

THE STATE OF TEXAS §

COUNTY OF NUECES §

**INTERLOCAL AGREEMENT
BETWEEN THE CITY OF CORPUS CHRISTI AND NUECES COUNTY
REINVESTMENT ZONE NUMBER SEVEN, CITY OF CORPUS
CHRISTI (TIRZ #7)**

THIS INTERLOCAL AGREEMENT regarding Reinvestment Zone Number Seven, City of Corpus Christi (the "Agreement") is made and entered into by and between the City of Corpus Christi, Texas, a home rule municipality (the "City"), and Nueces County, Texas, a political subdivision of the State of Texas (the "County" and, together with the City, the "Parties") under the authority of Chapter 791 of the Texas Government Code and Chapter 311 of the Texas Tax Code for the participation of the City and the County in Reinvestment Zone Number Seven, City of Corpus Christi (the "Zone") created by the City pursuant to Chapter 311 of the Texas Tax Code.

WHEREAS, the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, as amended, is often utilized by local governments to increase efficiency and the effectiveness of those entities as it authorizes units of local government to contract with one another to perform government functions and services; and

WHEREAS, the Parties recognize the mutual benefits associated with economic development utilizing tax increment financing under Chapter 311 of the Texas Tax Code, as amended (the "Act"), to the areas and inhabitants located within the Parties' respective jurisdictional limits through participation in projects that will result in the improvement or construction of necessary public infrastructure, stimulate the local economy, provide for new job opportunities, and increase the availability of housing; and

WHEREAS, TEX. TAX CODE § 311.003 provides that the governing body of a municipality may designate a contiguous or noncontiguous geographic area that is in the corporate limits of the municipality, in the extraterritorial jurisdiction of the municipality, or in both, to be a reinvestment zone to promote development or redevelopment of an area if the governmental body determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future; and

WHEREAS, TEX. TAX CODE § 311.005 provides criteria for an area to be designated as a reinvestment zone, and TEX. TAX CODE § 311.005 (a) (2) provides that to be designated as a reinvestment zone, an area must be predominantly open or undeveloped and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality or county; and

WHEREAS, pursuant to TEX. TAX CODE § 311.010, a municipality that establishes a tax increment reinvestment zone may enter into agreements that, during their respective terms, dedicate, pledge, or otherwise provide for the use of revenue generated from any tax increment and deposited in the TIRZ NUMBER 7

tax increment fund to pay any project costs that benefit the reinvestment zone, or other public infrastructure in or out of the zone; and

WHEREAS, in accordance with the provisions of the Act, the City Council of the City (the “City Council”), pursuant to Ordinance No. _____ (the "TIRZ Ordinance") adopted on January 13, 2026, created, established, and designated the Zone under the Act, with the boundaries of the Zone being depicted in the map attached hereto as Exhibit "A" and described by the Preliminary Project Financing Plan in Exhibit “B”; and

WHEREAS, in the TIRZ Ordinance, the City found that (i) the area within the Zone is predominantly open, undeveloped or underdeveloped, and the lack of necessary public infrastructure along with other factors substantially impairs sound growth of the City; (ii) the Zone will significantly enhance the value of all taxable real property located within its boundaries and will be of general benefit to the City; and (iii) development of property within the Zone will not occur solely through private investment in the reasonably foreseeable future;

WHEREAS, in the TIRZ Ordinance, the City pledged to contribute fifty percent (50%) of the City’s ad valorem taxes levied on real property located within the Zone and collected by the City; and

WHEREAS, in recognition of the benefits conferred to property within the Zone and residents of the City and County, the County wishes to participate in the Zone, together with the City, to further promote economic development and growth in the community as more fully set forth herein; and

WHEREAS, subject to the terms and conditions of this Agreement, the County desires to participate in the Zone by pledging and contributing forty-five percent (45%) of the County’s ad valorem taxes levied on real property located within the Zone, and collected by the County; and

WHEREAS, the preliminary Project Plan and Financing Plan for the Zone will further identify the projects to be funded utilizing the TIRZ Funds; and

WHEREAS, both the City and the County will benefit from the development and improvements paid with the TIRZ Fund in accordance with the documents creating the Zone; and

WHEREAS, pursuant to Chapter 791 of the Texas Government Code, the City and the County are entering into this Agreement to set forth the terms and conditions governing their respective participation in the Zone through contribution of certain percentages of Tax Increment (as defined in TEX. TAX CODE § 311.0012) collected by them within the Zone and deposit of the same into the TIRZ Fund established by the City under the Act as more fully set forth below.

NOW THEREFORE, the City and the County, in consideration of the mutual promises, terms, conditions, and covenants contained herein, and in consideration of the benefit that will accrue to the Parties do hereby agree as follows:

SECTION 1. Incorporation of Recitals and Exhibits. The Parties hereby agree that the facts and recitals set forth above form the basis upon which they have entered into this Agreement. The exhibits attached to this Agreement are hereby incorporated and made a part hereof by

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reference, with each being essential elements hereto, unless otherwise provided under this Agreement.

