

THE STATE OF TEXAS  
COUNTY OF HIDALGO

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RED RIVER SUBDIVISION TIF -

INTERLOCAL AGREEMENT

I. PARTIES & INDEX

A. Parties

1. THIS INTERLOCAL AGREEMENT (the "Agreement") is made by and between the CITY OF DONNA, TEXAS (hereafter referred to as "CITY"), a Texas Home Rule Municipality, acting through its City Manager pursuant to Resolution No. 2006-10-03, passed and approved by the City Council on October 17, 2006; HIDALGO COUNTY, a political subdivision of the State of Texas, acting through its County Judge pursuant to authority granted by the Hidalgo County Commissioners Court on January 9, 2007 (hereafter referred to as "COUNTY"); the TAX INCREMENT REINVESTMENT ZONE NUMBER ONE (1), CITY OF DONNA, TEXAS, a reinvestment zone created by the CITY pursuant to Chapter 311 of the Texas Tax Code (hereafter referred to as the "ZONE"), acting by and through its duly authorized Board of Directors ("ZONE BOARD"); and GARDEN VALLEY HOMES, LLC d/b/a CASA LINDA HOMES, the developer and petitioner for creation of the ZONE (hereafter referred to as "DEVELOPER").

Collectively, the CITY, COUNTY, ZONE, and DEVELOPER may be referred to as the "Parties." This Agreement is made pursuant to Chapter 311 of the Texas Tax Code for the participation of CITY and COUNTY in the Red River Subdivision Project (the "Project").

2. The initial addresses of the Parties are listed below. Each party may designate a different address by giving the others at least ten (10) days prior written notice.

CITY

P. R. Avila  
City Manager  
City of Donna  
307 S. 12<sup>th</sup> St.  
Donna, TX 78537  
Phone: (956) 464-3314  
Fax: (956) 464-9923

COUNTY

Honorable J.D. Salinas  
County Judge  
Hidalgo County  
100 E. Cano, 2<sup>nd</sup> Floor  
Edinburg, TX 78539  
Re: Red River TIRZ  
Phone: (956) 318-2600  
Fax: (956) 318-2699

With Copies to:

Rick Morales  
Mayor  
City of Donna  
307 S. 12<sup>th</sup> St.  
Donna, TX 78537  
Phone: (956) 464-3314  
Fax: (956) 464-9923

ZONE

Juan Cortinas  
Presiding Officer  
Reinvestment Zone Number One  
c/o City of Donna  
307 S. 12<sup>th</sup> St.  
Donna, TX 78537  
Phone: (956) 464-3314  
Fax: (956) 464-9923

With Copies to:  
 Atlas & Hall, L.L.P.  
 County Attorney  
 Hidalgo County  
 818 Pecan Blvd.  
 McAllen, TX 78501  
 Re: Red River TIRZ  
 Phone: (956) 628-5501  
 Fax: (956) 686-6109

**DEVELOPER**  
 Garden Valley Homes, LLC d/b/a  
 Casa Linda Homes  
 c/o Mr. Mark Dizdar, President  
 1409 Main  
 McAllen, TX 78501  
 Phone: (956) 631-6196  
 Fax:

**B. Index**

In consideration of the covenants set forth herein, and subject to the terms and conditions herein, the Parties hereby agree to the terms and conditions of this Agreement. This Agreement consists of the following sections:

<u>Section</u>	<u>Description</u>	<u>Page</u>
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VIII.	Miscellaneous	

- Exhibit "A" Project Plan & Finance Plan
- Exhibit "B" City of Donna Ordinance No. PL-2006-07-10, passed and approved by City on August 8, 2006.
- Exhibit "C" Development Agreement

**C. Parts Incorporated**

All of the above-described exhibits are hereby incorporated into this Agreement for all purposes by this reference.

**II. DEFINITIONS**

As used in this Agreement, the following terms shall have the meanings set out below:

1. "Administrative Costs" means reasonable costs directly incurred by a Participating Taxing Entity (as hereinafter defined) related to its agreement to participate in the development of the ZONE, as described in this Agreement. These costs include, but are not limited to, costs and expenses for legal review and financial analysis related to the ZONE incurred prior to entering into this Agreement, as well as any such costs and expenses incurred after this Agreement becomes effective. The aggregate Administrative Costs for all the combined Participating Taxing Entities, which incur Administrative Costs over the life of the ZONE is estimated to be two hundred fifteen thousand three hundred dollars (\$215,300.00).

2. "Agreement" means this Interlocal Agreement.

3. "Available Tax Increment" shall mean the "Tax Increment," as defined below, less the Administrative Costs of the COUNTY.

4. "Captured Appraised Value" means the captured appraised value of the ZONE, as defined by Section 311.012(b), Texas Tax Code (and as said Code may be amended from time to time); e.g., the total appraised value in a given year of all real property taxable by a participating taxing entity and located in the ZONE for that year less the total appraised value of that property in 2006, the base

year of the ZONE.

5. "CITY" means City of Donna, Texas and includes its successors and assigns.
6. "Financing Plan" means the Final Financing Plan for ZONE as adopted by the Board of Directors of ZONE on September 27, 2006, and approved by City Council of CITY on October 17, 2006, and attached hereto as Exhibit "A".
7. "Participating Taxing Entity" or "Participating Taxing Entities" means, singularly, a taxing unit participating in the ZONE, and collectively, two or more taxing units participating in the ZONE, and may include CITY and COUNTY.
8. "Project" means the Red River Development Project, as that project is more specifically identified in the Financing and Project Plan.
9. "Project Costs" means the items set forth and described in Section 311.002(1), Texas Tax Code that are included in the Project Plan for the Project. The Project Costs include, but are not limited to, public infrastructure improvements and related capital costs; including streets; streetlights; drainage; gas, water and sewer utilities; sidewalks; landscaping; golf course and related facilities; railroad facilities; fencing; and rights-of-way. The Project Costs in the aggregate for the life of ZONE are estimated to be one million three hundred twenty-one thousand one hundred forty-seven dollars and sixty-seven cents (\$1,321,147.67), as more completely set forth in Exhibit "A".
10. "Project Plan" means the Final Project Plan for the ZONE as adopted by the Board of Directors of the ZONE on September 27, 2006 and approved by the CITY Council of the CITY on October 17, 2006 and attached hereto as Exhibit "A".
11. "Tax Increment" for a Participatory Taxing Entity means the total amount of ad valorem taxes levied and collected each year by that Participating Taxing Entity each year on the Captured Appraised Value of taxable real property in the ZONE. Further, with respect to the COUNTY, this term shall be further limited to the total amount of ad valorem taxes levied and collected only on behalf of the COUNTY each year.
12. "Tax Increment Base" means the total appraised value of all real property taxable by a Participating Taxing Entity and located in the ZONE as of January 1, 2006, the year in which the ZONE was designated.
13. "Tax Increment Fund" means the tax increment fund created by the CITY for the deposit of Tax Increments for the ZONE, entitled "Reinvestment Zone Number one (1), City of Donna, Texas Tax Increment Fund."
14. "Tax Increment Payment" means the amount of the Tax Increment that a Participating Taxing Entity is required to deposit annually into the Tax Increment Fund in accordance with this Agreement and the Project Plan.
15. "ZONE" means Tax Increment Reinvestment Zone Number One, City of Donna, Texas, created by the CITY over the Zone Area on August 8, 2006, by Ordinance No. PL - 2006-07-10, a description of which is contained in Exhibit "B", attached hereto.
16. "ZONE BOARD" means the Board of Directors of the ZONE established to administer manage and/or operate ZONE pursuant to Sections §311.009(b) and 311.010, Texas Tax Code, as well as to implement and fund the Project.

