



LEGISLATIVE SERVICES

August 11, 2006

Kathleen Bransford, Deputy Clerk – Administration
Denton County Clerk's Office
1450 East McKinney
Denton, TX 76209

Re: Interlocal Agreement-TIRZ

Dear Ms. Bransford:

At the August 7, 2006 Town Council meeting, Council approved the above-mentioned agreement. Enclosed is Denton County's executed original.

Should you have any questions, please feel free to contact me at 972.874.6070.

Sincerely,

Tammy Follett
Deputy Town Secretary

Enclosure

c: Melissa Glasgow, Director of Economic Development
Chuck Springer, Chief Financial Officer

C. PARTS INCORPORATED

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

IN WITNESS HEREOF, the TOWN, and DENTON COUNTY have made and executed this Agreement in multiple copies, each of which is an original.

TOWN OF FLOWER MOUND

DENTON COUNTY

John Smith 8.7.06
Mayor Date

Rayborn 5/9/06
County Judge Date

ATTEST/SEAL:

Paula Gaschel 8.7.06
Town Secretary Date

Thomas F. Lewis 5/9/06
County Attorney Date

COUNTERSIGNED:

Chh Spier 8.7.06
Chief Financial Officer Date

APPROVED:

[Signature] 8.7.04
Town Attorney Date

(The remainder of this page is intentionally left blank.)

II. DEFINITIONS

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

“*Administrative Costs*” means the costs of organizing the Zone, the costs of operating the zone and the imputed administrative costs associated with the Zone, including reasonable charges, but not to exceed 5% of the tax increments generated by the reinvestment zone per year, for the time spent by employees of the Town in connection with the implementation of the Project Plan.

“*Agreement*” means this agreement between the TOWN, DENTON COUNTY and the Zone.

“*Agreement Term*” is defined in Section VI.

“*Captured Appraised Value*” means the captured appraised value of the Zone as defined by Chapter 311, Texas Tax Code.

“*Town*” is defined in Section I of this Agreement and includes its successors and assigns.

“*Countersignature Date*” means that date shown as the date countersigned by the Town Director of Finance on the signature page of this Agreement.

“*DENTON COUNTY*” is defined in Section I of this Agreement and includes its successors and assigns.

“*DENTON COUNTY Tax Increment Participation*” as defined in Section IV of this Agreement.

“*Zone*” means Reinvestment Zone Number One, Town of Flower Mound, Texas created by the Town by Ordinance No. 78-05, attached as Exhibit “A”, and includes its successors and assigns.

“*Project Plan*” means the project plan and reinvestment zone financing plan for the Zone adopted by the board of directors of the Zone and approved by the Town Council of the Town.

“*Tax Increment Fund*” means the tax increment fund created by the Town in the Town Treasury for the Zone.

Other terms used herein shall have the meanings specified herein or ascribed to them in Chapter 311, Texas Tax Code.

III. BACKGROUND

By Ordinance No. 78-05, the Town created the Zone for the purpose of development and redevelopment. The Town will contribute one hundred percent (100%) of the Town rate produced in the Zone to the Tax Increment Fund. DENTON COUNTY desires to participate in the Zone in consideration for the agreements set forth below.

IV. OBLIGATIONS OF DENTON COUNTY

A. TAX INCREMENT PARTICIPATION: DENTON COUNTY

For and in consideration of the agreements of the parties set forth herein, and subject to the remaining subsections of this section, DENTON COUNTY agrees to participate in the Zone by contributing its tax rate on the annually calculated tax increment produced in the Zone attributable to DENTON COUNTY to the Tax Increment Fund during the term of this Agreement as follows:

Years 1—5	100%
Years 6-10	90%
Years 11-15	85%
Years 16-20	80%

B. TAX INCREMENT LIMITATION

Subject to the limitations set out in this Agreement, DENTON COUNTY agrees to pay the DENTON COUNTY Tax Increment Participation to the Tax Increment Fund during the term of this Agreement. DENTON COUNTY shall not be required to pay tax increment into the Tax Increment Fund after three (3) years from the date the Zone has been created unless:

1. Bonds have been issued from the Zone under section 311.015 of the Texas Tax Code to finance a portion of the project;
2. The Town has acquired property in the Zone pursuant to the Project Plan;
or
3. Construction of a project or projects pursuant to the Project Plan has begun in the Zone.

