

INTERLOCAL AGREEMENT FOR THE ALLOCATION OF SALES TAX REVENUE FOR THE DEVELOPMENT OF INFRASTRUCTURE AND CREATION OF ECONOMIC DEVELOPMENT BETWEEN THE CITY OF HAYS AND HAYS COUNTY EMERGENCY SERVICES DISTRICT NO. 8.

STATE OF TEXAS §
COUNTY OF HAYS §

This Interlocal Agreement for the Allocation of Sales Tax Revenue (the “Agreement”) is made and entered into this the 31st day of August, 2015, by and between the City of Hays, Texas (“City”), a Type B general-law municipal corporation and political subdivision of the State of Texas, and Hays County Emergency Services District No. 8 (“HCESD 8”), a political subdivision of the State of Texas, to be effective only as set forth herein.

LEGISLATIVE FINDINGS

WHEREAS, the City has been created, established, organized and exists as a Type B general-law municipal corporation under the laws of the State of Texas;

WHEREAS, HCESD 8 exists and operates under the authority of Article III, Section 48-e of the Texas Constitution and Chapter 775, Texas Health & Safety Code;

WHEREAS, the City has, among its powers, the power of annexation as authorized by Chapter 43 of the Local Government Code, including but not limited to sections 43.025, 43.027, 43.028 and the imposing of a local sales and use tax within its jurisdiction, subject to all applicable provisions of the Texas Tax Code and other applicable laws;

WHEREAS, HCESD 8 has, among its powers, the power of annexation as authorized by section 775.051 of the Texas Health and Safety Code and imposing of a local sales and use tax within its jurisdiction, subject to all applicable provisions of the Texas Tax Code, Chapter 775, Texas Health and Safety Code, and other applicable laws;

WHEREAS, the City is authorized to undertake, maintain and operate improvement projects separately or jointly with other persons or entities, to pay all or part of the costs of capital improvement projects and to provide operation and maintenance services, including projects that improve, enhance, or support, among other matters, road construction, building development, water supply, sanitary sewer service, enforcement of building and fire regulations, and the availability of public safety and security, fire protection, emergency medical services, or law

enforcement in the City;

WHEREAS, HCESD 8 is authorized to enter into and perform necessary contracts, impose and collect taxes as provided by Chapter 775, Texas Health & Safety Code, contract with other entities, including other districts or municipalities for reciprocal operation of services and facilities if the contracting parties find that reciprocal operation would be mutually beneficial and not detrimental to HCESD 8, and perform other acts to carry out the intent of Chapter 775, Texas Health & Safety Code;

WHEREAS, the City and HCESD 8 have overlapping boundaries and jurisdictions and the City is located wholly within the boundary of HCESD 8;

WHEREAS, HCESD 8 currently imposes a one and one-half percent (1.5%) local sales and use tax in the area of its jurisdiction that is located outside the current corporate boundary of the City and that does not include the assessment of the City and Hays County imposes an additional one-half of one percent (0.5%) for a total of two percent (2%) local sales and use tax in the unincorporated areas of the District;

WHEREAS, pursuant to Chapter 321 of the Texas Tax Code (Sec. 321.102), when a municipality annexes for full purposes territory contained within an emergency services district that had theretofore imposed a local sales tax and where the local sales tax in the annexed area is at the two percent maximum rate for local sales and use tax, the local sales and use tax imposed remains allocated to the entities imposing the local sales and use tax prior to the annexation occurring and is not allocated by the Texas Comptroller to the municipality; and

WHEREAS, HCESD 8 and Hays County have imposed a combined two percent (2%) local sales and use tax rate on property located within the City's current ETJ thereby prohibiting the City from collecting any additional sales and use taxes in any future areas or properties annexed by the City and precluding or limiting the future development of the City through sales tax abatements, sales tax increment reinvestment zones, or via development agreements of any existing City ETJ area to be annexed into the City's corporate boundary in the future;

WHEREAS, the Parties hereby find and determine that the City would require additional sales tax revenue from areas annexed for full purpose in the future by the City to provide services and foster development to such areas and to assist with but not limited to, construction, maintenance or operation of capital improvement projects and to provide funding for street repair and maintenance, water supply and wastewater services, health and safety inspections and enforcement of municipal building and fire codes;

