



**City of Dripping Springs and County of Hays Amended Agreement Regarding
the Dripping Springs Tax Increment Reinvestment Zone Number One and Tax Increment
Reinvestment Zone Number Two**

THIS AMENDED INTERLOCAL AGREEMENT regarding the Dripping Springs Tax Increment Reinvestment Zone Number One and Tax Increment Reinvestment Zone Number Two (this “Agreement”) is made and entered into by and between the City of Dripping Springs, Texas, a general law municipality (the “City”), and Hays County, Texas (the “County”) under the authority of Texas Government Code Chapter 791 and Chapter 311 of the Texas Tax Code for the participation of the City and the County in **Tax Increment Reinvestment Zone Number One, Town Center TIRZ and Tax Increment Reinvestment Zone Number Two, Southwest TIRZ, City of Dripping Springs, Texas, (“TIRZs”)**, TIRZs created by the City pursuant to Chapter 311 of the Texas Tax Code.

RECITALS:

WHEREAS, in accordance with the provisions of the Tax Increment Financing Act, Chapter 311, Texas Tax Code, as amended (the “Act”), the City Council of the City, pursuant to Ordinance No. 2022-39 (the “Zone No. 1 Updated Ordinance”) and Ordinance No. 2022-40 (the “Zone No. 2 Updated Ordinance”) adopted on October 18, 2022, expanded and updated Reinvestment Zone Number One, Town Center TIRZ, and Reinvestment Zone Number Two, Southwest TIRZ, City of Dripping Springs, Texas (the “TIRZs”) under the Act, attached as Exhibit “A”; and

WHEREAS, in the Ordinance, the City found that the expansion of the TIRZs would encourage the development of property in and around the TIRZs; and

WHEREAS, in the Ordinance, the City contributed fifty percent (50%) of its Tax Revenue for each TIRZ; and

WHEREAS, in consideration of the County’s contribution of a fifty percent (50%) portion of its Tax Revenue for the majority of the properties in the TIRZ and twenty-five percent (25%) for the Anarene/Double L properties, the County shall have the authority to appoint two members to the TIRZ boards; and

WHEREAS, the TIRZ project plans include transportation and other projects that benefit the County and its residents; and

WHEREAS, both the City and the County will benefit from the development and improvements paid with the Tax Increment Funds in accordance with the documents creating the TIRZs; and

WHEREAS, pursuant to Chapter 791 of the Texas Government Code, the City and the County are entering into this Agreement to set forth the conditions governing the contribution of the Tax Increment by the City and current, annually-appropriated funds by the County to the TIRZs, and the City finds that this Agreement is necessary for the implementation of the Project Plans for the TIRZs.

NOW THEREFORE, the City and the County, in consideration of the terms, conditions, and covenants contained herein, hereby agree as follows:

Section 1. Incorporation of Recitals.

The Parties hereby agree that the recitals set forth above form the basis upon which they have entered into this Agreement.

Section 2. Definitions.

In addition to any terms defined in the body of this Agreement, the following terms shall have the definitions ascribed to them as follows:

- A. Act** means the Tax Increment Financing Act, as amended and as codified as Chapter 311 of the Texas Tax Code.
- B. Captured Appraised Value** in a given year means the total appraised value, less any applicable exemptions, of all TIRZ real property taxable by the City or the County for that Tax Year less the Tax Increment Base defined in Section (G) below.
- C. Project Plan** means the updated project plans for the TIRZs attached to this Agreement as Exhibit “B” as adopted by the TIRZ Boards and the City of Dripping Springs, along with amendments to this plan that are adopted by the Board of Directors of TIRZ Number One, Town Center TIRZ, and TIRZ Number Two, Southwest TIRZ, and approved by the City Council of the City of Dripping Springs from time to time. The Updated Project Plans include maps of all property in the TIRZs, including all non-taxable property.
- D. Tax Increment** means the amount of property taxes levied and collected by the City or County for that year on the captured appraised value of real property taxable by the City or County and located in TIRZ Number One, Town Center TIRZ and TIRZ Number Two, Southwest TIRZ.
- E. City Tax Increment** will be that amount paid by the City into the Tax Increment Funds.
- F. County Payment** will be that amount of current, annually appropriated funds paid by the County into the Tax Increment Funds.
- G. Tax Increment Base** means the total appraised value as of January 1, 2016, of all real property taxable by the City or the County, as applicable, and located in the TIRZ for the

original properties and the total appraised values as of January 1, 2022, of the newly added properties to TIRZ No. 1. The Parties agree that the Tax Increment Base for this Agreement for the City and the County is **\$71,930,830-** for the TIRZ No. 1 and **\$5,836,710 -** for the TIRZ No. 2.