SECTION 2. **Definitions.** In addition to any terms defined in the body of this Agreement, the following terms shall have the definitions ascribed to them as follows:

(a) **Act** means the Tax Increment Financing Act, as amended and as codified as Chapter 311 of the Texas Tax Code.

(b) **Project Plan and Financing Plan** means the project plan and financing plan for the Zone, as may be amended from time to time, which is duly adopted by the City through passage of a formal ordinance by City Council after receiving a recommendation for approval from the Board. The Project Plan and Financing Plan outlines how the TIRZ will achieve its goals, specifically details the projects to be undertaken, and how they will be financed.

(c) **Board** means the governing Board of Directors of the Zone established under the TIRZ Ordinance in accordance with Section 311.009(a) of the Act and as more fully described herein.

(d) **Captured Appraised Value** as used in this Agreement in a given year means the captured appraised value, as defined in TEX. TAX. CODE § 311.012(b), of all real property located within the Zone and is taxable by the City or the County for that tax year less the Tax Increment Base .

(e) **City Tax Increment** means for any given year the amount of Tax Increment collected by the City from taxable real property located within the Zone.

(f) **City Tax Increment Payment** means fifty percent (50%) of the City's Tax Increment collected from real property located within the Zone for any given year in which the City is participating in the Zone, which the City shall deposit into the TIRZ Fund.

(g) **County Tax Increment** means for any given year the amount of Tax Increment collected by the County from taxable real property located within the Zone.

(h) **County Tax Increment Payment** means forty-five percent (45%) of the County's Tax Increment collected from real property located within the Zone for any given year in which the County is participating in the Zone under this Agreement, which the County shall deposit into the TIRZ Fund.

(i) **Horizontal Public Infrastructure Improvement** means the design, acquisition, construction, and installation of public infrastructure improvements that provide foundational support for vertical development within the Zone, including without limitation: (i) water distribution lines and facilities; (ii) wastewater collection lines and facilities; (iii) storm drainage improvements; (iv) streets, roadways, and related curb, gutter, and sidewalk and related improvements; (v) public utilities placed within or adjacent to public rights-of-way or easements; and (vi) other similar public improvements necessary to provide horizontal infrastructure to serve new development within the Zone. The term expressly excludes any vertical construction, building improvements, remodels and renovations to existing structures, new buildings (police station, club

houses, etc.) regardless of purpose, or other improvements that do not constitute horizontal infrastructure for new development.

(j) **Tax Increment** means the total amount of ad valorem taxes levied and collected by the City or County for that year on the Captured Appraised Value of taxable real property located within the Zone.

(k) **Tax Increment Base** means the total appraised value as of January 1st of the year in which the Zone is created, of all real property located within the Zone.

(l) **TIRZ Fund** means that fund created by the City pursuant to Section 311.014 of the Act and the TIRZ Ordinance.

(m) **Zone** means the Reinvestment Zone Number Seven, City of Corpus Christi, Texas, as created and designated by the City Council under Ordinance No. _____ on _____.

(n) Terms other than those defined above shall: (1) have their meanings as given in the Act; (2) the Project and Financing Plan; (3) the recitals hereof; or (4) if not so defined, their usual and ordinary meanings.

(o) References to state statutes shall include amendments to those statutes that are duly enacted from time to time.

SECTION 3. **Condition(s) Precedent; Independent Obligations.**

(a) **No Waiver of Legislative Discretion.** The Parties acknowledge and represent to the other that certain obligations and agreements hereunder may be subject to future actions of their respective governing bodies, which are subject to the Texas Open Meetings Act, Chapter 551, Texas Government Code, as amended, and may not be prescribed as to outcome. Accordingly, the Parties hereby agree that their respective obligations hereunder that are subject to future action by their governing bodies are for the purposes of this Agreement satisfied upon the Parties' respective governing body placing such items on an agenda for consideration and action at a duly called and conducted meeting thereof. Nothing in this Agreement shall be construed as creating a contractual obligation that waives, controls, or supplants the discretion of each party's governing body under applicable state, federal, or local law.

(b) **Limitations on TIRZ Fund Expenditures and County Objections.** The Parties agree that the County's Tax Increment deposited to the TIRZ Fund shall not be utilized for improvements that benefit properties within the Zone unless the said benefitted property is: (i) annexed into the City, (ii) connected to City Sewer, and (iii) such improvements are identified in the Project Plan and Financing Plan, as may be amended from time to time, as finally approved by the City and not objected to by the County as contemplated herein. Within thirty (30) days after the adoption of the Project Plan and Financing Plan or any amendments thereto by vote of the TIRZ Board (at which a majority of County representatives whether appointed or nominated are present), the County shall have the right to object to the same by formal action of the County Commissioners Court ("Objection Period"). If the County does not object to the Project Plan and Financing Plan or subsequent amendments thereto within the Objection Period, the City may move

forward with approval of the same by Ordinance. If the County does object to the Project Plan and Financing Plan within the Objection Period, the City shall not consider approval of the same and shall direct the TIRZ Board to reconsider the Project and Financing Plan or any amendments thereto for adoption which shall trigger an additional County Objection Period.

