

THE STATE OF TEXAS
COUNTY OF HIDALGO

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CITY OF LA JOYA

INTERLOCAL AGREEMENT

In consideration of the covenants set forth herein, and subject to the terms and conditions herein, the Parties (as defined below) hereby agree to the terms and conditions of this Agreement (as defined below).

I. PARTIES & INDEX

A. Parties

1. THIS INTERLOCAL AGREEMENT (the "Agreement") is made by and among the CITY OF LA JOYA, TEXAS (hereafter referred to as "CITY"), a Texas Home Rule City, acting through its City Manager pursuant to Ordinance 2013-18, passed and approved by the City Council on October 7, 2013; HIDALGO COUNTY (hereafter referred to as "COUNTY"), a political subdivision of the State of Texas, acting through its County Judge pursuant to authority granted by the Hidalgo County Commissioners Court; and REINVESTMENT ZONE NUMBER ONE, CITY OF LA JOYA, TEXAS, a reinvestment zone created by the CITY pursuant to Chapter 311 of the Texas Tax Code, (hereafter referred to as the "ZONE", as hereafter defined) acting by and through its duly authorized Board of Directors, established to administer, manage, and/or operate the ZONE pursuant to Sections §311.009(b) and 311.010, Texas Tax Code ("Zone Board"). Collectively, the CITY, the COUNTY, and the ZONE may be referred to as the "Parties". This Agreement is made pursuant to Chapter 791, Texas Government Code and Chapter 311 of the Texas Tax Code for the participation of the CITY and the COUNTY in the La Joya City Development Project.

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

If to the CITY:

Mike Alaniz
City Manager
CITY OF LA JOYA
101 N. Leo Ave.
LA JOYA, Texas 78560

If to the COUNTY:

Hidalgo County
Attn: Hon. Ramon Garcia, County Judge
Re: La Joya TIRZ 1
100 E. Cano, Suite 201
Edinburg, Texas 78539

With a copy to:

Hidalgo County Auditor
Attn: Maria Arcilia (Arcy) Duran
Re: La Joya TIRZ 1
2808 S. Business Highway 281
Edinburg, Texas 78539

If to the ZONE:

Reinvestment Zone Number 1, City of La Joya, Texas
Attention: Chairman of the Board of Directors
101 N. Leo Ave
La Joya, Texas 78560

B. Index

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C. Parts Incorporated

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

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 over the life of the ZONE are estimated to be twenty thousand, \$20,000. The only taxing entity to receive reimbursement for Administrative Costs is the COUNTY, and such reimbursement may be pursuant to Section IV.B.1.e below.
2. “Agreement” has the meaning set forth in Section I.A.1 above.
3. “Agreement Term” has the meaning set forth in Section VI.A. below.
4. “Amended Plan” means the *Final Project Plan and Financing Plan for the Reinvestment Zone Number One City of LA JOYA, Texas LA JOYA Development Project October 16, 2013/12/13/2016*, as adopted by the Zone Board on February 14, 2017, and as approved by the City Council on February 14, 2017. The Amended Plan is attached hereto as Exhibit 1. As explained in Section III below, the Original Plan for the Zone was adopted in 2013.
5. “Available Tax Increment” shall mean the “Tax Increment,” as defined below, less the Administrative Costs of the COUNTY deducted by the COUNTY pursuant to Section IV.B.1.e below.
6. “Base Year” means the year in which a Tax Increment Reinvestment Zone is created by ordinance or order. The Base Year for the ZONE is 2013.
7. “Bypass Road” means the new bypass road expected to be constructed in part on property within the ZONE to allow drivers to bypass a congested portion of U.S.83.
8. “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 2013, the Base Year of the ZONE.
9. “CITY” has the meaning set forth in Section I.A.1 above.
10. “City Council” means the city council of the City.
11. “COUNTY” has the meaning set forth in Section I.A.1 above.

12. "County Applicable M&O Tax Rate" for any given year means the lesser of (i) \$0.5112 per \$100 dollars of valuation or (ii) the County Applicable M&O Tax Rate for the given year.
13. "County M&O Tax Rate" means that portion of the ad valorem tax rate used by the COUNTY for maintenance and operation. The County Applicable M&O Tax Rate may change from time to time. The County M&O Tax Rate as of January 1, 2018 is \$0.5112 per \$100 dollars of valuation on the Captured Appraised Value and may be changed by the COUNTY in accordance with applicable law during the Term of the ZONE.
14. "Creation Ordinance" means CITY Ordinance #2013-18.
15. "ETJ" has the meaning set forth in Section III.C below.
16. "Material Change" means any change that would constitute at least a twenty percent (20%) increase or decrease in either the Project Cost or the scope and scale of the Project or which is otherwise specified herein.
17. "Maximum County Contribution" means the lesser of (i) two million four hundred eighty four thousand eight hundred forty-nine dollars (\$2,484,849.00) and (ii) the CITY's aggregate contribution to the Tax Increment Fund over the Term of the ZONE.
18. "Original Plan" means the *Final Project Plan and Financing Plan for the Reinvestment Zone Number One City of LA JOYA, Texas La Joya Development Project October 16, 2013*, as adopted by the Zone Board on October 17, 2013 and as approved by the City Council on October 17, 2013. The Original Plan is attached to Ordinance 2013-22, and has been amended and replaced by the Amended Plan.
19. "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.
20. "Parties" has the meaning given such term in Section I.A.1 above.
21. "Penitas" means the City of Penitas, Texas.
22. "Project" means the proposed public improvements within the ZONE, commonly known as La Joya City Development Project, and which are identified in the Amended Plan.
23. "Project Costs" means the items set forth and described in Section 311.002(1), Texas Tax Code that are included in the Amended 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; and related facilities; railroad facilities; fencing; and rights-of-way.
24. "Tax Increment" for a Participating 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.

25. "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, 2013, the year in which the ZONE was designated.
26. "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 City of La Joya, Texas Tax Increment Fund," which fund must be segregated and kept apart from any other funds of the CITY and may only be used to pay for ZONE expenses and costs approved by the Zone Board.
27. "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 Amended Plan.
28. The "Term of the ZONE" has the meaning set forth in Section III.A below.
29. "ZONE" means Reinvestment Zone Number One, City of La Joya, Texas, the description of which is contained in Ordinance 2013-18, which is part of Exhibit 2, attached hereto.
30. "Transportation Zone" means Transportation Reinvestment Zone Number Two, Hidalgo County."
31. "Zone Board" has the meaning set forth in Section I.A.1 above.

III. BACKGROUND

A. **Creation and Term.** On October 7, 2013, after proper notice the City Council held a public hearing and passed and approved the Creation Ordinance, which created the ZONE. The ZONE will provide funding for public improvements within the ZONE. The Creation Ordinance authorized the Tax Increment Fund. The Creation Ordinance provided that the ZONE was projected to terminate on December 31, 2033. On December 13, 2016, the City Council passed and approved CITY Ordinance 2016-15, which extended the term of the ZONE such that it is projected to terminate on December 31, 2037, unless earlier termination occurs under this Agreement (the "Term of the ZONE").

B. **Plan.** On October 17, 2013, the Zone Board adopted the Original Plan and the City Council passed and approved Ordinance 2013-22, which approved the Original Plan. On February 14, 2017, the Zone Board adopted the Amended Plan and the City Council passed and approved CITY Ordinance # 2017-01, which approved the Amended Plan. Despite language in the Amended Plan about the implementation of the Project Plan, it has not yet been implemented and is now expected to commence during 2018.

C. TIRZ Map.

1. The Creation Ordinance includes a map as the description of the ZONE boundaries.

2. A dispute arose between the CITY and Penitas concerning the ZONE boundaries and whether the boundaries exceed the extra-territorial jurisdiction (“ETJ”) of the CITY. This dispute delayed the CITY’s and the Zone Board’s implementation of the Original Plan and the Amended Plan. The CITY and Penitas have resolved their dispute, as indicated by the signature of representatives of both municipalities on the ZONE map attached hereto as Exhibit 3. The CITY represents that, as part of the resolution of this dispute, the CITY has agreed to amend the ZONE boundaries after the Bypass Road is constructed to remove certain property from the ZONE.

3. The CITY represents and warrants that (i) in accordance with Section 311.003 of the Tax Code, all property within the ZONE is either in the corporate limit of the CITY or within the CITY’s ETJ and (ii) there has been no change in the ZONE boundaries since the adoption of the Creation Ordinance.

D. The COUNTY hereby acknowledges receipt of notice of the initial creation of the ZONE. The CITY represents and warrants that it complied with all legal requirements and notice requirements in the creation of the ZONE and that the statements made in this Article III are correct.

E. 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 the CITY 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, the COUNTY agrees to participate in the ZONE by contributing to the Tax Increment Fund an amount equal to 50% of the revenue generated from the County Applicable M&O Tax Rate, calculated as set forth in Section IV.B.1 of this Agreement, as assessed and collected on the Captured Appraised Value for the respective tax year during the Term of the ZONE. In no event shall the COUNTY contribution to the Tax Increment Fund be greater than the County Maximum Contribution), over the life of the ZONE beginning with the 2018 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 and all contributions shall be subject to Chapter 311.013(d) of the Texas Tax Code. The COUNTY’s contributions to the Tax Increment Fund shall end when it has contributed the Maximum County

Contribution or when it has made contributions of all Tax Increment Payments, as specified in this Agreement, attributable to all periods through the end of the COUNTY's fiscal year 2037 (ending on December 31, 2037), whichever occurs first.

