

THE STATE OF TEXAS §

COUNTY OF NUECES §

INTERLOCAL AGREEMENT

This Interlocal Agreement ("Agreement") is made by and between the City of Corpus Christi, Texas ("City"), a municipal corporation and home-rule city of the State of Texas, acting by and through its governing body, the City Council, and Nueces County, Texas ("County"), acting by and through its governing body, the Commissioners Court. This Agreement is made under Chapter 791, Texas Government Code, and Chapter 311, Texas Tax Code, for the participation of the City and the County in Reinvestment Zone Number Two, City of Corpus Christi, Texas ("Reinvestment Zone"), a reinvestment zone created by the City under Chapter 311, Texas Tax Code.

Section 1. DEFINITIONS.

(a) As used in this Agreement, the following terms have the meanings set out below:

"**Agreement**" means this agreement between the City and County.

"**Agreement Term**" is defined in Section 4.

"**Captured Appraised Value**" has the meaning ascribed by Chapter 311, Texas Tax Code.

"**City**" is defined in the preamble of this Agreement.

"**City's Tax Increment Participation**" means an amount of the City's ad valorem tax levy on the Captured Appraised Value, which the City agrees to contribute to the Reinvestment Zone under Sections 3 and 4 of this Agreement.

"**County**" is defined in the preamble of this Agreement.

"**County Tax Increment Participation**" means the amount of ad valorem taxes levied by the County acting through its Commissioners Court on the Captured Appraised Value, which the County agrees to contribute to the Reinvestment Zone under Sections 3 and 4 of this Agreement.

"**Creation Ordinance**" means City Ordinance No. 024270, as amended, including as amended by City Ordinance No. 032929, which was passed on second reading on December 6, 2022.

"**Plan**" means the project plan and reinvestment zone financing plan for the Reinvestment Zone, which are adopted by the board of directors of the Reinvestment Zone and approved by the City Council of the City, as consistent as possible with the preliminary plan described in the Creation Ordinance.

"**Reinvestment Zone**" means Reinvestment Zone Number Two, City of Corpus Christi, Texas, created by the Creation Ordinance, incorporated by reference into this Agreement.

"**Reinvestment Zone Area**" means the area of the City included in the Reinvestment Zone as described in the Creation Ordinance.

"**Tax Increment**" has the meaning ascribed by Chapter 311, Texas Tax Code, and includes taxes levied and collected by the County for itself and for the benefit of the Nueces County Hospital District.

"**Tax Increment Fund**" means the tax increment fund created by the City in the City Treasury for the Reinvestment Zone.

(b) Terms used in this Agreement and not otherwise defined have the meanings ascribed to them in Chapter 311, Texas Tax Code.

Section 2. PURPOSE FOR PARTICIPATING IN THE ZONE. The City and the County desire to participate in the Reinvestment Zone for the purposes of development in the Reinvestment Zone Area under the Plan, for their mutual benefit and the benefit of their citizens.

Section 3. OBLIGATIONS OF CITY AND COUNTY.

(a) **Tax Increment Participation.** For and in consideration of the agreements of the parties set forth in this Agreement, the County and City agree to participate in the Reinvestment Zone by contributing into the Tax Increment Fund a percentage of its Tax Increment each year as laid out below.

(1) **County's Participation.** The County's Participation in the Tax Increment Fund will be as laid out in the table below.

Increment Percentage	Tax Year(s)
75%	2022 through 2027
70%	2028
65%	2029
60%	2030
55%	2031
50%	2032 through 2041

(2) **City's Participation.** The City's Participation in the Tax Increment Fund will be as laid out in the table below.

Increment Percentage	Tax Year(s)
100%	2022 through 2026
75%	2027
70%	2028
65%	2029
60%	2030
55%	2031
50%	2032 through 2041

(3) **Changes to Tax Rates or Increment Percentage.** The current tax rates of the City and County are subject to change and the respective Tax Increment Participation in this Agreement pledged shall change to the extent of any change in their tax rates. Further, either the City or the County may, by ordinance or order, adjust the Increment Percentage rate that it intends to contribute for the time period of 2033-2041 as long as the ordinance or order approving the change is approved no later than December 31, 2030.

(b) **Payment Dates.** The City and the County may not be obligated to pay their respective Tax Increment Participation from other City or County taxes or revenues or until the City or County Tax Increment Participation is actually collected. The obligation to pay the City or the County Tax Increment Participation commences as taxes representing the City or the County tax increment are collected for the City or the County and payment shall be due fifteen (15) days after collection.

Section 4. TERM OF AGREEMENT.

(a) This Agreement becomes effective as of the date of the final signature to this Agreement, and remains in effect through the earlier of (i) December 31, 2042, or (ii) the date on which the Plan has been fully implemented and all Project Costs (as defined in §311.002, Texas Tax Code, and as may be further limited in the Plan), bonds, notes, or other obligations secured by or payable from, in whole or in part, Tax Increment (referred to in this Agreement as "obligations"), and interest on the obligations payable from Tax Increment collected on the Captured Appraised Value of the real property within the Reinvestment Zone have been paid in full.

