



CAMERON COUNTY  
PROGRAM DEVELOPMENT & MANAGEMENT DEPARTMENT

---

**M E M O R A N D U M**

**TO: Aide A. Trejo, Commissioners Court Minutes Secretary**

**FROM: Frank Bejarano, PD & M Director** 

**Date: June 12, 2014**

**SUBJECT: Los Fresnos TIRZ No. 1 Interlocal Agreement**

The attached interlocal agreement for the City of Los Fresnos Tax Increment Reinvestment Zone No. 1 was approved by Commissioners Court on May 8, 2014, subject to changes by the County's Legal Division. The changes have since been made and the agreement has been signed by the Los Fresnos Mayor in triplicate.

The agreement is now ready to be signed by the County Judge and recorded in the Commissioners Court Minutes. Please return two fully executed copies of the agreement to me and I will forward one of the copies to the City of Los Fresnos.

Thank you in advance for your assistance.

**Attachment**

**THE STATE OF TEXAS**  
**COUNTY OF CAMERON**

§  
§ **CITY OF LOS FRESNOS**  
§

**INTERLOCAL AGREEMENT**

**I. PARTIES**

**A. Address**

1. THIS INTERLOCAL AGREEMENT (the "Agreement") is made by and between the **CITY OF LOS FRESNOS, TEXAS** (hereafter referred to as "CITY"), a Texas Home Rule City, acting through its City Manager pursuant to Ordinance No. 449, passed and approved by the City Council on December 10<sup>th</sup> and 17th, 2013 and on behalf of **REINVESTMENT ZONE NUMBER ONE, CITY OF LOS FRESNOS, TEXAS**, a reinvestment zone created by the CITY pursuant to Chapter 311 of the Texas Tax Code, (hereafter referred to as the "ZONE", as hereafter defined) , and Cameron County, a political subdivision of the State of Texas, and Collectively, the CITY, Cameron County, and ZONE may be referred to as the "Parties". This Agreement is made pursuant to Chapter 791, Texas Government Code and Chapter 311 of the Texas Tax Code for the participation of CITY and CAMERON COUNTY in the Project (the "Project").

2. The initial addresses of the Parties are listed below. Each party may designate a different address by giving the CITY at least ten (10) days prior written notice.

**CITY**

Mark Milum  
City Manager  
City of Los Fresnos  
200 N. Brazil  
Los Fresnos, Texas 78566

**CAMERON COUNTY**

Carlos H. Cascos, CPA  
County Judge  
Cameron County  
1100 E. Monroe  
Brownsville, Texas 78520

**With Copy to:**  
**ZONE BOARD**

Chairman  
Reinvestment Zone Number One,  
City of Los Fresnos, Texas  
200 N. Brazil  
Los Fresnos, Texas 78566

**B. Index**

In consideration of the covenants set forth herein, and subject to the terms and conditions herein, the CITY, CAMERON COUNTY, and ZONE BOARD hereby agree to the terms and conditions of this Agreement. This Agreement consists of the following sections:

<u>Section</u>	<u>Description</u>	<u>Page</u>
I.	Parties	1
II.	Definitions	3
III.	Background	4
IV.	Rights and Obligations of CAMERON COUNTY	5
V.	Rights and Obligations of CITY and ZONE	6
VI.	Term and Termination	8
VII.	Miscellaneous	9
Exhibit "A"	Project Plan	
Exhibit "B"	City of Los Fresnos Ordinance	
Exhibit "C"	Maps of Zone	

**C. Parts Incorporated**

All of the above described exhibits are hereby incorporated into this Agreement by this reference for all purposes.

## II. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set out below:

1. "Administrative Costs" means reasonable costs directly incurred by a Participating Taxing Entity (as hereinafter defined) related to its agreement to participate in the development of the ZONE, as described in this Agreement. These costs include, but are not limited to, costs and expenses for legal review and financial analysis related to the ZONE incurred prior to entering into this Agreement, as well as any such costs and expenses incurred after this Agreement becomes effective. The Administrative Costs for CAMERON COUNTY, the only taxing entity to receive administrative costs are estimated to be Fifteen Thousand (\$15,000) over the life of the zone and shall be deducted annually in an amount of \$1,000.00 from the County distribution.

2. "Agreement" means this interlocal Agreement.

3. "Captured Appraised Value" means the captured appraised value of the ZONE, as defined by Section 311.012(b), Texas Tax Code (and as said Code may be amended from time to time).

4. "CITY" means the City of Los Fresnos

5. "Participating Taxing Entity" or "Participating Taxing Entities" means, singularly, a taxing unit participating in the ZONE, and collectively, all taxing units participating in the ZONE.

