

STATE OF TEXAS       §  
                                  §  
COUNTY OF HIDALGO   §

**INTERLOCAL COOPERATION AGREEMENT  
BETWEEN THE COUNTY OF HIDALGO  
AND THE HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY**

This Interlocal Agreement (the "Agreement") is entered into between **HIDALGO COUNTY, TEXAS** a political subdivision of the State of Texas (the "County"), by and through the Hidalgo County Commissioners Court ("Commissioners Court"), and the **HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY** ("HCRMA"), by and through its Board of Directors ("Board of Directors").

**WITNESSETH:**

**WHEREAS**, V.T.C.A., Government Code, Chapter 791, as amended, the Texas Interlocal Cooperation Act, provides that one or more agencies may contract with each other for the performance of governmental functions or services for the promotion and protection of the health and welfare of the inhabitants of this State and the mutual benefits of the parties;

**WHEREAS**, the County of Hidalgo (the "County") is authorized by state law to construct and maintain roads and bridges within the County;

**WHEREAS**, on October 26, 2004, the Commissioners Court, at a special meeting, approved a petition to the Texas Transportation Commission (the "Commission") (the "County Petition") requesting the authorization to form the Hidalgo County Regional Mobility Authority (the "HCRMA") as required by TAC Chapter 26 (the "RMA Rules") for the purposes of improving mobility in the County through the development of certain transportation projects and at regular meetings of the Commissioners Court held on March 29, 2005 and July 19, 2005, the Commissioners Court amended and restated the HCRMA petition to the Commission;

**WHEREAS**, the Commission, as required by V.T.C.A. Transportation Code, Chapter 370, the Regional Mobility Authority Act (the "Act") and the RMA Rules, by Minute Order No. 110315 dated November 17, 2005 authorized the creation of the HCRMA;

**WHEREAS**, the HCRMA is statutorily authorized to finance, build, operate and maintain transportation projects in the County;

**WHEREAS**, HCRMA may rely on local, state and federal revenue, bond revenue, toll revenue and private equity investment to finance the construction and operation of a transportation project;

**WHEREAS**, the County has established a history of supporting HCRMA and mobility improvements in the County, to wit: (i) on December 12, 2006, the County and the HCRMA

entered into an interlocal agreement under the terms of which the County agreed to assist the HCRMA by making available a loan of funds not to exceed Two Hundred Thousand (\$200,000) Dollars to support HCRMA's organizational efforts and (ii) on August 14, 2007, the County adopted an order enacting a "Motor Vehicle Registration Fee" of \$10, effective on January 1, 2008, for the purposes of funding long-term transportation projects through the HCRMA;

**WHEREAS**, Section 222.107 of the Texas Transportation Code (the "TRZ Provision") allows for the creation of a county transportation reinvestment zone (a "TRZ") for the purpose of promoting a transportation project which will facilitate the movement of traffic, promote public safety, and enhance the ability of a local entity, including a regional mobility authority, to sponsor a project which will be the subject of a pass-through funding agreement with the Texas Department of Transportation;

**WHEREAS**, the TRZ Provision authorizes the abatement of a portion of the ad valorem taxes imposed by a county on all real property located in a TRZ in an amount not to exceed the tax increment, defined generally as the amount of ad valorem taxes attributable to the excess of the appraised value of property in the TRZ over the appraised value of such property for the year in which the TRZ was established;

**WHEREAS**, the County and the HCRMA are currently pursuing the preliminary development of the Hidalgo County Loop Project (the "Loop Project"), a transportation project being developed under Chapter 222.104 of the Texas Transportation Code (the "Pass-Through Provision");

**WHEREAS**, in order to facilitate development of the Loop Project as permitted by the TRZ Provision, on December 16, 2008, after notice and hearing, the County adopted an order establishing "Transportation Reinvestment Zone Number One, County of Hidalgo" (the "Zone") and providing for the future abatement of ad valorem taxes on property located in the Zone, finding that the Zone will promote, in otherwise unproductive and underdeveloped areas, public safety, facilitate the development or redevelopment of property in the Zone, and facilitate the movement of traffic in the County; and

