

STATE OF TEXAS §
 § **INTER-LOCAL COOPERATION AGREEMENT FOR PARTICIPATION IN**
 § **REINVESTMENT ZONE NUMBER THREE, CITY OF SACHSE, TEXAS**
COUNTY OF COLLIN §

This Inter-Local Cooperation Agreement for Participation in Reinvestment Zone Number Three, City of Sachse, Texas (“Agreement”) is made by and between the City of Sachse, Texas (the “City”) and Collin County, Texas (the “County”), acting by and through their respective authorized officers.

WITNESSETH:

WHEREAS, on October 18, 2021, the City Council of the City approved Ordinance No. 4035 establishing Reinvestment Zone Number Three, City of Sachse, Texas (the “Zone”) in accordance with the Tax Increment Financing Act, as V.T.C.A., Tax Code, Chapter 311, (the “Act”), to promote development and redevelopment through the use of tax increment financing and designating the Zone pursuant to the Act; and

WHEREAS, the City, by Ordinance No. 4035, contributes fifty percent (50%) of the Tax Increment for a period of thirty (30) years to the Tax Increment Fund (hereinafter defined) for design, installation, and construction of Infrastructure (hereinafter defined) and other authorized projects for or within the Zone; and

WHEREAS, the County intends to contribute fifty percent (50%) of the Tax Increment for a period of thirty (30) years to the Tax Increment Fund for Project Specific Categories (hereinafter defined); and

WHEREAS, the County has conducted a public hearing at which interested persons were entitled to speak and present written materials for or against the approval of the County’s participation as required in the Texas Tax Code Section 311.003; and

WHEREAS, the Collin County Commissioners Court finds that the terms of the proposed participation as set forth in this Agreement will meet the Collin County Policy for participation in Tax Increment Reinvestment Zones and that: (i) there will be no substantial adverse effect on the provision of the jurisdiction’s service or tax base; and (ii) participation will not substantially adversely affect the County’s ability to carry out its long-range development plans; and

WHEREAS, the Act authorizes the expenditure of funds derived within a tax increment financing reinvestment zone for the payment of expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred by the municipality establishing a reinvestment zone that are listed in the project plan of the reinvestment zone, which expenditures and monetary obligations constitute project costs as defined by the Act.

NOW THEREFORE, in consideration of the foregoing, and on the terms and conditions hereinafter set forth, the parties agree as follows:

Article I Definitions

Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

“Act” shall mean the Tax Increment Financing Act, Chapter 311, Tax Code, as amended.

“Board” shall mean the Board of Directors of the Zone as defined by a duly enacted Ordinance of the City Council of the City of Sachse, Texas.

“Captured Appraised Value” shall mean the total taxable value of all real property taxable by a Taxing Unit and located in the Zone for the year less the Tax Increment Base of the Taxing Unit.

“City” shall mean the City of Sachse, Texas.

“County” shall mean Collin County, Texas.

“Effective Date” shall mean the last date of execution hereof.

“Expiration Date” shall mean December 31, 2051, or at an earlier time designated by the City through an Ordinance of the City Council or on the date on which all project costs, tax increment bonds and interest on those bonds, and interest on those bonds, and other obligations have been paid in full.

“Infrastructure” shall mean all public infrastructure within the Zone, as identified within the Project and Finance Plan, attached hereto as **Exhibit A**. The public infrastructure includes, but is not limited to the following: streets, storm drainage, land acquisition, landscaping, parks and open space, and professional services incidental to the infrastructure’s construction.

“Maximum Reimbursement Amount” shall mean an amount of no more than Nine Million, Nine Hundred Seventy-Seven Thousand, Four Hundred and Forty-Seven Dollars (\$9,977,447) of the County’s Tax Increment which shall be deposited in the Tax Increment Fund during the term of the Zone and used for Project Specific Categories and financing costs eligible for County participation as shown in the Project and Finance Plan attached hereto as **Exhibit A**.

“Project and Finance Plan” shall mean the project plan and financing plan for the Zone approved by the Board and the City Council for the City as amended, attached as **Exhibit A**.

