

**AGREEMENT TO PARTICIPATE IN
TAX INCREMENT REINVESTMENT ZONE NUMBER 17, BETWEEN THE
CITY OF AUSTIN AND TRAVIS COUNTY**

This Agreement to Participate in Tax Increment Reinvestment Zone Number 17, City of Austin, Texas ("Agreement") is entered into by and between the City of Austin, Texas (the "City") and Travis County, Texas (the "County"), hereinafter collectively referred to sometimes as the "Parties" or singularly as a "Party."

This Agreement is entered into by the City and the County pursuant to Chapter 311, Texas Tax Code, and other applicable statutes.

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:

A. On March 27, 2007, the Travis County Commissioners Court (the "Commissioners Court") approved the County's participation in the Tax Increment Reinvestment Zone that is the subject of this Agreement, as evidenced by the minutes of the Commissioners Court ("Minutes") attached hereto as Exhibit A.

B. On June 21, 2007, the City Council of the City ("City Council") adopted City Ordinance No. 20070621-151 (the "Ordinance"), attached hereto as **Exhibit B**, designating certain real property described in the Ordinance as Tax Increment Reinvestment Zone Number 17, City of Austin, Texas (the "TIF District"). The TIF District is informally known as the "Waller Creek TIF" because its purpose is the development and funding of the Waller Creek Tunnel Project (the "Project"). The Ordinance is hereby incorporated by reference for all purposes. Any subsequent amendments to the Ordinance will be attached hereto and considered a part hereof.

C. In the Ordinance, the City found that the designation of the TIF District would encourage the development of property in and around the TIF District to occur that would not occur otherwise in the foreseeable future. As a result of designation of the TIF District, and in consideration of the County's contribution of a fifty percent portion of its Tax Increment as set out in this Agreement, the City will contribute one hundred percent of its Tax Increment and construct a major drainage project and related facilities within the TIF District. As a result, it is anticipated that other complementary development in the TIF District will follow. This overall development is expected to result in increased tax revenues and other public benefits for both the City and the County.

D. 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 TIF District unless it enters into an agreement with the City, such as this Agreement.

E. Pursuant to Sections 311.008(b)(3) and 311.013(f) of the Texas Tax Code, the City and the County are entering into this Agreement to set forth the conditions governing the contribution of Tax Increment by the County and the City to the TIF

District, and the City finds that this Agreement is necessary for the implementation of the Project Plan for the TIF District.

NOW, THEREFORE, for and in consideration of the promises and 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 AND APPROVAL OF PROJECT AND FINANCING PLAN

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

1.2 The Parties hereby approve the Waller Creek Tax Increment Financing Reinvestment Zone no. 17 Final Project Plan and Reinvestment Zone Financing Plan attached hereto as Exhibit D.

2. DEFINITIONS.

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

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

2.1.2 **Captured Appraised Value** in a given year means the total appraised value, less any applicable exemptions, of all TIF District real property taxable by the City or the County for that Tax Year less the Tax Increment Base defined in Section 2.1.7 below.

A listing of parcels located in the TIF districts, including 2007 values, is attached hereto as **Exhibit C**.

2.1.3 **Financing Plan** shall mean the financing plan for funding of Project Costs set forth in the Project Plan for the TIF District as adopted by the TIF Board and approved by the City Council of the City in accordance with the Act.

2.1.4 **Project Costs, for purposes of this Agreement,** means (1) the direct operations and maintenance costs of the Project, determined on the basis of generally accepted accounting principles; and (2) construction, engineering, project management, inspection, and other directly related costs associated with the improvements described in the Project Plan, and acquisition of any property necessary for the Project Plan, including the debt service on bonds or other obligations issued to fund these costs. Debt service shall be calculated as annual level-debt service requirements using the true interest cost on the total amount financed.

The "direct operations and maintenance costs" does not include, either directly or indirectly, any of the following:

- a. Other Post Employment Benefits (OPEB) for City employees whether or not those costs are for current year benefits, prior year benefits, or future year benefits;
- b. employee recognition, rewards or awards other than performance pay documented pursuant to Council adopted compensation schedules;
- c. entertainment and gifts, including meals or beverages, even if related to a business purpose;
- d. legislative consultant services;
- e. donations to non-profit or private organizations;
- f. legal services;
- g. consulting services not directly related to the acquisition, construction, operation or maintenance of the Project.

