

INTERLOCAL AGREEMENT

THIS INTERLOCAL AGREEMENT ("Agreement") is made pursuant to Chapters 791 of the Texas Government Code and 311 of the Texas Tax Code by and among the **CITY OF SUGAR LAND, TEXAS** ("City") a municipal corporation and home-rule city of the State of Texas situated in Fort Bend, County, Texas, acting by and through its governing body, the City Council; **FORT BEND COUNTY DRAINAGE DISTRICT** (the "District"), a political subdivision of the State of Texas; and **REINVESTMENT ZONE NUMBER FOUR, CITY OF SUGAR LAND, TEXAS** ("Reinvestment Zone"), a reinvestment zone created by the City pursuant to Chapter 311 of the Texas Tax Code, and the Ordinance as defined herein, acting by and through its Board of Directors.

BACKGROUND

In 2009, by Ordinance No. 1768, the City created the Reinvestment Zone for the purposes of development and redevelopment of the Reinvestment Zone. In 2010, by Ordinance No. 1807, the City amended Ordinance No. 1768 to correct the boundaries of the Reinvestment Zone, to increase the number of members of the Board of Directors of the Zone, and to establish appointments to the Board of Directors by the Fort Bend County Drainage District and Fort Bend County Municipal Utility District Nos. 137, 138, and 139.

The District intends to participate in the Reinvestment Zone and to deposit the District Tax Increment Participation from the Reinvestment Zone as provided in this Agreement. The City intends to deposit the District Tax Increment Participation produced in the Reinvestment Zone into the Tax Increment Fund.

The City's determination of the District's base value, captured appraised value and tax increment are based upon the requirements in the Act, and more specifically Section 311.012 of the Act. The District's participation is based on an established District Base Value, as defined in this Agreement, which is later than the original base year of the Reinvestment Zone and permitted under Section 311.013(f) of the Act.

The District received the initial written notice from the City of the City's intent to establish the Reinvestment Zone more than 60 days before the public hearing on the creation of the Reinvestment Zone and waived its right to sixty (60) days' written notice from the City following mailing of a supplemental notice regarding the City's intent to expand the Reinvestment Zone, all of which conforms in all respects to the requirements of §311.003 of the Act, as amended.

For and in consideration of the mutual covenants, conditions and agreements contained in this Agreement, the parties agree as follows:

I. DEFINITIONS

As used in this Agreement, the following terms have the meanings set forth below. All other terms used in this Agreement have the meanings ascribed to them in the Act:

"Abated Taxes" means for each year of this Agreement the sum of the property taxes abated by the District on the value of:

- (1) Texas Instruments Incorporated's improvements pursuant to the TI Tax Abatement Agreement;
- (2) Fluor Enterprises, Inc.'s improvements , if any, as provided in the Fluor Tax Abatement Agreement.

"Act" means Chapter 311, Tex. Tax Code, as amended.

"Agreement" means this agreement between the City, the District and the Reinvestment Zone.

“City” means the City of Sugar Land, Texas, its successors and assigns.

“County” means Fort Bend County, its successors and assigns.

“District” means Fort Bend County Drainage District, its successors and assigns.

“District Base Value” means \$72,152,791 which is the taxable value of all real property taxable by the District and located in the Reinvestment Zone as of January 1, 2013.

“District Captured Appraised Value” means the total appraised value of all real property taxable by the District and located in the Reinvestment Zone for that year less the District Base Value.

“District Tax Increment” means for each year all taxes collected by the District at the then-prevailing District tax rate on the District Captured Appraised Value.

“District Tax Increment Participation” for each year means an amount equal to the percentage of the District Tax Increment shown below *less* any Abated Taxes for that year:

Years 2014 through and including year 2029-50% of District Tax Increment;

Years 2030 through and including year 2034-30% of District Tax Increment;
and

Years 2035 through and including year 2039-20% of District Tax Increment.

“Fluor Tax Abatement Agreement” means a tax abatement agreement, if approved by the Fort Bend County Commissioners Court, between the District and Fluor Enterprises, Inc. providing for the District to abate property taxes on the value of certain improvements and/or eligible personal property of Fluor Enterprises, Inc. located within the Reinvestment Zone.

“Ordinance”, collectively, means the City of Sugar Land Ordinance No. 1768, adopted by the City on December 15, 2009 and City of Sugar Land Ordinance No. 1807, adopted by the City on December 21, 2010, and any amendments thereto.

“Project Plan” means the project plan and reinvestment zone financing plan for the Reinvestment Zone adopted by the board of directors of the Reinvestment Zone and approved by the City Council of the City, as amended.

“Reinvestment Zone” means Reinvestment Zone Number Four, City of Sugar Land, Texas, created by City of Sugar Land Ordinance No. 1768, and includes its successors and assigns.

“Super Majority Vote ” means an affirmative vote of at least three-fourths of all serving members of the Board of Directors of the Reinvestment Zone.

“Tax Increment Fund” means the tax increment fund created by the City for the Reinvestment Zone, consisting of accounts and subaccounts as described in the Ordinance.

“TI Tax Abatement Agreement” means the Tax Abatement Agreement between the District and Texas Instruments Incorporated executed on February 26, 2013.