B. Tax Increment Payment

1. a. The COUNTY's obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided in Section IV.A of this Agreement, shall accrue as the 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 value of the Tax Increment Base and after the total amount of taxes on the value of the Tax Increment Base have been collected, then the remaining ad valorem taxes collected shall constitute the taxes collected on the value of the Tax Increment.

b. The COUNTY agrees to deposit its first Tax Increment Payment to the Tax Increment Fund, which will be for tax year 2018, by the later of:

- i. May 1st, 2019;
- i. all tax accounts having been coded by the Hidalgo County Appraisal District and the Hidalgo County Tax Office having received the list of tax accounts (tax accounts, to the extent known on the date hereof, are listed on Exhibit 4 attached hereto);
- ii. collection reports having been provided to the Hidalgo County Auditor's Office;
- iii. all other information required by this Agreement, including the information required under Section 311.016 of the Tax Code, having been provided to the County; or
- iv. 30 days after the full execution and delivery of this Agreement by all Parties.

The amount of the first Tax Increment Payment shall be based on the Tax Increments that were received up to January 31, 2019, but only for tax year 2018.

c. For subsequent payments, the COUNTY agrees to contribute its yearly Tax Increment Payment to the Tax Increment Fund annually not later than the 90th day after the delinquency date for the COUNTY's property taxes (or the first business day thereafter) following the end of each tax year. The amount of each Tax Increment Payment shall be based on the Tax Increments that are received up to January 31st following the end of the tax year, but which have not been previously deposited in the Tax Increment Fund, during the annual periods preceding each deposit date.

d. Under no circumstances shall the COUNTY be required to participate in the ZONE with taxes attributable to periods after 2037.

e. The COUNTY shall have the right to deduct the COUNTY's Administrative Costs prior to contribution of its Tax Increment Payment into the Tax Increment Fund. For the avoidance of doubt, if the COUNTY deducts Administrative Costs prior to making the payment into the Tax Increment Fund, the amount of the deducted Administrative Costs shall be counted as having been made by the COUNTY to the Tax Increment Fund for purposes of determining the amount the COUNTY has contributed, including whether the COUNTY has reached the Maximum County Contribution.

f. The CITY shall request collection reports from the Hidalgo County Tax Assessor Collector and provide a copy of these reports along with a payment request detailing the payment calculation as illustrated in the chart in Subsection g. below to the COUNTY one month prior to a payment required to be made under this Agreement.

g. The chart below is an example of the calculation of the COUNTY's Tax Increment Payment.

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Assuming for the purpose of this example, the tax value of the zone is \$100,000.00, the base value is \$10,000.00, the Administrative Costs are \$10.00 per year and the overall County Applicable M&O Tax Rate is \$.0058.*

Tax Increment Reinvestment Zone (TIRZ) Payment Calculation	EXAMPLE
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$100,000.00
(Multiplied by) Hidalgo County Current (GHD) Tax Rate (.58/100)	0.0058
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$580.00
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$100,000.00
(Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD)	\$10,000.00
Captured Appraised Value	\$90,000.00
Captured Appraised Value	\$90,000.00
(multiplied by) 50% of County Applicable M&O Tax Rate (The lesser of actual tax year M&O rate or rate specified on agreement) (.005112*.50)	0.002556
Tax Levy Due to TIRZ (if 100% collected)	\$230.04
TIRZ Collections (for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office	\$300.00
(divided) GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ	\$580.00
Percent Collected of Actual Levy	51.72%
Tax Levy Due to TIRZ	\$230.04
(Multiplied by) Percent Collected of Actual Levy	51.72%
Proposed Payment Amount	\$118.99
(LESS) Administrative Cost (as per Agreement)	\$10.00
TAX INCREMENT PAYMENT AMOUNT DUE TO TAX INCREMENT FUND	\$108.99

*The calculation is performed separately for each tax year, so for any payment including taxes with respect to more than one tax year, there will be a separate calculation chart for each such tax year.

2. One month prior to a payment required under Section IV.B. of this Agreement, the CITY shall provide to the COUNTY:

- i. an updated fact sheet that includes detail as to what portion of the Project has been completed to date;
- ii. a schedule of what portion of the Project is to be completed in the following year;

- iii. a current roster of the ZONE's board members, including the term of each board member, the entity that appointed the board member, the date for the next annual meeting;
- iv. the TIRZ annual audit report; and
- v. a formal request for payment.

In addition to and as part of the CITY's fact sheet, the CITY shall supply the COUNTY with all information as required under section 311.016 of the Texas Tax Code on or before the 90th day following the end of the fiscal year of the CITY.

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 the COUNTY, the Hidalgo County Auditor 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 real 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 real property contained with the ZONE.

4. Any delinquent deposit by the COUNTY of a Tax Increment Payment under this Agreement shall be administered as provided in Section 311.013(c) and (c-1) of the Texas Tax Code, which states as follows:

“(c)Notwithstanding any termination of the reinvestment zone under Section 311.017(a) and unless otherwise specified by an agreement between the taxing unit and the municipality or county that created the zone, a taxing unit shall make a payment required by the Subsection (b) [Tax Increment Payment], not later than the 90th day after the later of:

- (1) the delinquency date for the unit's property taxes; or
- (2) the date the municipality or county that created the zone submits to the taxing unit an invoice specifying the tax increment produced by the taxing unit and the amount the taxing unit is required to pay into the tax increment fund for the zone.

(c-1) A delinquent payment incurs a penalty of five percent of the amount delinquent and accrues interest at an annual rate of 10 percent.”

The Parties expressly agree that the COUNTY shall not owe any penalty or interest on Tax Increments attributable to taxes that have been levied, but not received by the COUNTY. Further, the COUNTY shall not be liable for the payment of any penalties or interest (i) if the documents required under section IV.B.2, including the report required under section §311.016 of the Texas Tax Code, are not timely submitted to the COUNTY or (ii) in any situation in which the CITY is not obligated to pay penalties and interest.

5. The CITY and the ZONE agree to comply with the Amended Plan. The CITY and the ZONE agree to provide prior written notice to all Participating Taxing Entities of a proposed Material Change to the Amended Plan; provided that any change that is not approved by the COUNTY shall not increase the amount of Tax Increment Payments due from the COUNTY. The CITY shall have the right to amend and modify the Amended Plan without providing prior written notice to the Participating Taxing Entities so long as such amendment or modification does not constitute a Material Change.

6. If the CITY or the Zone Board materially breaches this Agreement, then the COUNTY may provide written notice to the CITY and the ZONE (with a copy to any other Participating Taxing Entity still contributing Tax Increment Payments) stating its intent to terminate its participation in the ZONE and detailing its objection(s) or concern(s). If the objections and/or concerns, as set out in the notice, are not resolved within 90 business days from the date of such notice, then the COUNTY may discontinue its Tax Increment Payments and terminate its participation in the ZONE.

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 Amended Plan, including, without limitation, any obligation to pay or repay any bond or other 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 the Maximum County Contribution, plus any applicable penalty and/or interest allowed in section 311.013 of the Tax Code, subject to the limitations in Section IV.B.4. above.

9. a. *General Provisions.* Subject to changes in the County Applicable M&O Tax Rate that will be addressed as set forth in Section IV.B.9.b. below, the COUNTY agrees to participate at fifty percent (50%) of the County Applicable M&O Tax Rate (for tax year 2018, 50% equaling \$0.2556 per \$100 valuation on the Captured Appraised Value) for real property within the Zone, without regard to whether the real property is also within the Transportation Zone.

b. *Greater County Applicable M&O Tax Rate.* If the County Applicable M&O Tax Rate for any given year is greater than the County Applicable M&O Tax Rate for such year during the Term of the ZONE, then the COUNTY shall retain all taxes collected in excess of fifty percent (50%), of the County Applicable M&O Tax Rate per \$100 valuation on the Captured Appraised Value and to the extent any such excess has been contributed into the Tax Increment Fund, such excess shall be promptly refunded to the COUNTY.

10. COUNTY taxes that are delinquent for more than five years will be considered un-collectible and shall not be included in the tax increment payment.

C. Management of the ZONE

1. The ZONE shall in all respects be managed by the Zone Board, including the director appointed by the COUNTY. The Zone Board shall have all powers allowed under Chapter 311 of the Texas Tax Code to manage the ZONE and carry out the Amended 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 seven (7) members, as allowed under Section 311.009(b) of the Texas Tax Code. The COUNTY shall have the right to appoint one member of the Zone Board.

D. Expansion of the ZONE

Notwithstanding anything to the contrary contained herein, the obligation of the COUNTY to participate in the ZONE is limited to the description of the ZONE in Exhibit 2 attached hereto and is subject to the terms of this Agreement. The COUNTY's participation shall not extend to the Tax Increment on any additional real property added to the ZONE by the CITY unless the COUNTY approves such participation in writing. The COUNTY agrees that the CITY may remove certain property from the ZONE in accordance with the CITY's current agreement with Penitas with respect to the Bypass Road.

V. RIGHTS AND OBLIGATIONS OF CITY AND ZONE

A. Tax Increment Participation by the CITY

Subject to the terms of this Agreement, the CITY agrees to participate in the ZONE by contributing to the Tax Increment Fund one hundred percent (100%) of its Tax Increment each year beginning with the 2014 tax year and continuing throughout the Agreement Term. The 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 in 2037 whichever occurs first. In no event shall the CITY contribution to the tax increment fund be greater than five million one hundred ninety-seven thousand three hundred seventy-eight dollars (\$5,197,378).

B. Tax Increment Payment

1. a. The 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 the CITY collects its Tax Increment.

b. The CITY agrees to deposit its first Tax Increment Payment to the Tax Increment Fund for tax years 2014 through 2017 by the later of:

- i. all tax accounts having been coded by the Hidalgo County Appraisal District and the Hidalgo County Tax Office having received the list of tax accounts (tax accounts, to the extent known on the date hereof, are listed on Exhibit 4 attached hereto); and
- ii. 30 days after the full execution and delivery of this Agreement by all Parties.

c. The amount of the first Tax Increment Payment shall be based on the Tax Increments that were received through January 31, 2018, for the tax years 2014, beginning January 1, 2014, through 2017.

d. For subsequent Tax Increment Payments, the CITY agrees to contribute its Tax Increment Payment to the Tax Increment Fund annually on or before March 10th (or the first business day thereafter) of each tax year. Any delinquent deposit of a Tax Increment Payment by the 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, the CITY and the ZONE expressly agree that the 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 the 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. The Zone Board shall administer the Tax Increment Fund on behalf of the ZONE, pursuant to the Creation Ordinance, the Amended Plan and this Agreement. 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 reimbursement for Administrative Costs, in the aggregate, shall not exceed the greater of the amount set out in Section II.1 above or \$1,000 per year over the term of the ZONE.