WHEREAS, the Parties find that the any future capital improvement projects, economic development and regulatory enforcement within the City's current and future full purposes annexed areas contained within HCESD 8 will be of benefit to HCESD 8, in terms of (a) providing additional revenue and (b) enhancing the capability of delivering emergency services by HCESD 8 to such areas by virtue of the municipal services to be provided by the City, including but not limited to additional revenue (i.e., sales tax revenues), via the creation of economic development, road improvements and other capital improvement projects (including

water supply and wastewater services), police protection, enforcement of municipal building and fire codes, and the provision other services and projects;

WHEREAS, the parties find that due to the provisions of the Texas Tax Code (Sec. 321.102), the City will not have authority to impose its full sales tax or to receive any sales tax revenue from any areas contained within HCESD 8 which may be annexed for full purposes by the City after the Effective Date of this Agreement;

WHEREAS, the parties find that it is in the best interests of and for the benefit of both the City and HCESD 8 if the City and HCESD 8 enter into this Agreement to allocate to the City, as provided herein, half (0.75%) of HCESD 8's one and one-half percent local sales tax revenues for areas located in the extraterritorial jurisdiction of the City and that are annexed into the City at a later date and not removed from the HCESD 8;

WHEREAS, the parties find that the Interlocal Cooperation Act, Chapter 791, Texas Government Code (the "Interlocal Act"), and Chapter 775, Texas Health & Safety Code, provide authorization for an emergency services district to enter into sales and use tax agreements with one or more municipalities to perform governmental functions and services under the provisions set forth above and other applicable law;

WHEREAS, the City and HCESD 8 jointly find that each are able to enter into this Agreement under applicable law and desire the initial term to be a period of twenty-five (25) years;

WHEREAS, the City and HCESD 8 jointly find and determine that the allocation to the City by the HCESD 8 of the 0.75% percent local sales tax received from areas currently located in the City's ETJ and that will be annexed into the City's corporate boundary contemplated herein is an expenditure for the district's support and purposes authorized by Chapter 775 of the Texas Health & Safety Code by virtue of the City's provision of services including but not limited to additional sales tax revenue, via the creation of economic development, road improvements and other capital improvement projects (including water supply and wastewater services), police protection, enforcement of municipal building and fire codes, and the provision other services and projects;

WHEREAS, the City and HCESD agree and acknowledge this Agreement and the allocation of sales taxes as detailed herein are necessary to promote economic development and responsible future growth of the City and HCESD's service area, subject to applicable law.

WHEREAS, Texas Health and Safety Code section 775.0754 requires the Texas Comptroller to disburse sales and use tax as mutually agreed to and allocated in this Agreement.

NOW THEREFORE, FOR AND IN CONSIDERATION of the mutual covenants and conditions hereinafter set forth, and other good and valuable consideration, the City and HCESD 8 agree as follows:

SECTION 1. The foregoing recitals are hereby found to be true and correct and are hereby adopted as findings of fact and conclusions of law by the Board of Emergency Services

Commissioners of Hays County Emergency Services District No. 8 and the City Council of the City of Hays, Texas, and made a part hereof for all purposes.

SECTION 2. Upon the City annexing any future territory that is situated in HCESD 8's jurisdictional boundaries, the parties intend and hereto mutually agree the City shall be entitled to evenly share with the HCESD sales tax generated from any such area, i.e. the City and HCESD 8 shall each receive 0.75% local sales tax as disbursed from the Texas Comptroller's office. The City and HCESD hereby agree and request the Texas Comptroller to allocate and disburse collected sales taxes in accordance with the terms detailed herein and pursuant to Texas Health and Safety Code section 775.0754.

SECTION 3. The City shall notify HCESD 8 in writing of any future ETJ annexations into the City's corporate boundary by the City, after the Effective Date of this Agreement, involving territory situated within the boundaries of the HCESD 8 so that sales tax funds generated within such future annexed area can be allocated as detailed in this Agreement. The City and HCESD 8 hereby find that any such future allocated sales tax funds are expenditures for HCESD 8's support and purposes authorized by Chapter 775, Texas Health & Safety Code, by virtue of the City's provision of services, including, but not limited to, additional revenue (i.e. ad valorem and sales tax revenues) for HCESD 8 and the City via the creation of economic development, road improvements and other capital improvement projects (including water supply and wastewater service), police protection, enforcement of municipal building and fire codes, and the provision of other services and projects.