2.1.5 **Project Plan** means the project plan for the TIF District substantially in the form of the Project Plan attached to this Agreement as **Exhibit D**, consisting of the construction of a tunnel with inlet and outlet features to divert floodwater from portions of Waller Creek ("the Waller Creek Tunnel"), and related acquisitions, improvements and acquisitions. The Project Plan will include maps of all property in the TIF District, including all non-taxable property. The Project Plan will be effective upon adoption by the TIF Board and approval by the City Council, in accordance with the Act.

2.1.6 **Tax Increment** means the respective amounts to be paid into the TIF by the City and the County in any given Tax Year and will be determined as follows:

2.1.6(a) "City Tax Increment" will be the amount of City property taxes levied and collected for that year on the Captured Appraised Value of TIF District real property taxable by the City, unless the City elects to use the formula described in **Exhibit E**. In any event, if the City elects to use the formula described in **Exhibit E**, the City must make this determination before the first payment of Tax Increment due under this Agreement, and must apply the formula during the remainder of the Agreement.

2.1.6(b) County Tax Increment will be that amount paid by the County into the Tax Increment Fund as determined using the formula which is set forth in **Exhibit E**.

2.1.7 **Tax Increment Base** means the total appraised value as of January 1, 2007, of all real property taxable by the City or the County, as applicable, and located in the TIF District. The Parties agree that the Tax Increment Base for this Agreement for the City is 236.2 Million Dollars and, for the County is 228.1 Million Dollars.

2.1.8 **Tax Increment Fund** means that fund created by the City pursuant to Section 311.014 of the Act and Part 6 of the Ordinance, which will be maintained by the City, and into which all revenues of the TIF District will be deposited, including deposits of Tax Increment by the City and by such other taxing units with jurisdiction over real property in the TIF District that may enter into agreements for such contributions, including the County.

2.1.9 **Tax Year** means that period from January 1 through the following December 31.

2.1.10 **TIF Board** means the governing board of directors of the TIF District appointed in accordance with Section 311.009 of the Act and Part 3 of the Ordinance.

2.1.11 **TIF District** means the Tax Increment Reinvestment Zone No. 17, approved by the Ordinance.

3. DEPOSIT OF TAX INCREMENT.

3.1 County Deposit.

3.1.1 Percentage. Pursuant to the County Commissioners Court approval and specifically subject to Section 4 and the other applicable terms of this Agreement, the County agrees to deposit into the Tax Increment Fund fifty percent (50%) of the County's Tax Increment as such Tax Increment is to be determined according to **Exhibit E** for each Tax Year, commencing with tax year 2008 until the termination of this Agreement.

3.1.2 Limitation. Such commitment by the County under this Section 3.1 is the full and complete obligation of the County to provide Tax Increments for deposit to the credit of the Tax Increment Fund under this Agreement. The City will be solely responsible for any increases in requirements for funding the construction and operations and maintenance costs, or any other increases to complete, expand and/or maintain the Project above the County's contribution to the Tax Increment Fund. Any losses resulting from overruns on construction, operation or maintenance costs beyond such limitation in the County's funding obligation are the sole obligation of the City, and the County contribution will not be increased beyond that specified in this Section 3.1.

3.1.3 The County will not be required to make the deposit of the County Tax Increment after three years from June 21, 2008, the date the TIF District was created unless the City has, during that 3 year period, either:

- (a) issued or caused to be issued debt in the manner described in the Project Plan and this Agreement;
- (b) acquired property, including easements, in the TIF District pursuant to the Project Plan; or

(c) begun construction on improvements, including park mitigation, pursuant to the Project Plan.

3.2 City Percentage. The City agrees to deposit one hundred percent (100%) of the City Tax Increment into the Tax Increment Fund for each Tax Year commencing with Tax Year 2008 and continuing until the termination of this Agreement. It is the express intent of the City that, in the event the Tax Increments prove to be insufficient to complete the Project, the Project will be completed with other funding lawfully available to the City.