- H. Tax Increment Fund (TIF)** means that funds created by the City pursuant to Section 311.014 of the Act and the Ordinance, which will be maintained by the City, and into which all revenues of the TIRZs will be deposited, including deposits of Tax Increment by the City and by such other taxing units with jurisdiction over real property in the TIRZs that may enter into agreements for such contributions, including the County's Payment.
- I. TIRZ Boards** mean the governing board of directors of the TIRZs appointed in accordance with Section 311.009 of the Act, the Ordinance, and this Agreement.
- J. TIRZs** means the Tax Increment Reinvestment Zone Number One, Town Center TIRZ, approved by City of Dripping Springs Ordinance No. 1110.15 and Tax Increment Reinvestment Zone Number Two, Southwest TIRZ and updated in Ordinance No. 2022-39 and 2022-40, **as corrected**.
- K.** Terms other than those defined above shall: (1) have their meanings as given in Chapter 311, Texas Tax Code; or (2) if not so defined, their usual and ordinary meanings.
- L.** References to state statutes shall include amendments to those statutes that are duly enacted from time to time.

Section 3. Obligations of the County

- A. County Payment.** The County agrees to pay current, annually-appropriated funds to the City for deposit into the Tax Increment funds created by the City for TIRZs (the "Tax Increment Funds") fifty percent (50%) of the tax increment attributed to the captured appraised value of the County in the TIRZs, except that the tax increment attributed to the captured appraised value of the County for the Anarene/Double L properties shall be twenty-five percent (25%). The County's obligation to make these payments will accrue only after taxes on the captured appraised value are collected by the County. Payments shall be due on May 1 of each year during the term of the Agreement. No interest or penalty will be charged to the County for any payments made by the County based on collections that occur after this due date. The County may offset against future payments to the Tax Increment any portion of payments to the City under this Agreement that the County subsequently refunds to taxpayers pursuant to the provision of the Texas Tax Code.
- B. Limitations on Payments.** The County is not obligated to make payments under this Agreement: (1) unless and until taxes on the captured appraised value are actually collected by the County; or (2) in any amount greater than taxes actually collected on the County's captured appraised value. Likewise, if funds are not appropriated by the Hays County Commissioners Court during any annual budgetary cycle, then the County's obligations to

make a County Payment under this Agreement shall be waived for that Fiscal Year. Any funds already contributed to the Tax Increment Funds under this Agreement shall remain available for TIRZ expenditures, subject to the other terms and limitations of this Agreement.

- C. Boundary and Projects.** The boundaries and projects of the TIRZs are and shall be those described in Dripping Springs Ordinances Nos. 2022-39 and 2022-40, as adopted upon recommendation of the Board of Directors of the TIRZs (the “Board”) and approved by the City Council of the City and in accordance with the *Tax Increment Reinvestment Zone Number One, Town Center TIRZ, City of Dripping Springs, Texas, Final Project and Financing Plan and Tax Increment Reinvestment Zone Number Two, Southwest TIRZ (fka Arrowhead TIRZ), City of Dripping Springs, Texas, Final Project and Financing Plan*, as adopted by both the TIRZ Board and City Council (“Project Plans”) and attached as Exhibit “B”. The County’s obligation to make payments under this Agreement is limited to annual appropriation of funding by the Hays County Commissioners Court and the County’s appraised value on property in the TIRZs as described in the Agreement. The County is not obligated to make payments based on the addition of property or projects to the TIRZs. County funds will only be used for those projects adopted by the TIRZ Board and the City Council as attached to this Agreement unless a written amendment changes those projects or boundaries and is approved by both the County and the City. Any member of the Hays County Commissioners Court may review and provide comments to the TIRZ Board or the City Council on any proposed expansion of the TIRZ or amendment to the Project Plan prior to its approval by the City Council. No project expenditures of County monies provided under this Agreement shall be authorized without an affirmative vote of the Board, with the County representatives present for the vote and with the County representatives unanimously agreeing with a proposed expenditure. In the event that the County representatives do not unanimously agree with a proposed expenditure, County monies provided under this Agreement may not be utilized for that expenditure unless and until a subsequent vote of the Hays County Commissioners Court approves of that expenditure.
- D. Development in the Zone.** Property within the boundaries of the TIRZs shall be developed as closely as possible in conformity with the Updated Final Plans. As stated above, County funds will only be used for projects that have been approved by the County members of the TIRZ Board or by the County Commissioners Court.
- E. County Appointment to the Board of Directors of TIRZ Number One, Town Center TIRZ.** The TIRZ Board consists of seven (7) voting members. The Commissioners Court of the County shall each have the unequivocal right to appoint two (2) qualified voting members during the period that the TIF created under this Agreement contains funds. The City Council shall have the right to appoint five (5) qualified voting members during the length of the TIRZ as established by Ordinance 1110.15 and updated in Ordinance No. 2020-54. Members of the TIRZ Board shall meet the qualifications set forth in Section 311.009 of the Texas Tax Code. Failure of the Commissioners Court to appoint a person to the TIRZ Board shall not be deemed a waiver of the County’s right to make an appointment at a later date. The Commissioners Court will make best faith efforts to

