected to have a final maturity date of March 1, 2045; and

WHEREAS, the Entertainment Center Project will not be located within the boundaries of the Reinvestment Zone; however, in accordance with Section 311.010(b) of the Act, the Reinvestment Zone is authorized to use tax increment revenues generated within the Reinvestment Zone to pay the costs of providing "areas of public assembly," such as the Entertainment Center Project, in or out of the Reinvestment Zone; and

WHEREAS, pursuant to authority granted in Section 311.011(e) of the Act, on March 3, 2015, the City Council of the City (after giving published notice and holding a public hearing in the same manner as required for the original designation of the Reinvestment Zone, which provisions are set forth in Section 311.003(c) of the Act) approved Ordinance No. 2015-3816 for the purpose of amending the final project and reinvestment zone financing plan related to the Reinvestment Zone to incorporate being able to use Tax Increment payments generated within the Reinvestment Zone to support the financing related to the Entertainment Center Project (a copy of which Ordinance, including the amended plan, is attached hereto as Exhibit "I"), which amended plan explains the relationship between the Reinvestment Zone and the Entertainment

Center Project's reinvestment zone, including the expected additional economic activity within the Reinvestment Zone; and

WHEREAS, pursuant to authority granted in Section 311.007(c) of the Act, on January 20, 2015, the City Council of the City (after giving published notice and holding a public hearing in the same manner as required for the original designation of the Reinvestment Zone, which provisions are set forth in Section 311.003(c) of the Act) approved Ordinance No. 2015-3794 for the purpose of extending the termination date of the Reinvestment Zone from September 6, 2037 to December 31, 2045; and

WHEREAS, the extension of the termination date for the Reinvestment Zone will enable Tax Increment payments generated within the Reinvestment Zone to be able to be used to support debt service on the Contract Revenue Bonds issued to finance a portion of the costs to construct and equip the Entertainment Center Project until the final maturity of such Contract Revenue Bonds; however, in accordance with Section 311.007(c) of the Act, the County is not obligated to continue participating in the Reinvestment Zone beyond the original termination date unless it enters into a written agreement to do so; and

WHEREAS, the City and the County now deem it necessary and appropriate to amend the Interlocal Agreement primarily for the purposes of extending certain of their obligations set forth in the Interlocal Agreement to the new termination date of December 31, 2045, to acknowledge that Tax Increment payments will be used to support the Contract Revenue Bonds being issued to finance a portion of the costs to construct and equip and Entertainment Center Project and to correct and clarify the Interlocal Agreement;

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the County hereby agree as follows:

SECTION 1. AMENDMENTS TO SECTION 1 OF INTERLOCAL AGREEMENT RELATING TO DEFINITIONS.

(a) Amendment of Certain Defined Terms. The following capitalized terms set forth in Section 1 of the Interlocal Agreement are hereby amended to read in their entirety as follows:

"City's Tax Increment Participation" shall mean an amount of the City's ad valorem tax levy on the Captured Appraised Value, which the City originally agreed to contribute to the Reinvestment Zone pursuant to Section 4.1 of the Development Agreement and confirms its agreement to continue to make such contribution pursuant to Sections 3 and 4 of this Agreement.

"County's Tax Increment Participation" means the amount of the County's ad valorem tax levy on the Captured Appraised Value, which the County originally agreed to contribute to the Reinvestment Zone pursuant to Section 4.1 of the Development Agreement and confirms its agreement to continue to make such contribution pursuant to Sections 3 and 4 of this Agreement.

"Plan" means the project plan and reinvestment zone financing plan for the Reinvestment Zone attached hereto as Exhibit "B", which was originally adopted by the board of directors of the Reinvestment Zone and approved by the City Council of the City on August 19, 2008, in connection with the Project, and which was amended by the board of directors of the Reinvestment Zone and approved by the City Council of the City on March 3, 2015, in connection with the Entertainment Center Project.

"Project" means the shopping center complex located near the intersection of East Trenton Road and South U.S. Highway 281 in the City known as "*The Shoppes at Rio Grande Valley*," which was the original economic development project for which the Reinvestment Zone was initially created by the City.

"Tax Increment Base" means the total appraised value of all real property taxable by the City or the County, as the case may be, and located in the Reinvestment Zone as of January 1, 2007, the year in which the Reinvestment Zone was designated.

"Tax Increment Participation" means the amount the City and the County, respectively, have agreed to contribute to the Tax Increment Fund pursuant to Section 3 of this Agreement.

(b) Additional Defined Terms. The following capitalized terms are hereby added to Section 1 of the Interlocal Agreement and shall in their entirety as follows:

"Contract Revenue Bonds" means the contract revenue bonds expected to be issued by the City of Edinburg, Texas Local Government Finance Corporation to finance a portion of the costs to construct and equip the Entertainment Center Project, including any refunding bonds issued to refund such contract revenue bonds.

"County M&O Tax Rate" means that portion of the ad valorem tax rate used by the County for Maintenance and Operation. The County M&O Tax Rate may change from time to time. The County M&O Tax Rate for 2008 was \$0.5191 per \$100 dollars of valuation on the Captured Appraised Value and may be changed by the County during the term of the Reinvestment Zone.

"Entertainment Center Project" means the 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.

SECTION 2. AMENDMENT TO SECTION 2 OF INTERLOCAL AGREEMENT.
Section 2 of the Interlocal Agreement is hereby amended in its entirety to read as follows:

SECTION 2. PURPOSE FOR PARTICIPATING IN THE ZONE. The City and the County originally agreed to participate in the Reinvestment Zone for the purposes set forth in the Development Agreement, including for development of the Project in the Reinvestment Zone Area in accordance with the Plan, for their mutual benefit and the benefit of their citizens. The City and the County hereby agree to continue to participate in the Reinvestment Zone for the purpose of assisting with providing a portion of the funds necessary to pay debt service related to Contract Revenue Bonds issued to finance the Entertainment Center Project.

SECTION 3. AMENDMENT TO SECTION 3(a) OF INTERLOCAL AGREEMENT. For the purpose of clarifying the Interlocal Agreement, Section 3(a) of the Interlocal Agreement is amended by renumbering Section 3(a) as Section 3(a)(i) and by adding the following new Section 3(a)(ii) immediately following Section 3(a)(i):

(ii) Notwithstanding any references to 88% in the Development Agreement or in Section 3(a)(i) above, or any other provisions to the contrary, in order to effectuate the intention of the parties that the County's Tax Increment Participation excludes the amount required for County debt service, the County's Tax Increment Participation shall not exceed 100% of the County M&O Tax Rate as assessed and collected on the tax increment for the respective tax year.

SECTION 4. AMENDMENT TO SECTION 3(b) OF INTERLOCAL AGREEMENT. For the purpose of agreeing to the extension of the termination date of the Reinvestment Zone from September 6, 2037 to December 31, 2045, the last sentence of Section 3(b) of the Interlocal Agreement is hereby amended in its entirety to read as follows:

Under no circumstances shall the County be required to participate in the Zone with taxes attributable to periods after December 31, 2045.

SECTION 5. AMENDMENT TO SECTION 3 OF INTERLOCAL AGREEMENT. For the purpose of clarifying the Interlocal Agreement, Section 3 of the Interlocal Agreement is amended by renumbering the second Section 3(c), which appears on page 5 of the Interlocal Agreement, as Section 3(e), and inserting the following new Section 3(d) immediately following Section 3(c) of the Interlocal Agreement (appearing on page 4 of the Interlocal Agreement):

(d) County Tax Increment Payment.

(i) In order to enable to County to make payments hereunder, the City shall request collection reports from the Hidalgo County Tax Assessor Collector and provide a copy of these reports along with a payment request detailing the payment calculation as illustrated in the chart in Section 3(d)(iii) below to the County at least one month prior to a payment required to be made under this Agreement. In addition, at least one month prior to a payment required

under Section 3(b) of this Agreement, the City shall provide to the County (A) the annual report required under Tax Code Section 311.016, which shall include: (1) the amount and source of revenue in the Tax Increment Fund established for the Reinvestment Zone; (2) the amount and purpose of expenditures from the Tax Increment Fund; (3) the amount of principal and interest due on outstanding bonded indebtedness; (4) the Tax Increment Base and current Captured Appraised Value retained by the Reinvestment Zone; and (5) the Captured Appraised Value shared by the City and other taxing units, the total amount of tax increments received, and any additional information necessary to demonstrate compliance with the Plan and (B) an updated fact sheet that includes (1) detail as to what portion of the Project has been completed to date, (2) a schedule of what portion of the Project is to be completed in the following year and (3) a current roster of the Reinvestment 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.

(ii) The parties expressly agree that the County shall not owe any penalty or interest on Tax Increments attributable to taxes that have been levied, but not received by the County. Further, the County shall not be liable for the payment of any penalties or interest if the fact sheet and payment request required under Section 3(d)(i) above and the report required under such Section 3(d)(i) and under Section 311.016 of the Texas Tax Code are not timely submitted to the County or in any situation in which the City is not obligated to pay penalties and interest.

(iii) The chart below is an example of the calculation of the County's Tax Increment Reinvestment Zone payment amount.

Tax Increment Reinvestment Zone (TIRZ) Payment Calculation	EXAMPLE
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 100,000.00
<i>(Multiplied by)</i> Hidalgo County Current (GHD) Tax Rate (.59/100)	0.0059
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 590.00
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 100,000.00
<i>(Less)</i> Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD)	\$ 10,000.00
Captured Appraised Value	\$ 90,000.00
Captured Appraised Value	\$ 90,000.00
<i>(multiplied by)</i> Contribution Rate (The lesser of actual tax year M&O rate or rate specified on agreement) (.51/100)	0.0051
Tax Levy Due to TIRZ	\$ 459.00
TIRZ Collections (for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office	\$ 300.00
<i>(divided)</i> GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ	\$ 590.00
Percent Collected of Actual Levy	50.85%
Tax Levy Due to TIRZ	\$ 459.00
<i>(Multiplied by)</i> Percent Collected of Actual Levy	50.85%
TIRZ PAYMENT AMOUNT	\$ 233.39

SECTION 6. AMENDMENT TO NEWLY RENUMBERED SECTION 3(e) OF INTERLOCAL AGREEMENT. Newly renumbered Section 3(e)(ii) of the Agreement is hereby amended in its entirety to read as follows:

(ii) Except for contributing its respective Tax Increment payments to the Tax Increment Fund as set out herein, the County shall not have any obligation or responsibility for any costs or expenses associated with the development of the Reinvestment Zone or the implementation of the Plan, including without limitation any obligation to pay or repay any bond or other debt issued by the City, the Reinvestment Zone or another entity, or relating to the Reinvestment Zone, the Project or the Entertainment Center Project or any costs associated with the operation of the Reinvestment Zone, the Project, the Entertainment Center Project or any other projects related thereto.

SECTION 7. AMENDMENT TO SECTION 4 OF INTERLOCAL AGREEMENT. For the purpose of agreeing to the extension of the termination date of the Reinvestment Zone from September 6, 2037 to December 31, 2045, Section 4 of the Interlocal Agreement is hereby amended in its entirety to read as follows:

SECTION 4. TERM OF AGREEMENT. This Agreement shall become effective as of the date of the final signature hereto, and shall remain in effect through the earlier of (i) December 31, 2045, and (ii) the date on which all bonds payable in whole or in part from the City's Tax Increment Participation and the County's Tax Increment Participation collected on the Captured Appraised Value of the real property within the Reinvestment Zone (including but not limited to any Contract Revenue Bonds issued to finance the Entertainment Center Project) have been paid in full or legally defeased.

SECTION 8. REFERENCES TO DEVELOPMENT AGREEMENT. The City and the County recognize and acknowledge that certain provisions in the Interlocal Agreement contain references to the Development Agreement related to the Shoppes Project, which was the original "Project" defined in the Interlocal Agreement. Concurrent with the issuance of the Contract Revenue Bonds related to the construction of the Entertainment Center Project, the Development Agreement is expected to be terminated, and neither the City nor the County thereafter shall have any further obligations to the developer named under the Development Agreement, all as further described in that certain *Agreement to Terminate Economic Development Agreement Relating to the Shoppes at Rio Grande Valley*, dated as of March 1, 2015, by and among such developer, the City, the County, the Edinburg Economic Development Corporation, and the City of Edinburg, Texas Local Government Finance Corporation (the "**Termination Agreement**"). All references to the Development Agreement which remain in the Interlocal Agreement have been retained for historical purposes only even though the Development Agreement is expected to be terminated.

SECTION 9. ADDITIONAL REPRESENTATIONS AND AGREEMENTS OF CITY AND ZONE. The City and the Zone represent and warrant to the County that the adoption and implementation of the Plan and all revisions thereto, including without limitation the use of the Tax Increment Fund for the payment of the Contract Revenue Bonds related to the construction of the Entertainment Center Project in a proposed new Reinvestment Zone Number Four, City of Edinburg, and all related ordinances and bond issuances, have been, or to the extent such actions are not yet complete, will be done in accordance with all applicable laws. The City and the Zone agree to implement Plan in accordance with the terms thereof.

SECTION 10. NO OTHER AMENDMENTS INTENDED. Except as specifically set forth in this First Amendment, the City and the County intend for all other provisions set forth in the Interlocal Agreement shall remain in full force and effect.

IN WITNESS HEREOF, the City and the County have made and executed this First Amendment in multiple copies, each of which is an original.

CITY OF EDINBURG, TEXAS

By: _____
Richard H. Garcia
Mayor

Attest:

By: _____
Myra L. Ayala Garza
City Secretary

APPROVED AS TO FORM:

Palacios, Garza & Thompson P.C.

By: _____
City Attorney

HIDALGO COUNTY, TEXAS

By: Ramon Garcia
Ramon Garcia
County Judge

Attest:

Arturo Guajardo, Jr.
Arturo Guajardo, Jr.
Hidalgo County Clerk

Approved by Commissioners' Court
on 3/10/15

APPROVED AS TO FORM:

Atlas, Hall & Rodriguez, L.L.P.

By: Stephen L. Crain
Stephen L. Crain

ACKNOWLEDGED AND AGREED:
**REINVESTMENT ZONE NUMBER ONE,
CITY OF EDINBURG, TEXAS**

Presiding Officer

Exhibit I
to
First Amendment the Interlocal Agreement Between the City of Edinburg, Texas and
Hidalgo County, Texas Relating to Reinvestment Zone Number One, City of Edinburg,
Texas

Ordinance No. 2015-3816 of the City of Edinburg adopted March 3, 2015
(including the amended final project and reinvestment zone financing plan related to the
Reinvestment Zone)

CERTIFICATE FOR ORDINANCE

**THE STATE OF TEXAS
COUNTY OF HIDALGO
CITY OF EDINBURG**

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I, the undersigned City Secretary of the CITY OF EDINBURG, TEXAS (the "*City*"), hereby certify as follows:

1. The City Council of the City (the "*City Council*") convened in Regular Meeting on March 3, 2015 (the "*Meeting*"), at the City Hall, and the roll was called of the duly constituted officers and members of the City Council, to wit:

Richard H. Garcia, Mayor
Richard Molina, Councilmember Place 1
J.R. Betancourt, Councilmember, Place 2
Homer Jasso, Jr., Councilmember, Place 3
Elias Longoria, Jr., Councilmember, Place 4

and all of said officers and members of the City Council were present, except the following absentees: J. R. Betancourt and Homer Jasso, Jr., thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written Ordinance No. 2015-3816 (the "*Ordinance*") entitled

ORDINANCE APPROVING AN AMENDMENT TO THE PROJECT AND REINVESTMENT ZONE FINANCING PLAN IN CONNECTION WITH REINVESTMENT ZONE NUMBER ONE, CITY OF EDINBURG, TEXAS, AND REPEALING ORDINANCE NUMBERS 2015-3795 AND 2015-3809 RELATING TO THE SAME SUBJECT

was duly introduced for the consideration of the City Council. It was then duly moved and seconded that the Ordinance be adopted; and, after due discussion, said motion carrying with it the adoption of the Ordinance, prevailed and carried by the following vote:

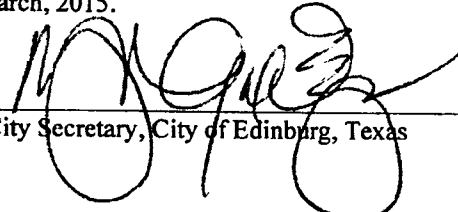
AYES: 3 NOES: 0 ABSTENTIONS: 0

2. A true, full and correct copy of the Ordinance adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; the Ordinance has been duly recorded in the City Council's minutes of the Meeting; the above and foregoing paragraph is a true, full and correct excerpt from the City Council's minutes of the Meeting pertaining to the passage of the Ordinance; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the City Council as indicated therein; each of the officers and members of the City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the Meeting, and that the Ordinance would be introduced and considered for passage at the Meeting, and each of said officers and members consented, in advance, to the holding of the Meeting for such purpose; and the Meeting was open to the public and public notice of the time, place and purpose of the Meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED the 3rd day of March, 2015.

(SEAL)





City Secretary, City of Edinburg, Texas

ORDINANCE NO. 2015-3816

STATE OF TEXAS
COUNTY OF HIDALGO
CITY OF EDINBURG, TEXAS

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ORDINANCE APPROVING AN AMENDMENT TO THE PROJECT AND REINVESTMENT ZONE FINANCING PLAN IN CONNECTION WITH REINVESTMENT ZONE NUMBER ONE, CITY OF EDINBURG, TEXAS, AND REPEALING ORDINANCE NUMBERS 2015-3795 AND 2015-3809 RELATING TO THE SAME SUBJECT

WHEREAS, pursuant to Ordinance No. 07-3211 adopted by 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 "*Zone*"); and

WHEREAS, the Zone was created in accordance with the provisions of Chapter 311, Texas Tax Code, as amended (the "*Act*"); and

WHEREAS, prior to the adoption of Ordinance No. 07-3211, the City prepared a preliminary reinvestment zone financing plan as required by Section 311.003(b) of the Act; and

WHEREAS, by resolution approved on August 19, 2008, the Board of Directors of the Zone adopted the *Final Project Plan and Reinvestment Zone Financing Plan* related to the Zone (the "*Final Plan*") as required by Section 311.011(a) of the Act; and

WHEREAS, pursuant to Ordinance Number 08-3290 approved by the City Council on August 19, 2008, the City Council approved the Final Plan as required by Section 311.011(d) of the Act; and

WHEREAS, 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 "*Project*"; and

WHEREAS, the Project will not be located within the boundaries of TIRZ One; however, in accordance with Section 311.010(b) of the Act, the Zone is authorized to use tax increment revenues generated within the Zone to pay the costs of providing "areas of public assembly," such as the Project, in or out of the Zone; and

WHEREAS, the City desires that revenues to support annual debt service payments, for certain "Contract Revenue Bonds" being issued by the *City of Edinburg, Texas Local Government Finance Corporation* to finance a portion of the costs to construct the Project (the "**Contract Revenue Bonds**"), will come from numerous local sources, including tax increment revenues generated within the Zone; and

WHEREAS, in order to use tax increment payments generated within the Zone to support payment of debt service on the Contract Revenue Bonds, it is necessary to amend the Final Plan in the manner set forth in Exhibit A attached hereto (the "**Amended Plan**"); and

WHEREAS, by resolution approved on February 25, 2015, the Board of Directors of the Zone adopted the Amended Plan as required by Section 311.011(e) of the Act; and

WHEREAS, the Board of Directors of the Zone has submitted the Amended Plan to the City Council and has requested the City Council consider approving the Amended Plan as required by Section 311.011(e) of the Act; and

WHEREAS, in compliance with Sections 311.011(e) and 311.003(c) of the Act, notice of a public hearing to be held on February 17, 2015, relating to amending the Final Plan, was published in *The Monitor* (which is a newspaper having general circulation in the City) on February 3, 2015, and such public hearing was held by the City Council on such date;

WHEREAS, it is hereby officially found and determined that the meeting at which this Ordinance 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 ORDAINED BY THE CITY COUNCIL OF CITY OF EDINBURG, TEXAS:

SECTION 1. APPROVAL OF AMENDED PLAN. In satisfaction of Section 311.011(d) of the Act, the City Council hereby approves the Amended Plan attached hereto as Exhibit A.

SECTION 2. REPEAL OF ORDINANCE NUMBERS 2015-3795 AND 2015-3809. Ordinance No. 2015-3795 approved by the City Council on January 20, 2015, and Ordinance No. 2015-3809 approved by the City Council on February 17, 2015, each of which regarded the same subject as this Ordinance, are hereby repealed in their entirety due to the fact that the amendment to the Final Plan which was approved pursuant to Ordinance No. 2015-3795 has been revised and updated with information that is contained in the Amended Plan being approved by this Ordinance (and by Ordinance No. 2015-3809), and Ordinance No. 2015-3809 was inadvertently approved prior to the Board of Directors of the Zone approving its resolution on February 25, 2015 adopting the Amended Plan.

SECTION 3. INCORPORATION OF RECITALS. The City Council hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City Council hereby incorporates such recitals as a part of this Ordinance.

