

THE STATE OF TEXAS §
 §
 COUNTY OF FORT BEND §

INTERLOCAL COOPERATION AGREEMENT FOR
THE COLLECTION OF TAXES

This Interlocal Agreement (hereinafter referred to as "Agreement"), is made and entered into pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Section 6.24 of the Texas Property Tax Code, by and between FORT BEND COUNTY, TEXAS (hereinafter referred to as "County"), acting through its governing body, FORT BEND COUNTY COMMISSIONERS COURT, and CINCO MUNICIPAL UTILITY DISTRICT #2 (hereinafter referred to as "MUD #2"), duly organized and existing under the laws of the State of Texas, acting by and through its Board of Directors.

RECITALS

WHEREAS, MUD #2 has the authority to authorize County to act as tax assessor/collector for MUD #2, and County has the authority to so act; and,

WHEREAS, the Fort Bend County Tax Assessor/Collector has approved this Agreement; and,

WHEREAS, MUD #2 and County believe it is in the best interests of the citizens of Fort Bend County to enter into this Agreement; and,

NOW THEREFORE, County and MUD #2 for the mutual consideration hereinafter stated, agree as follows:

ARTICLE I
PURPOSE

The purpose of this Agreement is to designate and allow the Fort Bend County Tax Assessor/Collector as the tax assessor/collector for MUD #2 for the collection of ad valorem taxes, including penalties, interest and attorney's fees for the collection of taxes owed MUD #2.

ARTICLE II
TERM

2.01 This Agreement shall be effective on the date the last party executes this Agreement and shall terminate on June 30, 2018.

- 2.02 This Agreement shall automatically renew thereafter for four (4) additional one (1) year terms on an annual basis unless sooner terminated as provided herein.
- 2.03 MUD #2 may terminate this agreement at any time by providing ninety (90) days advanced written notice to County.
- 2.04 County may terminate this agreement by providing written notice to MUD #2 no later than six (6) months in advance of the expiration of the initial term of this Agreement or any renewal term.
- 2.05 In the event of termination of this Agreement by MUD #2, MUD #2 shall assume all contractual obligations entered into with County for services rendered to MUD #2 for the duration of the term of the Agreement and any renewal, and County shall be relieved of all contractual obligations under this agreement.
- 2.06 As soon as practicable after the date of termination or the expiration of this Agreement, the County shall submit a final report containing the information set forth in Article III. At that time, distribution of the amount due to MUD #2 shall be made or MUD #2 shall be invoiced for any amounts due from MUD #2 pursuant to the terms of this Agreement. Payments are to be made on or about thirty (30) days after receipt of an invoice. Copies of all reports and all records of MUD #2 shall be delivered to MUD #2 when and if this Agreement is terminated or upon its expiration if not sooner terminated.

ARTICLE III OBLIGATIONS OF COUNTY

- 3.01 For the purposes and consideration herein stated and contemplated, County shall provide tax collection services by and through the Fort Bend County Tax Assessor/Collector for MUD #2 for tax accounts within the jurisdiction of MUD #2.
- 3.02 MUD #2 hereby designates the County Tax Assessor/Collector as its Tax Assessor/Collector for purposes of compliance with Chapter 26 of the Texas Property Tax code, as amended, for Fort Bend County.
- 3.03 County shall perform all the duties required by law of the Tax Assessor-Collector of MUD #2 with regard to assessing and collection of ad valorem taxes.
- 3.04 MUD #2 shall adopt a tax rate in accordance with Tax Code 26.05 (a). MUD #2 shall reimburse County for any additional costs incurred by County for any delay in adopting a tax rate.
- 3.05 MUD #2 hereby expressly authorizes County to do and perform all acts necessary and proper to collect taxes for MUD #2, including but not limited to:
 - A. Calculation of taxes, preparation of current and delinquent tax rolls, pro-ration of taxes, correction of clerical errors in tax rolls, collection of current liabilities, collection of delinquent taxes, issuance of refunds, and calculation of the effective and rollback tax rates as required by Section 26.04 of the Property Tax Code.
 - B. Assessment and collection of ad valorem property taxes owing to the MUD #2. The term "assess" does not include those functions defined as "appraisal" by the Property Tax Code.