### III. BACKGROUND

A. Resolution of Intent No. 2006-03-02, passed and approved by City Council of CITY on March 7, 2006, expressed the CITY's intent to create a tax increment financing reinvestment zone to support revitalization and development activities for the ZONE, commonly known as the Red River Development Project, pursuant to Chapter 311, Texas Tax Code. On August 8, 2006, the City Council of CITY passed and approved Ordinance No. PL-2006-07-10, which created the ZONE and by which agreed to be bound to this Agreement pursuant to Section 311.013 of the Texas Tax Code. The Project is located in the northwest sector of the CITY. The Project generally is located along Business Highway 281. The Project is more specifically described on Exhibit A. The Project is in the Donna Independent School District and encompasses approximately 28.13 acres. The ZONE BOARD will provide funding for

public improvements and other Project Costs within the area of the Project. The Tax Increment Base for the ZONE is four hundred twenty thousand dollars (\$420,000.00), and the projected Captured Appraised Value of all the taxable real property in ZONE at the end of the Agreement Term is eight million four hundred thousand dollars (\$8,400,000.00). Bonds will be issued Pursuant to §311.015 of the Texas Tax Code once the DEVELOPER completes 75% of the Project. The Bonds will be secured by revenue from the Tax Increment as provided for in Section 311.015 and Section 311.0123 of the Texas Tax Code. The Project includes the construction of public infrastructure that will serve a 28.13-acre development. Construction will be carried out in phases as specified in the Development Agreement and Project Financing Agreement, with the last phase commencing in 2009. The total Project Costs is estimated to be two million five hundred ninety-seven thousand seven hundred forty-seven dollars and forty-five cents (\$2,597,747.45). The developer is Grande Valley Homes, LLC d/b/a Casa Linda Homes, (the "Developer"), or its successors, assigns or contractors. The ZONE is projected to terminate on 2028, unless earlier termination occurs under this Agreement (the "term of ZONE").

B. The ZONE BOARD adopted the Project Plan on September 27, 2006. The CITY approved the Project Plan and Project Financing Plan on October 17, 2006. The CITY and COUNTY agree to participate in the ZONE and to deposit their respective Tax Increment Payments to the Tax Increment Fund, in accordance with the terms, and in consideration for the agreements, set forth herein. The Tax Increment Fund was authorized by Ordinance No. PL-2006-07-10, attached hereto as Exhibit "B." The COUNTY hereby acknowledges receipt of notice of the initial creation of the ZONE. To the COUNTY's knowledge the CITY complied with all legal requirements and notice requirements in the creation of the ZONE.

C. The Parties hereto agree that, other than bonds or notes issued pursuant to §311.015 of the Texas Tax Code, no tax-supported public debt instrument will be issued by a Participating Taxing Entity or the ZONE BOARD to finance any costs or improvements on the Project.

#### **IV. RIGHTS AND OBLIGATIONS OF THE COUNTY**

##### **A. Tax Increment Participation by the COUNTY**

1. Subject to the limitations set out in this Agreement, COUNTY agrees to participate in the ZONE by contributing to the Tax Increment Fund one hundred percent (100%) of its respective Tax Increments for the life of the ZONE beginning with the 2006 tax year.

2. The Parties hereto agree that the COUNTY's contribution to the Tax Increment Fund shall be used to fund Project Costs including construction of public infrastructure improvements to support the development and revitalization efforts in the ZONE. COUNTY's contributions to the Tax Increment Fund shall end when it has contributed the maximum total contribution provided for herein, or when it has made contributions of all Tax Increment Payments, as specified in the Project Plan, attributable to all periods through the end of COUNTY's fiscal year 2029 (ending on September, 2029), whichever occurs first.

##### **B. Tax Increment Payment**

1. COUNTY's obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided in paragraph IV (A) of this Agreement, shall accrue as COUNTY collects its Tax Increment. The Parties hereto agree that all ad valorem property taxes collected each year by the COUNTY that are attributable to real property in the ZONE shall first constitute taxes on the Tax Increment Base and after the total amount of taxes on the Tax Increment Base have been collected, then the remaining ad valorem taxes collected shall constitute the Tax Increment. COUNTY agrees to deposit its first Tax Increment Payment to the Tax Increment Fund for tax year 2007 by March 31, 2008. The amount of the first Tax Increment Payment shall be based on the Tax Increments that were received up to January 31, 2008, but only for tax year 2007 beginning January 1, 2007. For subsequent payments,

COUNTY agrees to contribute its Tax Increment Payments to the Tax Increment Fund semi-annually on or before March 10 and on or before August 10 (or the first business day thereafter) of each tax year. The amount of each Tax Increment Payment shall be based on the Tax Increments that are received, but which have not been previously deposited in the Tax Increment Fund, during the semi-annual periods preceding each deposit date. The Parties agree that COUNTY's obligation to deposit Tax Increment Payments after 2028, shall only be for taxes collected and received after such date that are attributable to the time period during which COUNTY agreed to participate. Under no circumstances shall COUNTY be required to participate in the ZONE with taxes attributable to periods after 2029.