SECTION 4. EFFECTIVE DATE. Pursuant to Article III, Section 7 of the City Charter, this Ordinance shall become effective ten (10) days from the date of its passage by the City Council. The requirement in Article III, Section 6 of the City Charter for ordinances to be read on three separate days is hereby dispensed with.

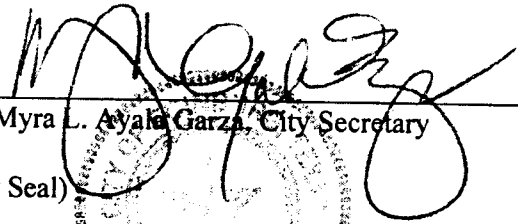
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READ, CONSIDERED, PASSED AND APPROVED at a regular meeting of the City Council of the City of Edinburg, Texas, at which a quorum was present, which was held in accordance with VTCA, Government Code, Section 551.041 on the 3rd day of March, 2015.

CITY OF EDINBURG

By: 
Richard H. Garcia, Mayor

ATTEST:

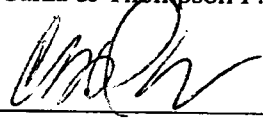
By: 
Myra L. Ayala Garza, City Secretary

(City Seal)



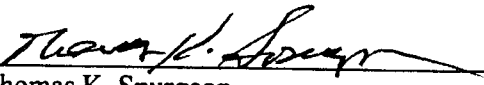
APPROVED AS TO FORM BY CITY ATTORNEY:

Palacios, Garza & Thompson P.C.

By: 
City Attorney

APPROVED AS TO FORM BY BOND COUNSEL:

McCall, Parkhurst & Horton L.L.P.

By: 
Thomas K. Spurgeon

Signature Page to the Ordinance Approving an Amendment to the Project Plan and Reinvestment Zone Financing Plan in Connection with Reinvestment Zone Number One, City of Edinburg, Texas

EXHIBIT A

PROJECT AND REINVESTMENT ZONE FINANCING PLAN

**AMENDED FINAL PROJECT PLAN
AND
REINVESTMENT ZONE FINANCING PLAN**

**REINVESTMENT ZONE NUMBER ONE,
CITY OF EDINBURG, TEXAS**

February 17, 2015

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I. INTRODUCTION

REINVESTMENT ZONE NUMBER ONE, CITY OF EDINBURG, TEXAS (the "**Zone**") is a tax increment reinvestment zone created and designated by the CITY OF EDINBURG, TEXAS (the "**City**") pursuant to the Tax Increment Financing Act, as codified in Chapter 311 of the Texas Tax Code (the "**Act**"). The Zone covers approximately 127.993 (+/-) acres, is located entirely within Hidalgo County, Texas (the "**County**") and the corporate limits of the City, is located generally at the northeast corner of the intersection of Business U.S. 281 and Trenton Road, and is bordered generally on the north by Wisconsin Road, on the east by U.S. Highway 281 South, on the south by Trenton Road, and on the west by Business U.S. Highway 281. The Zone has a duration from the effective date of the City's ordinance creating the Zone (i.e., September 4, 2007) until December 31, 2045 but may be terminated at an earlier time designated by subsequent ordinance of the City Council in the event the City determines in its sole discretion that the Zone should be terminated due to insufficient private investment, accelerated private investment or other good cause, but only if all tax increment bonds secured in whole or in part with tax increment revenues from the Zone have been paid in full. The owner of all of the property within the Zone at the time of its creation was the Shoppes Developer (defined below).

On August 19, 2008, the Board of Directors of the Zone adopted, and the City Council of the City approved, the *Final Project Plan and Reinvestment Zone Financing Plan* related to the Zone (the "**Original Plan**") as required by Sections 311.011(a) and (d) of the Act. The purpose of this this Amended Final Project Plan and Reinvestment Zone Financing Plan (this "**Amended Plan**") is to amend the Original Plan, as permitted by Section 311.011(e) of the Act, in order to permit the use of tax increment revenues generated within the Zone to support other projects related to the Zone.

Original Project:

The Zone initially was created to facilitate a program of public improvements to allow and encourage the development of an approximately 127.993 (+/-) acre tract of land into a commercial and retail shopping destination by First Hartford Realty Corporation, a Delaware corporation located in Manchester, Connecticut (the "**Shoppes Developer**"). The Shoppes Developer proposed to develop and construct numerous buildings of various sizes in the center portion of the Zone aggregating approximately 800,000 square feet in multiple phases and develop and construct numerous additional buildings of various sizes along the perimeter of the Zone and related parking, all of which was intended to be used for retail shopping, restaurants, and other commercial businesses (collectively, the "**Shopping Center Facility**"). Additionally, the Shoppes Developer committed to develop and construct certain public improvements related to the Shopping Center Facility. Such public improvements were further described that certain Economic Development Agreement, as amended (the "**Development Agreement**") entered into by the City, the Shoppes Developer, the County, the Edinburg Economic Development Corporation (the "**EEDC**") and the City of Edinburg, Texas Local Government Finance Corporation (the "**LGFC**") and are collectively referred to herein as the "**Original Project**."

The construction of the Original Project and a significant portion of the Shopping Center Facility has been completed and the Shopping Center Facility has been operating as a successful retail shopping center complex known as "The Shoppes at Rio Grande Valley" for over six years. The construction of the Shopping Center Facility and the Original Project has also encouraged further commercial and retail development immediately outside of the Zone. Private development costs in the Zone originally were estimated to be approximately \$80,000,000.

Public improvements which constituted the Original Project included, but were not limited to, the construction of: (i) water system improvements, (ii) sewer system improvements, (iii) drainage system improvements, and (iv) street improvements. The cost for public improvements that were actually constructed by the Shoppes Developer and which constituted eligible Project Costs, as defined in Section 311.002 of the Act, totaled \$4,403,392. The Shoppes Developer has been fully paid for all Project Costs related to the Original Project, in part with proceeds derived from the sale of *City of Edinburg, Texas Local Government Finance Corporation Contract Revenue Bonds, Series 2011*, which were issued and delivered by the LGFC on January 3, 2012 in the principal amount of \$4,275,000 (the "**Series 2011 Bonds**"). The Series 2011 Bonds are secured with the tax increment payments made by the City and the County generated within the Zone and annually deposited into the Tax Increment Fund maintained by the City in connection with the Zone.

Proposed Entertainment Center Project:

The City is in the process of obtaining financing to provide a portion of the funds necessary to construct and equip 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 "**Entertainment Center Project**." The Entertainment Center Project is a public improvement that will be owned by the LGFC at the request of the City, and will be leased for 30 years to a Texas limited liability company known as Vipers Arena, LLC (the "**Entertainment Center Developer**"), pursuant to the terms of a Lease and Development Agreement between the LGFC and the Entertainment Center Developer (the "**Lease Agreement**").

The Entertainment Center Project is located in a separate reinvestment zone created by the City in 2013 known as **REINVESTMENT ZONE NUMBER FOUR, CITY OF EDINBURG, TEXAS ("TIRZ Four")**. The Zone and TIRZ Four are essentially adjacent due to the fact that a portion of the southern boundary of the Zone (as shown in **Exhibit B** attached hereto) and the northern boundary of a portion of TIRZ Four (as shown in **Exhibit B-1** attached hereto) are essentially adjacent (separated only by Trenton Road in the City). Additionally, the Entertainment Center Project will be located in TIRZ Four less than one-half mile from the Zone. It is reasonably expected that, due to its close proximity to the Zone, TIRZ Four's Arena/Entertainment Center Project will generate additional economic activity in the Zone as many attending events at the Arena/Entertainment

Center Project will patronize commercial establishments in the Shopping Center Facility and other property located in the Zone either before or after the events. This will in turn encourage additional development and improvement of the Shopping Center Facility and other property in the Zone. Furthermore, even though the Entertainment Center Project is not located within the boundaries of the Zone, Section 311.010(b), Texas Tax Code, authorizes the Zone to "*dedicate revenue from the tax increment fund to pay the costs of providing . . . areas of public assembly in or out of the zone.*" The Entertainment Center is an "area of public assembly" within the meaning of such Section 311.010(b), and the Zone desires to permit and dedicate revenue from the Tax Increment Fund to be used to support the development and construction of the Entertainment Center, including assisting with the payment of debt service on Contract Revenue Bonds (the "**Proposed Series 2015 Contract Revenue Bonds**"). The Proposed Series 2015 Contract Revenue Bonds are expected to provide a portion of the funds to construct and equip the Entertainment Center Project, which the Zone believes, as stated above, will encourage additional development and improvement of the Shopping Center Facility and other property in the Zone. Proceeds of the Proposed Series 2015 Contract Revenue Bonds also will be used to refund all of the outstanding Series 2011 Bonds (which are secured solely with tax increment payments made by the City and the County generated within the Zone), fund a debt service reserve fund, provide capitalized interest, and pay costs of issuance.

II. AMENDED PROJECT PLAN

A. Existing Uses and Conditions (311.011(b)(l))

The City has designated approximately 127.993 (+/-) acres as **REINVESTMENT ZONE NUMBER ONE, CITY OF EDINBURG, TEXAS** (previously defined herein as the "**Zone**"). Prior to the creation of the Zone, a majority of the land within the Zone was vacant and unimproved. **Exhibit A** is a map illustrating the conditions of property within the Zone, as required by Section 311.011 (b)(l) of the Act, at the time the Zone was created. The original purpose of the Zone was to facilitate a program of public improvements to allow the development of the Shopping Center Facility and the Original Project. As noted above, the Shoppes Developer has completed construction of the Original Project and a significant portion of the Shopping Center Facility, and the Shoppes Developer has been fully reimbursed for the costs incurred to construct the Original Project (primarily with proceeds of the Series 2011 Bonds, which will be refunded with proceeds of the Proposed Series 2015 Contract Revenue Bonds); therefore, the City and the County now desire for the Zone to utilize tax increment payments made by the City and the County generated within the Zone to refund the outstanding Series 2011 Bonds and help support financing the Entertainment Center Project, including providing funds to pay a portion of the annual debt service on the Proposed Series 2015 Contract Revenue Bonds that are expected to be issued by the LGFC.

For illustrative purposes, **Exhibit B** depicts the vicinity and boundaries of the Zone. A metes and bounds description of the property located within the Zone is included as **Exhibit C** to this Amended Plan.

B. Municipal Ordinances and Agreements (311.011(b)(2))

All of the property located within the Zone is within the corporate limits of the City. The Development Agreement, attached as **Exhibit D** to the Original Plan, described in more detail the public improvements that were expected to be financed by the Zone, the manner of reimbursement to the Shoppes Developer and various other matters related to the Original Project. Such Exhibit D has been omitted from this Amended Plan due to the fact that the public improvements to be constructed by the Shoppes Developer in accordance with the Development Agreement have been completed in accordance with the Development Agreement and the Original Plan. (As noted above, the Shoppes Developer has been fully reimbursed for costs to construct such public infrastructure improvements - primarily with proceeds derived from the Series 2011 Bonds, and (ii) the Series 2011 Bonds will be refunded in their entirety with proceeds of the Proposed Series 2015 Contract Revenue Bonds, for which a portion of the debt service requirements will be provided by tax increment payments made by the City and the County generated within the Zone.)

The City and the County have participated in the Zone by contributing 100% and 88% of their respective tax increments. The City has committed to continue participating in the Zone at the same percentage, and it is expected that the County will commit to continue participating in the Zone by contributing the lesser of (i) 100% of its tax increment generated from its annual Maintenance and Operations ad valorem tax, and (ii) the tax increment generated from an annual Maintenance and Operations ad valorem tax at the rate of \$0.5191 per \$100 taxable assessed valuation, which was the County's Maintenance and Operations tax rate in 2007 - the year in which the Zone was created). Other public entities that are eligible to participate in the Zone include the Edinburg Consolidated Independent School District (the "*School District*"), the County, Hidalgo County Drainage District No. 1 (the "*Drainage District*"), and the South Texas Community College District (the "*College District*"). The School District, the Drainage District and the College District will not participate in the Zone.

Since the Entertainment Center Project is not located within the Zone, the City does not anticipate any additional changes to the City's ordinances or building codes for property located within the Zone in order to accomplish the Entertainment Center Project.

C. Zone Non-Project Costs (311.011(b)(3))

Relating to the Original Plan:

Non-Project Costs relating to the Shopping Center Facility represented the expenditures estimated by the Shoppes Developer that were necessary to complete the development as contemplated by the master plan prepared by the Shoppes Developer, exclusive of eligible Project Costs as defined in Section 311.002 (1)(A-K) of the Act. Non-Project Costs were estimated at approximately \$75,000,000. A copy of the plan of the proposed Shopping Center Facility was attached to the Original Plan as **Exhibit E**. The Original Plan showed the proposed improvements to and proposed uses of the property in the Original Project as required by Section 311.011(b)(1).

The total private investment in the Zone by the Shoppes Developer originally was estimated at approximately \$80,000,000 (including approximately \$5,000,000 for costs related to the Original Project). Through December 31, 2014, it is estimated that actual private investment by the Shoppes Developer in the Zone related to the Shopping Center Facility (including the \$4,403,392 for costs of the Original Project, for which the Shoppes Developer has been reimbursed as stated above primarily with proceeds of the Series 2011 Bonds) has totaled over \$40,000,000. The Shoppes Developer has completed approximately 470,000 square feet of the 800,000 square feet originally planned for the Shopping Center Facility. The Shoppes Developer continues to monitor the activity at the existing Shopping Center Facility as well as the economic conditions in and near the City in order to determine whether there is sufficient demand to construct additional improvements to the Shopping Center Facility, but at this time the Zone is unable to predict when, or to what extent, such additional improvements, will be constructed.

Relating to this Amended Plan:

Total costs relating to the construction and equipping of the Entertainment Center Project currently is estimated to be \$55,000,000 (exclusive of the cost of the land contributed to the City or the LGFC by the Entertainment Center Developer or its affiliate). The LGFC is expected to issue the Proposed Series 2015 Contract Revenue Bonds for the purpose of (i) refunding all outstanding Series 2011 Bonds, (ii) providing approximately \$33,550,000 to pay for costs to construct and equip the Entertainment Center Project, (iii) funding a debt service reserve fund, (iv) providing for capitalized interest, and (v) paying costs of issuance. The Entertainment Center Developer will be obligated to provide the balance of all funds required to construct and equip the Entertainment Center Project and will be responsible for the payment of all cost overruns. The Entertainment Center Developer also will pay to the Shoppes Developer an amount equal to approximately \$3,550,000 to satisfy the remaining obligations of the City and the EEDC under the Development Agreement to reimburse the Shoppes Developer for certain costs related to the Shopping Center Facility.

D. Relocation (311.011(b)(4))

No portion of land within the Zone or within TIRZ Four is currently utilized for residential purposes; therefore, no persons will be displaced or need to be relocated as a result of implementing the Original Plan or the Amended Plan.

III. AMENDED FINANCING PLAN

A. Project Cost Description (311.011(c)(l))

Relating to the Original Plan:

The Shoppes Developer constructed the public works and improvements necessary to develop the Shopping Center Facility in the Zone, which constituted Project Costs as defined in Section 311.002 (1)(A-K) of the Act. The Shoppes Developer agreed in the Development Agreement to advance the funds necessary to construct certain improvements subject to reimbursement from certain sources as further provided in the Development Agreement. The LGFC has reimbursed the Shoppes Developer for all Project Costs related to the construction of public improvements in the Zone through the issuance of the Series 2011 Bonds described above. Such Project Costs which have been reimbursed consisted of costs associated with the design and construction of the public works and improvements necessary for the development of the Original Project, as described below:

1. Capital Costs

- a. water system improvements;
- b. sanitary sewer system improvements;
- c. drainage improvements; and
- d. street improvements.

2. Design, Architectural, Legal and Engineering Fees

The development of the Original Project also required professional services such as legal counsel and for the design and engineering of public improvements, including inspecting/testing of soils and construction materials and overseeing construction operations. Additionally, certain studies, including market and economic feasibility studies, were prepared.

3. Zone Administration - Over Life of Zone

The ongoing administration of the Zone will require services including, but not limited to, such services as accountants and bookkeepers, engineers, legal counsel, planners or other administrative services deemed necessary by the Zone Board to implement this Plan.

Relating to the Entertainment Center Project:

The Entertainment Center Developer will construct the Entertainment Center Project, which is an "area of public assembly" within the meaning of Section 311.010(b) of the Act, in accordance with the provisions of the Lease Agreement. The LGFC and the Entertainment Center Developer have agreed in the Lease Agreement to contribute funds necessary to construct the Entertainment

Center. The contribution from the LGFC is limited to approximately \$33,550,000, with the Entertainment Center Developer being responsible to pay all other costs and cost overruns related to the construction of the Entertainment Center Project. The LGFC will provide its funds by contributing a portion of the proceeds derived from the issuance of the Proposed Series 2015 Bond Contract Revenue Bonds. The Proposed Series 2015 Bond Contract Revenue Bonds will be secured by and payable from revenues required to be paid by (i) the Zone, (ii) TIRZ Four, (iii) the City, (iv) the EEDC, and (v) the LGFC in accordance with that certain *Project Funding Agreement Relating to Edinburg Entertainment Center Project*, expected to be dated March 1, 2015, by and among such parties (the "*Project Funding Agreement*"). Attached to this Amended Plan as **Exhibit D** is a substantially final draft of the Project Funding Agreement.

B. Location of Proposed Public Improvements (311.011(c)(2))

The site plan indicating the approximate location of the proposed public improvements related to the Original Project, as required to be demonstrated by Section 311.011(c)(2) of the Act, was shown on **Exhibit F** attached to the Original Plan. Such public improvements have been completed. Exhibit F that was attached to the Original Plan has been omitted from this Amended Plan due to the fact that such public improvements have been completed.

The site plan indicating the approximate location of the Entertainment Center Project, as required to be demonstrated by Section 311.011(c)(2) of the Act, is shown on **Exhibit E** attached to this Amended Plan.

C. Estimate of Project Costs

An estimate of the Project Costs related to the Original Project as they were anticipated to be funded was shown on **Exhibit G** attached to the Original Plan. As noted above, actual Project Costs incurred by the Shoppes Developer related to the Original Project totaled \$4,403,392, for which the Shoppes Developer was fully reimbursed primarily with proceeds of the Series 2011 Bonds. Exhibit G that was attached to the Original Plan has been omitted from this Amended Plan due to the fact that the Shoppes Developer has been paid for all Project Costs related to the Original Project.

An estimate of the Project Costs related to the Entertainment Center Project as they are anticipated to be funded are shown on **Exhibit F** attached to this Amended Plan.

D. Economic Feasibility Study (311.011(c)(3))

A market and economic feasibility study for the proposed Zone was attached as **Exhibit H** to the Original Plan. No market and feasibility study has been prepared in connection with the Entertainment Center Project to be located in TIRZ Four.

E. Estimate of Bonded Indebtedness to be Incurred (311.011(c)(4))

It is currently anticipated that the LGFC will finance its portion of the costs to construct and develop the Entertainment Center, and fund certain other purposes, by selling approximately \$43,000,000 in principal amount of its Proposed Series 2015 Contract Revenue Bonds in two series. Such Proposed Series 2015 Contract Revenue Bonds will be secured by revenues required to be paid by the Zone, TIRZ Four, the City, the EEDC, and the LGFC in accordance with Project Funding Agreement. Proceeds from the Proposed Series 2015 Contract Revenue Bonds also will be used to refund all of the outstanding Series 2011 Bonds, fund a debt service reserve fund, provide capitalized interest, and pay costs of issuance.

F. Time of Incurring Monetary Obligations (311.011(c)(5))

The repayment term on the Proposed Series 2015 Contract Revenue Bonds is estimated at 30 years, with a final maturity of March 1, 2045. Debt service and cash flow projections, as prepared by Estrada Hinojosa & Company, Inc., financial advisors to the City and the LGFC, are illustrated in Exhibit G. The cash flow projections contemplate that the LGFC will issue the Proposed Series 2015 Contract Revenue Bonds in March 2015.

G. Method of Financing (311.011(c)(6))

The Proposed Series 2015 Contract Revenue Bonds issued by the LGFC will be secured, in part, by ad valorem taxes collected by the City and the County on the incremental increase in the assessed value of real property located within the Zone. For purposes of this financing model, it is anticipated that the City will participate in the Zone at a participation equal to 100% of its total tax rate and the County will participate in the Zone at a participation as described in the second paragraph of Section B above.

The City authorized the establishment of a Tax Increment Fund (the "*Fund*") for the Zone in the ordinance designating the Zone. In accordance with Section 311.013 of the Act, each participating taxing jurisdiction (i.e., the City and the County) will pay into the Fund the amount of increment generated by the taxing jurisdiction. The tax increment deposited into the Fund, together with other funds provided by TIRZ Four, the City, the EEDC and the LGFC as described in the Project Funding Agreement, will be used to pay debt service on the Proposed Series 2015 Bond Contract Revenue Bonds.