3. In addition to Project Costs and any other allowable costs, the CITY and ZONE represent and warrant that they will only use funds in the Tax Increment Fund to pay annual expenditures in the following order or priority of payment: (i) payment of any debt service on any Bonds issued with respect to the ZONE under Section 311.015 of the Texas Tax Code; and

(ii) to reimburse Administrative Costs incurred by the COUNTY to the extent not previously recouped by the COUNTY as a reduction to the annual Tax Increment Payment. City acknowledges that the only entity to receive Administrative Costs is COUNTY.

4. 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.

5. For the avoidance of doubt, other than reimbursement of Administrative Expenses allowed by this Agreement, the Tax Increment Fund shall not be used for any Project Costs or other allowable costs incurred prior to January 1, 2018.

E. Implementation of Project Plan.

The CITY and ZONE agree to implement the Amended Plan in accordance with the terms thereof, without any Material Change. The CITY and ZONE agree that the annual documentation provided to the COUNTY prior to any payment being due will include a detailed status update with documentation of the progress made with respect to the implementation of the Amended Plan. In the event construction of the improvements set forth in the Amended Plan is not commenced by January 1, 2020, or the Zone Board thereafter fails to diligently pursue completion of the Amended Plan, the COUNTY may (i) withhold payments until thirty (30) days following notice to the COUNTY from the Zone Board, with documentation satisfactory to the COUNTY, that such failure has been remedied and (ii) if not promptly remedied during such thirty (30) day period following notice from the COUNTY, to terminate its participation in the ZONE. For the avoidance of doubt, the parties expressly agree that no such action by the COUNTY will result in a COUNTY Tax Increment Payment being delinquent (and, accordingly, neither interest nor penalties could be due from the COUNTY), because the COUNTY's exercise of its rights hereunder would prevent any Tax Increment Payment from being due hereunder from the COUNTY.

VI. 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 December 31, 2037 unless earlier terminated as provided herein (the "Agreement Term"). Subject to the terms of this Agreement, the COUNTY agrees to participate under this Agreement, beginning with the 2018 tax year and ending in accordance with the terms provided herein. Notwithstanding anything to the contrary contained in this Agreement, the Parties agree and understand that the COUNTY's Tax Increment Payments will not be made after December 31, 2037.

B. Early Termination

Neither the CITY nor the ZONE BOARD shall take any action to terminate the ZONE earlier than the Term of the ZONE as specified herein.

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, or any successor provision thereto. Accounting to determine the pro rata distribution of remaining funds to the respective taxing entities shall be conducted according to generally accepted accounting principles, and shall be subject to review and audit by the COUNTY upon reasonable request. In the event a discrepancy occurs between the reviews conducted by the CITY and COUNTY, said dispute will be resolved by the respective audit offices of the CITY and COUNTY. In the event the dispute cannot be resolved it shall be submitted to mediation under the rules of the American Mediation Association with a mediator agreed upon by the County Judge of the COUNTY and the Mayor of the CITY.

VII. MISCELLANEOUS

A. Understanding

Any and all costs incurred by the CITY are not, and shall never become, general obligations or debt of any Participating Taxing Entity other than CITY. With respect to the CITY's costs, only eligible Project Costs and other allowable expenses under applicable law, if any, incurred by the CITY shall be payable from the Tax Increment Fund in the manner and priority provided in this Agreement and only to the extent that funds become available in the Tax Increment Fund. The Parties agree and understand that under no circumstance shall the eligible costs exceed the maximum specified in the Amended Plan. The CITY and the COUNTY are not obligated above and beyond what is actually collected as its Tax Increment during the Term of the Zone, which shall be deposited into the Tax Increment Fund in accordance with the terms of this Agreement.

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.

Upon the occurrence of any event that allows the CITY to terminate hereunder, the COUNTY shall have the right to withhold its Tax Increment Payments under this Agreement until such time as such event is cured, and the COUNTY shall not incur any penalties or interest

with respect to any such withheld payments notwithstanding any provision herein to the contrary. With respect to the COUNTY's obligations, to the extent there is any discrepancy between this Agreement and any exhibit hereto, the terms of this Agreement shall control.

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 and only the Commissioners Court of the COUNTY have authority to approve a change or amendment to this Agreement on behalf of the CITY or the COUNTY, respectively.

E. Notices

All notices required or permitted hereunder shall be in writing and delivered by personal delivery, facsimile or United States Postal Service (certified mail, return receipt requested) and 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. Such notices 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), if sent by the United States Postal Service, on the date indicated by the United States Postal Service on the return receipt as the date on which it was received by the respective other 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 Commission and only the Commissioners Court of the County have authority to approve a delegation or assignment of the County's or the City's rights in this Agreement on behalf of the City or the County, respectively. No such assignments shall be made without the prior consent of the other parties hereto.

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

The Parties agree a Material Change to the Amended Plan shall not apply to the COUNTY unless the COUNTY approves the amendment as provided herein. Further, if such amendment to the Amended 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 Amended Plan (other than the reduction related to the CITY's agreement with Penitas with respect to the Bypass Road) or (iii) otherwise materially changes the Project, the COUNTY must approve said amendment in writing in order for the amendment to be binding on the COUNTY. The COUNTY acknowledges that the CITY intends to amend the Amended Plan in connection with the proposed reduction in the geographical area of the ZONE related to the Bypass Road.

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 the COUNTY. Furthermore, each Party to this Agreement shall have reasonable access to financial or other 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, the CITY and ZONE agree, during the Agreement TERM, to prepare and deliver an annual report to the COUNTY in accordance with Section 311.016 and 311.0101(c), Texas Tax Code. The COUNTY shall have the right to withhold or delay payments to the Tax Increment Fund until such time as it has received the financial report from the CITY (and all other documentation and information pursuant to Section IV.B.2 above) for the applicable tax year, and shall not incur any penalties or interest with respect to any such withheld or delayed payments notwithstanding any provision herein to the contrary.

K. ZONE Designation

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

[Signature page follows]

IN WITNESS HEREOF, the CITY OF LA JOYA; HIDALGO COUNTY and REINVESTMENT ZONE NUMBER ONE, CITY OF LA JOYA, TEXAS have made and executed this Agreement in triplicate originals on this 14th day of August, 2018.

CITY OF LA JOYA


Mike Alaniz
City Manager

HIDALGO COUNTY

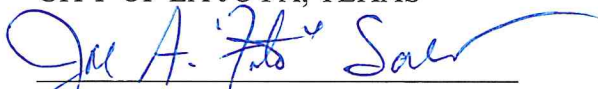
By: _____
Ramon Garcia
County Judge

ATTEST/SEAL:


City Secretary



REINVESTMENT ZONE NUMBER ONE,
CITY OF LA JOYA, TEXAS


Presiding Officer

ATTEST/SEAL:

Arturo Guajardo, Jr.
County Clerk

APPROVED AS TO FORM FOR
HIDALGO COUNTY:

Atlas, Hall & Rodriguez, LLP

By: _____
Stephen L. Crain



**Exhibit 1 to La Joya TIRZ Agreement
Amended Plan**

[See attached 32 pages]

Updated Table of Contents for Amended Plan

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V.	LA JOYA BOARD MEMBERS	23
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B.	SUMMARY OF TIRZ REQUIREMENTS	25
C.	PRELIMINARY LIST OF ZONE PROPERTIES (4 pages attached)	26

**FINAL
PROJECT PLAN
AND FINANCING PLAN
FOR**

Reinvestment Zone Number One

City of LA JOYA, Texas

LA JOYA Development Project

October 16, 2013/12/13/2016

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SECTION I – EXECUTIVE SUMMARY

Overview of Plan

The City of La Joya Tax Increment Reinvestment Zone (“TIRZ”) Number One represents an important opportunity for the City of La Joya in partnership with Hidalgo County to promote and encourage construction of mixed use industrial, commercial, office warehouse, retail, food service, lodging facilities, market rate and affordable single family and multi-family housing, in areas of the City that have significant and varied impediments to development.

Large and small tracts of land in and around the city and its extraterritorial jurisdiction have remained undeveloped or are in need of redevelopment due to inadequate city street infrastructure, substandard streets, drainage issues, functional obsolescence, and obsolete platting requirements. The costs associated with the remediation of development and redevelopment issues are of a magnitude that without additional sources of funds the growth of the city will be significantly impaired. The completion of the Highway 83 By-pass Road will place additional requirements on the City to incorporate new areas of future development into the City.

The creation of the TIRZ will provide the following benefits:

1. Funding for necessary public improvements associated with needed development and redevelopment in the city.
2. Replace low value existing land uses including agricultural use with high value commercial, industrial, single and multi-family land uses.
3. Offer employment opportunities and reduce commuting time for La Joya and Hidalgo County residents.
4. Help to balance population growth in Hidalgo County.
5. Provide a more efficient use of existing city and county services and infrastructure.
6. Help to address structural imbalances in the La Joya economy and housing market.
- 7.