SECTION 4. Nothing in this Agreement shall:

- (1) require the City to share with HCESD 8 any historic or future sales tax revenues collected by the City from areas or properties located within the City's corporate boundary, as such boundary existed prior to the Effective Date of this Agreement; or
- (2) require the City to share with the HCESD 8 any other revenues (e.g., ad valorem, fees and charges, or water and sewer revenues) collected by the City;
- (3) require HCESD 8 to share with the City any historic or future sales tax revenues collected by HCESD 8 from areas or properties located within the District's boundary, as such boundary existed prior to the Effective Date of this Agreement; or
- (4) require HCESD 8 to share with the City any other revenues (e.g., local sales and use taxes, ad valorem taxes, fees and charges, or other revenue) collected by HCESD 8.

SECTION 4. Nothing in this Agreement is intended to expand any liability that any Party to this Agreement may have to any other person other than a named Party to this Agreement.

SECTION 5. The validity, interpretation, and performance of this Agreement shall be governed by the laws of the State of Texas.

SECTION 6. Any suit brought to enforce, interpret, or receive damages under any provision of this Agreement shall be brought in Hays County, Texas.

SECTION 7. Neither this Agreement nor any term or provision of this Agreement, may be changed, waived, discharged, amended, or modified orally, or in any other manner than by an

instrument in writing signed by the governing bodies of the City and HCESD. To the extent permitted by law, the Parties hereto mutually agree the initial term of this Agreement shall be twenty-five (25) years. After such initial term, this Agreement shall automatically renew annually. To the extent permitted by law, either Party may terminate this Agreement at any time after the initial term by providing three hundred and sixty-five (365) days advance written notice to the other non-terminating Party. Each party paying for the performance of governmental functions or services must make those payments from current revenues available to the paying party

SECTION 8. This Agreement is not assignable by the City or HCESD without the written consent of the other Party. Should the service area of the HCESD become the responsibility of or assumed by another entity providing emergency services, such change shall not extinguish or otherwise alter the City's 0.75% sales tax allocation disbursement detailed herein, unless mutually agreed to in writing among the Parties.

SECTION 9. Notwithstanding the provisions of the Texas Government Code, the Texas Local Government Code, or other applicable statute, law, rule, or regulation, and unless prohibited by Texas law, each Party shall defend, indemnify, and hold harmless the other Parties and its officers, agents, employees and representatives from any and all losses, liability, damages, claims, suits, actions and administrative proceedings, and demands and all expenditures and cost relating to acts or omissions of the indemnitor, its officers, agents or employees arising out of or incidental to the performance of any of the provisions of this Agreement. No Party assumes liability for the acts or omissions of persons other than each Party's respective officers, agents or employees.

SECTION 10. By entering into this Agreement, neither Party waives any of the rights, immunities, or defenses provided by the Texas Government Code, the Texas Local Government Code, other applicable provisions of law, or the common law. This Agreement is not intended to confer any legal rights or benefits on any person or entity other than the Parties of this Agreement.

SECTION 11. All notices hereunder shall be hand-delivered or sent certified mail, return receipt requested to the addresses set forth below. Notices are deemed given and completed upon deposit in the United States Mail. Either Party may change its address by providing ten (10) days written notice of such change to the other Party in the manner provided for above.

HCESD Address

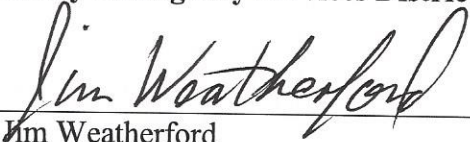
Hays County Emergency Services District No. 8
Attn: Board President & Secretary
P. O. Box 1159
Buda, Texas 78610

City Address

City of Hays
Attn: Mayor and City Secretary
520 Country Lane
Buda, Texas 78610-9314

IN WITNESS WHEREOF, this Agreement is hereby executed as of the date first above set forth to be effective as set forth herein.


Hays County Emergency Services District No. 8


By: 
Jim Weatherford
President

ATTEST:

Board Secretary

City of Hays, Texas

By: 
Harvey Davis
Mayor

ATTEST:

City Secretary