“Project Specific Categories” shall mean Infrastructure elements identified in the Project and Finance Plan towards which the County agrees to contribute its Tax Increment.

“Tax Increment” shall mean the total amount of property taxes by a Taxing Unit for the year on the ~~Capex~~ Appraised Value of real property taxable by a Taxing Unit and located in the Zone.

“Tax Increment Base” shall mean the total taxable value of all real property taxable by a Taxing Unit and located in the Zone for the year in which the Zone was designated, which is Tax Year 2021.

“Tax Increment Fund” shall mean the funds deposited by the City and any Taxing Unit in the tax increment fund for the Zone.

“Taxing Unit” shall mean the City, the County, and any other taxing entity that taxes real property within the Zone that enters into an agreement with the City to contribute to the Tax Increment Fund.

“The Zone” shall mean Reinvestment Zone Number Three, City of Sachse, Texas.

Article II Term

The term of this Agreement shall begin on the Effective Date and shall continue until the Expiration Date, unless sooner terminated as provided herein.

Article III TIRZ Projects

3.1 In consideration of the mutual benefits to be derived from the funding of the Infrastructure and in consideration of the increased future tax base generated from this development, the County shall contribute an amount equal to fifty percent (50%) of its Tax Increment to the Tax Increment Fund pursuant to the Act and as authorized by the Collin County Commissioners' Court Order No. 2021-1177-11-15 dated 11-15, 2021 not to exceed the Maximum Reimbursement Amount. The County shall annually pay its Tax Increment to the Tax Increment Fund beginning with Tax Year 2022 and continue during the term of the Zone until the Expiration Date, unless sooner terminated as provided herein.

3.2 The County is not obligated to pay the County Tax Increment from any source other than taxes collected on the Captured Appraised Value. Furthermore, the County has no duty or obligation to pay the County Tax Increment from any other County taxes or revenues or until the County Tax Increment in the Zone is actually collected. The obligation to pay the County Tax Increment accrues as taxes representing the County Tax Increment are collected by the County, and payment shall be due on May 1 of each year the County participates in the Zone. No interest or penalty will be charged to the County for any late payment received from the County; provided, however, the penalty and interest received by the County on any delinquent taxes from the County Tax Increment shall be paid to the Tax Increment Fund. Any portion of the taxes representing the County Tax Increment that are paid to the County and subsequently refunded pursuant to a provision of the Texas Tax Code, as amended, shall be offset against future payments to the Tax Increment Fund.

3.3 Further, the County is not required to pay a Tax Increment into the Tax Increment Fund of the Zone after four (4) years from the date the Zone is created unless the following conditions exist or have been met within the four (4) year period:

- i. the City has acquired property in the Zone pursuant to the Project and Finance Plan; or
- ii. construction of improvements pursuant to the Project and Finance Plan has begun in the Zone; or
- iii. a development agreement (or agreements) has been approved for Infrastructure in the Zone. The obligation of the County to participate in the Zone is limited to the area described in the Project and Finance Plan. The County's participation does not extend to the tax increment on any additional property added to the Zone unless the County specifically agrees to participate in the additional area.

3.4 Notwithstanding anything to the contrary in City's Ordinance creating the Zone, pursuant to the provisions of Section 311.009(a) of the Texas Tax Code, as amended, the County shall have the right to appoint and thereafter at all times maintain one (1) member on the Board of Directors of the Zone. Failure of the County to appoint a person to the Board of Directors of the Zone shall not be deemed a waiver of the County's right to make an appointment at a later date, and the City shall not fill the County's vacant seat pending the County's appointment thereto. The County will make good faith efforts to appoint and maintain a person to serve on the Board.

3.5 The City agrees to provide the County with any proposed amendments to the Project and Finance Plan at least fourteen (14) days prior to their submission to the City Council for approval.

3.6 Upon termination of the Zone, and after all obligations of the Zone have been paid, the City and the Board shall pay to the County, within sixty (60) days of said termination, all monies remaining in the Tax Increment Fund that are attributable to the County Tax Increment paid by the County into the Tax Increment Fund.