2. One month prior to a payment required under paragraph IV (B) of this Agreement, CITY shall provide to COUNTY an updated fact sheet that includes detail as to what portion of the Project has been completed to date, a schedule of what portion of the Project is to be completed in the following year and a current roster of the ZONE's board members, including the term of each board member, the entity that appointed the board member and the date for the annual meeting.

3. Pursuant to Chapter 311 of the Texas Tax Code, in the event there is a conflict between the Parties in regards to the amount of the Tax Increment owed by COUNTY, the Hidalgo Tax Assessor Collector will make the final determination as to the amount of any Tax Increment owed by the COUNTY under this Agreement. The annual Captured Appraised Value for the property contained within the ZONE shall be determined by the Hidalgo County Appraisal District on the assessed appraised values and the Hidalgo County Tax Offices' verification of collections in regards to the property contained with the ZONE.

4. Any delinquent deposit by COUNTY of a Tax Increment Payment under this Agreement shall be administered as provided in Section 311.013(c) of the Texas Tax Code, which states as follows:

"A taxing unit shall make a payment required by the Subsection (b) [Tax Increment Payment], not later than the 90<sup>th</sup> day after the delinquency date for the unit's Property taxes. A delinquent payment incurs a penalty of five percent of the amount delinquent and accrues interest at an annual rate of ten percent."

The Parties expressly agree that COUNTY shall not owe any penalty or interest on Tax Increments that have been levied, but not received by COUNTY.

5. The CITY agrees to comply with the Project Plan and the Development Agreement. The CITY or ZONE agrees to provide prior written notice to all Participating Taxing Entities of a proposed material change (by which is meant any change that would constitute a twenty percent (20%) increase or decrease in either the Project Cost or the scope and scale of the Project) to the Project Plan or the Development Agreement. CITY shall have the right to amend and modify the Project Plan and the Development Agreement without providing prior written notice to the Participating Taxing Entities so long as such amendment or modification does not constitute a material change. For the purpose of this Agreement, a "material change" is any change that would change the term of the ZONE or the total Tax Increment to be deposited.

6. If the CITY materially breaches this Agreement, then a Participating Taxing Entity may provide written notice to the CITY, DEVELOPER and ZONE (with a copy to any other Participating Taxing Entity still contributing Tax Increment Payments) demanding that all breaches must be resolved within ninety (90) days.

7. Except for contributing its respective Tax Increment Payments to the Tax Increment Fund as set out in this Agreement, the COUNTY shall not have any obligation or responsibility for any

costs or expenses associated with the development of the ZONE or the implementation of the Project Plan, including, without limitation, any obligation to pay or repay any debt issued by another Participating Taxing Entity, the ZONE or the ZONE BOARD relating to the ZONE or any costs associated with the operation of ZONE, the Project or any other projects relating thereto.

8. Notwithstanding anything herein to the contrary, the COUNTY's total Tax Increment Payment to the Tax Increment Fund over the term of the ZONE shall not exceed nine hundred seventy thousand eight hundred sixty-three dollars eighty-one cents (\$970,863.81) in the aggregate, plus any applicable penalty and/or interest.

9. The maximum amount of tax increment deposited in the Tax Increment Fund by the COUNTY shall not exceed the amount of taxes collected by the COUNTY in any of the years 2006 through 2029 at a County tax rate of \$0.59000 per \$100 valuation on the captured appraised value. In the event that the County tax rate is less than \$0.59000 per \$100 valuation on the captured appraised value during any of the years 2006 through 2029, then the maximum tax increment paid by the COUNTY into the Tax Increment Fund shall not exceed the total amount of taxes collected by the COUNTY at the actual tax rate during the year the County tax rate is less than \$0.59000 per \$100 valuation.. In the event that the COUNTY tax rate is greater than \$0.59000 per \$100 valuation on the captured appraised value during any of the years 2006 through 2029, the COUNTY shall retain all taxes collected above the maximum amount of tax increment deposited in the Tax Increment Fund at a COUNTY tax rate of \$0.59000 per \$100 valuation on the captured appraised value.

**C. School District Provisions**

COUNTY understands that the Project is located in the Donna Independent School District. COUNTY further understands that the Donna Independent School District is not participating in the ZONE.

**D. Management of the ZONE**

1. The ZONE shall in all respects be managed by the Board of Directors of the ZONE, including the Director(s) appointed by COUNTY. The Board of the ZONE shall have all powers allowed under Chapter 311 of the Texas Tax Code to manage the ZONE and carry out the Project and Finance Plan. The Participating Taxing Entities, during the term of this Agreement, may inspect the Project site and review Project plans and drawings at times and intervals that will not interfere with ongoing operations.

2. The ZONE BOARD shall be composed of nine (9) members, as allowed under Section 311.009(b) of the Texas Tax Code.

**E. Expansion of the ZONE**

The obligation of the COUNTY to participate in the ZONE is limited to the description of the ZONE in Exhibit "B" attached hereto. COUNTY's participation shall not extend to the Tax Increment on any additional property added to the ZONE by the CITY unless COUNTY approves such participation in writing.

**V. RIGHTS AND OBLIGATIONS OF CITY AND ZONE**

**A. Tax Increment Participation by the CITY**

Subject to the terms of this Agreement and the Development Agreement, CITY agrees to participate in the ZONE by contributing to the Tax Increment Fund one hundred percent (100%) of its Tax Increment each year during the term of this Agreement, beginning with the 2006 tax year. CITY's contributions to the Tax Increment Fund shall end when the CITY has contributed the maximum total contribution provided for herein or when it has contributed all Tax Increments attributable to periods before the ZONE termination date of 2028, whichever occurs first. Notwithstanding anything herein to the contrary, the total CITY Tax Increment Payments over the term of the ZONE shall not exceed one million six hundred twenty-seven thousand six hundred fifty-eight dollars and eleven cents (\$1,627,658.11) in the aggregate.

**B. Tax Increment Payment**

1. CITY's obligation to contribute its Tax Increment Payment to the Tax Increment Fund as provided above in Section V of this Agreement shall accrue as CITY collects its Tax Increment. CITY agrees to deposit its first Tax Increment Payment to the Tax Increment Fund for tax year 2006 by March 31, 2007. The amount of the first Tax Increment Payment shall be based on the Tax Increments that were received through January 31, 2007, but only for the tax year 2006 beginning January 1, 2006. For subsequent Tax Increment Payments, CITY agrees to contribute its Tax Increment Payment to the Tax Increment Fund semi-annually on or before March 10 and August 10 (or the first business day thereafter) of each tax year. Any delinquent deposit of a Tax Increment Payment by CITY under this Agreement shall be administered as provided in Section 311.013(c) of the Texas Tax Code (or its successor provision).