appoint a qualified person to serve on the Board of Directors, and to fill vacancies in the positions as needed.

- F. Additional Benefit to County.** Amendments to the Agreement or additional Agreements are anticipated should the County Commissioners Court make specific findings that certain TIRZ projects provide a special benefit to the County that is greater than that provided to the City. These amendments or agreements may either use other funding mechanisms to assist in funding TIRZ projects. Any amendment or agreement shall be in writing and agreed to by the County and the City.

Section 4. Obligations of the City.

- A. Project Plan.** The Final Project Plan for TIRZ Number One has been adopted by both the City and the TIRZ Board and includes transportation and other projects that will benefit the County and its residents. The use of the County's Payments under this Agreement will fund only a portion of the Project Costs.
- B. Use of County Payments.** The City agrees to use payments made by the County under this Agreement solely to fund Project Costs as defined in Chapter 311 of the Texas Tax Code and as allowed by the Hays County Reinvestment Zone Policy.
- C. Notice to County of Amendments to Project Plan.** The City agrees to provide the County with written notice of any proposed amendments to the Project Plans at least fourteen (14) days prior to their submission to the City Council for approval. The City agrees to work with the TIRZ Board to implement the Project Plans.
- D. Disposition of Tax Increments.** Upon termination of the TIRZs, and after all obligations of the TIRZs have been paid, the City agrees to pay to the County, within sixty (60) days of the termination, all monies remaining in the Tax Increment Funds that represent the County's pro rata amount of participation authorized under this Agreement.
- E. Annual Reports / Right to Audit.** The City agrees to provide to the County an annual report regarding the TIRZs as required under Texas Tax Code Section 311.016. Additionally, the County shall have the right to audit the books and records of the TIRZs upon providing at least 10 days' written notice to the City. Such an audit shall occur between 9 a.m. and 5 p.m. on business days.

Section 5. Term and Termination.

The term of this Agreement, unless extended by mutual agreement of the County and the City, shall commence upon execution by the last party and shall last for: twenty (20) years; or (2) the date all Project Costs have been paid or reimbursed unless earlier terminated by the parties hereto. Nothing in this Agreement limits the authority of the County or City to extend the term of this Agreement. Upon termination of this Agreement, the obligation of the County to make payments to the City shall end; however, the County's TIRZ Board appointment powers and any refund obligations of the City shall survive the termination.

The City may terminate the TIRZ pursuant to the provisions of Section 311.017 of the Texas Tax Code

Section 6. Miscellaneous.

A. Administration. This Agreement and the Tax Increment Funds shall be administered by the City Administrator or their designees or consultants. The City shall maintain a separate account for the Tax Increment Funds at a depository selected by the City, which Tax Increment Fund shall be secured in the manner prescribed by law for funds of Texas cities. The City shall not charge an administration fee for oversight of the Tax Increment Fund. The Tax Increment Fund shall be an account into which the City shall deposit the County Payment, the City Increment (as defined in the TIRZ Ordinance and Project Plan), and all accrued interest earned on the fund. The County shall participate in the oversight of the Tax Increment Fund through its representation on the Board of Directors on which they will appoint two (2) out of seven (7) members. Pursuant to the Hays County Reinvestment Zone Policy adopted on February 7, 2017, no more than ten percent of the County Increment will be used for the payment of administrative, legal, consulting, or other professional expenses, except engineering and architectural fees directly related to the specific projects in which the County will participate.