6. "Project Costs" means the items set forth and described in Section 311.002(1), Texas Tax Code (as said Code may be amended from time to time), which are included in the Project Plan for the Project. The Project Costs include public infrastructure improvements and related capital costs including water and sewer system improvements, street improvements, street reconstruction and park improvements.

7. "Project Plan" means the Final Project Reinvestment Zone and Financing Plan for the ZONE to be adopted by the Board of Directors of the Zone and approved by the City Council of the CITY attached hereto as Exhibit "A".

8. "Tax Increment" means the total amount of ad valorem taxes levied and collected each year by a Participating Taxing Entity on the Captured Appraised Value of taxable real property in the ZONE. Further, with respect to CAMERON COUNTY, this term means the total amount

of ad valorem taxes levied and collected only on behalf of CAMERON COUNTY each year and only that portion of the ad valorem tax rate for Maintenance and Operation (M&O).

9. "Tax Increment Base" means the total appraised value of all real property taxable by a Participating Taxing Entity and located in the ZONE as of January 1, 2013, the year in which the ZONE was designated. The CAMERON COUNTY base year shall be 2014 and the increment payment shall start for the tax year 2015.

10. "Tax Increment Fund" means the tax increment fund created by the CITY for the deposit of Tax Increments for the ZONE, entitled "Reinvestment Zone Number One, City of Los Fresnos, Texas Tax Increment Fund".

11. "Tax Increment Payment" means the amount of the Tax Increment that a Participating Taxing Entity agrees to deposit annually into the Tax Increment Fund in accordance with this Agreement and the Project Plan.

12. "Term" shall mean a period of fifteen (15) years for the Agreement, beginning year tax year 2015 and ending in year 2029.

13. "ZONE" means Reinvestment Zone Number One, City of Los Fresnos, Texas, created by the CITY over the Zone Area a description of which is contained in Exhibit "C", attached hereto.

14. "ZONE BOARD" means the Board of Directors of the ZONE.

15. "Otherwise the terms used herein have the meanings ascribed to them in Chapter 311 of the Texas Tax Code."

16. "Annual Report" means a report presented to the Cameron County Commissioners Court on an annual basis that provides detailed financial information on the Zone expenditures and contractual and debt obligations as they relate to the Project Plan; and includes a summary of the status of all Zone projects and activities.

### **III. BACKGROUND**

A. On March 15, 2013 the City Council of the City of Los Fresnos held a workshop for the public for a discussion of Tax Increment Reinvestment Zones and other public financing mechanisms. On May 15, 2013 the Council indicated its intent to create a Tax Increment Reinvestment Zone by approving a contract with TIF Services of South Texas for its services to create a Zone, commonly known as the Los Fresnos Redevelopment Project, pursuant to Chapter 311, Texas Tax Code. On December 10, 2013 (First Reading) and December 17, 2013 (Second

Reading), the City Council of CITY passed and approved Ordinance No. 449 which created the ZONE. The ZONE will provide funding for public improvements within the ZONE. The ZONE is projected to terminate on December 31, 2029 unless earlier termination occurs under this Agreement (the "term of the ZONE").

#### **IV. RIGHTS AND OBLIGATIONS OF CAMERON COUNTY**

##### **A. Tax Increment Participation by the CAMERON COUNTY**

1. Subject to the limitations set out in this Agreement, CAMERON COUNTY agrees to participate in the ZONE by contributing to the Tax Increment Fund one hundred percent (100%) of its respective M&O Tax Increments each year during the term of this Agreement, beginning with the 2015 tax year.

2. The Parties hereto agree that CAMERON COUNTY'S contribution to the Tax Increment Fund shall be used to fund project costs to support the development and revitalization efforts in the ZONE as allowed under Chapter 311 of the Texas Tax Code as amended. Unless otherwise changed by formal amendment pursuant to Section VI.D of this agreement, CAMERON COUNTY'S contributions to the Tax Increment Fund shall end when it has contributed its proportionate share, 30% (County's projected maximum tax increment of \$2,508,430 divided by \$8,447,935, combined City (projected maximum, but not limited to tax increment amount) and County maximum projected tax increment as described in Exhibit A), of the actual costs of the project, or the maximum total contribution provided for in this Agreement, whichever is less, subject to any early termination as otherwise provided in this Agreement not to extend beyond December 31, 2029, the end date for the County's participation as set forth in Section V.A. in any event. Subject to any limitations of V.T.C.A., Tax Code § 311.014, County tax increment actually paid in excess of its proportionate share of the actual costs of the project shall be returned without delay upon project completion.

##### **B. Tax Increment Payment**

1. CAMERON COUNTY'S obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided in paragraph IV (A) (1) of this Agreement, shall accrue as CAMERON COUNTY collects its Tax Increment. The Parties hereto agree that all real property taxes collected each year by CAMERON COUNTY that are attributable to real property in the