3.7 The County's Tax Increment contributed to the Tax Increment Fund shall be applied in the following order of priority:

- i. maintenance of a minimum balance of \$5,000 in the Tax Increment Fund; and
- ii. for Infrastructure and financing costs as approved by the Board and the City Council for the City. The Tax Increment Fund may not be used for projects not included in the Project and Finance Plan. The County's tax increment may only be used for Infrastructure costs shown in the Project and Finance Plan, attached hereto as **Exhibit A**.

3.8 No portion of the Tax Increment contributed to the Zone by the County may be paid to the City for administrative fees.

Article IV Termination

This Agreement shall terminate upon any one of the following:

- i. by written agreement of the parties;
- ii. upon the Expiration Date;

- iii. by either party, if any subsequent Federal or State legislation or any decision of a court of competent jurisdiction declares or renders this Agreement invalid, illegal or unenforceable;
- iv. upon County contribution of the Maximum Reimbursement Amount to the Tax Increment Fund; and
- v. by the County unless at least one of the following has occurred within four (4) years from the date the Zone is created:
 - a) the City has acquired property in the Zone pursuant to the Project and Finance Plan; or
 - b) construction of improvements pursuant to the Project and Finance Plan has begun in the Zone; or
 - c) a development agreement (or agreements) has been approved for Infrastructure in the Zone.

Article V Miscellaneous

5.1 Binding Agreement.

The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto. This Agreement may not be assigned without the consent of either party.

5.2 Authorization.

Each party represents that it has full capacity and authority to grant all rights and assume all obligations that are granted and assumed under this Agreement.

5.3 Notice.

Any notice required or permitted to be delivered hereunder shall be deemed received three (3) days thereafter sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the party at the address set forth below or on the day actually received when sent by courier or otherwise hand delivered.

If intended for City, to:

Attn: Gina Nash, City Manager
3815 Sachse Road
Sachse, Texas 75048

If intended for County, to:

Attn: Judge Chris Hill
Collin County Administration
2300 Bloomdale Road
Suite 4192
McKinney, Texas 75071

5.4 Entire Agreement.

This Agreement is the entire Agreement between the parties with respect to the subject matter covered in this Agreement. There is no other oral or written agreement between the parties that in any manner relates to the subject matter of this Agreement, except as provided in any exhibits attached hereto.

5.5 Governing Law.

The Agreement shall be governed by the laws of the State of Texas; and venue for any action concerning this Agreement shall be in the State District Court of Collin County, Texas. The parties agree to submit to the personal and subject matter jurisdiction of said Court.

5.6 Amendment.

This Agreement may be amended by the mutual written agreement of the parties.

5.7 Legal Construction.

In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions, and it is the intention of the parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid, or unenforceable.

5.8 Recitals.

The recitals to this Agreement are incorporated herein.

5.9 Counterparts.

This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

5.10 Survival of Covenants.

Any of the representations, warranties, covenants, and obligations of the parties, as well as any rights and benefits of the parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

5.11 Approval of Parties.

Whenever this Agreement requires or permits the approval or consent to be given by a party, the parties agree that such approval or consent shall not be unreasonably withheld, conditioned or delayed.

5.12 Further Assurances.

Each party hereby agrees that it will take all actions and execute all documents necessary to fully carry out the purposes and intent of this Agreement.

5.13 Audits.

The County may, at its own cost, upon ten (10) days prior written notice to the City, examine and audit the City records pertaining to the collection and expenditure of County Tax Increment contributed to the Tax Increment Fund.

[Signature page to follow.]

EXECUTED on this 6th day of December, 2021

CITY OF SACHSE, TEXAS

By: 
Gina Nash, City Manager

ATTEST:

By: 
Leah K Granger, Interim City Secretary

APPROVED AS TO FORM:

By: 
Peter G. Smith, City Attorney

EXECUTED on this 11 day of November, 2021

COLLIN COUNTY, TEXAS

By: 
Honorable Chris Hill, County Judge

Exhibit "A"
Project and Financing Plan