3.3 Important Dates. Pursuant to the Act and the terms of this Agreement, the Parties agree that the following dates show the anticipated dates for performance in the first two (2) years of the Agreement and the termination date(s):

January 1, 2007 -	Date of determination of the Tax Increment Base ("Base")
January 1, 2008 -	
December 31, 2008 -	First Tax Year for determining Tax Increment
May 31, 2008 -	County provides preliminary estimate to City of Captured Appraised Value for budgeting purposes only
January 31, 2009 -	City and County provide notice of estimated amount of Tax Increment payment
May 1, 2009 -	City and County deposits due on Tax Year 2008 Tax Increment.
December 31, 2028	End of twenty-year Agreement term (subject to earlier termination pursuant to the Agreement)
May 1, 2029 -	Last deposit for County (unless fully paid prior to this date or terminated earlier pursuant to the Agreement terms)

The Parties agree that subsequent deposits, estimates, notices, and determinations will follow the calendar dates set forth in the above schedule for each subsequent Tax Year.

3.4 Deposits.

3.4.1 Deposits. The County and the City will deposit their Tax Increments into the Tax Increment Fund on or before May 1st of each year following the Tax Year for which the Tax Increment payment is due under this Agreement pursuant to applicable statutory requirements including, without limitation, the Act. Deposits by the County shall be sent to:

The City of Austin
Attention: City Controller
Tax Increment Reinvestment Zone No. 17
P.O. Box 2920
Austin, Texas 78767

3.4.2 Annual Notices. On or before January 31 of each year, the Parties shall notify each other of the estimated amount of their respective deposits of Tax

Increments to the Tax Increment Fund, and that such determination has been made in accordance with the Act.

3.4.3 Delinquent Taxes. The Parties agree that they will use best efforts to collect delinquent taxes within the TIF District, and that deposits on delinquent taxes do not have to be made until those delinquent taxes have actually been collected by the taxing entity. The Parties agree that the formula set forth in **Exhibit E** may be used for determining the Tax Increment payments to be made by the Parties under this Agreement and such formula substantively accounts for delinquent tax collections and refunds to taxpayers.

4. LIMITATIONS ON 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 injunction or any other lawful means in the event one or more of such conditions are not satisfied or to terminate this Agreement, cease making deposits, and receive reimbursement for deposits made up to the time of City's failure to meet these conditions:

4.1 Compliance. The Parties agree that all performance under this Agreement has been and will be done in compliance with all requirements of the Act. In addition, City shall provide all services and activities performed under the terms of this Agreement in compliance with the Constitutions of the United States and Texas and with all applicable federal, state, and local orders, laws, regulations, rules, policies and certifications governing any activities undertaken during the performance of this Agreement.

4.2 TIF District Project Costs.

4.2.1 Payment of Project Costs. The portion of the County's Tax Increment deposited into the Tax Increment Fund shall be used pursuant to the Act to pay Project Costs (as defined by Section 311.002(1) of the Act) for infrastructure improvements or other public improvements as specifically set forth and identified in the Project Plan, attached hereto as **Exhibit D**. The Project Plan may be amended from time to time with County's written approval, but if the Project Plan is amended, the portion of the Tax Increment deposited into the Tax Increment Fund by the County may not be used for any infrastructure improvements or other public improvements not addressed by the original Project Plan, unless the amended Project Plan and such commitment to contribute to increased costs incurred as a result of that amendment is approved by the Commissioners Court as an amendment to **Exhibit D** to this Agreement.

4.2.2 Direct Operations and Maintenance Costs. Should the Agreement expire prior to the end of the twenty (20) year term pursuant to the terms of Section 5.2(ii) [payment of all Project Costs as defined in that Section 5.2(ii)], the Parties agree that the County's contribution will be completed and that payment by County on continued direct operations and maintenance costs shall cease.