H. Current Appraised Value/Captured Appraised Value (311.011(c)(7)2(8))

The Original Plan was, and this Amended Plan will be, implemented in part through the Zone's ability to capture and utilize incremental ad valorem tax revenue generated from real property in the Zone, known as the captured appraised value. The base value, from which captured appraised value is calculated, is the total assessed taxable value of all property within the zone on January 1, 2007, as shown on the tax rolls of the Hidalgo County Appraisal District.

As the development within the Zone continues to take place in the future, the projected captured appraised value will increase as development continues. An estimate of the captured appraised value in each year of the projected life of the Zone is included in Exhibit H.

I. Duration of the Zone (311.011(c)(9))

The Zone will have a duration from the effective date of the City's ordinance creating the Zone (i.e., September 4, 2007) until December 31, 2045, but may be terminated at an earlier time designated by subsequent ordinance of the City Council in the event the City determines, in its sole discretion, that the Zone should be terminated due to insufficient private investment, accelerated private investment or other good cause, but only if all tax increment bonds secured in whole or in part with tax increment revenues from the Zone (including the Proposed Series 2015 Bond Contract Revenue Bonds) have been paid in full.

IV. BOARD OF DIRECTORS OF THE ZONE

The City has established a five member Board of the Directors for the Zone. Pursuant to Section 311.009 of the Act, the County will appoint one member (unless the County elects to waive its right to appoint a director) and the City will appoint the remaining four members of the Board of Directors of the Zone.

The Board of Directors of the Zone has prepared and approved this Amended Plan and will periodically approve the following: (i) an Annual Zone Budget; (ii) an Annual Report of Zone activities; and (iii) an Annual Financial Statement prepared in accordance with Generally Accepted Accounting Principles for presentation to the City. The Zone has contracted with the LGFC to assist the Zone in preparing the Original Plan and this Amended Plan as well as other activities of the Zone. The LGFC has contracted with the EEDC to assist with fulfilling such responsibilities.

EXHIBIT A

MAP INDICATING CONDITIONS EXISTING AT TIME OF ZONE CREATION

EXHIBIT B

BOUNDARY MAP OF THE ZONE

EXHIBIT B-1

BOUNDARY MAP OF TIRZ FOUR

Map of Edinburg TIRZ One (in yellow) and TIRZ Four (in red)



EXHIBIT C

METES AND BOUNDS DESCRIPTION OF THE ZONE

EXHIBIT D

DRAFT OF PROJECT FUNDING AGREEMENT

METES AND BOUNDS DESCRIPTION

A tract of land containing 127.993 acres, situated in the City of Edinburg, Hidalgo County, Texas, consisting of 7.500 acres out of LOT 29, 40.000 acres being all of LOT 31, 10.000 acres being THE WEST 10 ACRES OF LOT 31, 9.105 acres out of LOT 34, 24.242 acres out of LOT 36, KELLY-PHARR SUBDIVISION, according to the plat thereof recorded in Volume 3, Pages 133-134, Hidalgo County Deed Records, & 37.146 acres out of LOTS 11 THRU 14, M.L. WOODS SUBDIVISION, according to the plat thereof recorded in Volume 5, page 51, Hidalgo County Map Records, said 127.993 acres also being more particularly described as follows:

BEGINNING at a point on the West line of said Lot 29 for the Westernmost Northwest corner of this tract, said point bears S 08° 28' 46" W a distance of 494.80 feet from the Northwest corner of said Lot 29;

THENCE, S 81° 31' 14" E at a distance of 50.00 feet pass a No.4 rebar set for the East right-of-way line of Cloener Boulevard (Business U.S. 281), continuing a total distance of 1320.00 feet to a No.4 rebar set on the East line of Lot 29 and the West line of Lot 30 Kelly-Pharr Subdivision, for an inside corner of this tract;

THENCE, N 08° 28' 46" E along the East line of Lot 29 and the West line of Lot 30, Kelly-Pharr Subdivision, at a distance of 475.00 feet pass a No.4 rebar set for the South right-of-way line of Wisconsin Road, continuing a total distance of 495.00 feet to a cotton picker spindle found at the Northeast corner of said Lot 29 and the Northwest corner of said Lot 30, for the Easternmost Northwest corner of this tract;

THENCE, S 81° 31' 14" E along the North lines of Lots 30 and 31, Kelly-Pharr Subdivision, at a distance of 1320.00 feet pass the Northeast corner of said Lot 30 and the Northwest corner of said Lot 31, continuing a total distance of 1650.00 feet to the Westernmost Northeast corner of this tract;

THENCE, S 08° 28' 46" W along the East line of the West 10 acres of Lot 31, Kelly-Pharr Subdivision, at a distance of 20.00 feet pass a No.4 rebar set for the South right-of-way line of Wisconsin Road, at a distance of 728.46 feet pass a No.4 rebar found, continuing a total distance of 1320.00 feet to a No.4 rebar found on the South line of said Lot 31 and the North line of said Lot 34 for an inside corner of this tract;

THENCE, S 81° 31' 14" E along the South line of said Lot 31 and the North line of said Lot 34, a distance of 362.85 feet to a No. 4 rebar set for the Easternmost Northeast corner of this tract;

THENCE, S 38° 55' 28" W along the existing West right-of-way line of U.S. Expressway 281, a distance of 1388.62 feet to a No. 4 rebar set for the Southeast corner of this tract;

THENCE, N 88° 01' 37" W along the existing North right-of-way line of Trenton Road, a distance of 892.03 feet to an angle point of this tract;

THENCE, N 81° 31' 14" W along the existing North right-of-way line of Trenton Road, a distance of 420.08 feet to a No. 4 rebar set for the Southernmost Southwest corner of this tract;

THENCE, N 08° 28' 46" E a distance of 260.00 feet to a No. 4 rebar set for an inside corner of this tract;

THENCE, N 81° 31' 14" W a distance of 1270.00 feet to an iron pipe found on the existing East right-of-way line of Business U.S. 281 for the Northernmost Southwest corner of this tract;

THENCE, N 08° 28' 46" E along the existing East right-of-way line of Business U.S. 281, a distance of 680.00 feet to a No. 4 rebar set for an outside corner of this tract;

THENCE, S 81° 31' 14" E a distance of 610.00 feet to a No. 4 rebar found for an inside corner of this tract;

THENCE, N 08° 28' 46" E at a distance of 185.00 feet pass a No. 4 rebar found in line, continuing a total distance of 330.00 feet to a No. 4 rebar found on the North line of said Lot 36 and the South line of said Lot 29 for an outside corner of this tract;

THENCE, S 81° 31' 14" E along the North line of said Lot 36 and the South line of said Lot 29, a distance of 660.00 feet to a No. 4 rebar found at the Northeast corner of said Lot 36, the Northwest corner of said Lot 11, the Southwest corner of said Lot 30 and the Southeast corner of said Lot 29 for an inside corner of this tract;

THENCE, N 08° 28' 46" E along the East line of Lot 29 and the West line of Lot 30, Kelly-Pharr Subdivision, at a distance of 0.49 of one foot pass a No.4 rebar found, continuing a total distance of 577.50 feet to a No.5 rebar found for an inside corner of this tract;

THENCE, N 81° 31' 14" W at a distance of 1270.00 feet pass a No.4 rebar found for the East right-of-way line of Cloener Boulevard (Business U.S. 281), continuing a total distance of 1320.00 feet to a point on the West line of said Lot 29 for an outside corner of this tract;

THENCE, N 08° 28' 46" E along the West line of said Lot 29 and within the right-of-way of Cloener Boulevard, a distance of 247.50 feet to the POINT OF BEGINNING and containing 127.993 acres, of which 0.284 of one acre lies in the right-of-way of Cloener Boulevard and 0.758 of one acre lies in the right-of-way of Wisconsin Road, leaving a net of 126.951 acres of land, more or less.

DRAFT DATE: FEBRUARY 10, 2015

**PROJECT FUNDING AGREEMENT
RELATING TO EDINBURG ENTERTAINMENT CENTER**

By and Among

CITY OF EDINBURG, TEXAS LOCAL GOVERNMENT FINANCE CORPORATION
(in its capacity as the "Issuer" of Contract Revenue Bonds and the "Landlord" under the Lease Agreement)

CITY OF EDINBURG, TEXAS

REINVESTMENT ZONE NUMBER ONE, CITY OF EDINBURG, TEXAS

REINVESTMENT ZONE NUMBER FOUR, CITY OF EDINBURG, TEXAS

and

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

Entered into in Connection with the Issuance of

**CITY OF EDINBURG, TEXAS LOCAL GOVERNMENT FINANCE CORPORATION
CONTRACT REVENUE BONDS
(EDINBURG ENTERTAINMENT CENTER PROJECT)**

Dated: March 1, 2015

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**PROJECT FUNDING AGREEMENT
RELATING TO EDINBURG ENTERTAINMENT CENTER**

THIS PROJECT FUNDING AGREEMENT RELATING TO EDINBURG ENTERTAINMENT CENTER (this "*Agreement*"), dated as of March 1, 2015, is executed by and among the following parties:

- (i) **CITY OF EDINBURG, TEXAS LOCAL GOVERNMENT FINANCE CORPORATION** in its capacity as the issuer of "Contract Revenue Bonds" described herein (the "*Issuer*");
- (ii) **CITY OF EDINBURG, TEXAS LOCAL GOVERNMENT FINANCE CORPORATION** in its capacity as the landlord under the "Lease Agreement" described herein (the "*Landlord*");
- (iii) **CITY OF EDINBURG, TEXAS** (the "*City*");
- (iv) **REINVESTMENT ZONE NUMBER ONE, CITY OF EDINBURG, TEXAS** ("*TIRZ One*");
- (v) **REINVESTMENT ZONE NUMBER FOUR, CITY OF EDINBURG, TEXAS** ("*TIRZ Four*"); and
- (vi) the **EDINBURG ECONOMIC DEVELOPMENT CORPORATION** (the "*EEDC*").

RECITALS

WHEREAS, all capitalized terms used in this Agreement, including the recitals below, which are not otherwise defined herein shall have the meaning set forth in Section 1.1 of this Agreement; and

WHEREAS, the parties hereto find it necessary and advisable to enter into this Agreement in order to set forth the duties and responsibilities of the respective parties with respect to assisting with financing a portion of the costs to construct and equip a new publicly-owned entertainment center in the City and providing for the payment of certain other costs and obligations as further described in this Agreement in order to accomplish such financing; and

Recitals Primarily Relating to the City, the Issuer, and the Entertainment Center

WHEREAS, the City, located in Hidalgo County, Texas, is a political subdivision of the State of Texas operating as a home-rule city pursuant to the Constitution and laws of the State of Texas and its City Charter; and

WHEREAS, the City Charter grants to the City Council broad authority to accomplish certain functions, including but not limited to the powers granted in Sections 1 and 2 thereof which read as follows (emphasis added):

SECTION 1. CORPORATE NAME AND STATUS.

The inhabitants of the City of Edinburg in Hidalgo County, Texas, residing within its territorial limits, as these limits are now established, or are hereafter established in the manner provided by this charter, shall continue to be and are hereby constituted a body politic and corporate by the name of the City of Edinburg, and under that name shall have perpetual succession; may use a corporate seal; may sue and be sued; may acquire property within or without its boundaries for any municipal purpose, in fee simple or lesser interest or estate, by purchase, gift, devise, lease or condemnation and may sell, lease, hold, manage, and control such property as its interest may require; may co-operate with the federal government or any agency of the government of the United States or the government of the State of Texas or any agency of the government of the State of Texas, or any political subdivision of the State of Texas, to accomplish any lawful purpose for the advancement of the interest, welfare, health, morals, comfort, safety and convenience of the city or its inhabitants; and may pass such ordinances as may be expedient for maintaining and promoting the peace and government and welfare of the city and for the performance of the functions thereof; and, except as prohibited by the constitution and laws of the State of Texas or restricted by this charter, the city shall have and may exercise all municipal powers, functions, rights, privileges and immunities of every nature whatsoever.

SECTION 2. ENUMERATED POWERS NOT EXCLUSIVE.

The enumeration of particular powers of this charter shall not be held or deemed to be exclusive but in addition to the powers enumerated therein or implied thereby, or appropriate to the exercise of such powers, it is intended that the City of Edinburg shall have, and may exercise all powers of local self-government not prohibited by the Constitution or state law. All powers of the city; whether expressed or implied, shall be exercised in the manner prescribed by this charter, or if not prescribed therein, then in the manner provided by ordinance or resolution of the city council.

WHEREAS, the Issuer is a nonprofit local government corporation duly created by the City pursuant to Ordinance No. 1874 adopted by the City Council on January 16, 2007, that is organized under Subchapter D of Chapter 431 of the Texas Transportation Code, as amended (the "**LGC Act**"), "*for the purpose of aiding and acting on behalf of the City to accomplish certain governmental purposes of the City, to wit: 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, pursuant to Section 431.101 of the LGC Act, the Issuer has the powers of a corporation authorized for creation by the Texas Transportation Commission under Chapter 431 of the Texas Transportation Code, and the provisions of the Texas Non-Profit Corporation Act (now codified primarily in Chapter 22 of the Texas Business Organizations Code) relating to powers, standards of conduct, and interests in contracts apply to the directors and officers of the Issuer; and

WHEREAS, the City desires to have the Issuer aid and act on behalf of the City to accomplish a governmental purpose by financing, constructing, furnishing, equipping and owning a first-class, indoor multipurpose event center on approximately 49.57 acres of land located 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 "**Entertainment Center**"; and

WHEREAS, the Entertainment Center will be leased by the Issuer (in its capacity as the "**Landlord**") to **VIPERS ARENA, LLC**, a Texas limited liability company (the "**Tenant**"), pursuant to the terms set forth in the *Lease and Development Agreement*, dated _____, 2015, by and between the Landlord and the Tenant, which may be amended from time to time (the "**Lease Agreement**"); and

WHEREAS, pursuant to Section 1504.001(a), Texas Government Code, the City is authorized to "establish, acquire, lease as lessee or lessor, construct, improve, enlarge, equip, repair, operate, or maintain a facility such as: (1) a civic center, auditorium, opera house, music hall, exhibition hall, coliseum, museum, library, or other municipal building; . . . or (5) a parking facility at or in the immediate vicinity of a facility described by Subdivisions (1)-(4) for use in connection with that facility for off-street parking or storage of motor vehicles or other conveyances", and pursuant to Section 1504.002(a), Texas Government Code, the City is authorized to "issue revenue bonds to provide all or part of the money to establish, acquire, construct, improve, enlarge, equip, or repair a facility described by Section 1504.001(a)"; accordingly, the City is authorized by state law to own and lease the Entertainment Center and issue revenue bonds to provide a portion of the funds required to finance the construction and equipping of the Entertainment Center, and the Issuer is authorized, pursuant to the LGC Act, to assist the City with accomplishing the governmental purpose of owning and leasing the Entertainment Center and issuing revenue bonds to provide a portion of the funds required to finance the construction and equipping of the Entertainment Center; and

WHEREAS, it is estimated by the City, the Landlord, and the Tenant that the cost to acquire, construct, furnish and equip the Entertainment Center will be approximately *[\$55,300,000]*, of which the Landlord is obligated, pursuant to the Lease Agreement, to provide *[\$30,000,000]* of such costs and the Tenant is obligated to provide funds to pay the balance of such costs; and

WHEREAS, pursuant to Resolution No. _____ adopted by the City Council on January 20, 2015, the City has formally requested the Issuer to issue a series of bonds (herein defined and referred to as the "**Contract Revenue Bonds**") on behalf of the City, for the purpose of (i) providing funds to satisfy the Landlord's obligation under the Lease Agreement to pay a portion of the costs to acquire, construct, furnish and equip the Entertainment Center, (ii) refinancing the outstanding "Series 2011 LGC Bonds" (as defined herein), (iii) fund a debt service reserve fund, and (iv) pay costs of issuance, as permitted by the LGC Act; and

WHEREAS, as permitted by the LGC Act, the Issuer now desires to assist the City by issuing Contract Revenue Bonds secured in the manner and for the purposes herein provided; and

WHEREAS, pursuant to Sections 5.2 and 5.3 of the Lease Agreement, the Tenant is obligated to pay to the Landlord a minimum annual rental equal to \$350,000 (defined in the Lease Agreement as the "**Base Rent**"), and pursuant to Section 13.1.5 of the Lease Agreement, the Landlord has committed to contribute into a "Capital Fund" maintained by the "Capital Fund Custodian" (as such terms are defined in the Lease Agreement) \$150,000 annually from the Base Rent actually collected from the Tenant (defined herein as the "**Landlord's Capital Fund Commitment**"); and

WHEREAS, the current aggregate sales and use tax rate in the City is eight and one-quarter percent (8.25%), of which one percent (1%) is imposed by the City pursuant to Sections 321.103 and 321.104, Texas Tax Code, and the tax imposed at such rate is herein referred to as the "**City's 1% Sales Tax**"; and

WHEREAS, revenues derived from the imposition of the City's 1% Sales Tax (the "**City's 1% Sales Tax Revenues**") are available to be used by the City to make grants of public money to promote local economic development and stimulate business and commercial activity in the City in accordance with Chapter 380, Texas Local Government Code ("**Chapter 380**"); and

WHEREAS, the City hereby desires to provide a portion of the funds necessary to pay debt service on Contract Revenue Bonds issued by the Issuer to finance the Entertainment Center by agreeing to commit, pursuant to this Agreement, to annually transfer to the Trustee fifty percent (50%) of the City's 1% Sales Tax Revenues collected and received by the City from sales or uses at retail of taxable items within the area located within TIRZ One and TIRZ Four, but minus any expenses incurred by the City in connection with the collection of such Sales Tax Revenues (the "**City's Dedicated 1% Sales Tax Revenues**"); and

Recitals Primarily Relating to TIRZ One

WHEREAS, TIRZ One is a tax increment reinvestment zone duly created by the City pursuant to Ordinance No. 07-3211 adopted by the City Council on September 4, 2007, which was amended by Ordinance No. _____ adopted by the City Council on January 20, 2015 (collectively, the "**TIRZ One Ordinance**"), in accordance with the provisions of Chapter 311, Texas Tax Code, as amended (the "**TIRZ Act**"); and

WHEREAS, pursuant to the TIRZ One Ordinance, TIRZ One will terminate on December 31, 2045 (and may be terminated earlier under certain circumstances but only if all tax increment bonds secured, in whole or in part, with Tax Increments generated from within TIRZ One have been paid in full); and

WHEREAS, prior to the creation of TIRZ One, the City, 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 TIRZ One, the City and the EEDC; and

WHEREAS, Section 5.1(i)(A) of the Shoppes Development Agreement provides that the City will reimburse the Developer for "*the lesser of (1) \$8,000,000, and (2) the actual amount of Public Infrastructure Costs expended by the Developer, subject to submission of evidence required by Section 5.6.3(b) hereof and to adjustment as provided in Section 6.2 below (as adjusted, if any, the "Public Infrastructure Reimbursement"), to be paid solely with funds on deposit in the Tax Increment Funds and/or proceeds of Public Infrastructure Bonds as described in Section 5.3 below*"; and

WHEREAS, the Shoppes Developer notified the City and the Issuer that it had completed all Public Infrastructure improvements that were contemplated in the Shoppes Development Agreement to be constructed within TIRZ One and that the Shoppes Developer incurred and paid actual Public Infrastructure Costs related thereto in the amount of \$4,403,392; and

WHEREAS, on August 19, 2008, the City approved that certain Agreement by and among the City, TIRZ One, the Issuer and the EEDC, dated as of August 1, 2008 (the "**Original Four-Party Agreement**"), pursuant to which the City delegated to the Issuer the power and authority to assist in achieving the economic development objectives of the City within TIRZ One, including, but not limited to, the power to issue, sell or deliver its bonds, notes or other obligations in accordance with the terms of the Original Four-Party Agreement; and

WHEREAS, the City and the County entered into that certain *Interlocal Agreement*, dated as of November 8, 2011, as amended by that certain *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*, dated as of February __, 2015, relating to TIRZ One (collectively, the "**TIRZ One Interlocal Agreement**") pursuant to which by no later than May 1 of each year (i) the City is obligated to contribute and transfer annually into the TIRZ One Tax Increment Fund an amount equal to the 100% of the City's Tax Increment generated within TIRZ One until the expiration of TIRZ One, and (ii) the County is obligated to contribute and transfer annually to the City, for deposit in the TIRZ One Tax Increment Fund, the lesser of (i) 100% of its tax increment generated from its annual maintenance and operations ad valorem tax, and (ii) the tax increment generated from an annual maintenance and operations ad valorem tax at the rate of \$0.5191 per \$100 taxable assessed valuation, which was the County's maintenance and operations tax rate in 2007 - the year in which TIRZ One was created, all of which are based on the Tax Increments generated within TIRZ One that are received by the City and the County up to January 31st following the end of the tax year, but which have not been previously deposited in the TIRZ One Tax Increment Fund, during annual periods preceding each deposit date; and