The proposed TIRZ is comprised of vacant land and functionally obsolete residential and commercial structures throughout the City of La Joya. Also included within the Zone are the rights of way of 1st through 14th Street, Alex Ave., Garza Ave. Terry Ave., King Ave., David Ave. Leo Ave., Gonzalez Rd., Tabasco Rd., Amanda St., Yolanda St., Coyote Ave., Palm Shores, Alaniz Ave., Vela Jackson, Perles Martinez, Mesquite Meadow, Palm Dr., Harbor Ln., Treasure Hill, Fisherman’s Wharf, Park Place, Walk The Plank, Captain Hook, Lake Point, Kiki de la Garza, Denise Cir., Jessica Jane Ave., Ebano Cir., Santos Ramirez St., Ranch la Lomita, Ranch Grande, Rancho el Coyote, Pino St., Encino St., Ficus St., Huisache St., Mi Rancho, Rancho la Joya, Rancho Escondido, Champion, Reyna Alley, Michael, Retama, Coyote Dr., Ruby, Cedar, Birch, Ash, Diamond, Quail Hollow, White Wing Dr., Pheasant Dr., Salomon Chapa and all existing City Parks.

Development Goals and Objectives

The development goals and objectives, which are expected to meet the specific needs of the City of La Joya TIRZ District, are:

- Provide commercial and industrial opportunities for developers and companies seeking commercial building sites through the extension of existing City streets and utilities to the new Highway 83 By-pass Rd.
- Provide for new commercial and residential opportunities through the completion of new connector streets.
- Begin to address the need for expanded housing opportunities for La Joya residents and La Joya workers who have to commute to work.
- Provide employment opportunities to service increasing population growth within the City of La Joya and surrounding Hidalgo County.
- Solve long-range storm drainage issues that affect the City and its residents.
- Provide for funds for the reconstruction of existing City Streets that impede redevelopment or new development.
- Provide funds for the expansion and reconstruction of existing City Parks and provide funds for the acquisition of land for and funds for the development of additional City Parks.

The City of La Joya TIRZ District Project Plan and Reinvestment Zone Financing Plan provides a long term program to increase business opportunities and population within the District, using tax increment financing to fund required public improvements. This long-term program is expected to attract additional commercial and residential development to include affordable, work force and market rate housing.

Planned Private Development

Phase 1	2014	\$	701,688	
Phase 2	2015	\$	1,762,152	
Phase 3	2016	\$	2,419,753	
Phase 4	2017	\$	2,250,000	Single Family
Phase 4a	2017	\$	3,500,000	Assisted Living
Phase 4 b	2017	\$	1,800,000	Commercial
Phase 5	2018	\$	850,000	Commercial
Phase 5a	2018	\$	2,250,000	Single Family
Phase 6	2019	\$	2,250,000	Single Family
Phase 6a	2019	\$	1,250,000	Commercial

Planned Private Development Continued

Phase 7	2020	\$	2,475,000	Single Family
Phase 7a	2020	\$	10,000,000	Commercial
Phase 8	2021	\$	2,475,000	Single Family
Phase 8a	2021	\$	3,500,000	Commercial
Phase 9	2022	\$	2,475,000	Single Family
Phase 9a	2022	\$	5,000,000	Commercial
Phase 10	2023	\$	2,475,000	Single Family
Phase 10a	2023	\$	1,000,000	Commercial
Phase 11	2024	\$	2,475,000	Single Family
Phase 11a	2024	\$	1,000,000	Commercial
Phase 12	2025	\$	2,475,000	Single Family
Phase 12a	2025	\$	1,000,000	Commercial
Phase 13	2026	\$	2,475,000	Single Family
Phase 13a	2026	\$	1,000,000	Commercial
Phase 14	2027	\$	2,475,000	Single Family
Phase 14a	2027	\$	1,000,000	Commercial
Phase 15	2028	\$	2,475,000	Single Family
Phase 15a	2028	\$	1,000,000	Commercial
Phase 16	2029	\$	5,000,000	Commercial
Totals		\$	70,808,593	

The City of La Joya TIRZ Development Program includes;

The total private investment is expected to be in excess of \$ 70,808,593.

The projected values of future commercial development are based upon an analysis of the 2011, 2012 and 2013 building permits issued by the City of La Joya. Single and multi-family development is projected at levels that begin to meet the needs of the existing population base and the additional need projected from future economic development within the Zone. The City has an aggressive annexation policy designed to protect its future and is working with land-owners to convert low valued agricultural and other temporary uses to higher valued commercial developments.

Consideration has also been given to visits to the City from third party developers looking at commercial sites and enquiring about the availability of utilities and fire protection.

Planned Public Improvements

The public improvements enumerated in the Project Plan, with an estimated cost of \$9,250,000 provide for extension of existing streets, acquisition of right-of-way and reconstruction of major arterials and other city streets, and utility relocation. Included in the plan are significant park and recreation expansions to include soccer fields the City will work with the La Joya ISD to implement these park plans. The public improvements planned for the City of the La Joya district are designed to help meet the long-term needs to secure and insure growth and investment in the City and western Hidalgo County.

Planned Public Construction

The City of La Joya TIRZ Development Program includes;

Uses of Funds

	2017	2029
Begin Construction		
Construction Complete		
Street Extensions	\$	2,000,000
Matching Funds for State and Federal Grants	\$	750,000
Water System Improvements	\$	1,250,000
Sewer System Improvements	\$	1,250,000
Public Facilities	\$	1,250,000
Street Reconstruction	\$	2,000,000

It is anticipated that construction will begin in calendar year 2017 and will not be completed until 2029. The total costs of the planned public improvements are \$ 8,480,000.

The TIRZ Financing Plan provides for tax increment allowable expenses in the approximate amount of \$ 7,682,227. The Reinvestment Zone Financing Plan provides for incremental financing and predicts revenues for the City of La Joya TIRZ.

Section II – Project Plan

Background

On October 7, 2013 the City Council of the City of La Joya held the statutory public hearing on the creation of La Joya TIRZ # 1, and approved Ordinance 2013-18 authorizing the creation of the TIRZ and Ordinance 2013-19 appointing a Board of Directors for the Zone. On December 13, 2016 by Ordinance # 2016-15 the City Council extended the expiration date of the Zone from 2033 to 2037. On February 14, 2017 the Board and Council approved an amended updated Finance and Development Plan

Meetings and statutory presentations were held with individuals and taxing entities in Hidalgo County on the following dates:

- Hidalgo County Commissioner's Office October 16, 2013
- Hidalgo County Economic Development Department September 2013
- Dr. Mona Parras, Hidalgo County designated representative October 16, 2013

Program Concepts

The City of La Joya TIRZ District represents an important opportunity for the City of La Joya in partnership with Hidalgo County to develop a viable long-range revitalization plan for areas of the City, which have lacked a wide range of commercial, and single and multi-family housing opportunities. New commercial/retail/food service/office and warehouse/industrial construction are the key components of the revitalization plan. Increased employment opportunities for La Joya and surrounding county and community residents will be enhanced through the development and redevelopment activity within the Zone.

Development Goals and Objectives

The planned public improvements within the City of La Joya TIRZ District will insure the future of the City as a viable option as companies look to expand or relocate. The extension of existing City collector streets to the Hwy 83 bypass will insure that through traffic will have the ability to access existing La Joya public and private facilities.

Description of District

The City of La Joya TIRZ District is located throughout the City. It uses a series of major throughfares and city street right-of-ways to connect the various properties within the Zone. The market value of property within the Zone is approximately \$11,052,644; however, the total assessed value

of the property in the Zone, the Base Value of the Zone, is approximately \$10,259,969 per the Hidalgo County Appraisal District. The City of La Joya TIRZ zone includes approximately 688.486+/- acres of public and privately held land surrounding the City as shown on the Exhibit "A"

Existing Uses and Conditions

The City of La Joya has determined that the improvements in the Zone will significantly enhance the value of all of the taxable real property in the Zone and will be of general benefit to the municipality, and that the Zone area meets the requirements of Section 311.005 of the Act, being that the Zone area:

"is predominantly open, and because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impairs or arrests the sound growth of the City" and

The City of La Joya, pursuant to the Act, further finds and declares that:

1. the proposed zone is a contiguous geographical area located wholly within the City limits or extraterritorial jurisdiction of La Joya;
2. less than thirty percent (30%) of the property in the proposed Zone is currently used for residential purposes, as the term "residential" is defined in Section 311.006(d) of the Act;
3. the total appraised value of the taxable real property in the proposed Zone or in existing reinvestment zones, if any, does not exceed fifty per cent (50%) of the total appraised value of taxable real property in the City and in industrial districts, if any, created by the City;
4. the proposed Zone does not contain more than fifty percent (50%) of the total appraised value of real property taxable by Hidalgo County and the La Joya Independent School District
5. development or redevelopment within the boundaries of the proposed Zone will not occur solely through private investment in the reasonably foreseeable future.

City of La Joya TIRZ Zoning

Properties within the Zone are currently zoned for commercial development, (C-1 & C-2) single-family development (R-1, R-2, & R-3) multi-family (MF) development, mobile homes (MH), and Agricultural District (AG). It is anticipated that much of the agricultural district land will be rezoned for commercial use. There are no proposed changes in zoning ordinances, the City of La Joya Master Plan, building codes or subdivision rules and regulations that would apply to property in the Zone.

Relocation Plan For Current Residences

No relocation of city residences will occur through the implementation of the plan.

Non-Project Costs

While there are currently no projected "non-project" costs associated with the Zone. The Zone Board reserves the right to incur non-project costs to remediate drainage issues within the Zone.

Proposed Public Improvements

STREET EXTENSIONS

The Highway 83 By-Pass will leave the City without any frontage on the expressway. The City over the next several years working in conjunction with the various landowners will annex land on the south side of the new expressway. The City will need to improve and extend existing city streets to accommodate the new highway. In particular Leo Avenue, Tabasco Road and Coyote Avenue will need major upgrading in conjunction with their extension to the new expressway.

Utility Relocation

When existing City streets are reconstructed the installation of new sewer and water lines at new locations are a necessity. Generally when TxDot upgrades state roads the expense of relocating the sewer and water lines falls upon the City.