(c) **Additional County Objections.** In addition to the objection rights set forth in Section 3(b) above, the County shall have the right to lodge a formal objection to the expenditure of any available TIRZ Funds on any project or improvement that is not a Horizontal Public Infrastructure Improvement supporting new development. Upon delivery of written notice through formal action of the County Commissioners Court of such objection to the City, no available TIRZ Funds shall be disbursed, allocated, or otherwise applied to the identified project or improvement within the Zone unless and until the objection is withdrawn in writing by the County or the Project Plan and/or Financing Plan is duly amended in accordance with Section 3(b) to address the County's objection. Any objection by the County will deter disbursement of County Collected Increment towards the "Objected to Project." The objection by the County will not deter TIRZ payments being made for other prior approved projects under the Project Plan and Financing Plan, if any.

SECTION 4. Rights and Obligations of the County.

(a) **County Tax Increment Participation.** Subject to Section 3(b) hereof, the County agrees to participate in the Zone, with the City, and is obligated to contribute the County's Tax Increment Payments—being forty-five percent (45%) of the County Tax Increment collected from taxable real property located within the Zone by depositing the same into the TIRZ Fund beginning the year of Zone creation (as set forth under the TIRZ Ordinance) and for each respective tax year thereafter for a period of not less than twenty (20) years, unless this Agreement is otherwise terminated as provided in Section 6 hereof. The County's obligation to contribute to the TIRZ Fund, as provided in this Agreement, shall only accrue upon the County collecting the County Tax Increment from within the Zone. The Parties agree that all ad valorem taxes collected each year by the County from real property located within the Zone shall first constitute taxes on the Tax Increment Base and after the total amount of taxes on the value of the Tax Increment Base has been collected, then the remaining ad valorem taxes collected shall constitute the Tax Increment for the Zone.

(b) **Timing for County Tax Increment Payments.** The County agrees to contribute and deposit its Tax Increment Payment into the TIRZ Fund annually not later than the 90th day after the delinquency date for the County's property taxes (or the first business day thereafter) following the end of each tax year. The amount of each County Tax Increment Payment for the Zone shall be based on forty-five percent (45%) of the County Tax Increment that is received for up to January 31st following the end of the tax year, but which have not been previously deposited into the TIRZ Fund during the annual periods preceding each deposit date. Under no circumstances shall the County be required to participate in the Zone with taxes attributable to periods after the twentieth tax year after the year in which the Zone is created.

(c) **Conflict in Determination of County Tax Increment Payment.** Pursuant to the Act, in the event there is a conflict between the Parties in regards to the amount of Tax Increment Payments owed by the County, the Parties agree that the County will make a reasonable determination as to the amount of any Tax Increment Payment owed by the County under this Agreement and the County will be responsible for reasonably determining which tax collections

will be apportioned for purposes of determining the County's Tax Increment Payment. The annual Captured Appraised Value for the real property contained within the Zone shall be determined by the Nueces County Appraisal District on the assessed appraised values and the Nueces County Tax Offices' verification of collections in regards to the real property contained in the Zone.

(d) **Use of County Tax Increment Payments.** Except for payment of Administrative Costs specified below, the Parties acknowledge and agree that any County Tax Increment Payment deposited in the TIRZ Fund shall be earmarked by the City for use only in connection with approved Project Costs identified in the Project Plan and Financing Plan, as may be amended from time to time.

(e) **Delinquent Deposits.** Any delinquent deposits by the County of a Tax Increment Payment under this Agreement shall be administered as provided in TEX. TAX CODE § 311.013(c), or its successor statute, which states as follows:

A taxing unit shall make a payment required by Subsection (b) [Tax Increment Payment], not later than the 90th day after the later of: (1) the delinquency date for the unit's property taxes; or (2) the date the municipality . . . that created the Zone submits to the taxing unit an invoice specifying the tax increment produced by the taxing unit and the amount the taxing unit is required to pay into the tax increment fund for the Zone. A delinquent payment incurs a penalty of five percent of the amount delinquent and accrues interest at an annual rate of ten percent. TEX. TAX CODE § 311.013(c).

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 report required to be filed by the City under TEX. TAX CODE § 311.016 is not filed timely and/or payment requests are not provided to the County timely, or under any other situation in which the City would not pay interest or penalties.

(f) **Limitations on County Tax Increment Payments.** Except for contributing its respective Tax Increment Payments to the TIRZ Fund as set out in this Agreement, the County shall not have any obligation or responsibility for any costs or expenses associated with the development of the Zone or implementation of the Project Plan and Financing Plan, including, without limitation, any obligation to pay or repay any bond or other debt issued by any other taxing entity participating in the Zone, the Zone, or the Board relating to the Zone or any costs associated with the operation of the Zone, or any other projects relating thereto. This provision shall not affect the obligation of the County under any separate document to which the County is a signatory.