II. DISTRICT OBLIGATIONS

A. District Tax Increment Participation.

The District shall pay the District Tax Increment Participation to the City for deposit into the Tax Increment Fund. The District’s first payment of the District Tax Increment Participation begins with those taxes levied and collected by the District in the year 2014 and the last payment by the District under this Agreement ends with those taxes levied and collected by the District the last year that the Reinvestment Zone is in effect. The District Tax Increment will be calculated annually on the District Tax Increment generated using the District Base Value, notwithstanding the date on which the District Tax Increment Participation commences. The District’s obligation to pay the District Tax Increment Participation for the last year that the Reinvestment Zone is in effect survives termination of the Reinvestment Zone.

The District's obligation to participate in the Reinvestment Zone is restricted to the District Tax Increment Participation. The District is not obligated to pay its District Tax Increment Participation from other District taxes or revenues nor is the District obligated to pay the District Tax Increment Participation until the District Tax Increment Participation is actually collected. The obligation to pay the District Tax Increment Participation accrues as taxes representing the District Tax Increment are collected. Payment is due on March 1 and August 1 of each year beginning March 1, 2015 for the 2014 tax year.

B. Expansion of the Reinvestment Zone.

The District's participation in the Reinvestment Zone is limited to the area of the Reinvestment Zone as of the date of this Agreement. The District's participation does not extend to the tax increment on any additional property that the City adds to the Reinvestment Zone unless the District approves the participation in the expanded area.

C. Board of Directors.

The District has the right to appoint one member on the Reinvestment Zone Board of Directors, which shall be exercised by the Fort Bend County Commissioners Court.

III. CITY AND REINVESTMENT ZONE OBLIGATIONS

A. Use of District Tax Increment Participation.

The District Tax Increment Participation shall be deposited into the Tax Increment Fund as established by the City and used to pay all Project Costs as defined in the Project Plan, except that the District Tax Increment Participation may not be used to pay for a Project Cost that is changed in an amended Project Plan approved by the Board of Directors of the Reinvestment Zone without a Super Majority Vote.

B. Project Plan.

A copy of the Project Plan has been provided to the District and any amendments thereto shall be provided to the District before any such plan is finally approved by the Reinvestment Zone.

C. Disposition of Tax Increments Upon Termination.

Upon termination of the Reinvestment Zone, if all public improvements in the Project Plan have been constructed and financed and if all Reinvestment Zone debt is paid in full, the City and the Reinvestment Zone shall pay to the District all monies remaining in the Tax Increment Fund that are attributable to the District Tax Increment Participation.

IV. TERM

This Agreement begins on the latest date of the parties' signatures and ends on the earliest of: (a) December 31, 2039; (b) an earlier time designated by subsequent ordinance; or (b) at such time, subsequent to the issuance of tax increment bonds, if any, that all Project Costs (as defined in the Act), tax increment bonds, and the interest on the bonds, have been paid in full.

V. MISCELLANEOUS

A. Severability.

If a court of competent jurisdiction holds that any term, covenant or condition in this Agreement is invalid, the invalidity shall not affect any other term, covenant or condition in this Agreement unless the invalidity materially prejudices the District, the City or the Reinvestment Zone in its rights and

obligations contained in the valid terms, covenants or conditions of this Agreement.

If a court of competent jurisdiction holds that any term, covenant or condition in this Agreement is invalid and the invalidity affects in any manner limitations on the District Tax Increment Participation or the District's participation in this Agreement, then this Agreement shall be void as to the District and the District shall have no liability for any further incremental or other payments as may otherwise be provided for in this Agreement.

B. Entire Agreement.

This Agreement merges the prior negotiations and understandings of the parties hereto 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 hereof.

C. Written Amendment.

Unless otherwise provided herein, this Agreement may be amended only by written instrument duly 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 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 below or at such other address as the receiving party may have theretofore prescribed by notice to the sending party:

To the City: City Manager
 P.O. Box 110
 Sugar Land, Texas 77487

To the District: Fort Bend County
 Attn: County Judge
 301 Jackson Street
 Richmond, Texas 77469

To Reinvestment Zone

No. Four: City of Sugar Land, Texas
 Attn: Chair, Board of Directors
 P.O. Box 110
 Sugar Land, Texas 77487

w/copy to: Fort Bend County
 Attn: County Tax-Assessor Collector
 1317 Eugene Heiman Circle
 Richmond, Texas 77469

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 and Delegation.

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 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 City or District officer, employee, or agent.

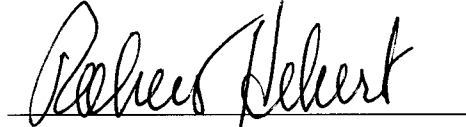
H. No Waiver of Immunity.

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

[End of Agreement]

FORT BEND COUNTY

DRAINAGE DISTRICT



Robert Hebert, Fort Bend County Judge

Date 12-3-2013

ATTEST:



Dianne Wilson, Fort Bend County Clerk

CITY OF SUGAR LAND

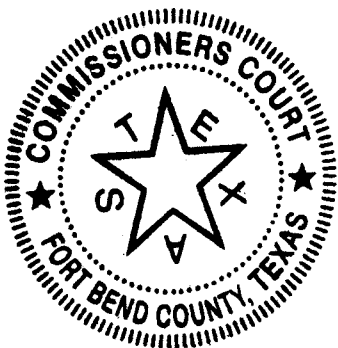
Allen Bogard, City Manager

Date: _____

ATTEST:

Glenda Gundermann, City Secretary

APPROVED AS TO FORM:



REINVESTMENT ZONE NUMBER FOUR,
CITY OF SUGAR LAND, TEXAS

By: _____

Chairman, Board of Directors

Date: _____

ATTEST/SEAL:

By: _____

Secretary, Board of Directors

Date: _____