Right of Way Acquisition

The City of La Joya has tracts of undeveloped agricultural use property within the City. Streets that were built for farm use when they were constructed need to be widened for future commercial development. To upgrade existing substandard streets the City will need to purchase additional right-of-way from contiguous landowners. In areas throughout the City and particularly in areas north of Business 83 there is a lack of street connectivity. As development has occurred the streets have been installed to take care of only that development. The consequence of this type of development is the forcing of traffic onto streets that were adequately sized as collector streets but not as arterials. The City will encourage street connectivity as part of its platting process but in those areas where plats have previously been approved additional right-of-way will need to be purchased. The City has an active program of approaching landowners to donate right-of-way for streets where there is a known need to add additional lanes or widen the pavement. The City of La Joya as it has developed has generally seen cluster development around its major thoroughfares with little attempt by builders and developers to stub out streets into the surrounding properties. New platting requirements imposed by the City no longer encourage this type of development.

MATCHING FUNDS FOR STATE AND FEDERAL GRANTS

The infrastructure needs for the city and its extraterritorial jurisdiction are greater than its ability to fund through either its long term capital improvement program or its ability to dedicate funds from the tax increment reinvestment zone. The City will need to avail itself of every opportunity to raise funds from state and federal sources as those funds become available. The City will maintain a fund balance in its tax increment reinvestment zone fund in order to have funds available as they are needed for matches for grants.

WATER SYSTEM AND SEWER SYSTEM IMPROVEMENTS

As the City brings in additional land from its extraterritorial jurisdiction additional water treatment and pumping facilities will be needed to service the properties. The same is true for the sewer system. A number of lift stations will be needed to transport sanitary sewer effluent to the treatment plant. In addition to the treatment of effluent it is anticipated as the water availability in Texas continues to decline the treatment of sewer plant effluent will need to be upgraded to potable condition.

PUBLIC FACILITIES

The City will need to relocate some function to the new Highway 83 corridor upon its completion as well as upgrading current City facilities. The City has an identified need for recreational areas for families and its young people. Youth programs for after school and during the summer months are essential for the development of our young people and organized sports activities have been found to be extremely helpful in the development of mature young people. The City will take the lead in the development of additional park and recreational areas but will look to surrounding communities and the School District to assist in operating and developing programs to maximize the use of these new facilities.

Over the years La Joya like almost every other City in the Valley has experienced unanticipated economic growth and unplanned development. Many of the drainage improvements that were installed in prior decades have proved inadequate to carry increased runoff from this development. Many developments have occurred without consideration of the impact of the development on the watershed or downstream landowners. Additionally as land has been converted from farm use to other uses and often time to just vacant land, the land has lost some or all of its ability to retain storm-water runoff. The City needs to upgrade many of its existing drainage facilities and to install additional channels in all areas of the City. The TIRZ will provide for funds to pay for a comprehensive drainage plan for the City. The plan must be comprehensive enough to include land in the County that someday may be annexed into the city and land in the County that will be impacted by the growth of the City. Upon completion of the comprehensive drainage plan an implementation program will be developed with priority being given to residential and commercial users in the City that currently have flooding issues with any significant rainfall.

STREET RECONSTRUCTION

The rights-of-way of all of the existing streets in the City of La Joya are included within the boundaries of the Zone. TIRZ funds will be used as needed to completely reconstruct streets that are functionally obsolete and can no longer be repaired. The reconstruction will assist with drainage as curbs, gutters, drainage structures and sidewalks will be built as part of the reconstruction.

The planned improvements are designed to begin to meet the long-term needs to secure growth and investment in La Joya and central Hidalgo County.

Conclusions

Based upon a set of conservative assumptions and analysis of the Project Plan and Reinvestment Zone Financing Plan, the City of La Joya has concluded that the Project Plan and Reinvestment Zone Financing Plan is feasible.

SECTION III - Project Feasibility

The feasibility of any development has two aspects that must be considered:

1. Financial feasibility
2. Market or Economic feasibility.

The purpose of the TIRZ is to address the financial aspect of the development. TIRZ incremental funds provide for a portion of the development costs incurred for public improvements, thus insuring the financial feasibility of the Project. This project is financially feasible and can be developed with the funding of public improvements from TIRZ funds, however the City acknowledges that the incremental funds to be generated from the project do not cover all of the cost of the proposed public improvements and that other funding sources will be necessary. As often as is possible the City will use TIRZ funds as matching or seed money to secure additional funding from other sources. The City anticipates that projects will be funded on a pay as you go basis and does not anticipate the issuance of debt.

Market or economic feasibility addresses issues relating to product absorption, type of product, and demand. The existing economic base of the City is expected to increase due to new commercial opportunities that will be generated through business expansion and the new Highway 83 By-Pass. Additionally developers and builders have approached the City with preliminary plans for which they will be pulling permits.

There is demonstrated demand for the type and size of the planned private improvements in the Zone. The public improvements schedule for the Zone will insure that these private improvements are built.

SECTION IV – REINVESTMENT ZONE FINANCING PLAN

Tax Increment Financing

The Tax Increment Financing Act (Chapter 311 of 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 a reinvestment zone for tax increment financing (“TIF”), the existing total of appraised (assessed) value of real property in the zone is identified and designated as the “tax increment base.” Taxing units levying taxes in the 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.” The taxes that are collected by the participating taxing jurisdictions on the increment between the base value and the new higher value, the tax increment, are then deposited into a TIRZ Trust Fund, which is used to pay for the public improvements. Once the public improvements are completed and paid for, the TIRZ is dissolved and any remaining amounts of taxes collected are kept by the taxing jurisdiction. 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 zone. The City acknowledges that the County will set a maximum contributing Tax Rate and any taxes generated above that amount will remain with the County.

Financing Plan

The Reinvestment Zone Financing Plan developed by the City provides that potentially \$7,682,227 of public improvements will be paid for with TIRZ funds. The Reinvestment Zone Financing Plan also projects incremental funds for financing and revenues for the City of La Joya TIRZ. It is not anticipated that tax increment funds in an amount to fully reimburse the City for all approved project costs will be generated over the projected life of the Zone

Financing Method: Incremental funds will be spent as they accrue and TIF Revenue Bonds may be issued for larger projects and paid for with annual TIRZ proceeds. In the event that bonds are issued a sufficient revenue stream will have been established to service the debt prior to the issuance of the bonds. The City does not anticipate issuing bonds in an amount that exceeds \$1,000,000.

Financing Policy: The goal of the City of La Joya TIRZ District is to borrow only those funds needed as the necessity arises in order to reduce interest expense.

Long Term Financing: The developers of the commercial/industrial/Retail sites, and the single and multi-family homes will arrange for long term financing for their individual projects.

Development Schedule And Assumptions

The Development Schedule is based upon the immediate needs of the City and the public works are listed by priority. The City intends to remain flexible in order to leverage other funds with TIRZ funds to maximize the efficiency of the City's funds.

Uses of Funds

	2017
Begin Construction	
Construction Complete	2029
Street Extensions	\$ 2,000,000
Matching Funds for State and Federal Grants	\$ 750,000
Water System Improvements	\$ 1,250,000
Sewer System Improvements	\$ 1,250,000
Public Facilities	\$ 1,250,000
Street Reconstruction	\$ 2,000,000

The total budgeted for public improvements is \$ 8,550,000

Financial Assumptions

No tax rate changes have been factored into the financial pro forma's for the District. All projections assume that taxable appraised value and tax rates will remain unchanged. 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. The finance plan assumes a collection rate of 97.5% because 70% of the new development will be in the form of commercial construction, the long-term lenders who do the permanent financing for these types of projects generally require proof that the taxes are current. Residential projects that receive incentive financing will have, as a term of the assistance, to have property taxes included in the mortgage payments. The City acknowledges that in any given year the collection rate will initially be lower with the balance of the taxes due being paid in arrears. The model also assumes that any past due taxes will be paid within a five year period from the date which they were due and that the County will take legal action to collect any taxes past due more than five years. Much of the land in the Zone is designated "agricultural use" by the Hidalgo County Appraisal District and is being taxed at agricultural value. Over the life of the Zone much of this land will convert to commercial and industrial use, however, no roll back taxes have been factored into the model.

Finance Plan

The following six pages make up the City of La Joya Tax Increment Reinvestment Zone Number One Finance Plan.

Executive Summary	Page 16
Projected New Value	Page 17-18
City- County Participation Schedule	Page 19
Schedule of Projected Income	Page 20
Cumulative Income Schedule	Page 21
Project Budget	Page 22

City of La Joya, Texas Project Review

City of La Joya - TIF Reinvestment Zone # One

Summary Fact Sheet

11/01/16
Plan of Finance

Site Area	688.486 Acres
Base Value January 1, 2013	\$10,259,969

Project:

Phase 1	2014	\$	701,688	
Phase 2	2015	\$	1,762,152	
Phase 3	2016	\$	2,419,753	
Phase 4	2017	\$	2,250,000	Single Family
Phase 4a	2017	\$	3,500,000	Assisted Living
Phase 4 b	2017	\$	1,800,000	Commercial
Phase 5	2018	\$	850,000	Commercial
Phase 5a	2018	\$	2,250,000	Single Family
Phase 6	2019	\$	2,250,000	Single Family
Phase 6a	2019	\$	1,250,000	Commercial
Phase 7	2020	\$	2,475,000	Single Family
Phase 7a	2020	\$	10,000,000	Commercial
Phase 8	2021	\$	2,475,000	Single Family
Phase 8a	2021	\$	3,500,000	Commercial
Phase 9	2022	\$	2,475,000	Single Family
Phase 9a	2022	\$	5,000,000	Commercial
Phase 10	2023	\$	2,475,000	Single Family
Phase 10a	2023	\$	1,000,000	Commercial
Phase 11	2024	\$	2,475,000	Single Family
Phase 11a	2024	\$	1,000,000	Commercial
Phase 12	2025	\$	2,475,000	Single Family
Phase 12a	2025	\$	1,000,000	Commercial
Phase 13	2026	\$	2,475,000	Single Family
Phase 13a	2026	\$	1,000,000	Commercial
Phase 14	2027	\$	2,475,000	Single Family
Phase 14a	2027	\$	1,000,000	Commercial
Phase 15	2028	\$	2,475,000	Single Family
Phase 15a	2028	\$	1,000,000	Commercial
Phase 16	2029	\$	5,000,000	Commercial