4.3 TIF District Expansion. The TIF District shall include those real properties located within the boundaries as described in the Ordinance. The City may expand the TIF District in accordance with the Act. If the TIF District is expanded, County must approve such expansion in writing, and the portion of the Tax Increment deposited into the Tax Increment Fund by the County may not be used for any Project Costs in any portion of the expanded area of the TIF District, unless such contribution is specifically approved by the Commissioners Court through an amendment to this Agreement and the Project and Financing Plan. Further, the County's obligation to pay a portion of its Tax Increment into the Tax Increment Fund shall not apply to any expanded area of the TIF District, unless the County agrees to do so by written amendment of this Agreement.

4.4 TIF Board. The TIF Board will be created and operated pursuant to the Act. The County shall have one member appointed to the TIF Board. The Parties understand that this appointment will not require the County to incur or report any liabilities or obligations related to the TIF District (other than the obligation to contribute its Tax Increment to the TIF District) or to meet the conditions of a reportable component unit in the County's financial statements. The TIF Board will have only those powers and duties as set forth in the Act and reasonably inferable therefrom, including the ability to make recommendations to the City Council and to exercise any powers authorized by the City pursuant to the Act. The TIF Board will NOT have the power to issue bonds, impose taxes or fees, exercise the power of eminent domain or give final approval to the Project Plan.

4.5 Fund Disbursements. Money may be disbursed from the Tax Increment Fund only to satisfy claims of holders of bonds or other obligations issued to finance Project Costs, to pay Project Costs for the TIF District or to make payment pursuant to agreements as specified in the Act.

4.6 City Completion. Regardless of the structure employed to perform the activities set forth under this Agreement, or any other agreements entered into or any other provisions of this Agreement, the City agrees not to seek contributions from the County in excess of the County contribution set forth in Section 3.1, it being the understanding of the Parties that the sole obligation of the County with respect to the construction, operation and maintenance of the Project provided for under this Agreement is to collect and contribute to the TIF District its Tax Increment. The City will issue obligations secured by ad valorem taxes for the purpose of constructing the Project provided for under this Agreement, and to fund the full completion and maintenance of the Project for the term of this Agreement, as provided for under this Agreement solely from funds lawfully available to the City for such purpose. If the City does not issue such obligations to finance the construction of the Project provided for under this Agreement, then, in consultation with the County, the City shall pursue other feasible methods of extending its full faith and credit related to financing of Project Costs, including the establishment of a sinking fund, an escrow account or an agreeable alternative arrangement, it being the express intent of the City that, during the term of this Agreement, the Project shall be constructed and maintained by the City with funds lawfully available to and appropriated by the City for such purposes.

5. TERM.

5.1 Effective Date. The effective date of this Agreement is December 31, 2007.

5.2 Termination Date. This Agreement shall expire upon expiration or termination of the TIF District, which currently is the earlier of:

(i) December 31, 2028, or

(ii) the date on which the Project has been fully implemented and all Project Costs of the TIF District (excluding, for the purposes of this provision, continuing direct operations and maintenance costs of the Project), and including, but not limited to, tax increment bonds or notes, contract revenue bonds, or other obligations, and interest on those bonds or other obligations, issued by or on behalf of the City in accordance with the Financing Plan have been paid, re-paid, or otherwise satisfied in full subject to the limitations set forth in Section 4.2 of this Agreement.

5.3 Early Termination. The Parties may agree to terminate the Agreement prior to the termination date set forth in Section 5.2 only by written agreement signed by both Parties, which agreement shall provide for:

- (a) the agreed to termination date, and
- (b) the disposition of any undisbursed funds in accordance with Section 311.014 of the Act; and
- (c) other terms as agreed to by the Parties

5.4 Termination for Cause. Other provisions notwithstanding, this Agreement may be terminated by County at any time that City violates Section 3.2 after written notice by the County to the City, and a reasonable period for the City to cure, not to exceed 60 calendar days, unless the City promptly cures such violation within such 60 day period, or commences to prosecute such cure during such 60 day period and diligently and in good faith continues to prosecute such cure to completion, in which case the Agreement will continue in full force and effect.

