

ANGLETON DRAINAGE DISTRICT



A Political Subdivision of the State of Texas
P.O. Box 2469, Angleton, Texas 77516-2469
Phone: (979) 849-2414 Fax: (979) 848-8160

April 22, 2008

City of Angleton
Attn: Greg Smith, Administrator
121 S. Velasco
Angleton, Texas 77515

Re: TIRZ Creation Ordinance No. 2004-O-11A, Section 6, Tax Increment Fund

Dear Mr. Smith:

In regards to the TIRZ Tax Increment Fund, the ordinance states that all tax increments shall be deposited in the Tax Increment Fund. The Tax Increment Fund and any sub-accounts shall be maintained at the depository bank of the City and shall be secured in the manner prescribed by law for the funds of Texas cities.

However, if the TIRZ is not completed as defined in the Developer Agreement, the Angleton Drainage District as well as the City would keep these funds and any accrued interest earned on these funds.

The TIRZ agreement does not clearly define any reporting to the Angleton Drainage District of the status of this fund as to any disbursements, deposits, interest earned, etc.

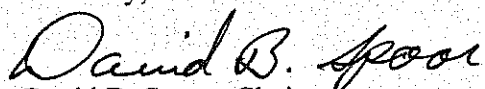
The Angleton Drainage District has received funds for the TIRZ for the tax years of 2006 and 2007. These funds total \$9026.92 and are recorded on the Angleton Drainage District's general ledger as an account payable.

The Angleton Drainage District would like to discuss a supplemental agreement addressing the accounting of, disbursements from and reporting of earnings on the Tax Increment Fund at least on an annual basis. This requirement has been suggested by the District's auditor.

Before a check is issued to the City of Angleton for the TIRZ funds collected, the District would like to put in place such an agreement with the City and the Angleton Drainage District. If you prefer, the District's attorney can prepare the agreement for the City's consideration.

Please contact the Angleton Drainage District if you have any questions. Your attention to this matter will be greatly appreciated.

Sincerely,


David B. Spoor, Chairman
Angleton Drainage District

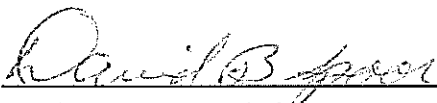
the District.

NOW, THEREFORE, the City and the District agree the original agreement will be modified by the addition of the following:

1. The City will report to the District the balance of the Tax Increment Fund as of September 30 of each year.
2. The report will show all transactions, including but not limited to, deposits, withdrawals, interest earned, service fees, etc., for the period of October 1 through September 30 of each year.
3. The report shall be submitted within a reasonable time frame after September 30 of each year for inclusion in the District's fiscal year end audit.
4. All portions of the original agreement which are not specifically changed or supplemented by this modification will remain in full force and effect.

IN TESTIMONY OF WHICH, witness our signatures on the execution dates herein below.

THE ANGLETON DRAINAGE DISTRICT

BY: 
David B. Spoor, Chairman, Board of Supervisors
Date Signed: August 12, 2008

THE CITY OF ANGLETON

BY: _____
Patrick Henry, Mayor
Date Signed: _____