(b) The first payment of Tax Increment by the City under this Agreement is based upon the tax increment base for the property within the Zone being determined as of January 1, 2022, and the payment shall be based upon those taxes as levied in the year 2022. The first payment of Tax Increment by the County under this Agreement is based upon the tax increment base for the property within the Zone being determined as of January 1, 2022, and the payment shall be based upon those taxes as levied in the year 2022. The last payment of Tax Increment by the taxing units under this Agreement is for those taxes levied in the year 2041.

(c) If the project to be undertaken under the Plan is not undertaken, is discontinued, or is terminated, all monies remaining in the Tax Increment Fund, after satisfaction of lawful claims, must be paid to the participating taxing units in proportion to their respective share of the total amount of tax increments derived from taxable real property in the Zone that were deposited in the Tax Increment Fund during the Fund's existence. In no event shall the time required for payment of monies to the participating taxing units exceed ninety (90) days following the termination of the Reinvestment Zone.

Section 5. BOARD REPRESENTATIVE. The County shall have the right to appoint one member to the Reinvestment Zone Board of Directors. Further, the County shall have the right to recommend the appointment of three other members of the Reinvestment Zone Board of Directors to the City Council for appointment. The County may waive its right to appoint or recommend appointment of a director and is deemed to have waived the right if it has not made the appointment or recommended the appointment within 30 days of receiving written notice of its right to appoint or recommend appointment by the City Secretary's Office.

Section 6. ANNUAL REPORT. On or before the 90th day following the end of the fiscal year of the City, the governing body of the City shall submit to the chief executive officer of the County a report on the status of the zone. The contents of the report must contain all information required under section 311.016 of the Texas Tax Code.

Section 7. MISCELLANEOUS.

(a) **Severability.** In the event any term, covenant, or condition in this Agreement is held to be invalid by any court of competent jurisdiction, the invalidity does not affect any other term, covenant, or condition in this Agreement contained, provided that the invalidity does not materially prejudice either the County or the City in their respective rights and obligations contained in the valid terms, covenants, or conditions of this Agreement.

(b) **Entire Agreement.** This Agreement merges the prior negotiations and understandings of the parties to this Agreement and embodies the entire agreement of the parties, and there are no other agreements, assurances, conditions, covenants (express or implied), or other terms with respect to the covenants, whether written or verbal, antecedent, or contemporaneous, with the execution of this Agreement.

(c) **Written Amendment.** Unless otherwise provided in this Agreement, this Agreement may be amended only by written instrument duly executed on behalf of each party.

(d) **Notices.**

(1) All notices required or permitted under this Agreement must be in writing and must be deemed delivered when actually received or, if earlier, on the third (3rd) day following deposit in a United States Postal Service post office or receptacle with proper postage affixed (certified mail, return receipt requested) addressed to the other respective party at the address prescribed below, or at such other address as the receiving party may have prescribed by notice to the sending party.

(2) The initial addresses of the parties, which a party may change by giving written notice of its changed address to the other party, are as follows:

City	Nueces County
Peter Zaroni City Manager City of Corpus Christi 1201 Leopard P.O. Box 9277 Corpus Christi, Texas 78469-9277	Connie Scott Nueces County Judge Nueces County Courthouse 901 Leopard Corpus Christi, Texas 78401

(e) **Non-Waiver.** Failure of any party to this Agreement to insist on the strict performance of any of the agreements in this Agreement or to exercise any rights or remedies accruing under this Agreement upon default or failure of performance may not be considered a waiver of the right to insist on, and to enforce by any appropriate remedy, strict compliance with any other obligation under this Agreement, or to exercise any right or remedy occurring as a result of any future default or failure of performance.

(f) **Successors.** This Agreement binds and benefits the parties and their legal successors. This Agreement does not create any personal liability on the part of any officer or agent of the City or Reinvestment Zone or any officer, agent, or employee of the County.

(g) **No Waiver of Immunity.** No party to this Agreement waives or relinquishes any immunity or defense on behalf of itself, its officers, employees, and agents as a result of its execution of this Agreement and performance of the covenants contained in this Agreement.

IN WITNESS OF THIS AGREEMENT, the City and the County have made and executed this Agreement in multiple copies, each of which is an original.

[Signature Page Follows]

CITY OF CORPUS CHRISTI

NUECES COUNTY

Peter Zanoni
City Manager
Date:

Connie Scott
Nueces County Judge
Date:

ATTEST:

ATTEST:

Rebecca Huerta
City Secretary
Date:

Kara Sands
County Clerk
Date:

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Assistant City Attorney
For City Attorney

County Attorney