6. FINAL ACCOUNTING.

6.1 After all Project Costs of the TIF District have been paid or at the time of the termination or other expiration of this Agreement (whichever occurs first), the City shall prepare and provide the County with a final accounting upon such occurrence of the funds deposited to and disbursed from the Tax Increment Fund. Any funds remaining in the Tax Increment Fund following the final accounting by the City shall be paid to those taxing units participating in the TIF District in proportion to each taxing unit's share of the total amount of Tax Increment deposited into the Tax Increment Fund in accordance with Section 311.014 of the Act.

7. RESPONSIBILITY FOR ACTS.

7.1 The City and the County shall each be responsible to the extent provided by Texas law for the sole negligent acts of their officers, agents, 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 waives any governmental powers or immunities or any other defenses available to each individually or waives sovereign immunity to suit by the execution of this Agreement or by any conduct of any representative of that Party relating to this Agreement.

8. NOTICES.

8.1 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:

8.2 The address of the City for all purposes under this Agreement, unless otherwise noted, shall be:

City of Austin
Attn: City Chief Financial Officer
301 West 2nd Street
P.O. Box 1088
Austin, Texas 78767-1088

With additional copies to:

City Attorney's Office and
City Financial Services Department

8.3 The address of the County for all purposes under this Agreement shall be:

Honorable Samuel T. Biscoe (or successor)
Travis County Judge
314 West 11th St., Suite 520
PO Box 1748
Austin, TX 78767

With additional copies to:

Honorable David Escamilla (or successor)
Travis County Attorney's Office
P. O. Box 1748
Austin, Texas 78767
Attention: Civil Transactions

and

Christian Smith (or successor)
County Planning and Budget Office
P. O. Box 1748
Austin, Texas 78767

9. 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.

10. 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 Travis County, Texas. This Agreement shall be construed in accordance with the laws of the State of Texas.

11. 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 other person or entity. The relationship of the City and the County under this Agreement is not and shall not be construed or interpreted to be a joint enterprise or joint venture. The Parties agree that each Party is an independent contractor.

12. 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 governmental law, ordinance or regulation, acts of God, fires, strikes, lockouts, national disasters, wars, riots, material or labor restrictions, transportation problems and/or any other cause beyond the reasonable control of either party.

13. INTERPRETATION.

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.

14. CAPTIONS.

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

15. ENTIRETY OF AGREEMENT.

15.1 Inclusive 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.

15.2 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.

15.2.1 Exhibit A	County Minutes
15.2.2 Exhibit B	Ordinance No. 20070621-151
15.2.3 Exhibit C	TIF Parcel Listing
15.2.4 Exhibit D	TIF Project and Financing Plan
15.2.5 Exhibit E	Tax Increment Formula

15.3 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.

16.0 GENERAL PROVISIONS

16.1 Annual Reports. Within 90 days of the end of the City's fiscal year, the City shall provide the County with an annual report of performance under this Agreement in accordance with Section 311.010 of the Act. The City shall also provide additional information related to performance under this Agreement as reasonably requested by the County. In addition, the City will prepare all reports required under the Act, with copies of such reports to be provided to the County.

16.2 Audit. Each Party reserves the right to conduct , at the conducting Party's expense, an annual performance and financial audit under this Agreement. Each Party agrees to permit the other Party, or its authorized representatives, to audit and copy, at the expense of the auditing Party, records of the Party being audited that relate to this Agreement and to obtain any documents, materials, or information relating to this Agreement which are necessary to facilitate such audit.

16.3 Reservation of Rights. If any Party to this Agreement breaches this Agreement, the other Party(ies) shall be entitled to any and all rights and remedies provided for by Texas law and any applicable Federal laws or regulations. All rights of the City and the County under this Agreement are specifically reserved, and any payment, act or omission shall not impair or prejudice any remedy or right to the County or the City under this Agreement. The exercise or failure to exercise any right or remedy in this Agreement of the City or the County or the failure to act in accordance with law based upon the other Party's breach of the terms, covenants and conditions of this Agreement, or

the failure to demand the prompt performance of any obligation under this Agreement shall not preclude the exercise of any other right or remedy under this Agreement or under any law, nor shall any action taken or not taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies.