WHEREAS, on January 3, 2012, the Issuer issued and delivered \$4,275,000 in aggregate principal amount of its **TAX INCREMENT CONTRACT REVENUE BONDS, SERIES 2011** (the "**Series 2011 LGC Bonds**"), the proceeds of which were used to reimburse the Shoppes Developer for the Public Infrastructure Costs described above; and

WHEREAS, the Series 2011 LGC Bonds are currently outstanding in the aggregate principal amount of \$ _____, are subject to optional redemption by the Issuer on any date at par plus accrued interest to the date of redemption, and are currently owned by Protective Life Insurance Company; and

WHEREAS, the Series 2011 LGC Bonds are secured solely with the Tax Increments payable by the City and the County generated within TIRZ One and in accordance with the TIRZ One Interlocal Agreement; and

WHEREAS, in order to provide for the issuance of the initial series of Contract Revenue Bonds for the purposes described herein, it will be necessary for the Issuer to refund all of its outstanding Series 2011 LGC Bonds; and

WHEREAS, Section 311.015 of the TIRZ Act authorizes a municipality to issue refunding bonds or notes for the payment or retirement of tax increment bonds or notes previously issued by it; accordingly, the Issuer, acting on behalf of the City, is authorized to issue bonds for the purpose of refunding the outstanding Series LGC 2011 Bonds; and

WHEREAS, Section 311.010(b) of the TIRZ Act authorizes the board of directors of a reinvestment zone, such as TIRZ One, and the governing body of the municipality or county that created the reinvestment zone, to (i) "*enter into agreements as the board or the governing body considers necessary or convenient to implement the project plan and reinvestment zone financing plan and achieve their purposes. . .*", (ii) *during the term of the agreement dedicate, pledge, or otherwise provide for the use of revenue in the tax increment fund to pay any project costs that benefit the reinvestment zone . . .*, and (iii) *dedicate revenue from the tax increment fund to pay the costs of providing affordable housing or areas of public assembly in or out of the zone*"; and

WHEREAS, because the Entertainment Center is designed and intended to be a place where members of the general public will be able to meet, assemble, and view various sporting, entertainment and community events, it is an "area of public assembly" within the meaning of Section 311.010(b) of the TIRZ Act; accordingly, the board of directors of TIRZ One is authorized to enter into this Agreement for the purpose of pledging, dedicating and providing for the use of the Tax Increment revenues derived within TIRZ One (the "**TIRZ One Tax Increment Revenues**") and which are deposited in the tax increment fund established and maintained by the City related to TIRZ One (the "**TIRZ One Tax Increment Fund**") in order to assist with financing the Entertainment Center, even though the Entertainment Center will be located outside of the boundaries of TIRZ One; and

Recitals Primarily Relating to TIRZ Four

WHEREAS, TIRZ Four is a tax increment reinvestment zone duly created by the City pursuant to Ordinance No. 2013-3687 adopted by the City Council on November 19, 2013, which was amended by Ordinance No. _____ adopted by the City Council on January 20, 2015 (collectively, the "**TIRZ Four Ordinance**"), in accordance with the provisions of the TIRZ Act; and

WHEREAS, pursuant to the TIRZ Four Ordinance, TIRZ Four will terminate on December 31, 2045 (and may be terminated earlier under certain circumstances but only if all tax increment bonds secured, in whole or in part, with Tax Increments generated from within TIRZ Four have been paid in full); and

WHEREAS, as noted above, Section 311.010(b) of the TIRZ Act authorizes the board of directors of a reinvestment zone, such as TIRZ Four, and the governing body of the municipality or county that created the reinvestment zone, to (i) "*enter into agreements as the board or the governing body considers necessary or convenient to implement the project plan and reinvestment zone financing plan and achieve their purposes. . .*", and (ii) "*during the term of the agreement dedicate, pledge, or otherwise provide for the use of revenue in the tax increment fund to pay any project costs that benefit the reinvestment zone . . .*"; and

WHEREAS, the Entertainment Center will be located within the boundaries of TIRZ Four, and the board of directors of TIRZ Four have determined that pledging, dedicating and providing for the use of the Tax Increment revenues derived within TIRZ Four (the "**TIRZ Four Tax Increment Revenues**") and which are deposited in the tax increment fund established and maintained by the City related to TIRZ Four (the "**TIRZ Four Tax Increment Fund**") in order to assist with financing the Entertainment Center will be beneficial to TIRZ Four as well as the City; and

WHEREAS, the City and the County have entered into that certain *Interlocal Agreement*, dated as of February __, 2015, relating to TIRZ Four (the "**TIRZ Four Interlocal Agreement**") pursuant to which by no later than May 31 of each year (i) the City is obligated to contribute and transfer annually into the TIRZ Four Tax Increment Fund an amount equal to 100% of the City's Tax Increment generated within TIRZ Four until the expiration of TIRZ Four, and (ii) the County is obligated to contribute and transfer annually to the City, for deposit in the TIRZ Four Tax Increment Fund, 80% of the County's Tax Increment generated from the levy of the County's ad valorem maintenance and operations tax within TIRZ Four, all of which are based on the Tax Increments generated within TIRZ Four that are received by the City and the County up to January 31st following the end of the tax year, but which have not been previously deposited in the TIRZ Four Tax Increment Fund, during annual periods preceding each deposit date; and

WHEREAS, pursuant to Section 13.1.5 of the Lease Agreement, the Landlord has committed to cause to be annually contributed into a "Capital Fund" maintained by the "Capital Fund Custodian" in accordance with the Lease Agreement an amount equal to five percent (5%) of all TIRZ Four Tax Increment Revenues during each fiscal year (defined herein as the "**TIRZ Four Capital Fund Commitment**"); and

Recitals Primarily Relating to the EEDC

WHEREAS, the EEDC is a nonprofit industrial development corporation duly created by the City pursuant to Resolution No. 1114 adopted by the Board of Commissioners (now the City Council) of the City on April 3, 1990, in accordance with the provisions of Section 4A of the Development Corporation Act of 1979 (originally enacted as Article 5190.6, Texas Revised Civil Statutes, as amended - "**Article 5190.6**"); and

WHEREAS, pursuant to Article 5190.6, the City held an election on January 20, 1990, for the purpose of receiving authority to levy a sales and use tax for the benefit of the EEDC under authority of Section 4A of Article 5190.6; and

WHEREAS, a majority of the citizens of the City voting at such election 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, subsequent to the creation of the EEDC, Article 5190.6 was codified by the Legislature and is now found in Chapters 501 - 505 of the Texas Local Government Code; and

WHEREAS, Section 4A of Article 5190.6 is now found primarily in Chapters 501, 502 and 504 of the Texas Local Government Code, which chapters are referred to collectively herein as the "**EEDC Act**"; and

WHEREAS, revenues derived from the EEDC Sales Tax (the "**EEDC Sales Tax Revenues**") are periodically transferred by the City to the EEDC (pursuant to the *Sales Tax Remittance Agreement*, dated as of December 15, 2013, between the City and the EEDC), for use by the EEDC in accordance with the EEDC Act; and

WHEREAS, Section 504.152 of the EEDC Act authorizes the City to submit to the voters of the City a ballot proposition that authorizes the EEDC "*to use the sales and use tax imposed under this chapter, including any amount previously authorized and collected, for a specific project or for a specific category of projects that do not qualify under this chapter but qualify under Chapter 505, including a sports venue and related infrastructure*"; and

WHEREAS, at an election held on November 8, 2011, the voters of the City, as permitted by Section 504.152 of the EEDC Act, approved a proposition (the "**2011 Proposition**") authorizing the EEDC "*to use economic development funds for recreational facilities which are limited to entertainment, public parks and park facilities, and all related store, restaurant, concession and automobile parking facilities and all related roads, streets, water and sewer facilities as allowed under Section 505.152 of the Texas Local Government Code*"; and

WHEREAS, the Entertainment Center is a type of recreational facility approved by the 2011 Proposition that may be funded with EEDC Sales Tax Revenues; and

WHEREAS, all or a portion of the corporate limits of the City are located within 25 miles of the international border between the United States of America and the United Mexican States; accordingly, as provided in Section 501.106(a) of the EEDC Act, the provisions of Section 501.106 of the EEDC Act are applicable to the Corporation; and

WHEREAS, Section 501.106(b) of the EEDC Act provides that the term "project" as used in the EEDC Act,

includes the land, buildings, facilities, infrastructure, and improvements that:

...

(2) are undertaken by the corporation if the municipality that authorized the creation of the corporation has, at the time the corporation approves the project as provided by this subtitle:

(A) a population of less than 50,000; or

(B) an average rate of unemployment that is greater than the state average rate of unemployment during the most recent 12-month period for which data is available that precedes the date the project is approved.

WHEREAS, the City's 2010 Census population was 77,100; however, according to the federal Bureau of Labor statistics the average rate of unemployment for the City was greater than the average rate of unemployment for the State of Texas during the most recent 12-month period for which data is available (i.e., 8.2% for the City versus 4.9% for the State of Texas for the 12-month period beginning on December 1, 2013 and ending on November 30, 2014); accordingly, the provisions of Section 501.106(b) of the EEDC Act apply to the EEDC; and

WHEREAS, the Board of Directors of the EEDC has determined to undertake providing funds to assist the City and the Issuer with financing the Landlord's portion of the Entertainment Center, pursuant to the terms as set forth this Agreement, in accordance with the authority granted under Section 501.106(b) of the EEDC Act as well as the 2011 Proposition; and

WHEREAS, Section 501.152 of the EEDC Act further provides that the word "cost" as used in the EEDC Act, *"with respect to a project, means the cost of the acquisition, cleanup, construction, reconstruction, improvement, or expansion of a project, including: . . . (7) necessary reserve funds; . . . and (13) other expenditures necessary or incident to . . . (C) financing or refinancing the project, including refunding any outstanding obligations, mortgages, or advances issued, made, or given by a person for a cost described by this section;* accordingly, pursuant to Sections 501.106 and 501.152 of the EEDC Act, the EEDC is authorized to use its funds to support the Entertainment Center as well as refinance the project that originally was financed with the Series 2011 LGC Bonds (i.e., reimbursing the Shoppes Developer for the Public Infrastructure Costs related to the Shoppes Project); and

WHEREAS, Section 504.303 of the EEDC Act authorizes the EEDC to use proceeds of the EEDC Sales Tax Revenues to pay the principal of, interest on, and other costs relating to the EEDC's bonds; and

WHEREAS, on January 3, 2014, the EEDC issued and delivered its (i) *Edinburg Economic Development Corporation Sales Tax Revenue Bonds (Ebony Hills Golf Course Project), Series 2013A*, in the aggregate principal amount of \$2,300,000, and (ii) *Edinburg Economic Development Corporation Sales Tax Revenue Bonds (Emergency Shelter/Recreational Facility Project), Series 2013B*, in the aggregate principal amount of \$4,575,000 (collectively the "**Series 2013 EEDC Bonds**"), which are secured with a first lien pledge on the revenues derived from the EEDC Sales Tax; and

WHEREAS, concurrent with the delivery of the initial series of Contract Revenue Bonds by the Issuer as further described herein, the EEDC is expected to issue and deliver \$_____ in principal amount of its *Edinburg Economic Development Corporation Sales Tax Revenue Refunding Bonds, Taxable Series 2015 (Santana Manufacturing Project Refinancing)*, which will be issued as "Additional Obligations" on a parity with the EEDC Series 2013 Bonds (the "**Series 2015 EEDC Bonds**" and collectively with the Series 2013 EEDC Bonds, the "**Senior Lien EEDC Sales Tax Revenue Bonds**"); and

WHEREAS, proceeds of the Series 2015 EEDC Bonds will be used to repay certain outstanding loans of the EEDC entered into in 2010 to assist with the development of another economic development project in the City, the repayment of which will permit the EEDC to commit, pursuant to this Agreement, its EEDC Sales Tax Revenues (on a subordinate basis after providing for the payment of debt service on the outstanding Senior Lien EEDC Sales Tax Revenue Bonds) in order to provide a portion of the funds required to pay debt service on the Issuer's Contract Revenue Bonds, if necessary; and

WHEREAS, pursuant to Ordinance No. 08-3323 approved by the City Council on November 18, 2008, as amended by an ordinance adopted by the City Council on December 2, 2008, the City created another reinvestment zone known as "*Reinvestment Zone Number Three, City of Edinburg, Texas*" (the "**TIRZ Three**") in accordance with the provisions of the TIRZ Act, which covers an area of the City generally known as "La Sienna"; and

WHEREAS, pursuant to the *La Sienna Sales Tax Reimbursement Agreement*, dated as of _____, 2015 (the "**La Sienna Agreement**"), by and among the City, the EEDC, and Burns Brothers, Ltd., a Texas limited partnership (the "**La Sienna Developer**"), the City and the EEDC agreed to reimburse the La Sienna Developer for up to \$10,000,000 of costs incurred by the La Sienna to construct certain improvements within TIRZ Three which are more fully described in the La Sienna Agreement; and

WHEREAS, to satisfy the obligation to reimburse the La Sienna Developer as described in the preceding recital, (i) the City is obligated under the La Sienna Agreement to provide to the La Sienna Developer fifty percent (50%) of all sales taxes generated within TIRZ Three from the City's 1% Sales Tax, and (ii) the EEDC is obligated under the La Sienna Agreement to provide to the La

Sienna Developer one hundred percent (100%) of all sales taxes generated within TIRZ Three from the EEDC Sales Tax, until the La Sienna Developer has been fully reimbursed in accordance with the La Sienna Agreement; and

WHEREAS, in order for the EEDC to be assured that it will have sufficient EEDC Sales Tax Revenues sufficient to satisfy its commitment to the La Sienna Developer under the La Sienna Agreement, the EEDC's commitment to provide to the Issuer certain of its EEDC Sales Tax Revenues to assist with paying the Annual Indenture Requirements (after providing for sufficient funds to satisfy all debt service on the outstanding Senior Lien EEDC Sales Tax Revenue Bonds) shall not include any EEDC Sales Tax Revenues generated within TIRZ Three; and

WHEREAS, all EEDC Sales Tax Revenues which are not needed or used to pay debt service on the outstanding Senior Lien EEDC Sales Tax Revenue Bonds and which are not generated within TIRZ Three are referred to herein as the "**Net Available EEDC Sales Tax Revenues**"; and

WHEREAS, the Board of Directors of the EEDC deems it an appropriate use of the Net Available EEDC Sales Tax Revenues to assist the City and the Issuer with financing the Landlord's portion of the costs to acquire, construct, furnish and equip the Entertainment Center by committing, pursuant to the terms of this Agreement (but only after satisfying its then current financial obligations to pay debt service on the outstanding Senior Lien EEDC Sales Tax Revenue Bonds which have been issued by the EEDC on a first lien basis), all of its Net Available EEDC Sales Tax Revenues that are necessary to pay the balance of the principal and interest requirements on the Contract Revenue Bonds when due after all funds provided by TIRZ One, TIRZ Four and the City have been applied first, all as more fully set forth in Article VI of this Agreement;

End of Recitals

AGREEMENT

NOW, THEREFORE, in consideration of the covenants and agreements herein made, and subject to the conditions herein set forth, the City, the Issuer, TIRZ One, TIRZ Four and the EEDC agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.1. DEFINITIONS. All capitalized terms used in this Agreement shall have the meanings ascribed to them in this Section or as otherwise provided herein. (Note: Numerous definitions in this Section were previously defined in the Recitals and are repeated below for the purpose of providing a central place to refer to defined terms used throughout this Agreement.)

"Agreement" (as previously defined in the Recitals) means this *Project Funding Agreement Relating to Edinburg Entertainment Center*, as may be amended from time to time in accordance with Section 10.6 of this Agreement.

"Annual Capital Fund Contribution Requirements" means, for each fiscal year of the Issuer (in its capacity as the Landlord under the Lease Agreement), the aggregate of the TIRZ Four Capital Fund Commitment, and the Landlord's Capital Fund Commitment that is required to be contributed annually into the "Capital Fund" maintained by the "Capital Fund Custodian" in accordance with the Lease Agreement.

"Annual Indenture Requirements" is defined in Section 3.2 of this Agreement to mean, for each fiscal year of the Issuer, the amount necessary to pay the debt service on the Contract Revenue Bonds due on the March 1 and September 1 principal and/or interest payment dates, replenish all funds and accounts as required under the Indenture, and pay annual fees and expenses related to the Contract Revenue Bonds (including but not limited to Trustee and Rating Agency fees).

"Article 5190.6" (as previously defined in the Recitals) means Article 5190.6, Texas Revised Civil Statutes, as amended (now codified and found under Chapters 501 - 505, Texas Local Government Code, as amended).

"Base Rent" has the same meaning as defined and used in the Lease Agreement.

"Bond Insurer" means, with respect to the initial series of Contract Revenue Bonds, _____, and its successors and assigns.

"Chapter 380" (as previously defined in the Recitals) means Chapter 380, Texas Local Government Code, as amended.

"City" means the City of Edinburg, Texas.

"**City Charter**" means the City Charter of the City, including all amendments thereto, approved by the voters of the City and enacted by the City Council.

"**City Council**" means the governing body of the City.

"**City's Dedicated 1% Sales Tax Revenues**" (as previously defined in the Recitals) means fifty percent (50%) of the City's 1% Sales Tax Revenues collected and received by the City from sales or uses at retail of taxable items within the area located within TIRZ One and TIRZ Four, but minus any expenses incurred by the City in connection with the collection of such Sales Tax Revenues.

"**City's 1% Sales Tax**" (as previously defined in the Recitals) means the sales and use tax rate imposed by the City pursuant to Sections 321.103 and 321.104, Texas Tax Code, at the rate of one percent (1%).

"**City's 1% Sales Tax Revenues**" (as previously defined in the Recitals) means the revenues derived from imposition of the City's 1% Sales Tax.

"**Comptroller**" means the Comptroller of Public Account of the State of Texas.

"**Contract Revenue Bonds**" means the CITY OF EDINBURG, TEXAS LOCAL GOVERNMENT FINANCE CORPORATION CONTRACT REVENUE BONDS, SERIES 2015A (EDINBURG ENTERTAINMENT CENTER PROJECT), and the CITY OF EDINBURG, TEXAS LOCAL GOVERNMENT FINANCE CORPORATION CONTRACT REVENUE BONDS, TAXABLE SERIES 2015B (EDINBURG ENTERTAINMENT CENTER PROJECT), issued by the Issuer pursuant to the terms of the Indenture, together with any bonds issued in the future by the Issuer to refund any outstanding Contract Revenue Bonds in order to achieve annual debt service savings.

"**County**" means Hidalgo County, Texas.

"**EEDC**" (as previously defined in the Recitals) means the Edinburg Economic Development Corporation.

"**EEDC Act**" (as previously defined in the Recitals) means Chapters 501, 502, and 504 of the Texas Local Government Code, as amended.

"**EEDC Entertainment Center Payment Account**" has the meaning defined in Section 7.4 of this Agreement.

"**EEDC Sales Tax**" (as previously defined in the Recitals) means sales and use tax imposed by the City for the benefit of the EEDC at the rate of one-half of one percent (½ of 1%) in accordance with the EEDC, particularly Chapter 504 thereof.

"**EEDC Sales Tax Revenues**" (as previously defined in the Recitals) means revenues derived by the EEDC from the imposition of the EEDC Sales Tax.

"Entertainment Center" (as previously defined in the Recitals) means the indoor multipurpose event center, to be located on approximately 49.57 acres of land located at the corner of Alberta Road and State Highway 281 in the City, that is expected to include approximately eight thousand (8,000) fixed seats, ten (10) luxury suites, one thousand two hundred (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 facilities, all as further described in the Lease Agreement.

"Estimated Net Funds Required from EEDC" has the meaning defined in Section 7.4 of this Agreement.

"Indenture" means the Indenture of Trust, dated as of March 1, 2015, by and between the Issuer and the Trustee, together with any amendments and supplements thereto.

"Issuer" means the **CITY OF EDINBURG, TEXAS LOCAL GOVERNMENT FINANCE CORPORATION**, and its successors and assigns.

"La Sienna Agreement" (as previously defined in the Recitals) means the *La Sienna Sales Tax Reimbursement Agreement*, dated as of _____, 2015, by and among the City, the EEDC, and the La Sienna Developer.

"La Sienna Developer" means Burns Brothers, Ltd., a Texas limited partnership, and its permitted successors and assigns.

"Landlord" (as previously defined in the Recitals) means the City of Edinburg, Texas Local Government Finance Corporation in its capacity as the landlord under the Lease Agreement, and its successors and assigns.

"Landlord's Capital Fund Commitment" (as previously defined in the Recitals) means the portion (i.e., \$150,000) of the annual Base Rent received by the Landlord from the Tenant that is required, pursuant to Section 13.1.5 of the Lease Agreement, to be contributed by the Landlord into the "Capital Fund" maintained by the "Capital Fund Custodian" (as such terms are defined in the Lease Agreement).

"Lease Agreement" (as previously defined in the Recitals) means the *Lease and Development Agreement*, dated as of December __, 2014, by and between the Landlord and the Tenant, together with any amendments and supplements thereto.

"LGC Act" (as previously defined in the Recitals) means Subchapter D of Chapter 431, Texas Transportation Code, as amended.