DENTON COUNTY'S Tax Increment Participation shall be based on and limited to taxes actually collected on the Captured Appraised Value in the Zone. DENTON COUNTY shall not be obligated to pay the DENTON COUNTY Tax Increment Participation from other DENTON COUNTY taxes or revenues. The obligation to pay the DENTON COUNTY Tax Increment Participation shall accrue as taxes are collected by DENTON COUNTY on the Captured Appraised Value, and payment shall be due no later than the 90th day after the delinquency date, and in no instance later than May 1st of each calendar year. The Town agrees that any interest or penalties collected by DENTON COUNTY with respect to taxes included in the DENTON COUNTY Tax Increment Participation shall be retained by DENTON COUNTY.

C. USE OF DENTON COUNTY TAX INCREMENT PARTICIPATION FUNDS

DENTON COUNTY shall have the exclusive right to utilize DENTON COUNTY Tax Increment revenues that are not paid into the fund for any lawful purpose.

D. EXPANSION OF ZONE

The obligation of DENTON COUNTY to participate in the Zone is limited to the area described in Ordinance No. 78-05; DENTON COUNTY participation shall not extend to the tax increment on any additional property added to the Zone by the Town unless DENTON COUNTY approves the participation.

E. BOARD OF DIRECTORS

Notwithstanding anything to the contrary in TOWN OF FLOWER MOUND Ordinance No. 78-05, which created the Zone, DENTON COUNTY shall have the unequivocal right to appoint to and maintain two (2) member(s) on the Zone Board of Directors. Failure of DENTON COUNTY to appoint a person to the Board of Directors of the Zone shall not be deemed a waiver of DENTON COUNTY'S right to amend an appointment by a later date.

V. OBLIGATIONS OF TOWN AND ZONE

A. PROJECT PLAN

Approval by both the TIRZ Board and the Town Council shall be required prior to amendment of the Project Plan within the total cost of \$48,700,000. Any amendment, which would increase the total cost above \$48,700,000, will additionally require approval of the DENTON COUNTY COMMISSIONERS COURT.

VI. TERM AND TERMINATION

A. AGREEMENT TERM

This Agreement shall become effective as of the date of _____, and shall remain in effect until December 31, 2024. The first payment of increment taxes by DENTON COUNTY under this Agreement shall be for those taxes levied by DENTON COUNTY in the year 2005 and the last payment by DENTON COUNTY under this Agreement is for those taxes levied by DENTON COUNTY in the year 2024.

B. DISPOSITION OF TAX INCREMENTS

Upon termination of the Zone, the Town shall pay to DENTON COUNTY all monies remaining in the Tax Increment Fund that are attributable to the DENTON COUNTY Tax Increment Participation.

VII. MISCELLANEOUS

A. SEVERABILITY

In the event any term, covenant or condition herein contained shall be held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant or condition herein contained, provided that such invalidity does not materially prejudice either DENTON COUNTY or the Town, in their respective rights and obligations contained in the valid terms, covenants or conditions hereof.

In the event any term, covenant or condition shall be held invalid and affects in any manner the limitations of DENTON COUNTY contributions or participation, then this Agreement shall be void as to DENTON COUNTY, and DENTON COUNTY shall have no liability for any incremental or other payments as may otherwise be provided for in this Agreement.

B. ENTIRE AGREEMENT

This Agreement merges the prior negotiations and understanding of the parties hereto and embodies the entire agreement of the parties. 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 hereof.

C. WRITTEN AMENDMENT

Unless otherwise provided herein, this Agreement may be amended only by written instrument duly approved and executed on behalf of each party.

D. NOTICES

All notices required or permitted hereunder shall be in writing and shall 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 respective other party at the address prescribed in Section I of this Agreement or at such other address as the receiving party may have theretofore prescribed by notice to the sending party.

E. NON WAIVER

Failure of any party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on, and to enforce by any appropriate remedy, strict compliance with any other obligation hereunder or to exercise any right or remedy occurring as a result of any future default or failure of performance.

F. ASSIGNMENT

No party shall assign this Agreement at law or otherwise without the prior written consent of the other parties. No party shall delegate any portion of its performance under this Agreement without the prior written consent of the other parties.

G. SUCCESSORS

This Agreement shall bind and benefit the parties and their legal successors. This Agreement does not create any personal liability on the part of any officer or agent of the Town or of any trustee, officer, agent or employee of DENTON COUNTY.

H. NO WAIVER OF IMMUNITY

No party hereto waives or relinquishes any immunity or defense on behalf of itself, its trustees, officers, employees, students, and agents as a result of its execution of this Agreement and performance of the covenants contained herein.

EXHIBIT A---CREATION ORDINANCE

PROPERTY OF DENTON COUNTY

EXHIBIT B – PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN

PROPERTY OF DENTON COUNTY