16.4 Severability. If any portion of this Agreement is ruled invalid, illegal or unenforceable by a court of competent jurisdiction, the remainder of it shall remain valid and binding, and shall continue to have full force and effect and shall in no way be impaired or invalidated by that holding.

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.

In witness whereof, the following authorized representatives of the parties have **EXECUTED** this Agreement to be effective as of December 31, 2007.

CITY OF AUSTIN, TEXAS:

By: _____

City Manager

Date: _____

TRAVIS COUNTY, TEXAS

By: _____

Sam Biscoe, County Judge

Date: _____

APPROVED AS TO FORM:

By: _____

Gordon Bowman
Assistant City Attorney

By: _____

Mary Etta Gerhardt
Assistant County Attorney

EXHIBIT A

COUNTY MINUTES

MINUTES OF MEETING - MARCH 27, 2007

TRAVIS COUNTY COMMISSIONERS' COURT

On Tuesday, the 27th day of March 2007, the Commissioners' Court convened the Voting Session at 9:15 AM in the Commissioners' Courtroom, 1st Floor of the Ned Granger Administration Building, 314 West 11th Street, Austin, Texas. Dana DeBeauvoir, County Clerk, was represented by Deputy Gillian Porter.

The Commissioners Court recessed the Voting Session at 12:12 PM.

The Commissioners Court, meeting as the Northwest Travis County Road District # 3 (Golden Triangle); convened at 1:54 PM and adjourned at 1:54 PM.

The Commissioners Court, meeting as the Travis County Housing Finance Corporation; convened at 1:55 PM and adjourned at 1:56 PM.

The Commissioners Court reconvened the Voting Session at 1:56 PM.

The Commissioners Court retired to Executive Session at 5:00 PM.

The Commissioners Court reconvened the Voting Session at 6:11 PM.

The Commissioners Court adjourned the Voting Session at 6:18 PM.

SPECIAL ITEMS

TO BE TAKEN UP AT 10:00 A.M.

5. CONSIDER AND TAKE APPROPRIATE ACTION ON CITY OF AUSTIN WALLER CREEK TUNNEL PROJECT. (10:10 AM)

Members of the Court heard from: Sheryl Cole, Austin City Council Member, John Stephens, Chief Financial Officer, City of Austin; Leroy Nellis, Budget Manager, Planning and Budget Office (PBO); Geoff Jacks, Travis County Resident; Bea Fincher, Austin Chapter, Women's Chamber of Commerce; Charlie Betts, Executive Director, Austin Downtown Alliance; and Sam Archer, Austin Rowing Club.

Motion by Commissioner Daugherty **and seconded by** Commissioner Davis to approve Item 5.

A Clarification of the Previous Motion was made by Judge Biscoe to approve the request from the City of Austin for us to participate in the Tax Increment Financing (TIF), and work with City of Austin between now and

December 2007 to put together an appropriate contract, to designate appropriate County Staff at the appropriate time to handle the County's part.

Motion carried:	County Judge Samuel T. Biscoe	yes
	Precinct 1, Commissioner Ron Davis	yes
	Precinct 2, Commissioner Sarah Eckhardt	yes
	Precinct 3, Commissioner Gerald Daugherty	yes
	Precinct 4, Commissioner Margaret J. Gómez	yes

EXHIBIT B

ORDINANCE NO. 20070621-151

EXHIBIT C

TIF PARCEL LISTING

EXHIBIT D

TIF PROJECT AND FINANCING PLAN

EXHIBIT E

FORMULA - DETERMINATION OF TAX INCREMENT PAYMENT

The Parties understand and agree that determination of the actual "amount of property taxes levied and collected" would include extensive calculations on an ongoing parcel-by-parcel basis during every Tax Year of the Agreement to accurately reflect changes to the Tax Increment resulting from delinquent collections and refunds due to appraisal valuation adjustments. In order to simplify the calculations for payment, while maintaining substantive accuracy of the Tax Increment based on the taxes collected on the adjusted value of the property involved in the TIF District, the Parties may annually calculate an average collection rate that will be utilized to determine the Tax Increment.

