

AGREEMENT FOR THE DURATION, RATE, AND ALLOCATION OF SALES AND USE TAX

This Agreement for the Duration, Rate, and Allocation of Sales and Use Tax (the "Agreement") is made and entered into by and between the Village of Fairchilds, Texas (the "Village"), and Fort Bend County Assistance District No. 16 (the "District") of Fort Bend County, Texas.

RECITALS

WHEREAS, on May 4, 2019, Fort Bend County held an election for the creation of the District and the imposition of a sales and use tax at the rate of two percent (2%) within the boundaries of the District; and

WHEREAS, upon certification of the results of the election and creation of the District, the District ordered the imposition of a sales and use tax of two percent (2%) within the boundaries of the District in order to finance the operations of the District or for any other purposes authorized by law, with an anticipated commencement date of October 1, 2019; and

WHEREAS, the Village and the District desire to enter this Agreement to determine the allocation of local sales and use taxes collected within the boundaries of the District.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth below, the parties agree as follows:

AGREEMENT

Section 1. General. The Village and the District agree that the District's imposition of sales and use tax within the boundaries of the District shall be governed by the terms of this Agreement. The Village and the District agree that the District may perform the following functions in the District: (1) the construction, maintenance, or improvement of roads or highways, (2) the provision of law enforcement and detention services, (3) the maintenance or improvement of libraries, museums, parks, or other recreational facilities, (4) the provision of services that benefit the public health or welfare, including the provision of firefighting and fire prevention services, or (5) the promotion of economic development and tourism. Further, the Village and the District agree that the District is authorized to enter into an agreement regarding the duration, rate and allocation between the District and the Village of sales and use taxes.

Section 2. Duration. This agreement expires on September 30, 2039. In the event the Village annexes a portion of the District for full purposes, the Village will provide the

District with one hundred twenty (120) days' notice of any such annexation and, as of the annexation date, the area annexed shall be automatically excluded from the boundaries of the District. If the Village annexes the entirety of the District for full purposes, the Village must provide the District one hundred twenty (120) days' notice of such annexation and, as of the annexation date, the District shall no longer be authorized to collect sales and use tax within the District.

Section 3. Rate and Allocation. The sales and use tax imposed by the District may not exceed two (2) percent, and may only be used for lawful purposes within the boundaries of the District. The sales and use tax imposed by the District may not exceed two (2) percent and may be used for any lawful purposes. The District and the Village hereby agree to an allocation of fifty percent (50%) of all sales and use tax collected by the District shall be payable to the Village. Payment shall be made by the District to the Village within sixty (60) days of the District's receipt of the collections from the Office of the Texas Comptroller of Public Accounts.

Section 4. Bonds or obligations. The District may not issue or enter into bonds, notes, or other obligations extending beyond September 30, 2039, if such bonds, notes, or other obligations are secured by a pledge or other encumbrance or lien on the sales and use tax collected by the District. The District may not issue or enter into bonds, notes, or other obligations secured by a pledge or other encumbrance or lien on the Village's allocation of the sales and use tax collected by the District without the Village's consent. If the Village annexes for full purposes an area of the District encumbered by bonds, notes, or other obligations secured by a pledge or other encumbrance or lien on the District's allocation of the sales and use tax, the Village will be obligated to pay from its sales and use tax allocation the amount attributable to the area annexed for full purposes.

Section 5. Boundaries and Annexation. The Village hereby consents to the District's inclusion of public right of way used for road purposes and County-owned property and facilities located within the municipal boundaries of the Village which will not generate sales and tax revenue. The inclusion of such property will allow the District to spend its revenue and perform its functions on the non-sales and use tax revenue generating property used for public purposes. There will be no imposition of the sales and use tax applicable to such that would exceed the maximum combined rate of sales and use taxes imposed by political subdivisions of this state prescribed by Sections 321.101 and 323.101 of the Texas Tax Code. Further, the Village agrees that the District may annex additional land located within the extraterritorial jurisdiction of the Village into its boundaries with sixty (60) days' notice to the Village. Upon receipt of such notice, Village shall have the same opportunity to exclude the territory or any portion thereof proposed for annexation by the District as provided under Section 387.003 (b-1) of the Texas Local Government Code for creation of a district within the extraterritorial jurisdiction of a municipality.

Section 6. Termination of Agreement. This Agreement is to remain in full force and effect unless terminated by mutual agreement of the parties hereto or by operation of the terms contained herein. Notwithstanding the above, if the Village annexes the entirety of the District for full purposes the Agreement shall terminate.

Section 7. Entire Agreement; Modification. This Agreement constitutes the entire agreement between the Village and the District concerning the duration, rate, and allocation of the imposition of sales and use tax by the District. There have been and are no agreements, covenants, representations, or warranties between the parties other than those expressly stated or provided for herein. No modification hereof or subsequent agreement relative to the subject matter hereof shall be binding on any party unless reduced to writing and signed by the parties.

Section 8. Parties in Interest. This Agreement shall be for the sole and exclusive benefit of the Village and the District and shall not be construed to confer any benefit or right upon any other party, including particularly any resident of the District or the Village.

Section 9. Severability. The provisions of this Agreement are severable, and if any word, phrase, clause, sentence, paragraph, section, or other part of this Agreement or the application thereof to any other person or circumstance shall ever be held by any court of competent jurisdiction to contravene or be invalid under the constitution or laws of the State of Texas for any reason, that contravention or invalidity shall not invalidate the entire Agreement. Instead, this Agreement shall be construed as if it did not contain the particular provision or provisions held to be invalid, the rights and obligations of the parties shall be enforced accordingly, and this Agreement shall remain in full force and effect, as construed. The remainder of this Agreement and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Agreement to the other parties or circumstances shall not be affected thereby.

Section 10. Successors and Assigns. This Agreement shall apply to and be binding upon the parties hereto and their respective officers, directors, successors, and assigns. This Agreement and any of the rights obtained hereunder are not assignable by any party hereto without the express written consent of the other parties, which consent shall not be unreasonably withheld.

Section 11. Authorization. Each party represents that (i) execution and delivery of this Agreement by it has been duly authorized by its governing body or other persons from whom such party is legally bound to obtain authorization; (ii) that the consummation of the contemplated transactions will not result in a breach or violation of, or a default under, any agreement by which it or any of its properties is bound, or by any statute, rule, regulation, order, or other law to which it is subject; and (iii) this Agreement is a binding and enforceable agreement on its part.

Section 12. Applicable Law. This Agreement shall be governed and construed in accordance with the laws of the State of Texas.

Section 13. Effective Date. This Agreement will be effective as of the date of the execution by the last party to execute this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement in multiple counterparts, each of which shall be deemed to be an original.

**FORT BEND COUNTY ASSISTANCE
DISTRICT NO. 16**

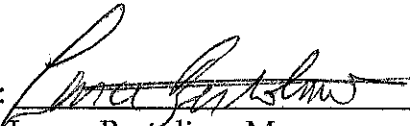
By: _____
K. P. George, County Judge

Date: _____

ATTEST:

By: _____
Laura Richard, County Clerk

VILLAGE OF FAIRCHILDS, TEXAS

By: 
Lance Bertolino, Mayor

Date: 7-25-19

ATTEST:

By: 
Janis Vacek, Village Secretary