

RESOLUTION NO. 19,760

A RESOLUTION OF THE COMMISSIONERS COURT OF HUNT COUNTY, TEXAS, AUTHORIZING PARTICIPATION IN REINVESTMENT ZONE NUMBER TWO, CITY OF CADDO MILLS, TEXAS; AUTHORIZING THE COUNTY JUDGE TO EXECUTE AN AGREEMENT WITH THE CITY OF CADDO MILLS FOR SUCH PARTICIPATION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on September 9, 2025, the City Council of the City of Caddo Mills, Texas (the "City"), adopted Ordinance No. _____ (the "TIRZ Ordinance"), designating certain real property generally located in the City as Reinvestment Zone Number Two, City of Caddo Mills, Texas (the "TIRZ District"); and

WHEREAS, the designation of the TIRZ District is intended to promote the development or redevelopment of property in and around the TIRZ District, which would not occur otherwise in the foreseeable future, resulting in the funding of public infrastructure, increased tax revenues, and other benefits for both the City and Hunt County, Texas (the "County"); and

WHEREAS, pursuant to Section 311.013(f) of the Texas Tax Code, the County is not required to pay any tax increment into the tax increment fund of the TIRZ District unless it enters into an agreement with the City to do so; and

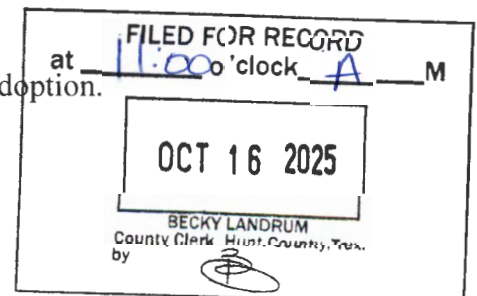
WHEREAS, the County desires to participate in the TIRZ District by entering into an agreement with the City (the "Agreement") to deposit seventy percent (70%) of the ad valorem tax increment levied and collected by the County on the captured appraised value of real property taxable by the County and located in the TIRZ District, subject to the terms and conditions set forth in the Agreement; and

WHEREAS, the Commissioners Court of Hunt County finds that participation in the TIRZ District pursuant to the Agreement is in the best interest of the County and its citizens, as it will promote economic development, enhance public infrastructure, and generate long-term benefits;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF HUNT COUNTY, TEXAS:

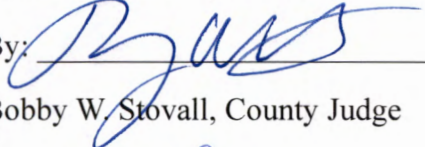
1. That the Agreement to Participate in Reinvestment Zone Number Two, City of Caddo Mills, Texas, in substantially the form attached hereto as Exhibit A, is hereby approved.
2. That the County Judge is hereby authorized and directed to execute the Agreement on behalf of Hunt County, and to take any and all actions necessary or appropriate to carry out the intent of this Resolution and the Agreement.

3. That this Resolution shall take effect immediately upon its adoption.



ADOPTED AND APPROVED this 16th day of October, 2025, by the
Commissioners Court of Hunt County, Texas.

HUNT COUNTY, TEXAS

By:  _____

Bobby W. Stovall, County Judge

ATTEST:

By:  _____

County Clerk

HUNT COUNTY TEXAS
AGREEMENT TO PARTICIPATE IN
REINVESTMENT ZONE NUMBER TWO CITY OF CADDO MILLS, TEXAS

This **AGREEMENT TO PARTICIPATE IN REINVESTMENT ZONE NUMBER TWO, CITY OF CADDO MILLS, TEXAS** (the "Agreement") is entered into between the City of Caddo Mills, Texas (the "City") and Hunt County, Texas (the "County").

The City and the County hereby agree that the following statements are true and correct and constitute the basis upon which the City and the County have entered into this Agreement:

WHEREAS, on September 9, 2025, the City Council of the City (the "City Council") adopted Ordinance No. [REDACTED] (the "TIRZ Ordinance") designating certain real property generally located in the City as *Reinvestment Zone Number Two, City of Caddo Mills, Texas* (the "TIRZ District"). The TIRZ Ordinance, with all its accompanying exhibits, is hereby incorporated for reference for all purposes and is attached hereto as **Exhibit 1**; and

WHEREAS, designation of the TIRZ District will enable development of property in and around the TIRZ District to occur that would not occur otherwise in the foreseeable future. As a result of designation of the TIRZ District, it is intended that public infrastructure will be funded to support the development of the area in and around the TIRZ District. This overall development will result in increased tax revenues and other benefits for both the City and the County; and

WHEREAS, pursuant to Section 311.013(f) of the Texas Tax Code, the County is not required to pay any tax increment into the tax increment fund of the TIRZ District unless it enters into an agreement with the City to do so. The County wishes to enter into such an agreement with the City.