"Net Available EEDC Sales Tax Revenues" (as previously defined in the Recitals) means all EEDC Sales Tax Revenues which are not needed or used to pay debt service on the outstanding Senior Lien EEDC Sales Tax Revenue Bonds and which are not generated within TIRZ Three.

"Rating Agency" means, with respect to the initial series of Contract Revenue Bonds, _____, and its successors and assigns.

"Series 2011 LGC Bonds" (as previously defined in the Recitals) means the *City of Edinburg, Texas Local Government Finance Corporation Tax Increment Contract Revenue Bonds, Series 2011*, dated as of December 1, 2011, and issued by the Issuer in the original aggregate principal amount of \$4,275,000.

"Senior Lien EEDC Sales Tax Revenue Bonds" (as previously defined in the Recitals) means, collectively, the Series 2013 EEDC Bonds, the Series 2015 EEDC Bonds, and any additional obligations issued on a parity therewith (which may be issued only for the purpose of refunding outstanding Series 2013 EEDC Bonds and/or Series 2015 EEDC Bonds to achieve debt service savings).

"Series 2013 EEDC Bonds" (as previously defined in the Recitals) means, collectively (i) the *Edinburg Economic Development Corporation Sales Tax Revenue Bonds (Ebony Hills Golf Course Project), Series 2013A*, dated as of December 15, 2013, and issued in the original aggregate principal amount of \$2,300,000, and (ii) the *Edinburg Economic Development Corporation Sales Tax Revenue Bonds (Emergency Shelter/Recreational Facility Project), Series 2013B*, dated as of December 15, 2013, and issued in the original aggregate principal amount of \$4,575,000.

"Series 2015 EEDC Bonds" (as previously defined in the Recitals) means the *Edinburg Economic Development Corporation Sales Tax Revenue Refunding Bonds, Taxable Series 2015 (Santana Manufacturing Project Refinancing)*, dated as of March 1, 2015, and being issued concurrent with the delivery of the initial series of Contract Revenue Bonds in the aggregate principal amount of \$ _____.

"Shoppes Developer" (as previously defined in the Recitals) means *First Hartford Realty Corporation*, a Delaware corporation

"Shoppes Development Agreement" (as previously defined in the Recitals) means the *Economic Development Agreement*, dated as of February 20, 2007, as amended with amendments dated and effective as of August 16, 2011 and November 15, 2011, by and among the City, the Issuer, the County, the EEDC, and the Shoppes Developer.

"Shoppes Project" (as previously defined in the Recitals) means the retail and commercial development within the City generally known as "*The Shoppes at Rio Grande Valley*" that is owned, constructed and developed by the Shoppes Developer.

"Tenant" (as previously defined in the Recitals) means *Vipers Arena, LLC*, a Texas limited liability company, and its successors and assigns.

"Tax Increment" has the same meaning as such term is used in the TIRZ Act and is generally described and determined in accordance with Section 311.012 thereof.

"**TIRZ Act**" (as previously defined in the Recitals) means Chapter 311, Texas Tax Code, as amended.

"**TIRZ Four**" (as previously defined in the Recitals) means the reinvestment zone created by the City pursuant to the TIRZ Act known as *Reinvestment Zone Number Four, City of Edinburg, Texas*.

"**TIRZ Four Capital Fund Commitment**" means the portion of the TIRZ Four Tax Revenues [i.e., an amount equal to five percent (5%) of the total TIRZ Four Tax Revenues in each fiscal year] that the Landlord is obligated to cause to be annually contributed into the "Capital Fund" maintained by the "Capital Fund Custodian" (as such terms are defined in the Lease Agreement) in accordance with Section 13.1.5 of the Lease Agreement.

"**TIRZ Four Ordinance**" (as previously defined in the Recitals) means Ordinance No. 2013-3687 adopted by the City Council on November 19, 2013, which authorized the creation of TIRZ Four, as amended by Ordinance No. _____ adopted by the City Council on January 20, 2015.

"**TIRZ Four Interlocal Agreement**" (as previously defined in the Recitals) means the *Interlocal Agreement*, dated as of February __, 2015, between the City and the County relating to TIRZ Four.

"**TIRZ Four Tax Increment Fund**" (as previously defined in the Recitals) means the tax increment fund established and maintained by the City related to TIRZ Four as required by Section 311.004(a)(6) of the TIRZ Act.

"**TIRZ Four Tax Increment Revenues**" means the Tax Increments generated within TIRZ Four that are paid by the City and the County in accordance with the terms of the TIRZ Four Interlocal Agreement.

"**TIRZ One**" (as previously defined in the Recitals) means the reinvestment zone created by the City pursuant to the TIRZ Act known as *Reinvestment Zone Number One, City of Edinburg, Texas*.

"**TIRZ One Interlocal Agreement**" (as previously defined in the Recitals) means the *Interlocal Agreement*, originally dated as of November 8, 2011, and as amended by 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*, dated as of February __, 2015, between the City and the County relating to TIRZ One.

"**TIRZ One Ordinance**" (as previously defined in the Recitals) means Ordinance No. 07-3211 adopted by the City Council on September 4, 2007, which authorized the creation of TIRZ One, as amended by Ordinance No. _____ adopted by the City Council on January 20, 2015.

"TIRZ One Tax Increment Fund" (as previously defined in the Recitals) means the tax increment fund established and maintained by the City related to TIRZ One as required by Section 311.004(a)(6) of the TIRZ Act.

"TIRZ One Tax Increment Revenues" means the Tax Increments generated within TIRZ One that are paid by the City and the County in accordance with the terms of the TIRZ One Interlocal Agreement.

"TIRZ One/Four Sales Tax Revenue Account" means the separate fund, account or subaccount established by the City pursuant to Section 5.1(a) of this Agreement into which the City's Dedicated 1% Sales Tax Revenues shall be deposited when received from the Comptroller.

"TIRZ Three" (as previously defined in the Recitals) means the reinvestment zone created by the City pursuant to the TIRZ Act known as *Reinvestment Zone Number Three, City of Edinburg, Texas*.

"Trustee" means the financial institution serving as the trustee under the Indenture, together with any successors and assigns, which initially is **WELLS FARGO BANK, NATIONAL ASSOCIATION**.

"2011 Proposition" (as previously defined in the Recitals) means the proposition approved by the voters of the City on November 8, 2011, as permitted by Section 504.152 of the EEDC Act, which authorizes the EEDC to use its EEDC Sales Tax Revenues for certain purposes permitted under Section 505.152 of the Texas Local Government Code.

SECTION 1.02. RULES OF CONSTRUCTION.

(a) ***General.*** Words of the masculine and feminine genders shall be deemed and construed to include the neuter gender. Unless the context otherwise indicates, the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

(b) ***Headings and Section Titles.*** Headings preceding the text of the several Articles and Sections hereof, and the table of contents, are solely for convenience of reference and shall not constitute a part of this Agreement or affect its meaning, construction, or effect.

End of Article I

ARTICLE II

OVERVIEW OF AGREEMENT RELATING TO ISSUANCE OF AND SECURITY FOR CONTRACT REVENUE BONDS AND PROVIDING FOR PAYMENT OF ANNUAL CAPITAL FUND CONTRIBUTION REQUIREMENTS

SECTION 2.1. ISSUANCE OF CONTRACT REVENUE BONDS TO FINANCE ENTERTAINMENT CENTER AND OTHER COSTS. The parties acknowledge and agree that the costs to acquire, construct, furnish and equip the Entertainment Center will be paid, in part, from the proceeds derived from two initial series of Contract Revenue Bonds to be issued and sold by the Issuer under and pursuant to the Act. Upon closing and delivery of such initial series of Contract Revenue Bonds, the net proceeds thereof (after paying for costs of issuance related thereto and using a portion of the proceeds to refund and refinance the outstanding Series 2011 LGC Bonds) shall be held by the Trustee and will be disbursed in the manner provided in the Indenture.

The parties further acknowledge that this Agreement is intended to also provide funds to pay the debt service on one or more additional series of Contract Revenue Bonds which may be issued for the sole purpose of refunding any outstanding Contract Revenue Bonds to achieve debt service savings.

SECTION 2.2. TIRZ ONE, TIRZ FOUR, THE CITY AND THE EEDC TO PROVIDE CERTAIN FUNDS TO SECURE THE CONTRACT REVENUE BONDS. As further detailed in the Indenture, the parties acknowledge that the Contract Revenue Bonds shall be secured by and payable from the following revenues and in the following order of priority:

- First: From all TIRZ One Tax Increment Revenues that are on deposit in the TIRZ One Tax Increment Payment Fund maintained by the City, as further described in Article III (and particularly Section 3.1) hereof;
- Second: From 95% of all TIRZ Four Tax Increment Revenues that are on deposit in the TIRZ Four Tax Increment Payment Fund maintained by the City and transferred to the Trustee for deposit into the TIRZ Four Primary Account of the Pledged Contract Revenue Fund, as further described in Article IV (and particularly Sections 4.1 and 4.2) hereof;
- Third: From all (or a portion) of the City's Dedicated 1% Sales Tax Revenues on deposit in the TIRZ One/Four Sales Tax Revenue Fund maintained by the City, as further described in Article V (and particularly Section 5.1(c)) hereof;
- Fourth: From all but \$150,000 of the Base Rent received by the Landlord from the Tenant, as further described in Article VI (and particularly Section 6.1(b)) hereof;

- Fifth: From all (or a portion) of the Net Available EEDC Sales Tax Revenues on deposit in the EEDC Entertainment Center Payment Account maintained by the EEDC, as further described in Article VII (and particularly Section 7.2) hereof;
- Sixth: If necessary, from the portion of the Base Rent to be transferred by the Landlord to, and deposited by, the Trustee into the Base Rent Contingency Account of the Pledged Contract Revenue Fund, as further described in Article VI (and particularly Section 6.1(b)) hereof; and
- Seventh: From 5% of all TIRZ Four Tax Increment Revenues that are on deposit in the TIRZ Four Tax Increment Payment Fund maintained by the City and transferred to the Trustee for deposit into the TIRZ Four Contingency Account of the Pledged Contract Revenue Fund, as further described in Article IV (and particularly Sections 4.1 and 4.2) hereof.

SECTION 2.3. FUNDS AVAILABLE TO PAY ANNUAL CAPITAL FUND CONTRIBUTION REQUIREMENTS AFTER PROVIDING FOR ANNUAL INDENTURE REQUIREMENTS. The Issuer, TIRZ One, TIRZ Four, the City and the EEDC further acknowledge that, pursuant to the Lease Agreement (particularly Section 13.1.5 thereof), the Landlord is obligated annually to contribute into the "Capital Fund" maintained by the "Capital Fund Custodian" (as such terms are defined in the Lease Agreement) an amount equal to the Annual Capital Fund Contribution Requirements. *This Agreement is written in a manner to assure, and shall be interpreted to mean, that all funds required to be provided to the Trustee by TIRZ One, TIRZ Four, the City, the EEDC and the Landlord in accordance with this Agreement shall be used, or shall be available to be used, to provide sufficient funds to pay all ensuing Annual Indenture Requirements during each fiscal year before any of such funds shall be used to pay any portion of the Landlord's Annual Capital Fund Contribution Requirements.*

End of Article II

ARTICLE III

OBLIGATION OF TIRZ ONE AND THE CITY TO PROVIDE TIRZ ONE TAX INCREMENTS TO THE TRUSTEE

SECTION 3.1. ANNUAL TRANSFER OF FUNDS IN TIRZ ONE TAX INCREMENT FUND TO TRUSTEE. TIRZ One and the City hereby agree that, as long as any Contract Revenue Bonds remain outstanding, *between the 20th calendar day and the last business day of each September*, all funds on deposit in the TIRZ One Tax Increment Fund shall be transferred by the City to the Trustee for deposit into the TIRZ One Account of the Pledged Contract Revenue Fund established and maintained by the Trustee under the Indenture. TIRZ One and the City agree that the Trustee, on behalf of the Issuer, shall be entitled to a first claim on and right to the amounts on deposit in the TIRZ One Tax Increment Fund.

SECTION 3.2. FUNDS FROM TIRZ ONE TAX INCREMENT FUND TO BE UTILIZED FIRST. As further provided in Section 2.2 of this Agreement and Section 5.04(b) of the Indenture, funds required to be transferred from the TIRZ One Tax Increment Fund to the Trustee and deposited by the Trustee into the TIRZ One Account of the Pledged Contract Revenue Fund shall only be used for the purposes and in the manner described and permitted in this Agreement and shall be considered the *first* source of funds used by the Trustee to pay debt service on the Contract Revenue Bonds due on the next ensuing March 1 and September 1 principal and/or interest payment dates, replenish all funds and accounts as required under the Indenture, and pay annual Trustee fees and other annual fees (including but not limited to rating agency fees) related to the Contract Revenue Bonds (collectively, the "*Annual Indenture Requirements*"). As provided in Section 5.04(b) of the Indenture, all funds transferred from the TIRZ One Tax Increment Fund and deposited by the Trustee into the TIRZ One Account of the Pledged Contract Revenue Fund shall be utilized to pay the ensuing Annual Indenture Requirements before the Trustee applies and utilizes any other funds on deposit in the Pledged Contract Revenue Fund for such purpose. This priority of use of funds is intended to provide assurance that only TIRZ One Tax Increment Revenues are being used to pay the portion of debt service on the Contract Revenue Bonds which are being issued, in part, to refund the outstanding Series 2011 LGC Bonds and so that it will not be necessary to attribute the use of any TIRZ Four Tax Increment Revenues for such purpose.

SECTION 3.3. EXTRAORDINARY MANDATORY REDEMPTION USING EXCESS FUNDS TRANSFERRED FROM TIRZ ONE TAX INCREMENT FUND. TIRZ One and the City acknowledge and agree that the Indenture provides that, in the event the amount of revenues transferred from the TIRZ One Tax Increment Fund during any year exceeds the amount required to pay the ensuing Annual Indenture Requirements, the Trustee is required to transfer such excess funds to the Redemption Account of the Debt Service Fund pursuant to Section 5.04(c) of the Indenture and use such funds to redeem outstanding Contract Revenue Bonds in accordance with the extraordinary mandatory redemption provisions set forth in Sections 4.03(c)(iii) of the Indenture.

SECTION 3.4. UNCONDITIONAL PAYMENTS BY TIRZ ONE AND THE CITY TO THE TRUSTEE. In consideration of the Issuer's agreement to issue the Contract Revenue Bonds to fund the City's portion of the costs of the Entertainment Center as provided in the Lease Agreement, TIRZ One and

the City agree that, as long as any Contract Revenue Bonds remain outstanding, the City will pay to the Trustee for the benefit of the Issuer, as an unconditional obligation of TIRZ One and the City (but solely from the funds on deposit in the TIRZ One Tax Increment Fund), the amounts required to be paid as required by Section 3.1 of this Agreement regardless of whether or not the Entertainment Center is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of operation of the Entertainment Center. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditional upon (i) performance or default by the Issuer under this Agreement or any other obligation or agreement relating to the Contract Revenue Bonds to which the Issuer is a party, or (ii) whether or not the Tenant shall perform, fail to perform or default in its obligations under the Lease Agreement or any other document relating to the Contract Revenue Bonds and the Entertainment Center to which the Tenant is a party. **THE ISSUER AND THE TRUSTEE SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENTS REQUIRED TO BE MADE BY TIRZ ONE AND THE CITY PURSUANT TO SECTION 3.1 OF THIS AGREEMENT OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION OR FROM ANY SOURCE WHATSOEVER OTHER THAN AS SPECIFIED IN SECTION 3.1 OF THIS AGREEMENT.**

SECTION 3.5. GRANT OF SECURITY INTEREST IN TIRZ ONE TAX INCREMENT FUND. In order to provide further security for the payment of debt service on the Contract Revenue Bonds, TIRZ One and the City hereby grant to the Issuer a first priority lien on and security interest in all funds on deposit in the TIRZ One Tax Increment Fund (together with any income, investments and proceeds thereof) to the full extent that such Fund and the funds on deposit therein (together with any income, investments and proceeds thereof) may be subject to the Uniform Commercial Code of the State of Texas. TIRZ One and the City acknowledge that the Issuer will grant to the Trustee, in accordance with the terms of the Indenture, all of its right, title and interest in this Agreement, including but not limited to the security interest being granted by TIRZ One and the City pursuant to this Section.

Pursuant to Chapter 1208.002(2), Texas Government Code, as amended, any security interests created by this Section shall be automatically perfected from the time this Agreement is entered into or adopted, and shall remain perfected continuously through the termination of this Agreement in accordance with the terms set forth herein, all without physical delivery or transfer of control of the TIRZ One Tax Increment Revenues or the funds on deposit in the TIRZ One Tax Increment Fund, filing of a document, or another act. Therefore, it shall not be necessary for TIRZ One, the City, the Issuer or the Trustee to file any financing statements or continuation statements or any supplemental instruments or documents or further assurance in any manner in order to perfect or maintain perfection of any security interests created by this Section. If Texas law is amended at any time while any Contract Revenue Bonds are outstanding and unpaid such that the security interest created by this Section is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Contract Revenue Bonds the perfection of such security interest, TIRZ One, the City and the Issuer agree to take such measures as they determine are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest created by this Section.

End of Article III

ARTICLE IV

OBLIGATION OF TIRZ FOUR AND THE CITY TO PROVIDE TIRZ FOUR TAX INCREMENTS TO THE TRUSTEE

SECTION 4.1. ANNUAL TRANSFER OF FUNDS IN TIRZ FOUR TAX INCREMENT FUND TO TRUSTEE. TIRZ Four and the City hereby agree that, as long as any Contract Revenue Bonds remain outstanding, *between the 20th calendar day and the last business day of each September*, all funds on deposit in the TIRZ Four Tax Increment Fund shall be transferred by the City to the Trustee, of which 95% of such amount shall be deposited by the Trustee into the TIRZ Four Primary Account of the Pledged Contract Revenue Fund established and maintained by the Trustee under the Indenture, and the remaining 5% of such funds shall be deposited by the Trustee into the TIRZ Four Contingency Account of the Pledged Contract Revenue Fund (to be transferred by the Trustee to the Debt Service Fund if needed to satisfy the Annual Indenture Requirements as further described in Section 4.6 hereof and Section 5.04(b) of the Indenture). TIRZ Four and the City agree that the Trustee, on behalf of the Issuer, shall be entitled to a first claim on and right to the amounts on deposit in the TIRZ Four Tax Increment Fund.

SECTION 4.2. FUNDS FROM TIRZ FOUR TAX INCREMENT FUND TO BE UTILIZED SECOND AND SEVENTH. As further provided in Section 2.2 of this Agreement and Section 5.04(b) of the Indenture, funds required to be transferred from the TIRZ Four Tax Increment Fund to the Trustee for deposit into the TIRZ Four Primary Account of the Pledged Contract Revenue Fund shall only be used for the purposes and in the manner described and permitted in this Agreement and shall be considered the *second* source of funds used by the Trustee to pay the ensuing Annual Indenture Requirements, and funds required to be transferred from the TIRZ Four Tax Increment Fund to the Trustee for deposit into the TIRZ Four Contingency Account of the Pledged Contract Revenue Fund shall only be used for the purposes and in the manner described and permitted in this Agreement and shall be considered the *seventh* source of funds used by the Trustee to pay the ensuing Annual Indenture Requirements. As provided in Section 5.04(b) of the Indenture, all funds transferred from the TIRZ Four Tax Increment Fund and deposited by the Trustee into the TIRZ Four Primary Account of the Pledged Contract Revenue Fund shall be utilized to pay the ensuing Annual Indenture Requirements before the Trustee applies and utilizes any other funds on deposit in the Pledged Contract Revenue Fund for such purpose other than funds transferred therein from the TIRZ One Tax Increment Fund as described in Sections 3.1 and 3.2 of this Agreement.

SECTION 4.3. EXTRAORDINARY MANDATORY REDEMPTION USING EXCESS FUNDS TRANSFERRED FROM TIRZ FOUR TAX INCREMENT FUND. TIRZ Four acknowledges and agrees that the Indenture provides that, in the event the amount of revenues transferred from the TIRZ One Tax Increment Fund and the TIRZ Four Tax Increment Fund and deposited by the Trustee into the TIRZ One Account and the TIRZ Four Primary Account, respectively, of the Pledged Contract Revenue Fund during any year exceeds the amount required to pay the ensuing Annual Indenture Requirements, the Trustee is required to transfer such excess funds to the Redemption Account of the Debt Service Fund pursuant to Section 5.04(c) of the Indenture and use such funds to redeem outstanding Contract Revenue Bonds in accordance with the extraordinary mandatory redemption provisions set forth in Sections 4.03(c)(iii) of the Indenture.