2. The COUNTY and the ZONE expressly agree that CITY shall not owe any interest on Tax Increments that have been levied, but not received by the CITY by the delinquency dates specified herein.

**C. Financing of Project Costs**

Each Participating Taxing Entity shall participate in the payment of Project Costs only to the extent described herein. The CITY and the ZONE shall be entitled to enter into any other agreements for the CITY or ZONE to pay Project Costs and other reasonable expenses from the Tax Increments paid into the Tax Increment Fund without the consent of any other Participating Taxing Entity, but they will provide notice of such agreement(s) to each Participating Taxing Entity.

**D. Disbursement of Funds in the Tax Increment Fund**

1. Each Participating Taxing Entity agrees the Board of Directors of the ZONE shall administer the Tax Increment Fund on behalf of the ZONE, pursuant to Ordinance No. PL-2006-07-10 passed and approved by CITY Council on August 8, 2006. No funds shall be disbursed from the Tax Increment Fund without the prior written approval of the ZONE BOARD, and notice of use and disbursement of funds by the ZONE shall be given at least annually to the COUNTY.

2. The parties agree and understand that under no circumstances shall Administrative Costs, in the aggregate, exceed the amount set out and described in paragraph II (1) above.

3. COUNTY further recognizes that, in addition to Project Costs and any other allowable costs, the CITY and ZONE have represented that they may use funds in the Tax Increment Fund to pay expenditures in the following order or priority of payment: (i) payment of any debt service by the Bonds issued under Section 311.015 of the Texas Tax Code; (ii) to reimburse eligible initial startup Administrative Costs incurred by each Participating Taxing Entity, except that if there are insufficient

funds for the full reimbursement of Administrative Costs to each Participating Taxing Entity, then the Administrative Costs of each Participating Taxing Entity shall be reimbursed on a pro rata basis based on each taxing entity's level of participation in the ZONE and (iii) to reimburse the DEVELOPER for public improvements, including financing costs, as provided in the Development Agreement and in the Project Plan to the extent that funds are available for this purpose. The Development Agreement is attached hereto as Exhibit "C". The foregoing notwithstanding, no funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services incurred in any dispute arising under this Agreement with another Participating Taxing Entity or Participating Taxing Entities.

## **VI. RIGHTS AND OBLIGATIONS OF DEVELOPER**

### **A. Agreement by Developer**

In return for the covenants and agreements made by CITY, COUNTY, and ZONE, DEVELOPER agrees to faithfully perform its obligations under this Agreement and the Development Agreement.

### **B. Rights of Developer**

1. CITY, COUNTY, and ZONE agree and acknowledge that DEVELOPER is making the commitments identified herein in reliance on the commitments made by CITY and COUNTY to timely contribute their respective Tax Increments to the Tax Increment Fund as they become due, and on the commitment of the ZONE to properly process payments and reimbursements for proper work completed by DEVELOPER and/or its assigns, contractors or subcontractors.

2. DEVELOPER shall have the right to serve as Project Manager for the construction and installation of all public improvements and public infrastructure identified in the Project Plan and Project Financing Agreement.

3. DEVELOPER shall have the right to adjust or prioritize the schedule of construction of improvements within each Phase of the Project, provided that such adjustment or prioritization does not cause a material change in the Project Financing Agreement.

4. DEVELOPER shall have the right to use anticipated reimbursements and other rights under this Agreement and the Development Agreement to obtain financing for funding required to construct improvements within the development, including the use of such reimbursements or rights as collateral, or the factoring of such rights and obligations to third parties.

## **VII. TERM AND TERMINATION**

### **A. Agreement Term and Termination**

This Agreement shall become effective as of the last date of execution by the Parties hereto, and shall remain in effect until September 30, 2029, unless earlier terminated as provided herein (the "Agreement Term"). Subject to the terms of this Agreement, COUNTY agrees to participate under this Agreement, beginning with the 2006 tax year and ending in accordance with the terms provided herein. The Parties agree and understand that COUNTY's Tax Increment Payments will not be made after September 30, 2029, except as set out in paragraphs IV.A.2. and IV.B.1. of this Agreement.

### **B. Early Termination**

Neither CITY nor the ZONE BOARD shall take any action to terminate the ZONE earlier than the duration of the ZONE as specified in Paragraph IV.B. above, except the CITY may terminate the ZONE if the DEVELOPER ceases to undertake said improvements as set out in the Development Agreement or the DEVELOPER fails, for three (3) consecutive years or more, to (i) commence as scheduled in the Project Plan construction activities on any remaining improvements in the Project that are specified in the Development Agreement to be a part of the Project; or (ii) timely make any public infrastructure improvements that qualify as Project Costs, as defined in Section 311 of the Texas Tax Code, that are specified in the Development Agreement to be a part of the Project. Termination of the ZONE or participation in the ZONE by a taxing unit shall be subject to Section 311.013 of the Texas Tax Code.

**C. Disposition of Tax Increments**

Upon expiration or termination of the ZONE and after all bonds have been paid and all reimbursements have been made, any money remaining in the Tax Increment Fund shall be paid to the Participating Taxing Entities on a pro rata basis in accordance with Section 311.014(d) of the Texas Tax Code.

**VIII. MISCELLANEOUS**

**A. Understanding**

Any and all costs incurred by the DEVELOPER are not, and shall never become, general obligations or debt of any Participating Taxing Entity. Only eligible Project Costs and allowable expenses incurred by the DEVELOPER shall be payable from the Tax Increment Fund in the manner and priority provided in this Agreement and only to the extent that tax increment funds become available. The parties agree and understand that under no circumstance shall the eligible costs exceed the maximum specified in the final finance plan passed and approved in accordance with Ordinance No. F-2006-10-28 dated October 17, 2006. The CITY is not obligated above and beyond what is actually collected as tax increment funds. There shall also be no recourse against any Participating Taxing Entity, public official, ZONE, or ZONE BOARD if all or part of the DEVELOPER contributions or costs are not reimbursed due to insufficient tax revenue generated by the ZONE.

**B. Severability**

In the event any term, covenant or condition herein contained shall be held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant or condition herein contained.