(g) **Amendment of Project Plan and Financing Plan.** In accordance with the provisions of Section 311.011(e) of the Act, the Board may adopt an amendment to the Project Plan and Financing Plan; subject to the City's approval as may be evidenced by passage of a formal ordinance of the City Council adopting such amendment subject to the County's Objection Period. Additionally, pursuant to TEX. TAX CODE § 311.011(e), any proposed amendment to the Project Plan and Financing Plan by the Board that would (i) reduce or increase the geographic area of the Zone; (ii) increase the amount of bonded indebtedness to be incurred; (iii) increase or decrease the percentage of Tax Increment to be contributed by a taxing unit participating in the Zone; (iv) increases the total estimated project costs for the Zone; or (v) designates additional property in the

Zone to be acquired by the City, must be approved by formal ordinance of the City Council after the Objection Period and holding a public hearing that satisfies the procedural requirements of TEX. TAX CODE §§ 311.003(c)–(d).

(h) **Board Positions.** The TIRZ Ordinance established a Board that consists of fifteen (15) voting members in accordance with the Act. Pursuant to TEX. TAX CODE § 311.009(a), each taxing unit other than the City that levies taxes on real property in the Zone may appoint one member of the Board if the taxing unit has approved the payment of all or a part of the tax increment produced by the unit into the TIRZ Fund. Additionally, the City may not appoint more than ten (10) directors to the Board, except that if there are fewer than five (5) directors appointed by taxing units other than the City then the City may appoint more than ten (10) members provided that the total membership of the Board does not exceed fifteen (15) qualified persons. For the purposes of determining composition of the Board, the Parties agree as follows:

(i) **County Statutory Board Appointment.** In accordance with TEX. TAX CODE § 311.009(a), the County shall have the right to appoint one (1) qualified person to serve on the Board;

(ii) **County Board Nominations for Appointment by City Council.** The remaining County Commissioners after the County's Statutory Board Appointment (or their designee) shall be submitted to the City Council for membership on the Board. The County shall have the right to appoint five (5) qualified persons to serve on the Board, which includes the statutory appointee by right. As soon as practicable, the City Council shall duly consider the County's nominations and, appoint such qualified (under the Act) persons to serve on the Board by formal action at a meeting open to the public. The City Council will not unreasonably hinder the appointment of County Commissioners or their designee to the Board, as such unreasonable hinderance in appointing qualified person(s) nominated by the County would constitute a material breach.

(iii) **City Statutory Board Appointments.** In addition to the Board appointments described in Section 4(l)(ii), above, and Section 4(l)(iv)–(v), below, in accordance with TEX. TAX CODE § 311.009(a), the City shall have the right to appoint eight (8) qualified persons to serve on the Board. The Parties agree that out of the eight (8) qualified persons appointed by the City, one (1) qualified person shall be a London area taxpayer/property owner who is appointed to serve on the Board. The Parties agree that such London area taxpayer/landowner shall not be an elected official.

(iv) **Del Mar College District Nomination for Appointment by City Council.** The Parties anticipate participation by the Del Mar College District in the Zone, which will be evidenced by separate interlocal agreement with the City. As such, if participating in the Zone, the Del Mar College District shall have the right to nominate one (1) qualified person to serve on the Board to the City Council, in addition to the statutory right appointee. Del Mar College shall have the right to appoint two (2) total qualified persons to serve on the Board, which includes the statutory appointee by right. In the event the Del Mar College District's nomination is not appointed to the Board by City Council, then the City Council will continue to receive and consider further nomination(s) from the Del Mar College District until such time that two (2) qualified persons that have been nominated by the Del Mar College District are appointed by City Council to serve on the Board. Notwithstanding

any provision to the contrary herein, the obligations of the City under this Section 3(l)(iv) shall not be considered effective or enforceable unless and until the Del Mar College District enters into a binding interlocal agreement with the City for participation in the Zone. In the event that the Del Mar College District does not participate in the Zone with the City and County, then the City Council shall have the right to appoint an additional qualified person(s) to serve on the Board that the City selects in its sole discretion.

(v) ***Del Mar College District Statutory Board Appointment.*** The Parties anticipate participation by the Del Mar College District in the Zone, which will be evidenced by separate interlocal agreement with the City. As such, if participating in the Zone, pursuant to TEX. TAX CODE § 311.009(a), the Del Mar College District shall have the right to appoint one (1) qualified person to serve on the Board. In the event that the Del Mar College District does not participate in the Zone or elects to waive their statutory appointment, then the City Council shall have the right to appoint an additional qualified person to serve on the Board that the City selects in its sole discretion.