**WHEREAS**, the designation of the Zone was effective on December 16, 2008 and the base year for purposes of computing the tax increment was established as 2008;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained in, the undersigned parties agree as follows:

## **ARTICLE 1 DEFINITIONS**

**"Agreement"** shall mean this Agreement and all attachments between the County and the HCRMA.

**3.02** It is anticipated that, once the Tax Increment is subject to collection, the HCRMA will issue debt or enter into other obligations that will be repaid from its portion of the Tax Increment.

#### **ARTICLE 4 TERM & TERMINATION**

**4.01** This Agreement shall become effective, and its initial term shall begin, on the date of execution by all parties and shall end upon termination of the Zone.

**4.02** The Zone terminates on December 31 of the year in which the County completes any contractual requirement that included the pledge of the Tax Increment collected (including a pledge or assignment to the HCRMA) or on December 31, 2019 if the County has not used the Zone for the purpose for which it was created by that date.

**4.03** This agreement terminates automatically upon the termination of the Zone, including dissolution of the Zone by the County through rescission of the Order creating the Zone.

#### **ARTICLE 5 LIABILITY**

To the extent permitted by State law, no director of the HCRMA, nor any employee or agent of the HCRMA, and no County Commissioner, nor any employee or agent of the County shall be personally responsible for any liability arising under or growing out of this Agreement.

#### **ARTICLE 6 LEGAL CONSTRUCTION**

In case one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

#### **ARTICLE 7 AMENDMENTS**

Any changes in the character, agreement, terms, or responsibilities of the parties must be made through a written amendment. No amendment to this Agreement shall be of any effect unless in writing and executed by both parties.

“Captured Appraised Value” shall mean the total appraised value of all real property taxable by the County and located in the Zone as of January 1 of any year less the Tax Increment Base of the Zone, all as defined in the TRZ Provision.

“Department” shall mean the Texas Department of Transportation.

“Eligible Project Costs” or “Project Costs” shall mean project costs permitted under the TRZ Provision.

“Tax Increment” shall mean the amount of property taxes levied each year by the County on the Captured Appraised Value.

“Tax Increment Base” shall mean the total appraised value of all real property taxable by the County and located in the Zone as of 2008, the year in which the Zone was designated as a reinvestment zone.

“Tax Increment Fund” shall mean the Tax Increment Fund created by the County for the TRZ including any subaccount therein into which all Tax Increments shall be deposited by the County.

## **ARTICLE 2 TRANSPORTATION REINVESTMENT ZONE NUMBER 1, HIDALGO COUNTY**

**2.01** The purpose of the Zone, as created, is to cultivate the development or redevelopment of the real property within the Zone and to abate ad valorem taxes imposed by the County on real property located within the Zone in an amount not to exceed the Tax Increment for that year pursuant to the TRZ Provision.

**2.02** Upon adoption of an order by the County, the Zone will become active and the Tax Increment will be collected pursuant to the TRZ Provision and through specific mechanisms to be implemented by the County.

**2.03** Once the Zone becomes active, fifty percent of the Tax Increment collected in the Zone each year shall be allocated to the HCRMA for Eligible Project Costs for all or any section or portion of the Loop Project and 50% of the Tax Increment collected in the Zone each year shall be allocated for County purposes, as permitted by the TRZ Provision.

## **ARTICLE 3 FINANCING OF PROJECTS**

**3.01** The County, through the HCRMA, intends to enter into a pass-through agreement with the Texas Department of Transportation for the development of all or a section or portion of the Loop Project under the Pass-Through Provision.

**ARTICLE 8  
SUCCESSORS & ASSIGNS**

This Agreement shall bind, and shall be for the sole and exclusive benefit of, the respective parties and their legal successors, and shall not be assignable, in whole or in part, by any party hereto without first obtaining the written consent of the other parties.