**C. Entire Agreement**

This Agreement merges the prior negotiations and understandings of the Parties hereto and embodies the entire agreement of the Parties. There are no other agreements, assurances, conditions, covenants (express or implied), or other terms with respect to the covenants, whether written or verbal, antecedent or contemporaneous, with the execution hereof.

**D. Written Amendment**

This Agreement may be changed or amended only by a written instrument duly executed on behalf of each Party hereto. All Parties to this Agreement understand and recognize that only the City Council of CITY and only the Commissioners Court of the COUNTY have authority to approve a change or amendment to this Agreement on behalf of CITY or COUNTY, respectively.

**E. Notices**

All notices required or permitted hereunder shall be in writing and shall be deemed delivered the earlier of: (i) when actually received by personal delivery or facsimile if received during normal business hours and on the next business day if received after normal business hours; or (ii) on the third business day following deposit in a United States Postal Service post office or receptacle with proper postage affixed (certified mail, return receipt requested) addressed to the respective other Party at the address prescribed in Section I of this Agreement, or at such other address as the receiving Party may have theretofore prescribed by notice to the sending Party.

**F. Non-Waiver**

Failure of any Party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on, or to enforce by any appropriate remedy, strict compliance with any other obligation hereunder or to exercise any right or remedy occurring as a result of any future default or failure of performance.

**G. Assignment**

All Parties to this Agreement understand and recognize that only the City Council of CITY and only the Commissioners Court of the COUNTY have authority to approve a delegation or assignment of COUNTY's or CITY's rights in this Agreement on behalf of CITY or COUNTY, respectively.

**H. Successors**

This Agreement shall bind and benefit the Parties and their legal successors or assigns. This Agreement does not create any personal liability on the part of any trustee, officer, owner, partner, principal, employee, elected official or agent of a Party to this Agreement.

**I. Project Plan**

COUNTY acknowledges that it was provided with a copy of the initial preliminary finance plan for review and comment before the Project Plan was finalized and approved by Council. The Parties agree a material change to the Project Plan shall not apply to COUNTY unless COUNTY approves the amendment as provided herein if such amendment to the Project Plan (i) has the effect of directly or indirectly increasing the percentage or amount of Tax Increment to be contributed by the COUNTY to the Tax Increment Fund; or (ii) increases or reduces the geographical area of the ZONE set forth in the Project Plan.

**J. Access to Financial Information**

The ZONE agrees to conduct or to cause to be conducted, at a minimum, an annual financial review, a copy of which will be provided to COUNTY. Furthermore, each Party to this Agreement shall have reasonable access to financial information and audit reports regarding the operation of the ZONE, contribution of Tax Increment Payments to the Tax Increment Fund, and expenditures from the Tax Increment Fund for Project Costs. In addition, CITY agrees, during the term of this Agreement, to prepare and deliver an annual report to COUNTY in accordance with Section 311.016, Texas Tax Code.

**K. Development Agreement**

The CITY has entered into a written Development Agreement with the DEVELOPER that is binding on the CITY and the Board of Directors of the ZONE related to the Project and the development of the ZONE, a copy of which is attached hereto and incorporated herein as Exhibit "C." The CITY hereby represents that it will enforce and follow the provisions of this Agreement, as required, including, to the extent contained in the Development Agreement, the DEVELOPER's compliance with all applicable building codes and ordinances, as modified or amended; all applicable federal, state, and local laws, rules, regulations, statutes, ordinances, orders and codes, as amended. The CITY and ZONE agree to provide COUNTY with a copy of any notice of default that is delivered or sent to any party under the Development Agreement within five (5) business days after receipt of the notice by the CITY or ZONE.

**M. ZONE Designation**

CITY represents that its designation of ZONE meets the criteria of Section 311.005(a), Texas Tax Code.

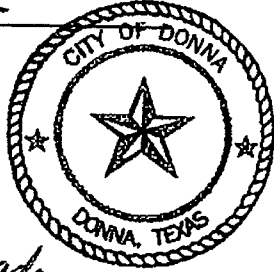
IN WITNESS HEREOF, the CITY OF DONNA; HIDALGO COUNTY; MUNICIPAL DEVELOPMENT ADVISORS; AND TAX INCREMENT REINVESTMENT ZONE NUMBER ONE (1), CITY OF DONNA, TEXAS have made and executed this Agreement in triplicate originals on this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

CITY OF DONNA

HIDALGO COUNTY



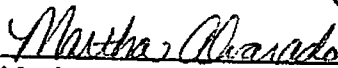
P. R. Avila  
City Manager



\_\_\_\_\_  
J.D. Salinas  
County Judge

ATTEST/SEAL:

ATTEST/SEAL:



Martha Alvarado  
City Secretary

\_\_\_\_\_  
Arturo Guajardo, Jr.  
County Clerk

DEVELOPER, GARDEN VALLEY HOMES, LLC d/b/a  
CASA LINDA HOMES

\_\_\_\_\_  
Mark Dizdar  
President

APPROVED AS TO FINANCIAL  
CONTENT:

\_\_\_\_\_  
Ray Eufrazio, CPA  
County Auditor

APPROVED AS TO FORM:

\_\_\_\_\_  
Atlas & Hall, L.L.P.  
County Attorney

REINVESTMENT ZONE NUMBER ONE,  
CITY OF DONNA, TEXAS  
(Red River Development Project)

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Juan Cortinas  
Presiding Officer

**Exhibit A**  
**Red River Development Project**  
**Project Plan and Financing Plan**

## **Red River Phase I SECTION 1 – PROJECT SUMMARY**

### **Overview of Plan**

Tax Increment Reinvestment Zone Number One, City of Donna, Texas also known as the Red River Phase I (the "Zone") represents an important opportunity for the City of Donna to promote and encourage construction of market rate and affordable single family housing in an area of the City that has had significant impediments to development. Situated along Business Hwy 281 on the Northwest side of the city limits of Donna, the creation of the Zone will: 1. Help to increase the households of the area by increasing the number of single-family owner occupied homes in Donna by 3%, 2. Provide Donna with an opportunity to invest in public infrastructure needs on its northwest city limits, 3. Offer employment opportunities to Donna residents, and 4. Remove low valued vacant land from the tax rolls and replace it with higher value homes.