SECTION 4.4. UNCONDITIONAL PAYMENTS BY TIRZ FOUR AND THE CITY TO THE TRUSTEE. In consideration of the Issuer's agreement to issue the Contract Revenue Bonds to fund the City's portion of the costs of the Entertainment Center as provided in the Lease Agreement, TIRZ Four and the City agree that, as long as any Contract Revenue Bonds remain outstanding, the City will pay to the Trustee for the benefit of the Issuer, as an unconditional obligation of TIRZ Four and the City (but solely from the funds on deposit in the TIRZ Four Tax Increment Fund), the amounts required to be paid as required by Section 4.1 of this Agreement regardless of whether or not the Entertainment Center is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of operation of the Entertainment Center. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditional upon (i) performance or default by the Issuer under this Agreement or any other obligation or agreement relating to the Contract Revenue Bonds to which the Issuer is a party, or (ii) whether or not the Tenant shall perform, fail to perform or default in its obligations under the Lease Agreement or any other document relating to the Contract Revenue Bonds and the Entertainment Center to which the Tenant is a party. **THE ISSUER AND THE TRUSTEE SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENTS REQUIRED TO BE MADE BY TIRZ FOUR AND THE CITY PURSUANT TO SECTION 4.1 OF THIS AGREEMENT OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION OR FROM ANY SOURCE WHATSOEVER OTHER THAN AS SPECIFIED IN SECTION 4.1 OF THIS AGREEMENT.**

SECTION 4.5. GRANT OF SECURITY INTEREST IN TIRZ FOUR TAX INCREMENT FUND. In order to provide further security for the payment of debt service on the Contract Revenue Bonds, TIRZ Four and the City hereby grant to the Issuer a first priority lien on and security interest in all funds on deposit in the TIRZ Four Tax Increment Fund (together with any income, investments and proceeds thereof) to the full extent that such Fund and the funds on deposit therein (together with any income, investments and proceeds thereof) may be subject to the Uniform Commercial Code of the State of Texas. TIRZ Four and the City acknowledge that the Issuer will grant to the Trustee, in accordance with the terms of the Indenture, all of its right, title and interest in this Agreement, including but not limited to the security interest being granted by TIRZ Four and the City pursuant to this Section.

Pursuant to Chapter 1208.002(2), Texas Government Code, as amended, any security interests created by this Section shall be automatically perfected from the time this Agreement is entered into or adopted, and shall remain perfected continuously through the termination of this Agreement in accordance with the terms set forth herein, all without physical delivery or transfer of control of the TIRZ Four Tax Increment Revenues or the funds on deposit in the TIRZ Four Tax Increment Fund, filing of a document, or another act. Therefore, it shall not be necessary for TIRZ Four, the City, the Issuer or the Trustee to file any financing statements or continuation statements or any supplemental instruments or documents or further assurance in any manner in order to perfect or maintain perfection of any security interests created by this Section. If Texas law is amended at any time while any Contract Revenue Bonds are outstanding and unpaid such that the security interest created by this Section is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Contract Revenue Bonds the perfection of such security interest, TIRZ Four, the City and the Issuer agree to take such measures as they determine are reasonable and necessary under Texas law to comply with the applicable provisions

of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest created by this Section.

SECTION 4.6. TRANSFER OF TIRZ FOUR TAX INCREMENT REVENUES ON DEPOSIT TIRZ FOUR CONTINGENCY ACCOUNT OF THE PLEDGED CONTRACT REVENUE FUND. In the event the funds transferred from the TIRZ Four Tax Increment Fund and deposited by the Trustee into the TIRZ Four Contingency Account of the Pledged Contract Revenue Fund are required to pay any portion of the Annual Indenture Requirements for any fiscal year, after all other funds available to pay the Annual Indenture Requirements in accordance with this Agreement have been applied, TIRZ Four and the City acknowledge and agree that, *on or about the 15th day of December* of each year, the Trustee shall transfer from the TIRZ Four Contingency Account of the Pledged Contract Revenue Fund and deposit into the Debt Service Fund all or a portion of the amount then on deposit in the TIRZ Four Contingency Account of the Pledged Contract Revenue Fund in order to satisfy any deficiency in the total funds available to pay the ensuing Annual Indenture Requirements. In the event any funds are on deposit in the TIRZ Four Contingency Account of the Pledged Contract Revenue Fund after transferring funds to the Debt Service Fund in accordance with the preceding sentence, if necessary, TIRZ Four and the City acknowledge and agree that the Trustee has been instructed to transfer, *on or about the 15th day of December* of each year, all funds remaining on deposit in the TIRZ Four Contingency Account of the Pledged Contract Revenue Fund to the Capital Fund Custodian to satisfy all or a portion of the TIRZ Four Capital Fund Contribution for such fiscal year.

End of Article IV

ARTICLE V

OBLIGATION OF CITY TO PROVIDE CITY'S DEDICATED 1% SALES TAX REVENUES TO THE TRUSTEE

SECTION 5.1. ESTABLISHMENT OF TIRZ ONE/FOUR SALES TAX REVENUE ACCOUNT; ANNUAL TRANSFER OF CITY'S DEDICATED 1% SALES TAX REVENUES TO TRUSTEE.

(a) Establishment of TIRZ One/Four Sales Tax Revenue Account. The City shall establish a separate fund, or a separate account or a subaccount of any existing fund or account, in the City treasury and financial records (herein referred to as the "*TIRZ One/Four Sales Tax Revenue Account*") into which the City's Dedicated 1% Sales Tax Revenues shall be deposited when received from the Comptroller. The City agrees that the Trustee, on behalf of the Issuer, shall be entitled to a first claim on and right to the City's Dedicated 1% Sales Tax Revenues and the amounts on deposit in the TIRZ One/Four Sales Tax Revenue Account, subject to the rights of the City set forth in Section 5.3 hereof.

(b) Cooperation with Comptroller of Public Accounts. In order to assure all parties that only sales tax revenues derived from the City's 1% Sales Tax collected within TIRZ One and TIRZ Four are deposited into the TIRZ One/Four Sales Tax Revenue Account and annually transferred to the Trustee as provided in Section 5.1(c) below, the City, TIRZ One and TIRZ Four shall cooperate with each other, and shall work with the Comptroller, to develop a reporting method which will enable the City, TIRZ One and TIRZ Four to determine the amount of the City's 1% Sales Tax Revenues which are actually generated solely within TIRZ One and TIRZ Four. The reports provided by the Comptroller showing the amount of the revenues derived from the City's 1% Sales Tax within TIRZ One and TIRZ Four for the periods shown in such reports shall be considered conclusive, absent manifest error, with respect to the amount of funds the City shall be required to deposit in the TIRZ One/Four Sales Tax Revenue Account for each period of time covered by such reports from the Comptroller.

(c) Annual Transfer of City's Dedicated 1% Sales Tax Revenues to Trustee. The City hereby agrees that, as long as any Contract Revenue Bonds remain outstanding, between the 20th calendar day and the last business day of each September, the City shall, except as provided in Section 5.3 below, transfer all City's Dedicated 1% Sales Tax Revenues on deposit in the TIRZ One/Four Sales Tax Revenue Account to the Trustee for deposit into the City's Dedicated Sales Tax Revenues Account of the Pledged Contract Revenue Fund established and maintained by the Trustee under the Indenture. This Agreement shall create no obligation of the City which is payable from taxes or other revenues or funds of the City other than the City's Dedicated 1% Sales Tax Revenues which are actually received by the City from the Comptroller.

SECTION 5.2. FUNDS FROM CITY'S DEDICATED 1% SALES TAX REVENUES TO BE UTILIZED
THIRD. As further provided in Section 2.2 of this Agreement and Section 5.04(b) of the Indenture, the City's Dedicated 1% Sales Tax Revenues required to be transferred to the Trustee and deposited by the Trustee into the City's Dedicated 1% Sales Tax Revenues Account of the Pledged Contract Revenue Fund shall only be used for the purposes and in the manner described and permitted in this

Agreement and shall be considered the third source of funds used by the Trustee to pay the ensuing Annual Indenture Requirements. As provided in Section 5.04(b) of the Indenture, all funds transferred from the TIRZ One/Four Sales Tax Revenue Account and deposited by the Trustee into the City's Dedicated 1% Sales Tax Revenues Account of the Pledged Contract Revenue Fund shall be utilized to pay the ensuing Annual Indenture Requirements before the Trustee applies and utilizes any other funds on deposit in the Pledged Contract Revenue Fund for such purpose other than funds transferred therein from the TIRZ One Tax Increment Fund and the TIRZ Four Tax Increment Fund as described in Sections 3.1, 3.2, 4.1 and 4.2 of this Agreement.

SECTION 5.3. AUTHORITY TO WITHDRAW CITY'S DEDICATED 1% SALES TAX REVENUES UNDER CERTAIN CIRCUMSTANCES. In the event that the amount of revenues transferred (or scheduled to be transferred) from the TIRZ One Tax Increment Fund and the TIRZ Four Tax Increment Fund on or about the last business day of any September exceeds the amount required to pay the ensuing Annual Indenture Requirements, the City shall not transfer to the Trustee any funds on deposit in the TIRZ One/Four Sales Tax Revenue Account, and all funds on deposit in the TIRZ One/Four Sales Tax Revenue Account may be withdrawn by the City and used for any lawful purpose without further approval from any other party or the Trustee. Similarly, in the event that the amount of revenues transferred (or scheduled to be transferred) from the TIRZ One Tax Increment Fund and the TIRZ Four Tax Increment Fund on or about the last business day of any September, combined with a portion (but not all) of the funds on deposit in the TIRZ One/Four Sales Tax Revenue Account, would be sufficient to pay the Annual Indenture Requirements, then on or about the last business day of such September the City shall transfer only such portion of the funds on deposit in the TIRZ One/Four Sales Tax Revenue Account which, together with funds being transferred from the TIRZ One Tax Increment Fund and the TIRZ Four Tax Increment Fund, would fully satisfy the ensuing Annual Indenture Requirements, and any funds remaining on deposit in the TIRZ One/Four Sales Tax Revenue Account after making such transfer may be withdrawn by the City and used for any lawful purpose without further approval from any other party or the Trustee.

SECTION 5.4. UNCONDITIONAL PAYMENTS BY THE CITY TO THE TRUSTEE. In consideration of the Issuer's agreement to issue the Contract Revenue Bonds to fund a portion of the costs of the Entertainment Center as provided in the Lease Agreement, the City agrees that it will pay to the Trustee for the benefit of the Issuer, during the term of this Agreement, as an unconditional obligation of the City (but solely from the City's Dedicated 1% Sales Tax Revenues, and subject to the provisions of Section 5.5 below), the amounts required to be paid as required by Section 5.1(c) of this Agreement regardless of whether or not the Entertainment Center is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of operation of the Entertainment Center. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditional upon (i) performance or default by the Issuer under this Agreement or any other obligation or agreement relating to the Contract Revenue Bonds to which the Issuer is a party, or (ii) whether or not the Tenant shall perform, fail to perform or default in its obligations under the Lease Agreement or any other document relating to the Contract Revenue Bonds and the Entertainment Center to which the Tenant is a party. **THE ISSUER AND THE TRUSTEE SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENTS REQUIRED TO BE MADE BY THE CITY PURSUANT TO SECTION 5.1(c) OF THIS AGREEMENT OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION OR FROM ANY SOURCE WHATSOEVER**

OTHER THAN AS SPECIFIED IN SECTION 5.1(c) OF THIS AGREEMENT, AND SUCH PAYMENTS ARE FURTHER SUBJECT TO THE PROVISIONS OF SECTION 5.5 BELOW.

SECTION 5.5. PAYMENTS SUBJECT TO APPROPRIATION UPON OCCURRENCE OF CERTAIN EVENTS. Notwithstanding the foregoing, in the event the obligation of the City set forth in Section 5.1(c) hereof is held by a Texas court of law having competent jurisdiction to create an unconstitutional debt of the City, the grant of the City's Dedicated 1% Sales Tax Revenues, and the obligation of the City set forth in Section 5.1(c) hereof to transfer the City's Dedicated 1% Sales Tax Revenues to the Trustee, shall thereafter automatically be deemed to be subject to annual appropriation by the City Council. In such event, the City shall use its best efforts to include in each annual budget, for consideration and approval by the City Council (such approval, however, being solely within the discretion of the City Council), such amounts as would be sufficient to satisfy the City's obligations set forth in Section 5.1(c) hereof; however, the failure to appropriate such amounts in an annual budget shall not constitute a default under this Agreement.

SECTION 5.6. GRANT OF SECURITY INTEREST IN CITY'S DEDICATED 1% SALES TAX REVENUES. In order to provide further security for the payment of debt service on the Contract Revenue Bonds, the City hereby grants to the Issuer a first priority lien on and security interest in the City's Dedicated 1% Sales Tax Revenues described in this Agreement, together with all funds on deposit from time to time in accordance with this Agreement in the TIRZ One/Four Sales Tax Revenue Account (together with any income, investments and proceeds thereof) to the full extent that such Revenues and Account (together with any income, investments and proceeds thereof) may be subject to the Uniform Commercial Code of the State of Texas. The City acknowledges that the Issuer will grant to the Trustee, in accordance with the terms of the Indenture, all of its right, title and interest in this Agreement, including but not limited to the security interest being granted by the City pursuant to this Section.

Pursuant to Chapter 1208.002(2), Texas Government Code, as amended, any security interests created by this Section shall be automatically perfected from the time this Agreement is entered into or adopted, and shall remain perfected continuously through the termination of this Agreement in accordance with the terms set forth herein, all without physical delivery or transfer of control of the City's Dedicated 1% Sales Tax Revenues or the funds on deposit in the TIRZ One/Four Sales Tax Revenue Account, filing of a document, or another act. Therefore, it shall not be necessary for the City, the Issuer or the Trustee to file any financing statements or continuation statements or any supplemental instruments or documents or further assurance in any manner in order to perfect or maintain perfection of any security interests created by this Section. If Texas law is amended at any time while any Contract Revenue Bonds are outstanding and unpaid such that the security interest created by this Agreement is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Contract Revenue Bonds the perfection of such security interest, the City and the Issuer agree to take such measures as they determine are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest created by this Section.

End of Article V

ARTICLE VI

OBLIGATION OF LANDLORD TO PROVIDE BASE RENT REVENUES TO THE TRUSTEE

SECTION 6.1. ESTABLISHMENT OF BASE RENT ACCOUNT; ANNUAL TRANSFER OF BASE RENT TO TRUSTEE.

(a) *Establishment of Base Rent Account.* The Landlord shall establish a separate fund, or a separate account or a subaccount of any existing fund or account, in the Landlord's financial records (herein referred to as the "*Landlord's Base Rent Account*") into which the annual Base Rent shall be deposited when received from the Tenant. The Landlord agrees that the Trustee, on behalf of the Issuer, shall be entitled to a first claim on and right to the Base Rent and the amounts on deposit in the Landlord's Base Rent Account.

(b) *Annual Transfer of Base Rent to Trustee.* The Landlord hereby agrees that, as long as any Contract Revenue Bonds remain outstanding, between the 20th calendar day and the last business day of each September, the Landlord shall transfer all Base Rent on deposit in the Landlord's Base Rent Account to the Trustee, of which (i) \$150,000 shall be deposited into the Base Rent Contingency Account of the Pledged Contract Revenue Fund established and maintained by the Trustee under the Indenture, and (ii) the balance shall be deposited into the Base Rent Primary Account of the Pledged Contract Revenue Fund established and maintained by the Trustee under the Indenture.

SECTION 6.2. FUNDS FROM LANDLORD'S BASE RENT ACCOUNT TO BE UTILIZED FOURTH AND SIXTH. As further provided in Section 2.2 of this Agreement and Section 5.04(b) of the Indenture, the funds on deposit in the Landlord's Base Rent Account that are required to be transferred to the Trustee and deposited into the Base Rent Primary Account of the Pledged Contract Revenue Fund in accordance with Section 6.1(b) hereof and Section 5.04(a)(iv) of the Indenture shall only be used for the purposes and in the manner described and permitted in this Agreement and shall be considered the *fourth* source of funds used by the Trustee to pay the ensuing Annual Indenture Requirements, and the funds on deposit in the Landlord's Base Rent Account that are required to be transferred to the Trustee and deposited into the Base Rent Contingency Account of the Pledged Contract Revenue Fund in accordance with Section 6.1(b) hereof and Section 5.04(a)(vi) of the Indenture shall only be used for the purposes and in the manner described and permitted in this Agreement and shall be considered the *sixth* source of funds used by the Trustee to pay the ensuing Annual Indenture Requirements. The Landlord expects, and this Agreement has been written in a manner, that the funds on deposit in the Base Rent Contingency Account of the Pledged Contract Revenue Fund held by the Trustee under the Indenture will not be needed to satisfy the Annual Indenture Requirements for any Fiscal Year and that all funds on deposit in such Base Rent Contingency Account will be withdrawn by the Trustee on or about December 15 of each year and transferred to the Capital Fund maintained by the Capital Fund Custodian to satisfy the Landlord's Capital Fund Commitment under the Lease Agreement.

SECTION 6.3. GRANT OF SECURITY INTEREST IN BASE RENT. In order to provide further security for the payment of debt service on the Contract Revenue Bonds, the Landlord will grant to the Trustee a first priority lien on and security interest in the Base Rent and all funds on deposit from time to time in accordance with this Agreement in the Landlord's Base Rent Account (together with any income, investments and proceeds thereof) to the full extent that such Account and the funds on deposit therein (together with any income, investments and proceeds thereof) may be subject to the Uniform Commercial Code of the State of Texas. The Landlord acknowledges that the Issuer will grant to the Trustee, in accordance with the terms of the Indenture, all of its right, title and interest in this Agreement, including but not limited to the security interest being granted by the Landlord pursuant to this Section.

Pursuant to Chapter 1208.002(2), Texas Government Code, as amended, any security interests created by this Section shall be automatically perfected from the time this Agreement is entered into or adopted, and shall remain perfected continuously through the termination of this Agreement in accordance with the terms set forth herein, all without physical delivery or transfer of control of the Base Rent or the funds on deposit in the Landlord's Base Rent Account, filing of a document, or another act. Therefore, it shall not be necessary for the Landlord, the Issuer or the Trustee to file any financing statements or continuation statements or any supplemental instruments or documents or further assurance in any manner in order to perfect or maintain perfection of any security interests created by this Section. If Texas law is amended at any time while any Contract Revenue Bonds are outstanding and unpaid such that the security interest created by this Section is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Contract Revenue Bonds the perfection of such security interest, the Landlord and the Issuer agree to take such measures as they determine are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest created by this Section.

End of Article VI

ARTICLE VII

OBLIGATION OF EEDC TO PROVIDE NET AVAILABLE EEDC SALES TAX REVENUES TO THE TRUSTEE

SECTION 7.1. CALCULATION OF AMOUNT REQUIRED TO TRANSFER TO THE TRUSTEE. Pursuant to Section 5.04(e) of the Indenture, the Trustee, *by not later than the last business day of October* of each year, shall provide a written report to the Issuer, the City and the EEDC detailing the following:

(i) the aggregate amount of (a) the TIRZ One Tax Increment Revenues, (b) the TIRZ Four Tax Increment Revenues, (c) the City's Dedicated 1% Sales Tax Revenues, and (d) the Base Rent that have been transferred by the City to the Trustee through the last day of the immediately preceding September and deposited by the Trustee into the Pledged Contract Revenue Fund established under the Indenture (excluding the amount of Base Rent transferred into the Base Rent Contingency Account of the Pledged Contract Revenue Fund in accordance with Section 6.1(b) hereof) to pay the ensuing Annual Indenture Requirements (the "*Available Funds*"), and

(ii) the difference between (a) the total amount necessary to pay the immediately ensuing Annual Indenture Requirements, and (b) the Available Funds then on deposit in the Pledged Contract Revenue Fund to pay such ensuing Annual Indenture Requirements, if any (the "*Net Funds Required from EEDC*").

For purposes of clarity, the calculation of Available Funds in clause (i) above shall not include the portion of the TIRZ Four Tax Increment Revenues that are transferred to the Trustee for deposit in the TIRZ Four Contingency Account of the Pledged Contract Revenue Fund in accordance with Section 4.6 of this Agreement, it being the understanding that funds on deposit in the TIRZ Four Contingency Account of the Pledged Contract Revenue Fund shall be transferred to the Debt Service Fund and used to pay Annual Indenture Requirements only if all other funds provided by TIRZ One, TIRZ Four, the City, the Landlord and the EEDC are insufficient to pay all ensuing Annual Indenture Requirements.

The EEDC agrees that the Trustee, on behalf of the Issuer, shall be entitled to a first claim on and right to the EEDC Net Available Sales Tax Revenues and the amounts on deposit in the EEDC Entertainment Center Payment Account, subject to the rights of the EEDC set forth in Section 7.4 hereof.

SECTION 7.2. ANNUAL TRANSFER OF PORTION OF NET AVAILABLE EEDC SALES TAX REVENUES TO TRUSTEE. The EEDC agrees that, as long as any Contract Revenue Bonds remain outstanding, *on or before the last business day of November* in each year it shall transfer to the Trustee, from Net Available EEDC Sales Tax Revenues, an amount equal to 105% of the Net Funds Required from EEDC for deposit by the Trustee into the EEDC Sales Tax Revenues Account of the Pledged Contract Revenue Fund.