Totals		\$	70,808,593
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Assumptions	Captured Value		\$ 70,808,593
	Collection Rate		97.50%

Projected Value Of New Tax Increment

Year	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6
2014	701,688					
2015		1,762,152				
2016			2,419,753			
2017				7,550,000		
2018					3,100,000	
2019						3,500,000
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
	701,688	1,762,152	2,419,753	7,550,000	3,100,000	3,500,000

Please see the next page for a continuation of the projected new tax increment

Projected Value of New Tax Increment Continued

Phase 7	Phase 8	Phase 9	Phase 10	Phase 11	Phase 12	Phase 13	Phase 14	Phase 15	Phase 16	Total
										701,688
										1,762,152
										2,419,753
										7,550,000
										3,100,000
										3,500,000
12,475,000										12,475,000
	5,975,000									5,975,000
		7,475,000								7,475,000
			3,475,000							3,475,000
				3,475,000						3,475,000
					3,475,000					3,475,000
						3,475,000				3,475,000
							3,475,000			3,475,000
								3,475,000		3,475,000
									5,000,000	5,000,000
12,475,000	5,975,000	7,475,000	3,475,000	3,475,000	3,475,000	3,475,000	3,475,000	3,475,000	5,000,000	70,808,593

**City of La Joya - TIF Reinvestment Zone # 1
Participation**

Entity	Tax Rate	Level of Participation	Tax Rate Based on Participation	% of Project
La Joya	0.5678000	100%	0.5678000	68.63%
Hidalgo County	0.5190000	50%	0.2595000	31.37%
TOTAL	1.0868000		0.8273000	100.00%

Schedule of Projected Income

La Joya - TIRZ Reinvestment Zone # 1

Projected Tax Increment Revenue

Tax Year	Tax Increment Zone			City of La Joya			Hidalgo County			
	Beginning Assessed Value	Annual Value of New Development	Projected Year-End Assessed Value	Projected Captured Value	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Captured Taxable Value	Tax Rate Contribution	Tax Increments
2013	10,259,969		10,259,969			0.567800			0.259500	
2014	10,259,969	701,688	10,961,657	701,688	701,688	0.570000	3,900	701,688	0.259500	
2015	10,961,657	1,762,152	12,723,809	2,463,840	2,463,840	0.543500		2,463,840	0.259500	
2016	12,723,809	2,419,753	15,143,562	4,883,593	4,883,593	0.539400	13,056	4,883,593	0.259500	
2017	15,143,562	7,550,000	22,693,562	12,433,593	12,433,593	0.539400	25,684	12,433,593	0.259500	12,356
2018	22,693,562	3,100,000	26,193,562	15,933,593	15,933,593	0.539400	65,390	15,933,593	0.259500	31,459
2019	26,193,562	3,500,000	38,668,562	28,408,593	28,408,593	0.539400	83,797	28,408,593	0.259500	40,314
2020	38,668,562	12,475,000	44,643,562	34,383,593	34,383,593	0.539400	149,405	34,383,593	0.259500	71,877
2021	44,643,562	5,975,000	52,118,562	41,858,593	41,858,593	0.539400	180,828	41,858,593	0.259500	86,995
2022	52,118,562	7,475,000	59,593,562	49,333,593	49,333,593	0.539400	220,141	49,333,593	0.259500	105,907
2023	59,593,562	3,475,000	63,068,562	52,808,593	52,808,593	0.539400	259,453	52,808,593	0.259500	124,820
2024	63,068,562	3,475,000	63,068,562	52,808,593	52,808,593	0.539400	277,728	52,808,593	0.259500	133,612
2025	63,068,562	3,475,000	63,068,562	52,808,593	52,808,593	0.539400	277,728	52,808,593	0.259500	133,612
2026	63,068,562	3,475,000	63,068,562	52,808,593	52,808,593	0.539400	277,728	52,808,593	0.259500	133,612
2027	63,068,562	3,475,000	63,068,562	52,808,593	52,808,593	0.539400	277,728	52,808,593	0.259500	133,612
2028	63,068,562	3,475,000	63,068,562	52,808,593	52,808,593	0.539400	277,728	52,808,593	0.259500	133,612
2029	63,068,562	5,000,000	63,068,562	52,808,593	52,808,593	0.539400	277,728	52,808,593	0.259500	133,612
2030	63,068,562		63,068,562	52,808,593	52,808,593	0.539400	277,728	52,808,593	0.259500	133,612
2031	63,068,562		63,068,562	52,808,593	52,808,593	0.539400	277,728	52,808,593	0.259500	133,612
2032	63,068,562		63,068,562	52,808,593	52,808,593	0.539400	277,728	52,808,593	0.259500	133,612
2033	63,068,562		63,068,562	52,808,593	52,808,593	0.539400	277,728	52,808,593	0.259500	133,612
2034	63,068,562		63,068,562	52,808,593	52,808,593	0.539400	277,728	52,808,593	0.259500	133,612
2035	63,068,562		63,068,562	52,808,593	52,808,593	0.539400	277,728	52,808,593	0.259500	133,612
2036	63,068,562		63,068,562	52,808,593	52,808,593	0.539400	277,728	52,808,593	0.259500	133,612
2037	63,068,562		63,068,562	52,808,593	52,808,593	0.539400	277,728	52,808,593	0.259500	133,612
2038							307,528			140,548
Annual Growth Factors Years Thereafter	\$ 62,333,593 2013-2026			0.00%	Participation Level		\$ 5,197,378	100%	Participation Level	\$ 2,484,849
Combined Compound Growth Rate				0.00%	Tax Rate Growth Factor			0.00%	Tax Rate Growth Factor	50%
					Tax Rate Collection Factor			97.50%	Tax Rate Collection Factor	97.50%

Schedule of Projected Income From Value of New Tax Increment Continued:

Combined TIF Collections	Fiscal Year Ending	Fiscal Year Ending	TIF Revenue	Cumulative TIF Revenues
	2013	2013		
	2014	2014		
3,900	2015	2015	3,900	3,900
13,056	2016	2016	13,056	16,956
38,040	2017	2017	38,040	54,995
96,849	2018	2018	96,849	151,844
124,111	2019	2019	124,111	275,955
221,282	2020	2020	221,282	497,238
267,823	2021	2021	267,823	765,061
326,048	2022	2022	326,048	1,091,109
384,273	2023	2023	384,273	1,475,382
411,341	2024	2024	411,341	1,886,723
411,341	2025	2025	411,341	2,298,063
411,341	2026	2026	411,341	2,709,404
411,341	2027	2027	411,341	3,120,745
411,341	2028	2028	411,341	3,532,085
411,341	2029	2029	411,341	3,943,426
411,341	2030	2030	411,341	4,354,766
411,341	2031	2031	411,341	4,766,107
411,341	2032	2032	411,341	5,177,448
411,341	2033	2033	411,341	5,588,788
411,341	2034	2034	411,341	6,000,129
411,341	2035	2035	411,341	6,411,470
411,341	2036	2036	411,341	6,822,810
411,341	2037	2037	411,341	7,234,151
448,076			448,076	7,682,227

7,682,227

Project Budget

City of La Joya - TIF Reinvestment Zone # 1

Sources & Uses

Sources of Funds

TIF Revenues	\$	7,682,227
Total TIF Proceed Funds	\$	7,682,227
Total Sources of Funds	\$	<u>7,682,227</u>

Uses of Funds

Begin Construction		2017
Construction Complete		2029
Street Extensions	\$	2,000,000
Matching Funds for State and Federal Grants	\$	750,000
Water System Improvements	\$	1,250,000
Sewer System Improvements	\$	1,250,000
Public Facilities	\$	1,250,000
Street Reconstruction	\$	2,000,000
Formation Expense	\$	50,000
Hidalgo County Administrative Expense	\$	20,000
Total Costs	\$	8,550,000
Project Financing Surplus (Shortage)	\$	(867,773)

Financial Feasibility

Based upon a set of conservative assumptions and analysis of the project-financing plan, the City of La Joya has concluded that the plan is feasible.

Conclusions

Based upon a set of conservative assumptions and analysis of the City of La Joya Tax Increment Reinvestment Zone District Project Plan and Reinvestment Zone Financing Plan, The City of La Joya TIRZ Board has concluded that the City of La Joya TIRZ District Project Plan and Reinvestment Zone Financing Plan is feasible. The success of the City of La Joya TIRZ District project plan will encourage other mixed-use commercial/industrial/retail/lodging and market rate residential and affordable housing. The new residential population base; will support an expanding retail base, will supplement the existing job market, will attract additional private development into the City of La Joya and Central Hidalgo County and will serve to stabilize and enhance future property values.