As the City has matured, certain tracts of land have remained vacant for two reasons: 1. Either the costs associated with developing the land prohibited the efficient use of the property or 2. The property was unavailable for development when development should have occurred and current development costs are uneconomical. In these areas, developing new market rate and affordable single-family subdivisions is difficult because of the increased costs associated with off-site utility extensions, on-site street and utility extensions and the construction of a new main road.

The Zone is located in the northwest sector of the City on Business Highway 281 and Valley View Road. Please see Exhibit "1" for a detailed map of the property.

### **Development Goals and Objectives**

The Board of Directors for the Zone has adopted development goals and directives, which they expect, will meet the specific needs of the Zone:

- Provide for employment opportunities for area residents
- Work to enhance and increase the population within the area
- Enhance the quality of life within the neighborhood through landscaping and increased recreational opportunities
- Enhance the quality of life for Donna residents using the recreational facilities
- Provide for new public park amenities for Donna residents.
- Increase owner-occupied single-family housing opportunities in Donna by 3%

The following specific objectives set the framework for the planned public improvements within the Zone:

- Complete the infrastructure for 112 new single-family lots
- Improve the pedestrian environment through landscaping, and lighting.

The Red River Phase I Tax Increment Reinvestment Zone, City of Donna, Texas Project Plan (the "Project Plan") and Reinvestment Zone Financing Plan (the "Financing Plan") provides a long term program to increase employment opportunities and population within the Zone, using tax increment financing to pay for the required public improvements. Utilizing this program to encourage public infrastructure improvements, the economics of developing affordable and market rate housing in the Donna area is greatly improved.

#### **Planned Private Development**

The Zone's development program includes:

- 112 single-family owner-occupied homes
- Increase of owner-occupied single-family housing opportunities in Donna by 3%

The total private investment is forecasted to be in excess of \$8,400,000.00.

## **Red River Phase I SECTION 2 – PROJECT PLAN**

### **Background**

The City Council recognizing the need for additional economic development including market rate and affordable housing passed Resolution 2006-03-02 on March 7, 2006 in support of the creation of a Tax Increment Reinvestment Zone within the City of Donna.

### **Planning Process**

Casa Linda Homes and Earl & Associates, P.C. approached the City of Del Donna in April 2006 with a proposed new subdivision that would target housing needs in the City that were not being met through existing economic development. The proposed subdivision would address new single-family owner-occupied housing in the \$70,000 to \$80,000 price range, a product not widely available in the City. A preliminary finance plan for the project was developed. The City Council approved a "Resolution of Intent" to create Red River Phase I Tax Increment Reinvestment Zone, City of Donna through Resolution 2006-03-02 on March 7, 2006. Meetings were held with the other taxing entities in Hidalgo County on the following dates:

- Hidalgo County Commissioners Court Tuesday, May 16, 2006
- Donna Independent School District May 25, 2006
- A consolidated meeting with all taxing entities was held in Council Chambers on June 14, 2006

On August 8, 2006 the Council voted to create the Zone with Ordinance PL – 2006-07-10 and on August 8, 2006 the Council appointed a Board of Directors for the Zone with Resolution 2006-07-02.

### **Program Concepts**

The Zone represents an important opportunity for the City of Donna to develop an attractive, master-planned and viable long-range revitalization plan for an area of the City, which has lacked a wide range of housing opportunities. New affordable and market rate single-family home construction is the key component of the revitalization plan.

Preliminary figures based upon the average household size for owner-occupied housing from the 2000 census for Donna indicate an increase in population of 397 persons for Donna from the Zone. While some of the new occupants will be from the immediate surrounding area, experience with past affordable and market rate projects indicates that occupants will come from all areas of the County and surrounding Counties.

Increased employment opportunities for Donna residents will be enhanced through the development of the single-family lots and the home construction. The National Association of Homebuilders reports that the construction of a typical single-family home generates 1 job for 1 year, 1/2 of that job is on-site and the other 1/2 is in the manufacture and distribution of the materials going into the home. Using these statistics the Zone should generate 15 construction jobs per year over the four years of home construction and an additional 15 jobs per year in the local manufacturing and distribution sectors of the economy. Red River Phase I will create a total of 30 jobs per year over a five-year period. There will be additional jobs generated through the completion of the public infrastructure; however, there is no meaningful way of estimating these jobs.

### **Development Goals and Objectives**

The Board of Directors for the Zone has adopted development goals, which they expect will meet the specific needs of the Zone.

- Create opportunities for first time home ownership
- Provide credit management counseling to assist in home ownership
- Reduce crime through elimination of vacant overgrown land
- Provide for safe, affordable and market rate housing
- Increase recreational opportunities in the Zone

The following specific objectives set the framework for the planned public improvements within the Zone:

- Complete the infrastructure for 112 new single family homes

The Project Plan and Financing Plan provides a long term program to begin neighborhood revitalization using tax increment financing to pay for these improvements. Utilizing this program to encourage public infrastructure improvements, the economics of developing market rate and affordable housing in the Zone area and attracting more commercial investment is greatly improved.

### **Description of Zone**

The Zone is located on the northwest side at the intersection of Business Highway 281 and Valley View Road in Donna. The property is vacant and is located in an area of the City that has seen some new single-family housing but not housing that is reflective of the median family income for a Donna resident. The property is 28.13 acres in size and the Hidalgo County Appraisal District tax account number for the property is V2200-00-001-0000-01, V2200-00-001-0000-07, and H3475-00-219-0000-15. A survey with field notes is attached as an exhibit.

### **Existing Uses**

The area in which the Zone is located is primarily composed of farmland and vacant land. Donna Middle School is located across Valley View Road and the Red River Phase I Development Project. Currently, the land is used as farmland and for other agricultural uses.

### **Zoning**

The Zone property is currently zoned single-family residential "District R-1" and no change in zoning is anticipated.