SECTION 7.3. FUNDS FROM NET AVAILABLE EEDC SALES TAX REVENUES TO BE UTILIZED FIFTH. As further provided in Section 2.2 of this Agreement and Section 5.04(b) of the Indenture, Net Available EEDC Sales Tax Revenues required to be transferred from the EEDC Entertainment Center Payment Account described in Section 7.4 below to the Trustee and deposited by the Trustee into the EEDC Sales Tax Revenues Account of the Pledged Contract Revenue Fund shall only be used for the purposes and in the manner described and permitted in this Agreement and shall be considered the *fifth* source of funds used by the Trustee to pay the ensuing Annual Indenture Requirements.

SECTION 7.4. ANNUAL EEDC BUDGET TO INCLUDE AMOUNT SUFFICIENT TO PAY ESTIMATED NET FUNDS REQUIRED FROM EEDC. In order to provide assurance to the Issuer, the Trustee and the holders of the Contract Revenue Bonds that the EEDC will have Net Available EEDC Sales Tax Revenues available in an amount sufficient to satisfy its payment obligation under Section 7.2 of this Agreement, the EEDC hereby expressly stipulates and agrees, while any of the Contract Revenue Bonds are outstanding, that it will (i) include in each annual budget, *after providing, first, for the payment of debt service on all outstanding Senior Lien EEDC Sales Tax Revenue Bonds during the fiscal year covered by such budget, and second, for the amount reasonably estimated to be required to reimburse the La Sienna Developer in accordance with the La Sienna Agreement during the fiscal year covered by such budget*, an amount equal to not less than 125% of the "Estimated Net Funds Required from EEDC" (as described below), and (ii) deposit into a separate financial account of the EEDC (the "***EEDC Entertainment Center Payment Account***") Net Available EEDC Sales Tax Revenues equal to not less than 125% of the Estimated Net Funds Required from EEDC until Net Available EEDC Sales Tax Revenues are transferred to the Trustee as required by Section 7.2 of this Agreement.

As used herein, the term "***Estimated Net Funds Required from EEDC***" for any fiscal year of the EEDC is the amount that the Executive Director and the chief financial officer of the EEDC reasonably expect, on the basis of available information and experience (including but not limited to estimates provided by the City in accordance with Section 8.4 of this Agreement with respect to the amount of TIRZ One Tax Increment Revenues, TIRZ Four Tax Increment Revenues, the City's Dedicated 1% Sales Tax Revenues and the Base Rent that will be transferred by the City or the Landlord, as applicable, on or about the last business day of each September as required by Section 3.1, Section 4.1, Section 5.1(c) and Section 6.1(b) of this Agreement (excluding \$150,000 of the Base Rent to be deposited by the Trustee into the Base Rent Contingency Account of the Pledged Contract Revenue Fund), will be required to be transferred by the EEDC to the Trustee on or before the last business day of each November to satisfy the EEDC's obligations under Section 7.2 of this Agreement. Following the EEDC's transfer of Net Available EEDC Sales Tax Revenues to the Trustee in accordance with Section 7.2 of this Agreement, the EEDC may withdraw all remaining funds on deposit in the EEDC Entertainment Center Payment Account and use such funds for any lawful purpose.

SECTION 7.5. UNCONDITIONAL PAYMENTS BY EEDC TO THE TRUSTEE. In consideration of the Issuer's agreement to issue the Contract Revenue Bonds to fund a portion of the costs of the Entertainment Center as provided in the Lease Agreement and to refinance the Public Infrastructure Costs originally financed with the Series 2011 LGC Bonds, the EEDC agrees that the EEDC will pay

to the Trustee for the benefit of the Issuer, during the term of this Agreement, as an unconditional obligation of the EEDC (but solely from the Net Available EEDC Sales Tax Revenues), the amounts required to be paid as required by Section 7.2 of this Agreement regardless of whether or not the Entertainment Center is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of operation of the Entertainment Center. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditional upon (i) performance or default by the Issuer under this Agreement or any other obligation or agreement relating to the Contract Revenue Bonds to which the Issuer is a party, or (ii) whether or not the Tenant shall perform, fail to perform or default in its obligations under the Lease Agreement or any other document relating to the Contract Revenue Bonds and the Entertainment Center to which the Tenant is a party. **THE ISSUER AND THE TRUSTEE SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENTS REQUIRED TO BE MADE BY THE EEDC FROM ANY SOURCE OF FUNDS OTHER THAN AS SPECIFIED IN SECTION 7.2 OF THIS AGREEMENT.**

SECTION 7.6. GRANT OF SECURITY INTEREST IN EEDC'S NET AVAILABLE EEDC SALES TAX REVENUES. In order to provide further security for the payment of debt service on the Contract Revenue Bonds, the EEDC hereby grants to the Issuer a first priority lien on and security interest in the Net Available EEDC Sales Tax Revenues and all funds on deposit from time to time in accordance with this Agreement in the EEDC Entertainment Center Payment Account (together with any income, investments and proceeds thereof) to the full extent that such Account and the funds on deposit therein (together with any income, investments and proceeds thereof) may be subject to the Uniform Commercial Code of the State of Texas. The EEDC acknowledges that the Issuer will grant to the Trustee, in accordance with the terms of the Indenture, all of its right, title and interest in this Agreement, including but not limited to the security interest being granted by the EEDC pursuant to this Section.

Pursuant to Chapter 1208.002(2), Texas Government Code, as amended, any security interests created by this Section shall be automatically perfected from the time this Agreement is entered into or adopted, and shall remain perfected continuously through the termination of this Agreement in accordance with the terms set forth herein, all without physical delivery or transfer of control of the Net Available EEDC Sales Tax Revenues or the funds on deposit in the EEDC Entertainment Center Payment Account, filing of a document, or another act. Therefore, it shall not be necessary for the EEDC, the Issuer or the Trustee to file any financing statements or continuation statements or any supplemental instruments or documents or further assurance in any manner in order to perfect or maintain perfection of any security interests created by this Section. If Texas law is amended at any time while any Contract Revenue Bonds are outstanding and unpaid such that the security interest created by this Section is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Contract Revenue Bonds the perfection of such security interest, the EEDC and the Issuer agree to take such measures as they determine are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest created by this Section.

SECTION 7.7. AFFIRMATION OF COVENANT NOT TO ISSUE ADDITIONAL SENIOR LIEN SALES TAX REVENUE BONDS. The EEDC hereby acknowledges and affirms the covenant contained in Sections 7(a) and 18 of the resolution which authorized the issuance of the Series 2015 EEDC Bonds that, as long as any Contract Revenue Bonds remain outstanding, it shall not issue additional bonds, or incur any other indebtedness, on a parity with the outstanding EEDC Senior Lien Sales Tax Revenue Bonds except for the purpose of refunding all or any part of the outstanding EEDC Senior Lien Sales Tax Revenue Bonds which will result in annual debt service savings to the EEDC and does not extend the final maturity of such Bonds. ***The EEDC acknowledges that the effect of such covenant prohibits the EEDC from issuing or incurring any additional obligations or contractual commitments which would be secured, in whole or in part, with a pledge that would have a lien on all or any portion of the EEDC Sales Tax Revenues superior to the lien on such Revenues which is being granted by the EEDC pursuant to Section 7.2 hereof to support and secure the Contract Revenue Bonds.***

End of Article VII

ARTICLE VIII

ADDITIONAL COVENANTS AND OBLIGATIONS OF THE CITY

SECTION 8.1. FULFILLMENT OF CERTAIN OBLIGATIONS UNDER LEASE AGREEMENT. The City is entering into this Agreement, pursuant to the authority granted in the City Charter and applicable laws of the State of Texas, in order to fulfill certain obligations contained in the Lease Agreement.

SECTION 8.2. CITY ECONOMIC DEVELOPMENT PROGRAM. The transfer of the City's Dedicated 1% Sales Tax Revenues is being made, in part, pursuant to authority granted in Chapter 380, and the City represents that it has taken all necessary legal action to adopt an economic development program in satisfaction of Section 380.001 thereof.

SECTION 8.3. QUALIFICATION OF ENTERTAINMENT CENTER UNDER CITY ECONOMIC DEVELOPMENT PROGRAM. The City represents that the Entertainment Center project qualifies under the City's economic development program established under Chapter 380, that this Agreement is authorized pursuant to Section 380.001(b)(2) thereof, and that the City's grant of the City's Dedicated 1% Sales Tax Revenues as set forth herein satisfies and complies in all respects with Section 380.001(a) thereof.

SECTION 8.4. CITY TO ANNUALLY PROVIDE ESTIMATES TO EEDC OF AVAILABLE FUNDS TO PAY DEBT SERVICE ON CONTRACT REVENUE BONDS. *By no later than August 1 of each year,* the City shall provide the EEDC with estimates of the amount of TIRZ One Tax Increment Revenues, TIRZ Four Tax Increment Revenues, the City's Dedicated 1% Sales Tax Revenues, and the Base Rent (excluding \$150,000 of such Base Rent that will be transferred by the Trustee into the Base Rent Contingency Account of the Pledged Contract Revenue Fund) that it reasonably expects will be available to be transferred by the City or the Landlord, as applicable, to the Trustee on or about the last business day of each September as required by Section 3.1, Section 4.1, Section 5.1(c), and Section 6.1(b) of this Agreement.

The City acknowledges that the estimates to be provided to the EEDC will be used by the EEDC to determine the amount of Net Available EEDC Sales Tax Revenues it will need to budget to pay its obligations under Section 7.2 of this Agreement and is a critical component for providing assurance that sufficient funds will be available to pay all debt service on the Contract Revenue Bonds when due; accordingly, the City agrees to use due diligence and care in making such estimates. Such estimates with respect to available TIRZ One Tax Increment Revenues and TIRZ Four Tax Increment Revenues shall be based, in part, on (i) the total amount of TIRZ One Tax Increment Revenues and TIRZ Four Tax Increment Revenues transferred to the Trustee during the immediately preceding fiscal year (for historical comparison purposes), (ii) the funds then on deposit in the TIRZ One Tax Increment Fund and the TIRZ Four Tax Increment Fund, and (iii) any additional TIRZ One Tax Increment Revenues and TIRZ Four Tax Increment Revenues the City reasonably expects will be deposited into the TIRZ One Tax Increment Fund and the TIRZ Four Tax Increment Fund, respectively, before the City transfers all funds on deposit therein to the Trustee as required by Sections 3.1 and 4.1 of this Agreement. Similarly, such estimates with respect to available City's

Dedicated 1% Sales Tax Revenues shall be based, in part, on (i) the total amount of City's Dedicated 1% Sales Tax Revenues transferred to the Trustee during the preceding fiscal year (for historical comparison purposes), (ii) the funds then on deposit in the TIRZ One/Four Sales Tax Revenue Account, and (iii) any additional City's Dedicated 1% Sales Tax Revenues the City reasonably expects will be deposited into the TIRZ One/Four Sales Tax Revenue Account before the City transfers all funds on deposit therein to the Trustee as required by Section 5.1(c) of this Agreement.

SECTION 8.5. CITY TO ENFORCE INTERLOCAL AGREEMENTS WITH THE COUNTY. The City agrees to cause the County, their officials, and employees to comply with the County's obligations under the TIRZ One Interlocal Agreement and the TIRZ Four Interlocal Agreement to annually and timely provide to the City, for deposit in the respective Tax Increment Fund established by the City for TIRZ One and TIRZ Four, its Tax Increment payments generated within TIRZ One and TIRZ Four, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings in any court of competent jurisdiction. The City further agrees that it will not permit the TIRZ One Interlocal Agreement or the TIRZ Four Interlocal Agreement to be rescinded, modified, or amended in any way unless such rescission, modification or amendment (a) has been consented to in accordance with Article XI of the Indenture, and (b) would not, in the opinion of nationally-recognized bond counsel, have a material adverse effect on the rights of the owners of the Contract Revenue Bonds.

End of Article VIII

ARTICLE IX

ADDRESSES AND NOTICES

SECTION 9.1. NOTICES. All notices, certificates, or other communications hereunder shall be in writing and delivered by certified mail, return receipt requested, telecopy, or other electronic transmission, or by express or personal delivery, prepaid, and addressed as follows:

(i) If to the Issuer:

City of Edinburg, Texas Local Government Finance Corporation
P.O. Box 1079
Edinburg, Texas 78540
Attention: City Manager

or

City of Edinburg, Texas Local Government Finance Corporation
415 W. University Drive
Edinburg, Texas 78539
Attention: City Manager

(ii) If to the City:

City of Edinburg, Texas
P.O. Box 1079
Edinburg, Texas 78540
Attention: City Manager

or

City of Edinburg, Texas
415 W. University Drive
Edinburg, Texas 78539
Attention: City Manager

(iii) If to TIRZ One:

Reinvestment Zone Number One, City of Edinburg, Texas
P.O. Box 1079
Edinburg, Texas 78540
Attention: City Manager

or

Reinvestment Zone Number One, City of Edinburg, Texas
415 W. University Drive
Edinburg, Texas 78539
Attention: City Manager

(iv) If to TIRZ Four:

Reinvestment Zone Number Four, City of Edinburg, Texas
P.O. Box 1079
Edinburg, Texas 78540
Attention: City Manager
or
Reinvestment Zone Number Four, City of Edinburg, Texas
415 W. University Drive
Edinburg, Texas 78539
Attention: City Manager

(v) If to the EEDC:

Edinburg Economic Development Corporation
101 N. 10th Avenue
Edinburg, Texas 78541
Attention: Executive Director

(vi) If to the Trustee:

Wells Fargo Bank, National Association

Attention: _____

(vii) If to the Bond Insurer:

Attention: _____

(viii) If to the Rating Agency:

Attention: _____

(b) Any party to this Agreement may designate any additional or different address to which communications under this Agreement shall be delivered by giving at least five days advance notice thereof to the affected party(ies).

SECTION 9.2. TIMING OF NOTICES. All written notices required or permitted to be given under this Agreement from one party to the other shall be deemed given by facsimile transmission or other electronic means when sent by the sending party or three Business Days after the deposit thereof in a United States Postal Service mail box or receptacle with proper postage affixed thereto and addressed to the respective other party at the address set forth above or at such other address as the parties respectively shall designate by written notice.

SECTION 9.3. TRUSTEE'S WIRE TRANSFER INSTRUCTIONS: Until the City and Issuer are otherwise notified in writing by the Trustee, the wire transfer instructions the City shall use to transfer any funds to the Trustee as set forth in Sections 3.1, 4.1, 5.1(c), 6.1(b), and 7.2 of this Agreement shall remain as follows:

ABA # _____
Acct # _____

Prior to wiring any funds to the Trustee pursuant to this Agreement, the Trustee has requested to be notified, and the City hereby agrees to notify the Trustee, by telephone (_____) or telecopy (_____), or at such other numbers or electronic methods provided in writing to the City by the Trustee, that the City will be wiring funds to the Trustee pursuant to this Agreement.

End of Article IX

ARTICLE X

MISCELLANEOUS PROVISIONS

SECTION 10.1. ACCOUNTS, RECORDS AND ACCOUNTING REPORTS. The Issuer covenants and agrees that it will maintain, or cause to be maintained, books, records and accounts relating to the Contract Revenue Bonds and same shall be available for inspection by all parties to this Agreement at reasonable hours and under reasonable circumstances.

SECTION 10.2. ANNUAL AUDITS. After the end of each fiscal year of the Issuer (beginning with the 2014/2015 fiscal year), but only if requested by the City, the Issuer shall have its books, records, and accounts audited by a certified public accountant and shall submit the results of such audit to the City within six months after the end of the fiscal year.

SECTION 10.3. TERM OF AGREEMENT. This Agreement shall commence on the date of initial delivery of the initial series of Contract Revenue Bonds and shall automatically terminate on the date when all Contract Revenue Bonds have been fully paid or legally defeased under Texas law and are no longer considered outstanding. The City agrees that it will not dissolve the Issuer, TIRZ One, TIRZ Four or the EEDC, and each party hereto agrees that it will not take any action to terminate this Agreement for any reason, so long as any Contract Revenue Bonds remain outstanding.

SECTION 10.4. REMEDIES UPON DEFAULT.

(a) *No Waiver.* The failure of any party to insist in any one or more instances upon performance of any of the terms, covenants or conditions of this Agreement shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant or condition by any other party hereto, but the obligation of such party with respect to future performance shall continue in full force and effect.

(b) *Payment Default.* In the event of a default by TIRZ One, TIRZ Four, the City, the Landlord, or the EEDC in the payment of any sum due and payable to the Trustee under this Agreement, the Trustee shall be authorized to pursue any remedies authorized by applicable law on behalf of the Issuer without notice to or consent of the Issuer.

SECTION 10.5. ASSIGNMENT. No party to this Agreement may assign or otherwise transfer any rights or obligations created hereby except that, notwithstanding the foregoing, the Issuer may assign, without the consent of any other party to this Agreement, and concurrently herewith has assigned, to the Trustee under the Indenture all of its rights, title and interests herein as security for the payment of the principal of, premium, if any, interest on and all other obligations with respect to the Contract Revenue Bonds and the performance of and observance by the Issuer of all of the covenants expressed or implied in the Indenture.

SECTION 10.6. AMENDMENTS. This Agreement may be amended only by written instrument duly executed on behalf of the City, Issuer, TIRZ One, TIRZ Four and the EEDC and only in accordance with Article XI of the Indenture. Prior to the initial delivery of the initial series of Contract Revenue Bonds, the parties hereto agree to enter into one or more amendments hereto containing such modifications to this Agreement as the Trustee, the Bond Insurer or the Rating Agency may request or as the Attorney General of Texas may require in connection with the Attorney General's approval of such Contract Revenue Bonds; provided, however, that the modifications do not, in the aggregate, materially increase any party's obligations under this Agreement. The foregoing notwithstanding, while any Contract Revenue Bonds are outstanding, no amendment shall become effective until the parties have received an opinion of nationally-recognized bond counsel, selected by the Issuer, to the effect that such amendment will not materially adversely impair the rights of the owners of the Contract Revenue Bonds which are then outstanding.

SECTION 10.7. SUCCESSORS AND ASSIGNS. This Agreement shall bind and benefit the respective parties and their legal successors, and, except as permitted in Section 10.6 above, shall not otherwise be assignable, in whole or in part, by either party without first obtaining the written consent of the other.

SECTION 10.8. BENEFIT OF AGREEMENT. This Agreement shall be for the sole and exclusive benefit of the parties hereto and shall not be construed to confer any rights upon any third party other than (i) the Trustee on behalf of holders of the Contract Revenue Bonds, and (ii) the Bond Insurer and any other financial institutions providing credit enhancement for the Contract Revenue Bonds.

SECTION 10.9. COMPLIANCE WITH LAWS. This Agreement shall be subject to all present and future valid laws, orders, rules and regulations of the United States of America, the State of Texas and of any regulatory body having jurisdiction.

SECTION 10.10. SEVERABILITY. In the event any term, covenant or condition herein contained shall be held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant or condition herein contained, provided that such invalidity does not materially prejudice any party hereto in their respective rights and obligations contained in the valid terms, covenants or conditions hereof.

SECTION 10.11. ENTIRE AGREEMENT. This Agreement merges the prior negotiations and understandings of the parties hereto and embodies the entire agreement of the parties.

SECTION 10.12. INCORPORATION OF RECITALS. The City, the Issuer, TIRZ One, TIRZ Four, and the EEDC hereby find that the statements set forth in the recitals of this Agreement pertaining to their respective entity are true and correct, and the City, the Issuer, TIRZ One, TIRZ Four, and the EEDC hereby incorporate such recitals as a part of this Agreement.

SECTION 10.13. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same instrument.

SECTION 10.14. APPROVALS. This Agreement has been duly approved by the City Council of the City and by the respective Board of Directors of the Issuer, TIRZ One, TIRZ Four and the EEDC.

End of Article X

IN WITNESS WHEREOF, the City, the Issuer, TIRZ One, TIRZ Four and the EEDC, acting under authority of their respective governing bodies, have caused this Agreement to be duly executed and effective as of the date first set forth above.