- C. Production of a consolidated tax statement for both County and MUD #2 taxes.
 - D. Preparation and consolidation of tax statements for each parcel on the tax rolls of MUD #2.
 - E. Mailing tax statements.
 - F. Mailing notices of delinquent service charges in accordance with Section 33.07, 33.08 and 33.11 of the Texas Property Tax Code.
 - G. The performance for MUD #2 of all duties provided by law of the State of Texas for the collection of taxes.
 - H. The performance of any additional, reasonable services which may be requested in writing by MUD #2 and as agreed to by the Fort Bend County Tax Assessor/Collector.
- 3.06 County shall provide the following reports, upon request, by MUD #2:
- A. Report of the current year tax levy, showing taxable value, exemptions, abatements, net taxable values, tax rate, and tax levy for each parcel of property;
 - B. Remittance report with each remittance to MUD #2 showing the taxes paid by year, amount paid, principal and interest paid, service charge paid, etc.;
 - C. Monthly report of tax activity showing the amount of initial levy, collections during month for both current and delinquent taxes, adjustments during the month, and the year-to-date collections percentage of current levy; and
 - D. Any additional reports which may be requested by the District.
- 3.07 The taxes collected by County for MUD #2 shall be remitted as follows:
- A. A credit/debit memo within same depository bank; or
 - B. by ACH; or
 - C. by wire to MUD #2's designated depository or agent; or
 - D. by check mailed to MUD #2.
- 3.08 MUD #2 shall provide written notification to County of the manner in which taxes shall be remitted, as described in Section 3.07 above.
- 3.09 The taxes collected by County shall be remitted to MUD #2 at least once per week.
- 3.10 Wire transfers shall incur a charge of five dollars (\$5.00) for each transfer.
- 3.11 Refunds to taxpayers and taxpayer checks returned from banks shall be deducted from the County's remittance to MUD #2.

ARTICLE IV OBLIGATIONS OF MUD #2

- 4.01 MUD #2 agrees to promptly deliver to County all records necessary to perform its duties under the terms of this Agreement.

- 4.02 For services rendered pursuant to this Agreement, MUD #2 agrees to pay County the following amounts, which the Parties agree is reasonable compensation as allowed by Tax Code Section 6.27:
- A. Thirty-five cents (\$0.35) per parcel per year;
 - B. One dollar (\$1.00) per account to add delinquent accounts to County's records; and
 - C. Two dollars and seventy-seven cents (\$2.77) for parcels located outside of Fort Bend County, Texas, for costs associated with separate billing.
 - D. Other costs for which MUD #2 will reimburse the County for actual costs incurred for any additional services provided.
- 4.03 MUD #2 shall pay to County the cost of assessment and collection as provided in Section 4.02. The payment shall be remitted to County after the mailing of consolidated tax statements and no more than 30 days after receipt of County itemized invoice.

ARTICLE V ADMINISTRATIVE PROVISIONS

- 5.01 All records necessary to be maintained by County for the assessment and collections of taxes shall be kept clearly on the books and records of County, and a designated representative of MUD #2, including district auditors, is authorized to examine the records maintained by County at such reasonable time and interval as MUD #2 deems necessary. Such books and records will be kept in the offices of County.
- 5.02 MUD #2 may maintain, at their own cost, a Public Fidelity Bond covering all offices, officials and employees in the amount of one hundred thousand dollars (\$100,000.00).
- 5.03 MUD #2 shall transfer to the possession and control of County, without charge, copies of all records necessary for the performance of the duties and responsibilities of County pursuant to this Agreement, which shall include all tax records, including the delinquent tax rolls.
- 5.04 Neither the County nor the County Tax Assessor/Collector shall be legally responsible to MUD #2 for any failure to collect taxes unless the failure results from the failure to perform the duties imposed by the law or by this Agreement.
- 5.05 MUD #2 reserves the right to institute such suits for the collection of delinquent taxes as MUD #2 deems necessary and to contract with an attorney for collection of delinquent taxes.
- 5.06. County shall comply with all provisions of the Texas Property Tax Code, as amended, and any mutually agreed upon written policies regarding collection of ad valorem property taxes which MUD #2 may adopt.
- 5.07 In the event County waives any penalty and/or interest on any parcel, pursuant to Section 33.011 of the Property Tax Code for the taxes owed to the County, MUD #2 consents to the waiver of the penalty and/or interest on the same parcel(s), and

hereby authorizes County to waive such penalty and/or interest on behalf of MUD #2.