## SECTION 3 – PROJECT PLAN IMPROVEMENTS

### Public Improvements

The Project Plan provides approximately \$1,313,147.67 for single-family infrastructure, off-site sewer and gas extensions, sidewalk construction, street trees and landscaping, and fencing. 112 new lots and single-family homes are to be developed in addition to new park improvements for area residents. The planned improvements are designed to begin to meet the long-term needs to secure growth and investment in the area. Planned improvements include:

<b><u>Hard Project Costs</u></b>	
Paving Improvements	\$ 313,752.28
Drainage	\$ 110,284.01
Water	\$ 133,900.00
Sewer	\$ 179,282.51
Irrigation Improvements	\$ 75,769.01
Fencing	\$ 12,911.70
Street Lights/Signs	\$ 1,999.99
Fire Hydrant Markers	\$ 150.00
<b><u>Soft Project Costs</u></b>	
City Inspection Fee	\$ 16,259.75
TCEQ Permit Fee	\$ 100.01
NAWSC Fees	\$ 97,449.98
Park Fees	\$ 28,000.00
Filing fees and exclusions	\$ 1,500.01
Engineering-Surveying-Other	\$ 81,139.03
Contingency	\$ 40,649.39
Construction Management	\$ 128,000.00
<b>Total Public Improvements</b>	<b>\$ 1,321,147.67</b>
Interest Cost	\$ 1,061,299.78
Legal and Formation Fees	\$ 100,000.00
Total City & County Admin. Expenses	\$ 215,300.00
<b>Grand Total</b>	<b><u>\$ 2,597,747.45</u></b>

These costs are only an estimate, and funds may be moved between the line items, provided that the total amount of Project Costs does not exceed the amount shown on this chart. The Proposed Project Improvements and Uses are reflected on Exhibit 2.

## **Public Improvements**

The public improvements enumerated in the Project Plan provide for approximately \$1,321,147.67 including streets and utilities. The improvements planned for the Zone are designed to fully meet the long-term needs to secure growth and investment in the area.

## **Financing Plan**

The Financing Plan provides approximately \$1,321,147.67 of planned public improvements to be paid for with tax increment funds. The Financing Plan provides for incremental financing and predicts revenues for the Zone.

## **Conclusions**

Based upon a set of conservative assumptions and analysis of the Zone's Project Plan and Financing Plan, the Zone's Board of Directors has concluded that the Zone's Project Plan and Financing Plan are feasible. The success of the redevelopment project to create new single-family affordable and market rate housing will support future growth in residential, retail, manufacturing and office development in the area.

## **Framework of Plan**

Section 1 contains the Project Summary of the Zone's Project Plan and Financing Plan.

Section 2, PROJECT PLAN, contains background information, a description of the planning process, development goals and objectives, a description of the Zone including maps of current land use and zoning, and the Zone boundaries. Also included are general program concepts and the market feasibility study.

Section 3, PROJECT PLAN IMPROVEMENTS, provides a description of the planned public improvements, including a project budget. The near term and long term expectations for private development are also included.

Section 4, FINANCING PLAN, includes an explanation of the increment financing, the financing strategy and the assumptions on which the Project Plan for the Zone is based. The financial feasibility of the Zone is examined along with financial policies, which have been adapted by the Board of Directors.

An APPENDIX has been compiled which includes other supporting material.

### **Planned Private Improvements**

Casa Linda Homes will build 112 homes over the period 2006 through 2007. Homes will range in size from 1030 square feet to 1,944 square feet and in price from \$70,000 to \$115,000. Homes consist of Level 1 and Level 2 homes. A Level 1 home has a brick front with siding on the other three sides. A Level 2 home is an all brick home. Any home can be either level 1 or level 2 despite the square footage of the house. Construction of 30 homes is planned in 2006, 30 homes in 2007, 30 homes in 2008 and the balance will be completed in 2009. Homes will be single-family and will feature a wide range of amenities and consumer upgrades. Homeowners Association will be formed in order to insure compliance with building restrictions and to insure the long-range sustainability of the subdivision. Over \$8,400,000 in private improvements is planned for the project. No persons will be displaced by redevelopment activity within the Zone. Relocation policies are not applicable to this project

## SECTION 4 – FINANCING PLAN

### Tax Increment Financing

The Tax Increment Financing Act (Chapter 311 f the Tax Code), provides for municipalities to create "reinvestment zones" within which various public works and improvements can be undertaken, using tax increment revenues, bonds or notes, to pay for those improvements. At the time an area is designated as a tax increment reinvestment zone, the existing total of appraised value of real property in the tax increment reinvestment zone is identified and designated as the "tax increment base." Taxing units levying taxes in the tax increment reinvestment zone during its life are limited to revenues from this base.

Public improvements are made in the area to attract private development that would not otherwise occur. As the costs of new development are added to the tax rolls, property values will rise. This rise in new value is called the "captured appraised value." Then the taxes that are collected by the participating taxing jurisdictions on the increment between the frozen value and the new higher value, the "tax increment", are deposited into a Tax Increment Financing Fund ("TIF Fund"), which is used to pay for the public improvements. Once the public improvements are completed and paid for, the tax increment reinvestment zone is dissolved and the full amounts of the taxes collected are kept by the taxing jurisdictions. In effect, the taxing jurisdictions are "investing" future earnings to receive the benefit of higher tax revenues from new development. Taxing jurisdictions are not restricted from raising their tax rate during the life of the tax increment reinvestment zone.

### Financing Plan

The Financing Plan developed by the Board of Directors for the Zone provides that approximately \$1,321,147.67 of public improvements will be paid for with TIF Funds. The attached Financing Plan also projects incremental funds for financing and revenues for the Zone.

Financing Method: The cost of the Public Infrastructure Improvements and all other Qualifying Costs associated with the Project shall be paid for through one or more of the following:

- a. **DEVELOPER'S** funds obtained by **DEVELOPER** from:
  - i. **DEVELOPER'S CAPITAL INVESTMENT;**
  - ii. Loans or Lines of Credit secured by **DEVELOPER;**
  - iii. Venture Capital raised by or on behalf of **DEVELOPER;**
  - iv. The offering or sell of Partnership Shares;
  - v. The sale by **DEVELOPER** of property owned by **DEVELOPER** within the **ZONE;**  
or
  - vi. Other funds lawfully obtained by or on behalf of **DEVELOPER** or the General or Limited Partners of **DEVELOPER;**

To the extent costs are paid for from sources (i) through (vi) above, **CITY** and Board of Directors of **ZONE** pledge to use Available Tax Increment funds, up to the maximum

amount provided herein, to reimburse **DEVELOPER** for Project Costs. In order to obtain such reimbursement, **DEVELOPER** must complete the improvements in compliance with this Agreement and promptly submit a Certificate of Completion and Payment Request to the **ZONE**. Upon verification of completion, the **ZONE** shall promptly reimburse the **DEVELOPER** from the Tax Increment Fund using collected tax increment, bond funds, or other available funds; or