Failure of the Parties to appoint a qualified person to serve on the Board shall not be deemed a waiver of their right to make an appointment at a later date. The Parties will make best faith efforts to appoint and/or nominate such qualified persons, in the manner described above, to serve on the Board, and to fill vacancies in the positions as needed. The Parties agree that the Chair of the Board shall be appointed by City Council pursuant to TEX. TAX CODE § 311.009(f) and the Vice-Chairman shall be elected from nominations made by the County representative Board Members and such Vice-Chairman shall be a County representative Board Member (whether serving on the Board by statutory appointment or nomination to the City Council under this Agreement).

SECTION 5. **Rights and Obligations of the City.**

(a) **City's Tax Increment Participation.** Subject to Section 3(b) hereof, the City agrees to participate in the Zone, with the County, and is obligated to contribute the City's Tax Increment Payments—being fifty percent (50%) of the City Tax Increment collected from taxable real property located within the Zone by depositing the same into the TIRZ Fund beginning the year of Zone creation (as set forth under the TIRZ Ordinance) and for each respective tax year thereafter for a period of not less than twenty (25) years, unless this Agreement is otherwise terminated as provided in Section 6 hereof. The City's obligation to contribute to the TIRZ Fund, as provided in this Agreement, shall only accrue upon the City collecting the City Tax Increment from the Zone. The Parties agree that all ad valorem taxes collected each year by the City from real property located within the Zone shall first constitute taxes on the Tax Increment Base and after the total amount of taxes on the value of the Tax Increment Base has been collected, then the remaining ad valorem taxes collected shall constitute the Tax Increment. This Agreement shall not affect the City's other obligations that may exist under separate written agreements with respect to the Zone or be deemed to preclude the City from entering into such other agreements related to the subject matter hereof.

(b) **Board Positions.** The appointments and nominations for positions on the Board established under the TIRZ Ordinance shall be as set forth in Section 4(l) hereof.



(c) **Disposition of Tax Increments.** Upon expiration or termination of the Zone, and after all obligations of indebtedness, tax increment bonds or notes, and/or project costs identified in the Project Plan and Financing Plan for the Zone (as may be amended) have been paid for and satisfied in full out of the TIRZ Fund, any money remaining in the TIRZ Fund shall be paid to the participating taxing entities on a pro rata basis in accordance with TEX. TAX CODE § 311.014(d), or any successor provision thereto. Accounting to determine the pro rata distribution of remaining funds to the respective taxing entities shall be conducted according to generally accepted accounting principles. In the event a discrepancy occurs between the reviews conducted by the City and the County, said discrepancy shall be resolved by the respective audit offices of the City and the County. In the event the dispute cannot be resolved it shall be submitted to mediation under the rules of the American Mediation Association with a mediator mutually acceptable and agreed upon by the acting County Judge for the County and the City Manager of the City.

(d) **Annual Reports/Right to Audit.** The City agrees to provide to the County an annual report regarding the Zone as required under Section 311.016 of the Act. Additionally, the County shall have the right to audit the books and records of the Zone upon providing at least 10 days' written notice to the City. Such an audit shall occur between 9 a.m. and 5 p.m. on business days.

SECTION 6. **Term and Termination; Default**

(a) The term of this Agreement, unless extended by mutual agreement of the County and the City, shall last twenty (20) years until (i) December 31, 2046; (ii) the date all project costs identified in the Project Plan and Financing Plan, as may be amended, have been paid or reimbursed in full; or (iii) the date the Zone is terminated, whichever occurs first. Nothing in this Agreement limits the authority of the County or City to extend the term of this Agreement. Upon termination of this Agreement, the obligation of the County to deposit Tax Increment Payments into the TIRZ Fund shall end.

(b) **Early Termination.** Any Party may terminate this Agreement for a material breach of contract, subject to the provisions on Section (c), Notice of **Default**. For purposes of this Agreement, any payment of TIRZ Funds by the City on items or costs not identified in the Project Plan and Financing Plan for the Zone (as may be amended), or administrative costs, shall be considered a material breach.

Breach; Default. A Party is in "Breach" or "Default" in the event a Party fails to perform their respective obligations, promises, or duties for a period of more than forty-five (45) days after (i) receiving written notice of the same from the non-breaching party; and (ii) the breaching-party does not sufficiently cure the alleged breach within the period specified in Section 6(d) below.

(c) **Notice of Default; Opportunity to Cure.** Prior to a Party being in Breach of this Agreement, the party alleging the Breach shall send written notice to the breaching party, with such notice sufficiently describing the nature of the Breach alleged and provide a period of not less than ninety (90) days for the breaching party to substantially cure the alleged Breach (the "Cure Period"). The Cure Period shall commence upon the non-breaching party mailing the written notice of alleged Breach, via certified mail return receipt requested, at the address of the breaching party listed in Section 8(a) below, or such other address as may be designated in writing thereunder.