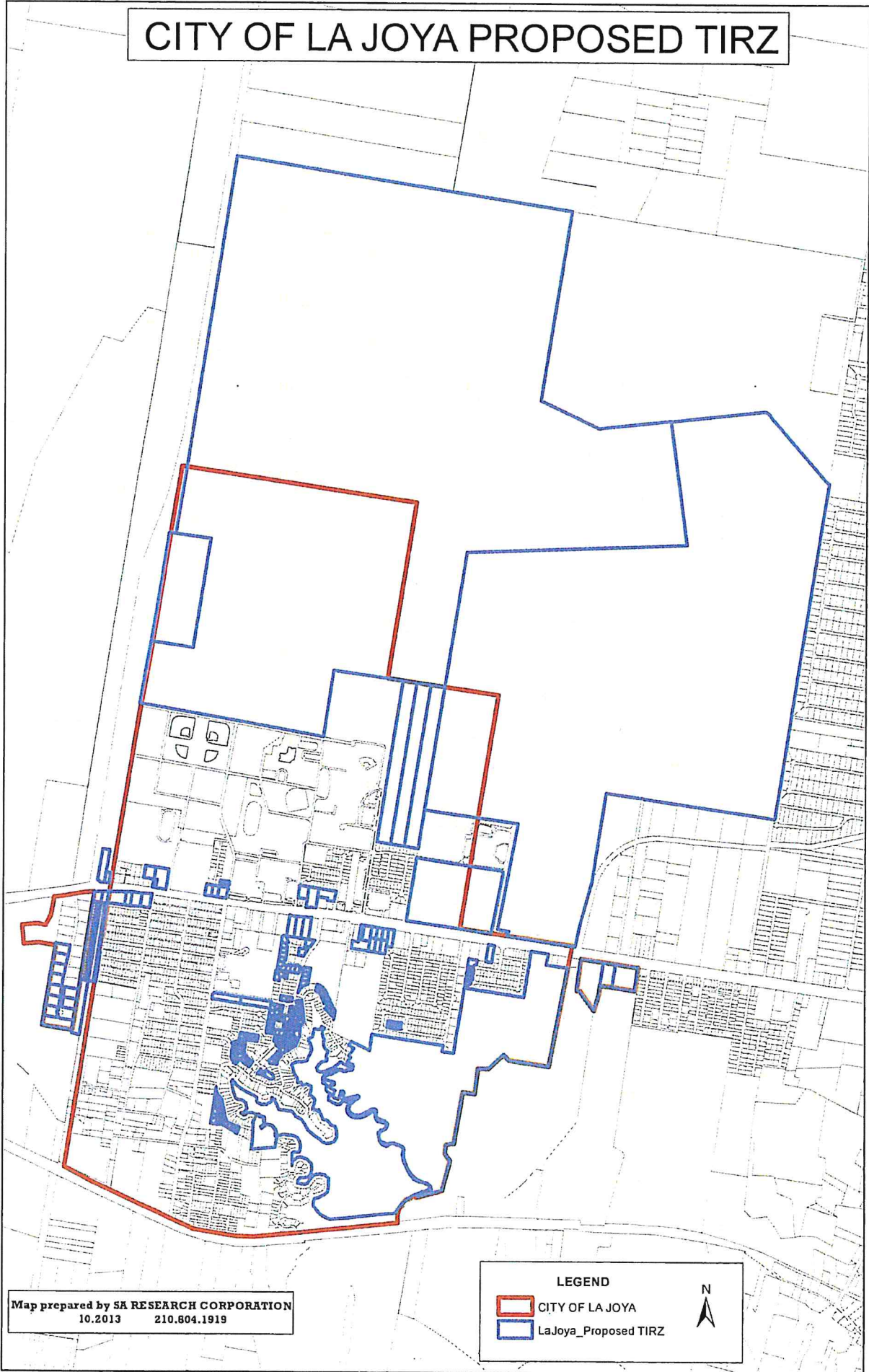
Board of Directors of Tax Increment Reinvestment Zone Number One, City of La Joya

1. **Jose A. Salinas, Chairman**
2. **Mary Salinas, City of La Joya**
3. **Michael Salinas, City of La Joya**
4. **Ana Lisa Ruiz, City of La Joya**
5. **Victorio Salinas Jr., City of La Joya**
6. **, to be appointed by the County of Hidalgo**

Exhibit A



**Map of Zone Properties
(Signed By La Joya and Penitas City Managers)**

CITY OF LA JOYA PROPOSED TIRZ



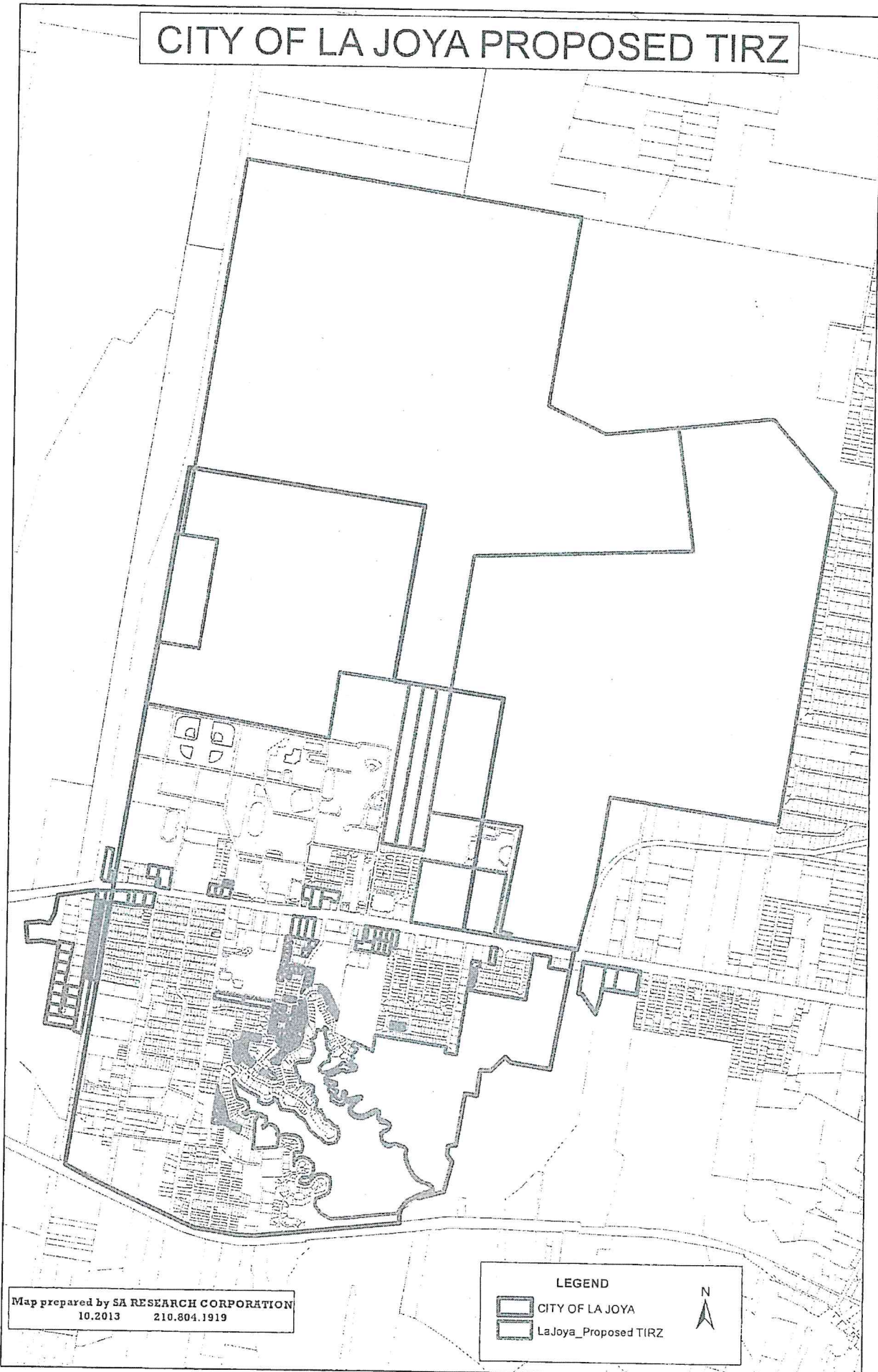
Map prepared by SA RESEARCH CORPORATION
10.2013 210.804.1919

LEGEND

-  CITY OF LA JOYA
-  LaJoya_Proposed TIRZ

N

CITY OF LA JOYA PROPOSED TIRZ



Map prepared by SA RESEARCH CORPORATION
10.2013 210.804.1919

LEGEND

- CITY OF LA JOYA
- LaJoya_Proposed TIRZ

N

Exhibit B

TIRZ REQUIREMENTS

Section 311 of the State Tax Code (Tax Increment Financing Act) specifies that TIRZ (TIF) project and financing plans meet certain requirements. These requirements are listed below, along with a reference indicating where these elements can be located in the plan.

Project Plan

- | | |
|--|-----------|
| 1. Map of existing uses and conditions | Exhibit A |
| 2. List proposed improvements and uses | Page 15 |
| 3. Description of Zone Property | Exhibit A |
| 4. Project Feasibility | Page 13 |
| 5. Proposed zoning changes | Page 9 |
| 6. Estimated non-project costs | Page 9 |
| 7. Relocation plan for current residents | Page 9 |

Financing Plan

- | | |
|---|---------|
| 1. Detailed estimate of project costs. | Page 15 |
| 2. Proposed public improvements | Page 15 |
| 3. Project Timeline | Page 15 |
| 4. Estimated amount of bonded indebtedness | Page 14 |
| 5. Time when costs/obligations will be incurred | Page 15 |
| 6. Methods of financing, sources of Revenue | Page 20 |
| 7. Current total appraised value. | Page 17 |
| 8. Estimated captured appraised value | Page 17 |
| 9. Duration of Zone | Page 20 |

Exhibit C

**City of La Joya
Tax Increment Reinvestment Zone
Preliminary List of Zone Properties
(Subject To Minor Revisions By The Hidalgo County Appraisal District)**