- b. Direct payments from the **ZONE** to Contractors managed by **ZONE** or **DEVELOPER** for work performed or improvements constructed, provided such work performed and/or improvements constructed were done properly in compliance with this Agreement and all applicable regulations of **CITY** and **ZONE**; and which are the subject of a valid Certificate of Completion and proper Payment Request submitted to **ZONE**. Payments made under this sub-section shall be made using funds from the Tax Increment Fund. Direct payments made under this sub-section shall have priority over payments for reimbursement to **DEVELOPER** in situations where the Tax Increment Fund does not contain sufficient funds to make the Direct Payment and the reimbursement payment to **DEVELOPER**. **DEVELOPER** shall be entitled to receive interest as allowed by Chapter 311 of the Tax Code (not to exceed the interest rate for the TIRZ Bonds at time of issuance for the respective phase of the Project in which the reimbursement is approved) for all delayed reimbursements until they are paid. Interest on delayed reimbursement shall not accrue for more than five (5) years from the time the **ZONE** approves the reimbursements to **DEVELOPER**; or
- c. Other sources obtained at the discretion of **ZONE**, **DEVELOPER**, or **CITY**.

**DEVELOPER** may use any or part of the Zone Property owned by **DEVELOPER** as collateral for construction loan(s), loans, or other sources of financing as required for the financing of the Project. **DEVELOPER** may also use its rights to reimbursements under this Agreement for such purposes provided they are solely related to providing funds for construction of improvements within the **ZONE**.

Bonds issued under this section shall be secured only by Tax Increment Reinvestment Zone Number One available increment Funds (including sales tax), and City shall not be required to pledge any other funds from any other sources outside the Tax Increment Fund established by City for purposes of developing this Project.

Financing Policy: The goal of the Red River TIRZ is to issue bonds only after 75% of the project is completed to ensure future development in other areas of the City of Donna.

Timing of Debt: The bonds required for critical improvements are anticipated to be issued after 75% of the project is completed.

#### **Financial Assumptions**

No tax rate changes or inflation has been factored into the financial pro forma's for the Zone. All projections assume that taxable appraised value and tax rates will remain unchanged over the entire 22-

year life of the Zone. It has also been assumed that the taxing entities will continue to collect tax revenues at the same rate and that homestead and other exemption rates will remain unchanged.

### **Project Feasibility**

The feasibility of any development has two aspects that must be looked at, financial feasibility and market feasibility. The first aspect is market feasibility. Are their consumers for the product to be built? Secondly, is the project financially feasibility and can it be developed and brought to market at a price that allows for market rate product to be built?

#### *Market Feasibility*

Market feasibility addresses issues relating to product absorption, type of product and demand. The City of Donna is located between two of South Texas' fastest growing Metropolitan Statistical Areas: McAllen-Edinburg-Mission MSA and Brownsville-Harlingen-San Benito MSA. The tremendous growth in these MSA is fueling the housing market in South Texas. Because Donna is strategically located between these two communities, it provides a central location for individuals wanting to live outside the city limits of the large metro areas.

Projected population growth for the McAllen-Edinburg-Mission MSA is nearly 37% from 2000 to 2009. Compared to an estimated statewide growth of 19% in the same years. Donna is projected to grow an estimated 20% between 2000 and 2009, slightly above the statewide average. Consequently, the 18% above average growth of the surrounding MSA provides Donna with an opportunity to capture a household market that is underserved by the MEMMSA. Moreover, Donna is poised to grow at a slightly higher rate than the State of Texas only signaling the need for additional housing to meet existing demand in the city.

Housing unit growth in the MEMMSA was an estimated 32% and Owner occupied units grew by 34% during the same period. Housing units in Donna grew and estimated 11% between 2000 and 2009. The State of Texas growth in housing units was approximately 13% from 2000 – 2009. There is a need for additional housing around the MEMMSA to support the above average growth. Donna is positioned to capture that market. The demand for additional single-family housing in the communities around the MEMMSA and Donna make this project a necessity for the city and its citizens.

Projected population growth for the Brownsville-Harlingen-San Benito MSA is nearly 27% from 2000 to 2009. Compared to an estimated statewide growth of 19% in the same years. Again, the 8% above average growth in the BHSBMSA offers Donna an opportunity to capture homeowners wanting a small town feel, but working in the large metro areas.

The U.S. Census estimates Donna's population for 2005 at 16,216 and increase of 10% from 2000. The increase in population coincides with a demand for owner occupied housing. Although below average growth is present, the populations of the MEMMSA above average growth can serve as an additional component for demand of single-family housing in Donna.

Finally, the City of Donna is currently negotiated the construction of a new international bridge crossing. The bridge estimates an approximate 11,000 cars using the Donna Bridge. Along with the construction of the bridge, Donna is poised to attract several major companies to use the new facilities. The additional anticipated jobs will create a demand for housing.

Based upon the increase in population in Donna, the surrounding MSAs, the construction of a new international bridge and the increase in households, there is adequate demand for the types of housing being produced in the price ranges planned for the development.

### *Financial Feasibility*

The private development plans and, public improvement program, budgets and general financing strategy and financial assumptions are addressed in the Financing Plan.

Based upon a set of conservative assumptions and analysis of the Financing Plan, the Zone's Board of Directors has concluded that the Financing Plan is feasible.

### **Financial Policies**

The Zone's Board of Directors has adopted rules governing the management of the Zone. These rules are designed to insure conformity with all City of Donna rules and regulations regarding bidding of public works projects. Additional guidelines and requirements are contained in the participation agreements (the "Interlocal Agreements") between Hidalgo County, the City of Donna and the Zone.

The Zone's Board of Directors may from time-to-time recommend amendments to these financial policies, which will affect the operation of the Zone.

### **Duration of Zone**

The duration of the Zone will be 22 years.

### **Conclusions**

Based upon a set of conservative assumptions and analysis of the Red River Phase I Tax Increment Reinvestment Zone, City of Donna, Texas Project Plan and Reinvestment Zone Financing Plan, the Board of Directors for the Zone has concluded that the Project Plan and Reinvestment Zone Financing Plan is feasible.

The success of Red River Phase I Tax Increment Reinvestment Zone, City of Donna, Texas Project Plan and Reinvestment Zone Financing Plan will encourage other mixed-use residential market rate and affordable housing tax increment reinvestment zones. The new residential population base will support an expanding retail base, will supplement the existing job market, will attract additional private development into the Zone area and will serve to stabilize and enhance future property values.

### **Data Sources**

All statistics not cited but used in this report are from the 2000 Census or from SitesonTexas.com @.