(d) **Remedies Not Exclusive.** No right or remedy herein conferred upon or reserved to either of the Parties is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative to any other right or remedy given hereunder or now or hereafter legally existing upon Default or Breach, including, but not limited to, an action brought against a breaching party for specific performance of their obligations, promises, or duties under this Agreement. The failure of either Party to insist upon the strict observance or performance of any of the provisions of this Agreement or to exercise any right or remedy provided in this Agreement shall not impair any such right or remedy nor be construed as a waiver or relinquishment thereof with respect to subsequent default or breach. Every right and remedy given by this Agreement to the Parties may be exercised from time to time and as often as may be deemed expedient by the Parties.

SECTION 7. Administration of the Zone; Disbursement of Funds in TIRZ Fund.

(a) **Financing of Project Costs.** The County shall be required to participate in payment of the project costs identified in the Project Plan and Financing Plan, as may be amended from time to time, through depositing County Tax Increment Payments into the TIRZ Fund only to the extent provided herein. The City shall be entitled to enter into any other agreements for the City or the Zone to pay the project costs and other reasonable expenses identified in the Project Plan and Financing Plan from available funds paid into the TIRZ Fund by the City or any other taxing entity participating in the Zone without the consent of the County, but the City will provide notice of such agreement(s) to each taxing entity participating in the Zone with the City. Notwithstanding any provision contained herein to the contrary, the Parties acknowledge and agree that funds deposited in the TIRZ Fund by any taxing entity participating in the Zone, including the County, may be used to “pay-down” assessments imposed on real property in connection with a public improvement district established by the City that is located within the Zone and only to the extent that such assessments have been levied to pay for project costs identified in the Project Plan and Financing Plan, as may be amended from time to time.

(b) **Administration of TIRZ Fund.** The Parties agree that the City shall administer the TIRZ Fund on behalf of the Zone, and subject to the approval of all projects and finances by the TIRZ Board. Except for amounts to be paid to the City and County for their respective Administrative Costs, no funds shall be disbursed from the TIRZ Fund without the prior written approval of the Board and notice of the amount of funds used and disbursement of funds by the Zone shall be given at least annually to the County. The Parties agree that the Board shall be responsible for the management and annual administration of the Zone.

(c) **Administrative Costs.** The Parties acknowledge and agree that under no circumstances shall the aggregate administrative costs exceed the amount set out herein as funds become available in the TIRZ Fund (the “Administrative Costs”). The City shall charge up to One Hundred Thousand and 00/100 Dollars (\$100,000) annually for administration of the Zone and provide an invoice to the City and TIRZ Board annually by June 1st of each year. The County shall charge up to Fifty Thousand and 00/100 Dollars (\$50,000) annually for administration of the Zone and provide an invoice to the City and TIRZ Board annually by June 1st of each year. The Parties may deduct their annual Administrative Costs from their respective Tax Increment Payments for a given year prior to deposit of the same into the TIRZ Fund, provided said deductions are clearly

delineated as a deduction from the Tax Increment Payments. In the event there is not sufficient Tax Increment to pay the Parties' respective annual Administrative Costs out of their Tax Increment Payments for a given year, the Parties are each entitled to deduct the pro-rata Administrative Costs which they are respectively owed prior to depositing their Tax Increment Payments into the TIRZ Fund during the next year in which sufficient funds exist in their respective Tax Increment Payments to pay said owed Administrative Costs. The County shall participate in the oversight of the TIRZ Fund through its representation on the Board.

(d) **Priority of Payment from TIRZ Fund.** The Parties agree that the City and the Zone may use available TIRZ Funds to pay expenditures in the following order or priority of payment: (i) to reimburse the City for eligible formation costs (including the costs of conducting environmental impact studies or other studies and costs of professional services, including those for architectural, planning, engineering and legal services) incurred by a developer as identified in a corresponding development agreement and/or the City; (ii) to reimburse eligible Administrative Costs of the County and the City; and (iii) to reimburse developer(s) and/or City for project costs identified in the Project Plan and Financing Plan, as may be amended from time to time, respectively incurred or advanced by them under a development or reimbursement agreement in connection with development identified in a duly approved Project and Financing Plan subject to Section 3(b) herein.

(e) **Prohibition on Use of Funds.** Funds deposited in the TIRZ Fund can only be spent in accordance with the Project Plan and Financing Plan. Under no circumstances shall any part of the TIRZ Fund be distributed to charitable organizations of any kind. The Parties further agree that no funds will be paid from the TIRZ Fund to a participating taxing entity for its financial or legal services incurred in any dispute arising under this Agreement with another participating taxing entity or a dispute with a developer in the Zone.

SECTION 8. **Miscellaneous Provisions.**

(a) **Notice.** Whenever this Agreement requires or permits any consent, approval, notice, request, proposal, or demand from one party to another, the consent, approval, notice, request, proposal, or demand must be in writing to be effective and shall be delivered to the party intended to receive it at the addresses shown below (or to such other addresses as the parties may request, in writing, from time to time).