The average collection rate will be based on the past four Tax Years. The collection rate will be calculated as of the fifth year of collection for each of those four Tax Years and then averaged. The calculation will be based on the beginning Tax Year unadjusted levy and the total amount collected on that levy after five years. Since this percentage will take into account the average decrease or increase to the levy due to delinquent payments, refunds, and property valuation adjustments, there will be no need to adjust future years' Tax Increments to reflect those amounts. The calculation will be based on TIF District parcel data if available; otherwise, County- or City-wide parcel data will be used to calculate the collection rate by the appropriate Party.

EXAMPLE: On page two of this exhibit is an example of the average collection rate calculation for Travis County using TIF District parcel data. It shows the collection rate for each Tax Year 1999 through 2002 and the average collection rate for all those years totaling 93.2%. Using this average collection rate the calculation of the Tax Increment payment for Travis County would be:

Captured Appraised Value divided by 100 multiplied by the then current Tax Rate multiplied by the average collection rate of 93.2% and then divided by two.

The first Tax Increment to be paid in 2009 would be based on the calculated rate for Tax Years 2000-2003. Prior to each annual payment, the Parties may review the calculations including the underlying information and documentation.

EXHIBIT E - Example

PROPERTY TAX COLLECTIONS AS OF SEPTEMBER 30 OF EACH YEAR FOR WALLER CREEK TIF DISTRICT PARCELS

Tax Year	Fiscal Year	Beginning Tax Balance	Tax Adjustments	Adjusted Levy	Reversals	Base Tax Collected	Accum Net Tax Collected	Percent Collected	Ending Balance
1999	00	515,617 B	(9,043)	506,574	-	505,709	505,709	99.83%	865
2nd	01	865	(132)	506,442	(132)	865	506,442	100.00%	-
3rd	02	-	-	506,442	-	-	506,442	100.00%	-
4th	03	-	(12,924)	493,518	(12,924)	-	493,518	100.00%	-
5th	04	-	-	493,518	-	-	493,518 A	100.00%	-
6th	05	-	-	493,518	-	-	493,518	100.00%	-
7th	06	-	-	493,518	-	-	493,518	100.00%	-
8th	07	-	-	493,518	-	-	493,518	100.00%	-
Collection % after five years-1999							95.71%	(A/B)	
2000	01	556,770 B	(2,013)	554,757	(164)	552,198	552,034	99.51%	2,723
2nd	02	2,723	(41,077)	513,680	(41,077)	2,723	513,680	100.00%	-
3rd	03	-	-	513,680	-	-	513,680	100.00%	-
4th	04	-	-	513,680	-	-	513,680	100.00%	-
5th	05	-	-	513,680	-	-	513,680 A	100.00%	-
6th	06	-	-	513,680	-	-	513,680	100.00%	-
7th	07	-	-	513,680	-	-	513,680	100.00%	-
Collection % after five years-2000							92.26%	(A/B)	
2001	02	636,469 B	(55,275)	581,194	(43,114)	622,618	579,504	99.71%	1,690
2nd	03	1,690	-	581,194	-	1,066	580,570	99.89%	624
3rd	04	624	-	581,194	-	624	581,194	100.00%	-
4th	05	-	-	581,194	-	-	581,194	100.00%	-
5th	06	-	-	581,194	-	-	581,194 A	100.00%	-
6th	07	-	-	581,194	-	-	581,194	100.00%	-
Collection % after five years-2001							91.32%	(A/B)	
2002	03	603,733 B	(7,500)	596,233	(447)	592,334	591,887	99.27%	4,346
2nd	04	4,346	(31,804)	564,429	(31,804)	3,890	563,973	99.92%	456
3rd	05	456	-	564,429	-	388	564,361	99.99%	68
4th	06	68	-	564,429	-	68	564,429	100.00%	-
5th	07	-	-	564,429	-	-	564,429 A	100.00%	-
Collection % after five years-2002							93.49%	(A/B)	
Average Collection % for 1999-2002							93.20%		