**CITY OF EDINBURG, TEXAS LOCAL
GOVERNMENT FINANCE CORPORATION**
(in the capacity as the Issuer)

By _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

**CITY OF EDINBURG, TEXAS LOCAL
GOVERNMENT FINANCE CORPORATION**
(in the capacity as the Landlord)

By _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

**REINVESTMENT ZONE NUMBER ONE,
CITY OF EDINBURG, TEXAS**

By _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

**REINVESTMENT ZONE NUMBER FOUR,
CITY OF EDINBURG, TEXAS**

By _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

CITY OF EDINBURG, TEXAS

By _____
Mayor

ATTEST:

City Secretary

**EDINBURG ECONOMIC DEVELOPMENT
CORPORATION**

By _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

APPROVED AS TO FORM:

City Attorney, City of Edinburg, Texas

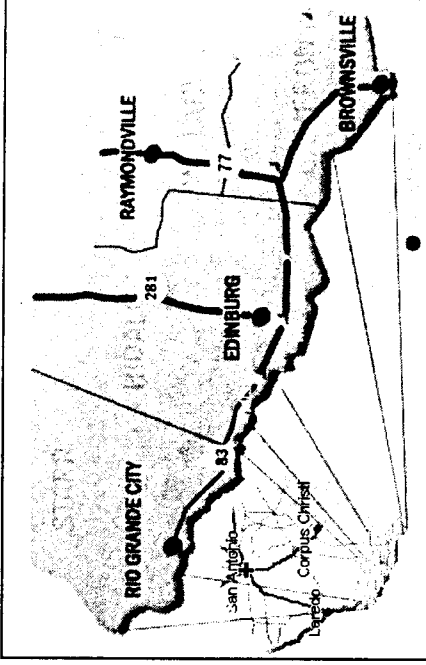
EXHIBIT E

SITE PLAN FOR PROPOSED ARENA/ENTERTAINMENT CENTER PROJECT

Edinburg Entertainment Center Project

- ❑ The Edinburg Entertainment Center (EEC) Project is a planned 8,500 seat multipurpose entertainment facility to be built on US Interstate 69C in Edinburg, Texas
- ❑ Developed as a public-private partnership between the City of Edinburg and Viper Arena, LLC, the Project is projected to cost \$55 million
- ❑ The facility will mainly serve as the exclusive home of the Rio Grande Valley Vipers of the National Basketball Association Development League (NBA D-League).
- ❑ The EEC will be strategically positioned along prime US Interstate 69C frontage with additional space planned for restaurants, hotels, and retail and commercial development, and is part of a new Tax Increment Reinvestment Zone (part of TIRZ #4)
- ❑ Construction of the EEC is expected to commence in early 2015 with the facility opening for business by November 2016

Location of Edinburg in Rio Grande Valley



Map of Edinburg Entertainment Center Site

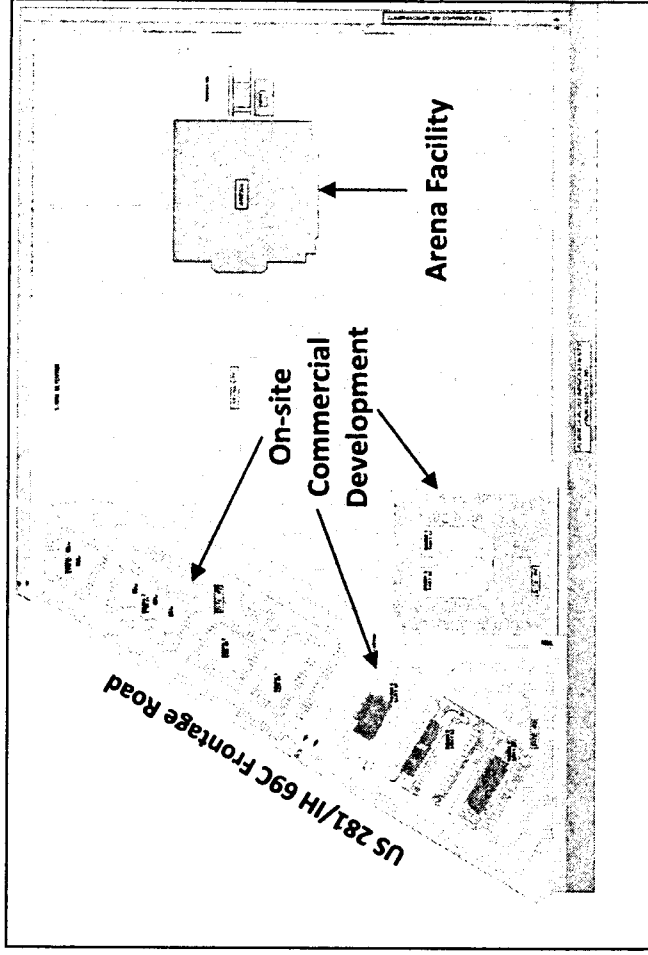


EXHIBIT F

**ESTIMATED PROJECT COSTS RELATED TO THE
ARENA/ENTERTAINMENT CENTER PROJECT**

#2 - Issue Edinburg Local Government Corporation Bonds to finance the EE Center and pay off TIRZ #1 obligations

City of Edinburg, Texas Local Government Finance Corporation Contract Revenue Bonds, Series 2015 (Tax Exempt and Taxable)

Source: (in US\$ '000)

Security Pledge	TIRZ #1 and #4 Tax Incremental Revenues, City's 1% Dedicated Sales Tax from TIRZ 1/4, Tenant Base Rent, Net Available EEDC Sales Tax	SOURCES:	Tax Exempt	Taxable	Developer	Combined
Dated/Delivery	3/11/2015	Par Amount	\$38,620,000	\$2,925,000		\$41,545,000
Amort Structure	30 years	Premium	1,248,351		25,000,000	1,248,351
Balloon Maturity?	No	Developer Equity				25,000,000
True Interest Cost	4.88%	TOTAL SOURCES	\$39,868,351	\$2,925,000	\$25,000,000	\$67,793,351
Average Life (years)	19.67	USES:				
Minimum Coverage	1.42x	Project Fund	\$31,268,658	\$2,279,257	\$21,452,085	\$55,000,000
Par Amount	\$41,545,000	Supplemental Project Fund			3,547,915	3,547,915
Total Interest	\$41,408,650	TIRZ #1: LGFC Bonds Takeout	3,681,125			3,681,125
Debt Service	\$82,953,650	Capitalized Interest Fund	1,766,275	346,125		2,112,400
Total Pledged Revenues	\$130,761,000	Debt Service Reserve Fund	2,566,250	216,058		2,782,308
Average Annual Debt Debt Service	\$2,767,684	Cost of Issuance	296,392	61,623		358,016
		Underwriter's Discount	289,650	21,938		311,588
		TOTAL USES	\$39,868,351	\$2,925,000	\$25,000,000	\$67,793,351

Notes:

(1) Preliminary and subject to change.

EXHIBIT G

**CASH FLOW AND DEBT SERVICE RELATED TO THE
PROPOSED SERIES 2015 CONTRACT REVENUE BONDS**

Projected Cash Flows (2015-2030)

Based on Historical Revenues Only

EEDC SALES TAX OBLIGATIONS												
EEDC Sales Tax												
(A)	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618
EEDC Senior Lien Sales Tax Debt Service	\$269	\$267	\$266	\$269	\$267	\$270	\$268	\$265	\$267	\$269	\$267	\$269
Sales Tax Revenues Bonds, Series 2013A (Ebony Hills)	533	531	528	530	532	533	528	529	529	533	529	533
Other Sales Tax Obligations (1)	606											
Sales Tax Revenue Refunding Bonds, Taxable Series 2015 (2)	277	687	691	690	688	686	689	691	693	685	1,487	1,487
Total EEDC Senior Lien Sales Tax Debt Service	\$1,684	\$1,485	\$1,485	\$1,489	\$1,487	\$1,489	\$1,485	\$1,485	\$1,489	\$1,487	\$1,484	\$1,485
EEDC Senior Lien Debt Service Coverage (A/B)	2.74x	3.11x	3.11x	3.10x	3.11x	3.10x	3.11x	3.11x	3.10x	3.11x	3.11x	3.11x
EEDC Available Funds for O&M and Other Debt Service (A-B)	\$2,934	\$3,133	\$3,133	\$3,129	\$3,131	\$3,130	\$3,134	\$3,133	\$3,129	\$3,131	\$3,132	\$3,134
Budgeted funds for EEDC Entertainment Center Payment Account, 125% (3)	\$294	\$1,479	\$2,444	\$2,445	\$2,448	\$2,448	\$2,446	\$2,441	\$2,446	\$2,448	\$2,442	\$2,446
Funds deposited to EEDC Entertainment Center Payment Account, 105% (4)	\$247	\$1,243	\$1,913	\$1,844	\$1,846	\$1,846	\$1,845	\$1,841	\$1,845	\$1,846	\$1,841	\$1,845
EEDC Available Funds for O&M (C-D)	\$2,687	\$1,890	\$1,220	\$1,285	\$1,285	\$1,283	\$1,289	\$1,293	\$1,285	\$1,285	\$1,290	\$1,288
CITY OF EDINBURG LOCAL GOVERNMENT CORPORATION												
Revenues (Collected in Prior Calendar Year)												
(F)	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399
TIRZ One Property Tax Increment Revenues (5)												
TIRZ Four Property Tax Increment Revenues (6)												
(G)	0	0	0	0	0	0	0	0	0	0	0	0
TIRZ Four Revenues (100% Revenue)												
(H)	0	0	0	0	0	0	0	0	0	0	0	0
TIRZ Four Revenues (5% transfer to Contingency Fund)												
(I)	423	423	423	423	423	423	423	423	423	423	423	423
TIRZ Four Revenues (95% used for LGC bonds)												
(J)	0	0	0	0	0	0	0	0	0	0	0	0
City's Dedicated 1% Sales Tax Revenues (7)												
(K)	233	233	233	233	233	233	233	233	233	233	233	233
Base Rent (8)												
(L)	100	100	100	100	100	100	100	100	100	100	100	100
Base Rent (Total Payment)												
(M)	247	1,243	1,913	1,844	1,846	1,846	1,845	1,841	1,845	1,846	1,841	1,845
Landlord Commitment (\$150K transfer to Contingency Fund)												
(N)	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent (\$200K for LGC Bonds)												
(O)	\$1,069	\$2,065	\$2,868	\$2,866	\$2,868	\$2,869	\$2,867	\$2,863	\$2,867	\$2,868	\$2,863	\$2,867
Net Available EEDC Sales Tax Revenues (D)												
(P)	\$1,069	\$2,065	\$2,868	\$2,866	\$2,868	\$2,869	\$2,867	\$2,863	\$2,867	\$2,868	\$2,863	\$2,867
Rev Applied to Next Year for Contract Revenue Debt Service (F+H+K+L)												
(Q)	\$0	\$1,057	\$1,918	\$2,563	\$2,561	\$2,566	\$2,564	\$2,561	\$2,560	\$2,563	\$2,566	\$2,564
Total Cash Available to Pay for Contract Revenue Bonds (prior year M)												
(R)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service												
(S)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contract Revenue Bonds, Series 2015 Net Debt Service (9)												
(T)	\$0	\$1,057	\$2,006	\$2,777	\$2,778	\$2,780	\$2,781	\$2,779	\$2,775	\$2,779	\$2,779	\$2,779
Contract Revenue Bonds, Taxable Series 2015 Net Debt Service (9)												
(U)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Requirements												
(V)	\$0	\$12	\$59	\$91	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88
EXCESS REVENUES (N-O)												

Projected Cash Flows (2015-2030, cont'd.)

Based on Historical Revenues Only

EEDC NET REVENUES AND OTHER EXPENSES, CAPITAL FUND

(P)	\$0	\$12	\$59	\$91	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88
EXCESS REVENUES (continued from previous page)																		
Deposit to LGC General Fund	\$0	\$12	\$59	\$91	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88
Transfer back to EEDC	\$0	\$12	\$59	\$91	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88
EEDC Available Funds for O&M (E)	2,687	1,890	1,220	1,285	1,283	1,289	1,293	1,285	1,285	1,286	1,290	1,289	1,288	1,288	1,288	1,288	1,288	1,284
Total Available Funds for EEDC	\$2,687	\$1,902	\$1,279	\$1,376	\$1,373	\$1,371	\$1,377	\$1,381	\$1,372	\$1,373	\$1,374	\$1,378	\$1,377	\$1,376	\$1,376	\$1,376	\$1,376	\$1,372
EEDC M&O and Other Commitments																		
M&O and Other (grows at 2.0%) (10)	\$1,000	\$1,020	\$1,040	\$1,061	\$1,082	\$1,104	\$1,126	\$1,149	\$1,172	\$1,195	\$1,219	\$1,243	\$1,268	\$1,294	\$1,319	\$1,346	\$1,372	\$1,399
Comptroller Rebate	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33
Total M&O and Other Commitments	\$1,033	\$1,053	\$1,074	\$1,094	\$1,116	\$1,104	\$1,126	\$1,149	\$1,172	\$1,195	\$1,219	\$1,243	\$1,268	\$1,294	\$1,319	\$1,346	\$1,372	\$1,399
(S) REMAINING REVENUES (O-S)	\$1,653	\$849	\$205	\$282	\$257	\$267	\$251	\$232	\$201	\$177	\$155	\$135	\$109	\$83	\$57	\$26	\$0	\$0
EEDC FUND BALANCE																		
Beginning	\$1,200	\$2,853	\$3,702	\$3,907	\$4,189	\$4,447	\$4,713	\$4,964	\$5,196	\$5,397	\$5,574	\$5,730	\$5,865	\$5,973	\$6,056	\$6,112	\$6,156	\$6,199
Ending	\$2,853	\$3,702	\$3,907	\$4,189	\$4,447	\$4,713	\$4,964	\$5,196	\$5,397	\$5,574	\$5,730	\$5,865	\$5,973	\$6,056	\$6,112	\$6,156	\$6,199	\$6,242
CAPITAL FUND CONTRIBUTIONS AND BALANCES																		
Capital Fund Cashflows																		
TIRZ Four Capital Fund Commitment (G)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Landlord Capital Fund Commitment (I)	0	0	0	100	150	150	150	150	150	150	150	150	150	150	150	150	150	150
Total Capital Fund Contribution	\$0	\$0	\$0	\$100	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Capital Fund Balances																		
Beginning	\$0	\$0	\$0	\$0	\$100	\$250	\$400	\$550	\$700	\$850	\$1,000	\$1,150	\$1,300	\$1,450	\$1,600	\$1,750	\$1,900	\$2,050
Ending	\$0	\$0	\$0	\$100	\$250	\$400	\$550	\$700	\$850	\$1,000	\$1,150	\$1,300	\$1,450	\$1,600	\$1,750	\$1,900	\$2,050	\$2,200

Notes:

- (1) - Includes payments to TX Leverage Fund loans (III, IV, V), LSNB loans (Santana and land).
- (2) - Refunds Texas Leverage Fund loan (V) and LSNB loan (Santana), 20 year term.
- (3) - As required by the Project Funding Agreement, 125% of Budgeted funds for EEDC Entertainment Center Payment Account.
- (4) - As required by the Project Funding Agreement, 105% of Budgeted funds for EEDC Entertainment Center Payment Account, transferred into cash flow.
- (5) - TIRZ One Property Tax Increment Revenues have been collected since FY 2009.
- (6) - TIRZ Four revenues do not have historical collections, but will begin in FY 2015. Each year, 95% of TIRZ Four revenues are transferred to the LGFDS Fund. The remaining 5% is transferred to the Contingency Fund. Once all DS is paid, the \$150K is transferred to the Capital Fund.
- (7) - The City's Dedicated 1% Sales Tax Revenues have previously been collected since FY 2009.
- (8) - Once the Entertainment Center opens, on a yearly basis, \$200K of Base Rent revenues is transferred to the LGFDS Fund. The remaining \$150K is transferred to the Contingency Fund. Once all DS is paid, the \$150K is transferred to the Capital Fund. FY 2017 is a partial year.
- (9) - Includes \$35.4 Million Edinburg Entertainment Center Project and refunds \$3.675 Million TIRZ #1 LGFDS Bonds. Net of capitalized interest.
- (10) - M&O budget projections need to be refined by EEDC staff.

Projected Cash Flows (2031-2045)

Based on Historical Revenues Only

EEDC SALES TAX OBLIGATIONS

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
EEDC Sales Tax															
(A) EEDC 1/2 cent Sales Tax	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618
(D) EEDC 1/2 cent Sales Tax (grows at 2.5% until 2020)	\$607	\$607	\$607	\$607	\$607	\$607	\$607	\$607	\$607	\$607	\$607	\$607	\$607	\$607	\$607
EEDC Senior Lien Sales Tax Debt Service															
Sales Tax Revenues Bonds, Series 2013A (Ebony Hills)															
Sales Tax Revenues Bonds, Series 2013B (Emergency Shelter)															
Other Sales Tax Obligations (1)															
Sales Tax Revenue Refunding Bonds, Taxable Series 2015 (2)	1,484	1,488	1,484	1,487	1,486										
Total EEDC Senior Lien Sales Tax Debt Service	\$1,484	\$1,488	\$1,484	\$1,487	\$1,486	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EEDC Senior Lien Debt Service Coverage (A/B)															
(B) EEDC Available Funds for O&M and Other Debt Service (A-B)	3,11x	3,10x	3,11x	3,11x	3,11x	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Budgeted Funds for EEDC Entertainment Center Payment Account, 125% (3)	\$3,134	\$3,130	\$3,134	\$3,131	\$3,132	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618	\$4,618
Funds deposited to EEDC Entertainment Center Payment Account, 105% (4)	\$1,842	\$1,840	\$1,848	\$1,842	\$1,842	\$1,843	\$1,844	\$1,840	\$1,842	\$1,842	\$1,841	\$1,841	\$1,841	\$1,839	\$1,839
EEDC Available Funds for O&M (C-D)	\$1,292	\$1,290	\$1,286	\$1,289	\$1,289	\$2,774	\$2,778	\$2,777	\$2,776	\$2,777	\$2,777	\$2,777	\$2,777	\$2,769	\$2,779

CITY OF EDINBURG LOCAL GOVERNMENT CORPORATION

Revenues (Collected in Prior Calendar Year)															
(F) TIRZ One Property Tax Increment Revenues (5)	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399
TIRZ Four Property Tax Increment Revenues (6)															
(G) TIRZ Four Revenues (100% Revenue)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(H) TIRZ Four Revenues (5% transfer to Contingency Fund)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(I) City's Dedicated 1% Sales Tax Revenues (7)	423	423	423	423	423	423	423	423	423	423	423	423	423	423	423
Base Rent (8)															
(J) Base Rent (Total Payment)	350	350	350	350	350	350	350	350	350	350	350	350	350	350	350
(K) Landlord Commitment (\$150K transfer to Contingency Fund)	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
(L) Net Available EEDC Sales Tax Revenues (D)	1,842	1,840	1,848	1,842	1,842	1,843	1,844	1,840	1,842	1,842	1,841	1,841	1,841	1,839	1,839
(M) Rev Applied to Next Year for Contract Revenue Debt Service (F+H+K+L)	\$2,864	\$2,862	\$2,870	\$2,864	\$2,865	\$2,865	\$2,866	\$2,862	\$2,864	\$2,864	\$2,864	\$2,864	\$2,864	\$2,861	\$1,022
(N) Total Cash Available to Pay for Contract Revenue Bonds (prior year M)	\$2,869	\$2,864	\$2,862	\$2,870	\$2,864	\$2,865	\$2,865	\$2,866	\$2,862	\$2,864	\$2,864	\$2,864	\$2,864	\$2,871	\$2,861
Debt Service															
(O) Contract Revenue Bonds, Series 2015 Net Debt Service (9)	\$2,566	\$2,562	\$2,560	\$2,565	\$2,561	\$2,563	\$2,561	\$2,560	\$2,560	\$2,560	\$2,560	\$2,560	\$2,560	\$2,564	\$2,557
(P) Total Debt Service Requirements	\$2,781	\$2,777	\$2,774	\$2,782	\$2,777	\$2,777	\$2,778	\$2,779	\$2,775	\$2,777	\$2,777	\$2,777	\$2,776	\$2,783	\$2,774
(P) EXCESS REVENUES (N-O)	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88

EXHIBIT H

**ESTIMATE OF CAPTURED APPRAISED VALUE
IN EACH YEAR OF PROJECTED LIFE OF THE ZONE**

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Taxable Values (\$)</u>
2007	2007-2008	2,250,000*
2008	2008-2009	18,014,929*
2009	2009-2010	26,069,900*
2010	2010-2011	33,103,728*
2011	2011-2012	26,979,869*
2012	2012-2013	35,066,748*
2013	2013-2014	34,039,110*
2014	2014-2015	34,039,110
2015	2015-2016	34,039,110
2016	2016-2017	34,039,110
2017	2017-2018	34,039,110
2018	2018-2019	34,039,110
2019	2019-2020	34,039,110
2020	2020-2021	34,039,110
2021	2021-2022	34,039,110
2022	2022-2023	34,039,110
2023	2023-2024	34,039,110
2024	2024-2025	34,039,110
2025	2025-2026	34,039,110
2026	2026-2027	34,039,110
2027	2027-2028	34,039,110
2028	2028-2029	34,039,110
2029	2029-2030	34,039,110
2030	2030-2031	34,039,110
2031	2031-2032	34,039,110
2032	2032-2033	34,039,110
2033	2033-2034	34,039,110

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Taxable Values (\$)</u>
2034	2034-2035	34,039,110
2035	2035-2036	34,039,110
2036	2036-2037	34,039,110
2037	2037-2038	34,039,110
2038	2038-2039	34,039,110
2039	2039-2040	34,039,110
2040	2040-2041	34,039,110
2041	2041-2042	34,039,110
2042	2042-2043	34,039,110
2043	2043-2044	34,039,110
2044	2044-2045	34,039,110
2045	2045-2046	34,039,110

*Actual taxable assessed valuation.