If intended for the **City**, to:
City Manager
City of Corpus Christi
1201 Leopard
P.O. Box 9277
Corpus Christi, Texas 78469-9277

If intended for the **County**, to:
Nueces County Judge
County Courthouse
901 Leopard, Room 303
Corpus Christi, Texas 78401

(b) **Non-Assignability.** Neither the City, the County, nor the Board shall assign any interest in this Agreement without the prior written consent of the other parties.

(c) **Non-Discrimination.** No person shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination in any of the operations or funding of the Zone on the grounds of race, color, national origin, age, sex, religion, or other protected status.

(d) **Binding on the Parties and Non-Waiver.** This Agreement shall not be considered fully executed or binding on the City and/or the County until this Agreement has been approved and accepted by the City Council and the Commissioners Court at a properly called and noticed meeting of each respective body. The failure of either Party to insist upon the performance of any term or provision of this Agreement or to exercise any right granted hereunder shall not constitute a waiver of that Party's right to insist upon appropriate performance or to assert any such right on any future occasion.

(e) **Third Parties.** The provisions and conditions of this Agreement are solely for the benefit for the City and the County, and are not intended to create any rights, contractual or otherwise, to any other person or entity. The relationship of the City and the County under this Agreement shall not be construed or interpreted to be a joint enterprise or joint venture. The Parties agree that each Party is an independent contractor.

(f) **Controlling Law.** Venue and jurisdiction shall be exclusively in Nueces County, Texas and under the laws of the State of Texas.

(g) **Counterparts.** This Agreement may be executed in any number of counterparts and when each Party has signed and delivered to the other at least one (1) such counterpart, each counterpart shall be deemed an original, and when taken together with the other signed counterparts, shall constitute one (1) agreement; provided however, this Agreement shall not be binding until signed by both Parties.

(h) **Force Majeure.** The Parties shall not be held responsible for or liable for any failure or delay in the performance of obligations hereunder if such failure or delay is actually caused directly or indirectly from forces beyond its control such as strikes, accidents, acts of war or terrorism, civil or military disturbances, nuclear catastrophes, and/or "Acts of God," so long as the event was unforeseeable and the Parties are utilizing reasonable care and due diligence in the performance of their duties under this Agreement. A Party wishing to invoke this provision must immediately notify the other Party of the force majeure event and shall remain in regular communication thereafter. Upon cessation of the force majeure event, the Parties shall resume performance of their respective obligations hereunder as soon as practicable.

(i) **Good Faith.** The Parties shall endeavor to work together in good faith to ensure the success of the Zone and shall collaborate as necessary.

(j) **Captions.** All captions herein are for convenience only and shall not be construed to have any effect or meaning as to the agreement between the Parties.

(k) **Governmental Functions and the Relationship of the Parties.** Notwithstanding any provision contained herein to the contrary, this Agreement is for the performance of governmental functions by governmental entities. Nothing contained in this Agreement shall be deemed to create a partnership, joint venture, or relationship of employment between the Parties. Neither Party shall have the authority to act on behalf of the other or to commit or obligate the

other Party in any way. Any and all costs incurred by developers within the Zone are not and shall never become general obligations or debt of any taxing entity participating in the Zone. No taxing entity participating in the Zone shall be obligated above and beyond what is actually collected as tax increment funds collected from within the Zone.

No Debt; Current Revenues; Non-Appropriation. This Agreement is an interlocal contract under Texas Government Code Chapter 791 and is not a debt of either Party within the meaning of Article XI, Sections 5 and 7 of the Texas Constitution. All payments are due solely from current revenues appropriated and available for the purpose of this Agreement; no ad valorem tax is pledged and no sinking fund is created. Each Party's obligations after the end of any fiscal year are subject to and contingent upon the governing body's lawful appropriation of sufficient funds for the next fiscal year. If adequate funds are not appropriated, the non-appropriating Party may terminate this Agreement at the end of its then-current fiscal year without further liability.

(l) **Entirety of Agreement.** This Agreement, including any exhibits attached hereto and any documents incorporated herein by reference, contains the entire understanding and agreement between the City and the County as to the matters contained herein. Any prior or contemporaneous oral or written agreement is hereby declared null and void to the extent in conflict with any provision of this Agreement.

(m) **Amendments.** Notwithstanding anything to the contrary herein, this Agreement shall not be amended unless executed in writing by both parties and approved by the City Council and the Commissioners Court in open meetings held in accordance with Chapter 551 of the Texas Government Code.

(n) **Severability.** If any one or more of the sections, sentences, clauses, or parts of this Agreement are held to be invalid for any reason, the invalidity of such section, sentence, clause, or part shall not affect or prejudice the applicability and validity of any other provision of this Agreement.

(o) **Bargaining.** The Parties have each had the opportunity to seek independent legal counsel before entering into this Agreement. The language of this Agreement shall be construed simple, according to its fair meaning and not strictly for or against either party.