- 5.08 MUD #2's performance under this Agreement is conditioned on the appropriation of funds by MUD #2 on a yearly basis for payment of the Collection Fee, and shall constitute a commitment of current revenues only. The failure by MUD #2's governing body to appropriate funds sufficient for payment of such Collection Fee shall be grounds for termination of this Agreement.

ARTICLE VI LIABILITY

Each party to this Agreement agrees that it shall have no liability whatsoever for the actions or omissions of an individual employed by another party, regardless of where the individual's actions occurred. Each party is solely responsible for the actions and/or omissions of its employees and officers.

ARTICLE VII MISCELLANEOUS

- 7.01 This Agreement may be amended by the mutual agreement of the parties hereto in writing to be attached to and incorporated into this Agreement.
- 7.02 Venue for any litigation involving this Agreement shall be in Fort Bend County, Texas.
- 7.03 If any one or more of the provisions contained in this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
- 7.04 This Agreement supersedes any and all other agreements, either oral or in writing between the parties hereto with respect to the subject matter hereof, and no other agreement, statement, or promise relating to the subject matter of this Agreement which is not contained herein shall be valid or binding.
- 7.05 This Agreement may not be assigned by either party.

ARTICLE VIII NOTICES

Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been deposited, enclosed in a wrapper with the proper postage prepaid thereon, and duly registered or certified, return receipt

requested, in a United States Post Office, addressed to the Owner at the mailing address as hereinafter set out. If mailed, any notice of communication shall be deemed to be received three (3) days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the Owner or the County at the following addresses:

To County:

The Honorable Patsy Schultz
Fort Bend County Tax Assessor-Collector
1317 Eugene Heimann Circle
Richmond, Texas 77469-3623

To District:

Cinco Municipal Utility District #2
c/o Smith Murdaugh Little & Bonham LLP
Attn: James D Bonham
2727 Allen Parkway, Ste 1100
Houston TX 77019-2191

Copy to:

Fort Bend County Attorney
401 Jackson
Richmond, Texas 77469-3108

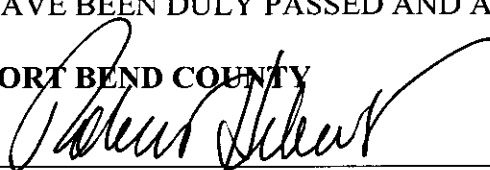
Either party may designate a different address by giving the other party ten (10) days written notice thereof.

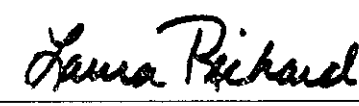
ARTICLE IX
ENTIRE AGREEMENT AND ATTACHMENT

This Agreement contains the entire Agreement among the parties and supercedes all other negotiations and agreements, whether written or oral.

THE UNDERSIGNED OFFICER AND/OR AGENTS OF THE PARTIES HERETO ARE THE PROPERLY AUTHORIZED OFFICIALS AND HAVE THE NECESSARY AUTHORITY TO EXECUTE THIS AGREEMENT ON BEHALF OF THE PARTIES HERETO, AND EACH PARTY HEREBY CERTIFIES TO THE OTHER THAT ANY NECESSARY RESOLUTIONS AND/OR ORDERS EXTENDING SAID AUTHORITY HAVE BEEN DULY PASSED AND ARE NOW IN FULL FORCE AND EFFECT.

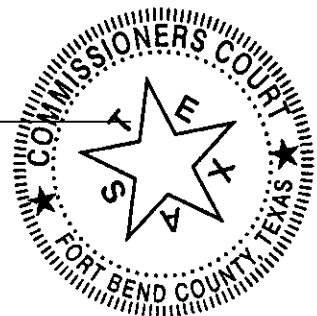
FORT BEND COUNTY


Robert E. Hebert, County Judge


Laura Richard, County Clerk

7-18-2017
Date

7-18-2017
Date



APPROVED:

Patsy Schultz
Patsy Schultz, Tax Assessor/Collector

7-7-17
Date

CINCO MUNICIPAL UTILITY DISTRICT # 2

Mary Kiesecke

[Signature]

May 9, 2017
Date

May 9, 2017
Date