B. Notice. Whenever this Agreement requires or permits any consent, approval, notice, request, proposal, or demand from one party to another, the consent, approval, notice, request, proposal, or demand must be in writing to be effective and shall be delivered to the party intended to receive it at the addresses shown below (or to such other addresses as the parties may request, in writing, from time to time).

If intended to for the City, to:

City of Dripping Springs
Attn: City Administrator
PO Box 384
Dripping Springs, TX 78620

If intended for the County, to:

Hays County Courthouse
Attn: County Judge
111 E. San Antonio Street, Suite 300
San Marcos, TX 78666

C. Non-Assignability. Neither the City, the County, nor the TIRZs shall assign any interest in this Agreement without the prior written consent of the other parties.

D. Non Discrimination. No person shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination in any of the operations or funding of the TIRZs on the grounds of race, color, national origin, age, sex, religion, or other protected status.

E. Binding on the Parties and Non-Waiver. This Agreement shall not be considered fully executed or binding on the City and/or the County until this Agreement has been approved and accepted by the City Council and the Hays County Commissioner's Court at a properly called and noticed meeting of each respective body. After such approval and acceptance, the City and the County shall deliver to each other a certified copy of a Resolution as

evidence of the authority to execute and bind the City and the County to the covenants, terms and provisions of this Agreement. The failure of either Party to insist upon the performance of any term or provision of this Agreement or to exercise any right granted hereunder shall not constitute a waiver of that Party's right to insist upon appropriate performance or to assert any such right on any future occasion.

F. Third Parties. The provisions and conditions of this Agreement are solely for the benefit for the City and the County, and are not intended to create any rights, contractual or otherwise, to any other person or entity. The relationship of the City and the County under this Agreement shall not be construed or interpreted to be a joint enterprise or joint venture. The Parties agree that each Party is an independent contractor.

G. Controlling Law. Venue and Jurisdiction shall be exclusively in Hays County, Texas and under the laws of the State of Texas.

H. Entirety of Agreement. This Agreement, including any exhibits attached hereto and any documents incorporated herein by reference, contains the entire understanding and agreement between the City and the County as to the matters contained herein. Any prior or contemporaneous oral or written agreement is hereby declared null and void to the extent in conflict with any provision of this Agreement.

- a. Attachments. The attachments enumerated and denominated below are hereby made a part of this Agreement and constitute promised performance by the Parties in accordance with the terms of this Agreement.
- b. Exhibit "A" Ordinance No. 2022-39 and Ordinance No. 2022-40
Exhibit "B" TIRZ Updated Project and Financing Plans
- c. Amendments. Notwithstanding anything to the contrary herein, this Agreement shall not be amended unless executed in writing by both parties and approved by the City Council and the Commissioners Court in open meetings held in accordance with Chapter 551 of the Texas Government Code.

[signature page follows]

EXECUTED this 9th day of December 2022, by the City signing by and through the Mayor as its duly authorized official; and

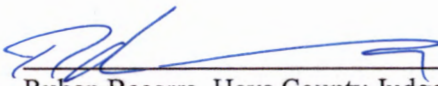
EXECUTED this _____ day of December 2022, by the County signing by and through the Hays County Judge as its duly authorized official.

CITY OF DRIPPING SPRINGS:



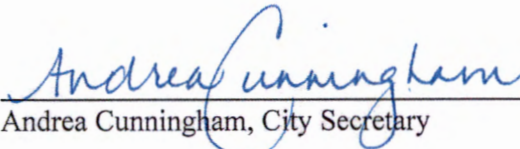
Bill Foulds, Jr., Mayor

HAYS COUNTY:



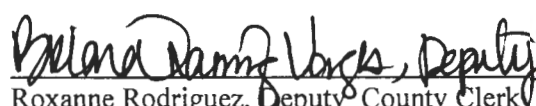
Ruben Becerra, Hays County Judge

ATTEST:




Andrea Cunningham, City Secretary

ATTEST:



Roxanne Rodriguez, Deputy County Clerk



EXECUTED as Corrected this _____ day of September 2024, by the City signing by and through the Mayor as its duly authorized official; and

EXECUTED as Corrected this _____ day of September 2024, by the County signing by and through the Hays County Judge as its duly authorized official.

CITY OF DRIPPING SPRINGS:

HAYS COUNTY:

Bill Foulds, Jr., Mayor

Ruben Becerra, Hays County Judge

ATTEST:

ATTEST:

Diana Boone, City Secretary

County Clerk