**ARTICLE 9  
INTERPRETATION**

No provision of this Agreement shall be construed against or interpreted to the disadvantage of any party by any court or other governmental or judicial authority by reason of such party having or being deemed to have drafted, prepared, structured, or dictated such provision.

**ARTICLE 10  
SIGNATORY AUTHORITY**

Each party to this Agreement represents to the other that it is fully authorized to enter into this Agreement and to perform its obligations hereunder, and that no waiver, consent, approval, or authorization from any third party is required to be obtained or made in connection with the execution, delivery, or performance of this Agreement. Each signatory on behalf of the HCRMA and the County is fully authorized to bind that entity to the terms of this Agreement.

**ARTICLE 11  
NOTICES**

Any notice, notification instrument, document, or information (collectively, a "Notice") which is required, provided, or permitted to be sent, furnished, or delivered pursuant to the provisions of this Agreement, must be in writing. The addresses and telecopier telephone numbers to which any Notice is to be sent are as follows:

**HCRMA:**

Chairman, HCRMA  
c/o LRGCDC  
311 N. 15<sup>th</sup> St.  
McAllen, Texas 78501  
Fax No. (956) 631-4670

**COUNTY:**

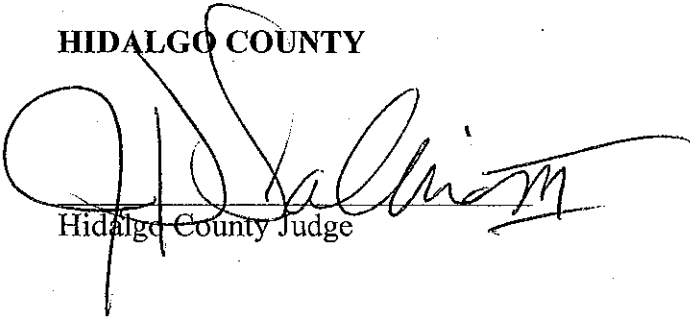
Hidalgo County Judge  
Hidalgo County  
100 E. Cano  
Edinburg, Texas 78539  
Fax No. (956) 318-2699

**ARTICLE 12  
MULTIPLE COUNTERPARTS**

This Agreement may be executed by the parties hereto on separate counterparts, and each counterpart, when so executed and delivered, shall constitute an original instrument, and all such separate counterparts shall constitute but one and the same instrument.

This Agreement is entered into this 22<sup>nd</sup> day of September, 2009.

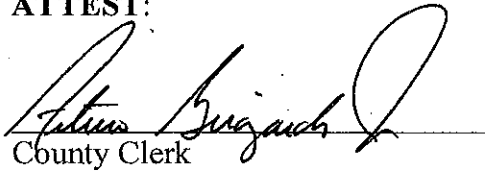
**HIDALGO COUNTY**

  
Hidalgo County Judge

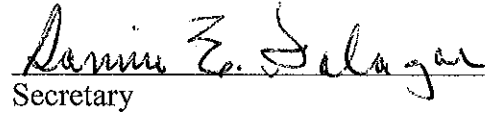
**HIDALGO COUNTY REGIONAL  
MOBILITY AUTHORITY**

  
Chairman, Board of Directors

**ATTEST:**

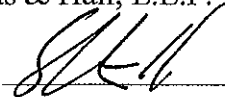
  
County Clerk

**ATTEST:**

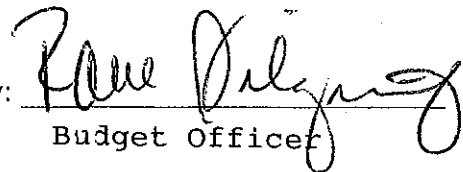
  
Secretary

**APPROVED AS TO LEGAL FORM**

Atlas & Hall, L.L.P.

By: 

**APPROVED AS TO FINANCIAL CONTENT**

By:   
Budget Officer