NOW, THEREFORE, for and in consideration of the conditions set forth herein. The sufficiency of which is hereby acknowledged, the City and the County do hereby contract, covenant and agree as follows:

1. INCORPORATION OF RECITALS.

The parties hereby agree that the recitals set forth above are true and correct and form the basis upon which they have entered into this Agreement.

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:

“Act” means the Tax Increment Financing Act, as amended and codified as Chapter 311 of the Texas Tax Code.

“Captured Appraised Value” in a given year means the total appraised value of all real property taxable by the County and located in the TIRZ District for that year less the Tax Increment Base.

“County Tax Increment” in a given year means seventy percent (70%) of the ad valorem tax increment levied and collected by the County for that year on the Captured Appraised Value of real property taxable by the County and located in the TIRZ District.

“Final Project Plan” means that future project and finance plan for the TIRZ District, to be considered by the TIRZ Board and the City Council of the City.

“Preliminary Plan” means the preliminary project and finance plan for the development and/or redevelopment of the TIRZ District, as adopted by the TIRZ Board and approved by the City Council of the City as an exhibit within the TIRZ Ordinance.

“TIRZ Board” means the governing board of directors of the TIRZ District appointed in accordance with Section 311.009 of the Act and the TIRZ Ordinance. The County shall appoint and maintain one (1) member on the TIRZ Board, and may appoint non-voting ex-officio members or staff members who shall also be notified of all TIRZ Board meetings and actions.

“TIRZ District” means the certain real properties and boundaries as described in an exhibit attached to the Preliminary Plan.

“Tax Increment Base” means the total appraised value as of January 1, 2025 of all real property taxable by the County and located in the TIRZ District.

“Tax Increment Fund” means the fund created by the City pursuant to Section 311.014 of the Act and of the TIRZ Ordinance, which will be maintained by the City, into which all revenues of the TIRZ District will be deposited, including: (i) deposits of tax increment by the City and by other participating taxing units with jurisdiction over real property in the TIRZ District, including the County, and (ii) all accrued interest earned on the cash balance of the fund.

“TIRZ Ordinance” means City Ordinance No. [REDACTED] with all its exhibits, approved by the City Council on September 9, 2025, and attached hereto as **Exhibit 1**.

3. DEPOSIT OF COUNTY TAX INCREMENT.

Pursuant to the Resolution adopted by the County, which Resolution is attached hereto as **Exhibit 2** and is hereby made a part of this Agreement for all purposes, and specifically subject to Section 4 of this Agreement, the County hereby agrees to deposit each year during the remaining term of the TIRZ District, beginning with the 2026 tax year the County Tax Increment.

Such deposits shall be calculated by the County Tax Office and reported to the County and City. The County Tax Increment in a given year shall be paid to the TIRZ Fund by the County. The City will provide the County receipt of such.

4. LIMITATIONS ON COUNTY TAX INCREMENT DEPOSITS AND USE OF FUNDS.

This Agreement is based on the following conditions, and the City agrees and acknowledges the County's right to enforce the conditions contained herein by in junction or any other lawful means in the event one or more of such conditions are not satisfied.

4.1 Amendment to TIRZ Ordinance.

The TIRZ Ordinance designates the boundaries, the eligible real properties for the calculation of the County Tax Increment for the TIRZ District, and the specific participation level by the City. All amendments to the TIRZ Ordinance regarding the participation percentage, term, or boundary shall be approved by the TIRZ Board prior to approval by the City Council. If the City Council approves an amendment to the TIRZ Ordinance regarding the participation percentage, term, or boundary different from the amendment approved by the TIRZ Board, the County shall suspend payment into the TIRZ Fund as described in Section 6 if or until the amendment is approved by the County governing body.

4.2 TIRZ District Expansion.

As defined, the TIRZ District shall include real properties located within the boundaries as described in the TIRZ Ordinance. If the TIRZ District is expanded, the County is not required to deposit into the Tax Increment Fund any County Tax Increment generated from properties in the expanded area unless participation in the expanded boundary area is approved by the County governing body as an amendment to this Agreement. Additionally, the County Tax Increment deposited into the Tax Increment Fund by the County may not be used for any permissible project costs in any portion of the expanded area of the TIRZ District unless approved by the County governing body.

4.3 Final Plan.

It is anticipated that the TIRZ Board shall consider the Final Plan in the future. Upon the TIRZ Board and City Council's unanimous approval of the Final Plan, the County Tax Increment may be utilized for any projects identified within the Final Plan subject to the limitations identified in Section 4.4 below, pursuant to the Final Plan and the Act.

4.4 Specific Uses for the County Tax Increment.

Unless an amendment to this Agreement is approved by the County and the City, the County Tax Increment may only be used in the following manner:

- a) To pay administrative costs for the Zone.

