

THE STATE OF TEXAS

COUNTY OF WEBB

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**PARTICIPATION AGREEMENT
TAX INCREMENT REINVESTMENT ZONE NUMBER ONE
CITY OF LAREDO, TEXAS**

THIS AGREEMENT (“Agreement”) is made by and between the City of Laredo, Texas (“City”), acting by and through its City Manager or his designee, and Webb County, Texas (“County”) acting by and through its duly authorized officials.

WITNESSETH:

WHEREAS, in accordance with the Tax Increment Financing Act, Chapter 311, Texas Tax Code (the “Act”) on November 21, 2016 the City of Laredo adopted Ordinance No. 2016-0-192, as amended (the “Ordinance”) creating Tax Increment Reinvestment Zone Number One, City of Laredo, Texas (the “Zone”) for the development and revitalization of downtown Laredo; and

WHEREAS, on September 23, 2024 the County expressed its support for the Zone and voted unanimously to contribute tax increment to the tax increment fund at a percentage matching the percentage of tax increment contributed by the City; and

WHEREAS, City and County agree that the Board composition shall include 2 representatives designated by County.

WHEREAS, City and County now desire to enter into this Agreement under the Act for the contributions of their respective tax increments to the tax increment fund of the Zone;

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties, the City and the County do agree as follows.

AGREEMENT

1. Parts Incorporated.

The following documents are hereby incorporated into this Agreement for all purposes by this reference:

- A. The Ordinance (as may be amended from time to time);
- B. The Project Plan (as may be amended from time to time); and
- C. The Finance Plan (as may be amended from time to time).

2. Tax Increment Contributions.

A. Contributions. Beginning with tax increment for tax year 2025, and continuing until the termination of the Zone on December 31, 2046, the County agrees that it shall annually contribute to the tax increment fund of the Zone:

(i) one hundred percent (100%) of any County tax increment resulting from rollback taxes; and

(ii) one hundred percent (100%) of County tax increment attributable to the portion of their respective tax rates attributable to maintenance and operation.

Notwithstanding the foregoing, County may suspend payments to the tax increment fund held by the City if the City terminates its participation in the Zone.

B. Tax Increment Base. As used herein, “tax increment” have the meaning set forth in Chapter 311 of the Tax Code. Notwithstanding the provisions of Section 311.012, Texas Tax Code, the Parties agree that, for purposes of this Agreement, increment shall be calculated with \$ _____ as the tax increment base (the “Tax Increment Base”).

C. County Increment. The County’s obligation to contribute its tax increment payment to the tax increment fund shall accrue as the County collects its tax increment. The parties hereto agree that all real property taxes collected each year by the County that are attributable to real property in the Zone, shall first constitute taxes on the Tax Increment Base and after the total amount of taxes on the Tax Increment Base have been collected, shall then, except as may be excepted herein, constitute the tax increment. The County agrees to make its annual payments to the City for deposit into the tax increment fund of the Zone on or before ninety (90) days after the tax delinquency date as provided by Tax Code Section 311.013(e). Under no circumstances shall the County be required to participate in the Zone after May 30, 2047.

D. Public Improvements. County’s contribution to the tax increment fund shall be used to fund public improvements to support the development and revitalization efforts in the Zone.

E. Conflict. Pursuant to the Act, in the event there is a conflict between the parties in regard to the amount of the tax increment owed by the County, the parties agree that the County will make a reasonable determination as to the amount of any Tax Increment owed by the County under this Agreement and present the same to the City. If the City does not accept the County’s determination after a thirty (30) day review period, the parties agree to allow a third-party accounting firm, mutually selected by and equally funded by the parties, to make the final determination based on the terms of this Agreement and the Act.

F. No Penalty or Interest. Any delinquent deposit of a tax increment payment under this Agreement by the County shall be administered as provided in Section 311.013(c) of the Act (or its successor provision). The parties expressly agree that the County shall not owe any penalty or interest on tax increments that have been levied, but not received by the County. In addition, the County shall not be obligated to contribute its tax increment payments from any non-tax increment revenue sources. Furthermore, the County shall not be obligated to contribute its tax increment payment to the tax increment fund in the event any participating taxing entity in the Zone, other than the County, discontinues its required contribution under the Finance Plan or fails to fully

contribute its entire contribution to the tax increment fund during the term of this Agreement, unless such discontinuance is in compliance with and authorized by a written amendment to this Agreement.