(p) **Status of Employees, Contractors, and Agents.** No joint employment is created by this Agreement. The employees, contractors, and agents of the respective Parties shall remain solely the employees, contractors, and agents of that respective Party.

(q) **No Waiver of Immunity.** Nothing in this Agreement shall be deemed to waive, modify, or alter any immunities or defenses available to the County of City under the laws of the State of Texas, including governmental immunity, sovereign immunity, or official immunity. The Parties expressly agree that the execution of this Agreement and any actions taken pursuant to this Agreement do not constitute or shall not be construed as a waiver of any such immunities or defenses, whether at common law or by statute.

[The remainder of this page intentionally left blank.]

EXECUTED and **EFFECTIVE** on the last date signed by the duly authorized officials, below.

CITY OF CORPUS CHRISTI

NUECES COUNTY

City Manager Peter Zaroni
City of Corpus Christi
Date:_____

Honorable 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 of Corpus Christi

County Attorney

Exhibit A

TIRZ #7 BOUNDARY MAP

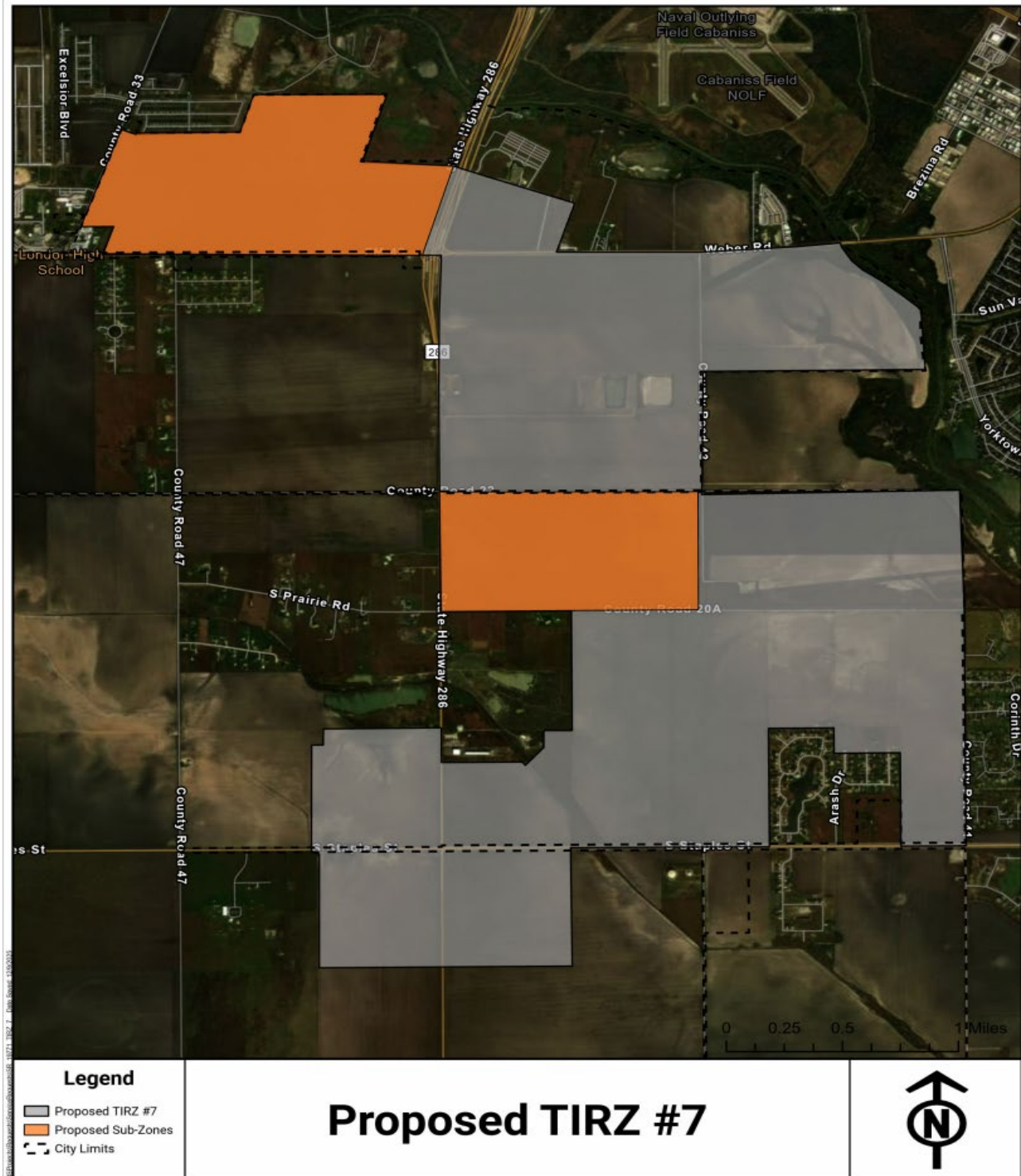


EXHIBIT B

TIRZ #7

PRELIMINARY PROJECT FINANCING PLAN