- b) To pay for debt service, including principal, interest, and capitalized interest in City debt issued to construct or acquire infrastructure such as roads, water, wastewater, or drainage that provide a benefit to the entire Zone or are classified as oversizing.
- c) Future County projects, including facilities, to be identified by the TIRZ Board that provide a special conferred benefit to the Zone.

For the avoidance of doubt, the County Tax Increment cannot be used for the following:

- a) To pay for internal infrastructure such as roads, water, wastewater, or drainage to residential development projects.
- b) To be pledged to another taxing entities debt (except for the City's debt issuance).
- c) To reimburse developers for costs not associated with oversizing or offsite infrastructure.

5. TERM.

This Agreement shall take effect on the date as of which both parties have executed it and shall expire upon expiration or termination of the TIRZ District, which currently is the earlier of: (i) December 31, 2055 (with final year's tax due by January 31, 2056), or an earlier termination date designated by ordinance subsequently adopted by the City Council or (ii) the date on which all project costs of the TIRZ District have been paid or otherwise satisfied in full.

6. TIRZ FUND ACCOUNTING.

No later than July 1 of each year following execution of this Agreement, the City shall provide the County with an annual accounting of the funds deposited to and disbursed from the Tax Increment Fund. After all project costs of the TIRZ District have been paid or at the time of the expiration of the Agreement, any funds remaining in the Tax Increment Fund following the final annual accounting by the City shall be paid to those taxing units participating in the TIRZ District in proportion to each taxing unit's share of the total amount of the County Tax Increment deposited into the Tax Increment Fund.

7. RESPONSIBILITY FOR ACTS.

The City and the County shall each be responsible for the sole negligent acts of their officers, agents, or employees or separate contractors. In the event of joint and concurrent negligence of both the City and the County, responsibility, if any, shall be apportioned comparatively with the laws of the State of Texas, with the understanding that neither party waves any governmental powers or immunities or any other defenses available to each individually.

8. NOTICES.

This Agreement shall be administered on behalf of the City by the City Manager's Office of the City, or his/her designee.

9. NOTICES.

All written notices called for or required by this Agreement shall be addressed to the following, or such other party or address as either party may subsequently designate in writing, by certified mail, postage prepaid, or by hand delivery:

CITY:

City of Caddo Mills
Attn: City Manager
City Hall
2313 Main Street
Caddo Mills, Texas 75135

COUNTY

Hunt County
Attn: County Judge Bobby W. Stovall
Hunt County Courthouse
2507 Lee St., 2nd Floor
Greenville, Texas 75401

With copies to:

Susan Thomas
City Attorney
6371 Preston Road
Suite 200
Frisco, Texas 75034

Daniel W. Ray
Hunt County Civil Attorney
Scott, Ray, Pemberton, & Goll, PLLC
2608 Stonewall Street
Greenville, Texas 75401

10. NO WAIVER.

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.

11. VENUE AND JURISDICTION.

If any action, whether real or asserted, at law or in equity, arises on the basis of any provision of this Agreement, venue for such action shall lie in state courts located in Hunt County, Texas or the United States District Court for the Northern District of Texas – Dallas Division. This Agreement shall be construed in accordance with the laws of the State of Texas.

12. NO THIRD-PARTY RIGHTS.

The provisions and conditions of this Agreement are solely for the benefit of the City and the County and are not intended to create any rights, contractual or otherwise, to any person or entity.

13. FORCE MAJEURE.

The parties shall exercise every reasonable effort to meet their respective obligations as set forth in this Agreement, but shall not be held liable for any delay in or omission of performance due to force majeure or other causes beyond their reasonable control, including but not limited to, compliance with any government law, ordinance or regulation, acts of God, acts of omission, acts of terrorism, fires, strikes, lockouts, national disasters, wars, riots, material or labor restrictions, transportation problems and/or any other cause beyond reasonable control of either party.

14. INTERPRETATIONS.

In the event of any dispute over the meaning or application of any provision of this Agreement, this Agreement shall be interpreted fairly and reasonably, and neither more strongly for or against any party, regardless of the actual drafter of this Agreement.

15. CAPTIONS

Captions and headings used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

16. 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 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. 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 of the City in an open meeting held in accordance with Chapter 551 of the Texas Government Code, as amended.

17. COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

EXECUTED as of the later date below:

CITY OF CADDO MILLS, TEXAS

By: _____

Date: _____

HUNT COUNTY

By: _____

Date: October 16, 2025

APPROVED AS TO FORM/LEGALITY: APPROVED AS TO FORM

By: _____

By: _____

EXHIBIT 1

ORDINANCE NO. _____ OF THE CITY OF CADDO MILLS
ESTABLISHING REINVESTMENT ZONE NUMBER TWO, CITY OF CADDO MILLS, TEXAS, AND ALL
ASSOCIATED EXHIBITS

[Remainder of this page intentionally left blank.]

EXHIBIT 2

RESOLUTION NO. _____ ADOPTED BY THE COUNTY

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