3. Additional Agreements.

A. Annual Report. Project and Finance Plans. City shall provide County with the Zone's annual report contemporaneously with submitting the annual report to the Texas Comptroller of Public Accounts. The County shall receive the final project plan and finance plan for the Zone in advance of City's approval and shall receive notice of any proposed amendments to such plans.

B. Financial Obligation. Except for making its annual payments to the City for deposit in the tax increment fund as set out in this Agreement, County shall not have any obligation or responsibility for any costs or expenses associated with the Zone or the Project other than the County Public Work.

C. Term. This Agreement shall become effective as of the date of execution, and shall remain in effect until the later of (i) May 30, 2047.

D. Non-Qualification. The parties agree that should the Texas Attorney General or a Texas District Court opine or find that (i) the basis for creating the Zone or the County's participation in the Zone is unlawful or unconstitutional or (ii) the property designated as the Zone does not qualify under the Act, this Agreement shall be terminated and any money remaining in the tax increment fund shall be paid to each taxing entity that contributed funds to the tax increment fund in proportion to the contributions of each; and, the County shall have no further liability with regard to the Zone or this Agreement.

E. Termination. Upon the termination of the Zone, and after satisfaction of all obligations, payment of any unreimbursed service costs, and allocation of costs to infrastructure maintenance, any money remaining in the tax increment fund shall be paid to each of taxing entity that contributed funds to the tax increment fund in proportion to the contributions of each in accordance with Section 311.014(d) of the Texas Tax Code.

F. Limited Obligation. The County's obligations shall be limited to imposing and collecting taxes on properties in the Zone and depositing the agreed portion of the tax receipts in the tax increment fund during the term of the Zone.

G. Expansion of the Zone. The obligation of the County to participate in the Zone is limited to the description of the Zone contained in the Project Plan and Finance Plan. The County's participation shall not extend to the tax increment on any additional property added to the Zone by the City unless the County approves in writing such participation.

4. 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.

B. Entire Agreement. This Agreement merges the prior negotiations and understandings 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. This Agreement may be changed or amended only by a written instrument duly executed on behalf of the City and the County.

D. Default. If a party is in breach of any of the terms and conditions of this Agreement, the aggrieved party shall give written notice thereof, including a reasonably detailed statement of the nature of such breach, to the breaching party. The breaching party will have thirty (30) days after notice is given to cure such breach. If the breaching party fails to cure in timely manner, the aggrieved party, at its option, shall be entitled to suspend its performance under the Agreement for as long as the breach remains uncorrected, and avail itself of any and all remedies available under this Agreement, at law or in equity.

E. Notices. All notices required or permitted hereunder shall be in writing and delivered by personal delivery, facsimile or United States Postal Service (certified mail, return receipt requested) and addressed to the other party at the address prescribed below, or at such other address as the receiving party may have theretofore prescribed by notice to the sending party.

If to the City, to:

CITY OF LAREDO

Attn: City Manager
1110 Houston St.
Laredo, Texas 78040
Re: TIRZ No. 1
Phone: (956) 791-7304

If to the County, to:

WEBB COUNTY

Attn: County Judge
1000 Houston St., 3rd Floor
Laredo, Texas 78040
Re: TIRZ No. 1
Phone: (956) 523-4600

F. 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, or 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.

G. Venue. Venue for any legal action concerning this Agreement will lie in Webb County, Texas.

[SIGNATURES ON FOLLOWING PAGE]

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THIS AGREEMENT IS EXECUTED by the City and the County on this ____ day of _____, 2025.

CITY OF LAREDO

Joseph W. Neeb
City Manager

ATTEST:

Mario Maldonado
City Secretary

Nguyen, Doanh T. "Zone"
City Attorney

WEBB COUNTY

Tano E. Tijerina
County Judge

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