Prop ID	Size	1/1/2013 Value
222685	2.61	\$245,809.00
20822132	2.000	\$243,286.00
623172	6.3212	\$1,198,437.00
630841	140.74	\$388,398.00
344208	0.69	\$125,035.00
687964	1.0005	\$43,580.00
687963	1.000	\$43,562.00
687962	1.000	\$43,646.00
687961	1.000	\$43,567.00
687960	1.01	\$43,850.00
687959	1.000	\$43,599.00
687958	1.000	\$43,619.00
687970	2.0414	\$8,892.00
687956	1.000	\$43,578.00
687955	1.000	\$43,594.00
178203	0.66	\$114,998.00
547138	1.23	\$476,370.00
178201	0.69	\$84,652.00
514948	0.89	\$147,256.00
178200	0.76	\$129,188.00
958274	1.79	
101350	1.61	\$96,414.00
178123	0.4	\$24.00
279532	1.88	\$98,286.00
279529	0.5	\$347,981.00
279530	0.5	\$202,525.00
700041	3.355	\$164,900.00
960355	2.39	
279628	79.00	\$229,457.00
279522	93.00	\$164,828.00
279635	15.98	\$87,890.00
279634	15.98	\$87,890.00
279633	15.41	\$84,766.00
518063	125.00	\$264,677.00
279522	95.00	\$164,828.00
279628	6.22	\$229,457.00
685259	1.11	\$145,314.00
685260	1.15	\$300,072.00
685261	1.18	\$308,232.00
732219	1.44	\$377,040.00
722473	0.8	\$461,356.00
222656	0.46	\$120,102.00
222662	0.46	\$125,412.00
222654	1.0000	\$99,266.00
344206	0.71	\$80,412.00

222660	0.54	\$11,888.00
222655	0.54	\$11,888.00
222663	23.99	\$2,747.00
577611	0.15	\$70,901.00
577612	0.39	\$33,750.00
577614	0.18	\$15,280.00
577615	0.17	\$14,400.00
577617	0.18	\$15,248.00
577618	0.2	\$17,032.00
577673	0.16	\$93,309.00
649414	0.16	\$17,063.00
649412	0.16	\$17,063.00
255275	0.12	\$14,254.00
255276	0.13	\$15,510.00
255277	0.17	\$10,942.00
255279	0.13	\$14,575.00
255284	0.16	\$10,368.00
610605	0.12	\$23,241.00
710606	0.22	\$23,936.00
710607	0.21	\$23,386.00
710608	0.21	\$22,835.00
710569	0.34	\$57,045.00
710568	0.34	\$57,661.00
710574	0.26	\$28,286.00
710575	0.22	\$23,849.00
710576	0.223	\$24,324.00
710577	0.223	\$24,324.00
710578	0.21	\$22,823.00
710579	0.23	\$25,208.00
710580	0.23	\$25,208.00
710581	0.21	\$22,825.00
710582	0.223	\$24,324.00
710583	0.24	\$25,678.00
710589	0.24	\$35,470.00
710588	0.21	\$30,914.00
710587	0.16	\$23,537.00
255292	0.13 Ex	
255293	0.13	\$14,575.00
255294	0.13	\$14,575.00
255295	0.13	\$14,575.00
255296	0.13	\$14,575.00
255297	0.13	\$14,575.00
255298	0.13	\$14,575.00
255299	0.17	\$10,685.00
255300	0.17	\$70,025.00
255301	0.13	\$14,575.00
255302	0.25	\$15,501.00

255305	0.13	\$14,575.00
255306	0.12	\$13,754.00
255307	0.13	\$14,575.00
255309	0.13	\$14,575.00
255310	0.15	\$11,162.00
255311	0.15	\$11,162.00
255312	0.15	\$11,162.00
255313	0.15	\$11,162.00
255314	0.17	\$10,991.00
726756	0.16	\$124,776.00
726757	0.15	\$11,144.00
726758	0.15	\$11,518.00
726759	0.2	\$15,160.00
726760	0.19	\$14,440.00
726761	0.17	\$13,248.00
726762	0.15	\$11,511.00
726763	0.14	\$10,355.00
726764	0.15	\$11,259.00
726765	0.21	\$16,063.00
726745	0.19	\$19,443.00
726746	0.34	\$40,365.00
710595	0.199	\$29,112.00
710604	0.18	\$26,019.00
686552	1.29 EX	\$ -
686553	1.35 Ex	\$ -
726712	0.19	\$22,464.00
726715	0.16	\$12,022.00
726716	0.17	\$19,810.00
726717	0.21	\$15,800.00
726718	0.19	\$14,840.00
726719	0.16	\$11,969.00
726720	0.16	\$11,969.00
726721	0.16	\$11,969.00
726722	0.16	\$11,969.00
726723	0.16	\$11,969.00
726766	0.22	\$26,006.00
726767	0.16	\$18,414.00
726768	0.17	\$19,602.00
726771	0.14	\$10,786.00
726772	0.2	\$24,062.00
726773	0.19	\$22,928.00
726774	0.18	\$13,440.00
726729	0.16	\$12,204.00
726730	0.16	\$12,162.00
726731	0.16	\$18,644.00
726732	0.16	\$12,076.00
726733	0.18	\$13,523.00

726735	0.2	\$23,460.00
726736	0.16	\$11,909.00
726737	0.19	\$14,830.00
726738	0.24	\$18,197.00
726739	0.18	\$14,024.00
726740	0.16	\$11,969.00
726741	0.16	\$11,969.00
255337	0.13 EX	
255338	0.11 EX	
255339	0.12 EX	
255340	0.13 EX	
255341	0.13 EX	
255342	0.16 EX	
255343	0.16 EX	
255367	0.17 EX	
255368	0.19 EX	
255369	0.2 EX	
255370	0.21	\$13,369.00
255372	0.15 EX	
255373	0.22 EX	
255374	0.19 EX	
255375	0.29 EX	
255376	0.25 EX	
255377	0.2 EX	
255378	0.19 EX	
255379	0.17 EX	
255380	0.15 EX	
255381	0.19 EX	
222644	3.02	\$20,007.00
222645	1.06	\$8,669.00
669532	0.33	\$1,813.00
714291	0.33	\$8,174.00
687.4861		\$9,899,922.00

Exhibit 2
to
La Joya TIRZ Agreement

City of La Joya Ordinances

- 2A Creation Ordinance (4 pages)
- 2B Ordinance 2016-15 (extending term of zone) (1 page)

ORDINANCE 2013-18

DESIGNATING AN AREA KNOWN AS THE CITY OF LA JOYA DEVELOPMENT PROJECT AS A TAX INCREMENT REINVESTMENT ZONE; DESCRIBING THE BOUNDARIES OF THE ZONE; CREATING A BOARD OF DIRECTORS FOR THE ZONE; PROVIDING FOR AN EFFECTIVE DATE AND TERMINATION DATE FOR THE ZONE; NAMING THE ZONE "REINVESTMENT ZONE NUMBER ONE CITY OF LA JOYA; AND ESTABLISHING A TAX INCREMENT FUND

WHEREAS, the City Council (the "Council") of the City of La Joya, Texas (the "City") desires to support development and redevelopment in the City to be funded in whole or in part, through the creation of a Tax Increment Reinvestment Zone (the "Zone"), as hereinafter more specifically defined and named and with boundaries as hereinafter provided, pursuant to the provisions of the Tax Increment Financing Act 9the "Act"), Texas Tax Code, Chapter 311; and

WHEREAS, the City indicated its intent to create the Zone by entering into a Contract for Services with TIF Services of South Texas on August 22, 2013

WHEREAS, THE Project will support financing of costs associated with the construction of public improvements related to several possible development and redevelopment projects, which may include (i) Street Construction, (ii) Utility Extensions and Construction, (iii) Right-of-Way Acquisition (iv) Drainage Improvements, (v) Utility Relocation, (vi) New Collector Streets, (vii) Park Improvements, (vii) Municipal Facilities to include Public Safety Facilities, (viii) and Economic Development.

WHEREAS, pursuant to the Act, the City may designate a geographical area within the City or the Cities extra-territorial jurisdiction; and

WHEREAS, Pursuant to the Act, the City has directed that a Preliminary Reinvestment Zone Financing Plan (the "Preliminary Plan") be prepared for the proposed Zone; and

WHEREAS, A Public Hearing was held on October 7, 2013 at 6:00 p.m. in the City Council Chambers, City Hall to consider the creation of a Tax Increment Reinvestment Zone for the Project and its respective benefits to the City and to property in the proposed Zone; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA JOYA:

SECTION 1. DESIGNATING THE AREA AS A REINVESTMENT ZONE. The area described in Section 2. below and more commonly referred to as the "La Joya Development Project" and officially assigned the name as designated in Section 5. below (which reinvestment zone so described, named and designated is hereinafter referred to as the "Zone", is hereby designated as a Tax Increment Reinvestment Zone.

SECTION 2. DESCRIPTION OF THE BOUNDARIES OF THE REINVESTMENT ZONE. Attached hereto as Exhibit "A", which is incorporated herein by reference for all purposes is a Hidalgo County Appraisal District Map with the parcels, area and boundaries of the Zone outlined in blue incorporated in the Zone.

SECTION 3. CREATION AND COMPOSITION OF A BOARD OF DIRECTORS FOR THE ZONE. There is hereby created a Board of Directors (the "Board") for the Zone, with all the rights powers and duties as provided by the Act to such Boards or by action of the City Council. Pursuant to Section 311.009(a) of the Texas Tax Code the Board shall consist of not less than five (5) and not more than fifteen (15) members.

Each taxing unit other than the City that levies taxes on real property in the Zone may appoint one member to the Board. A unit may waive its right to appoint a member. The City shall appoint the remaining directors of which, one shall be nominated by the Commissioners Court of Hidalgo County.

Appointees shall be for a two (2) year term. Upon expiration of their respective terms of office, replacements to the Board shall be appointed. Vacancies on the Board shall be filled by the respective taxing unit making such appointments for the remainder of the unexpired term.

SECTION 4. EFFECTIVE DATE AND TERMINATION DATE OF THE ZONE. The Zone shall take effect on October 7, 2013 and continue till its termination date of December 31, 2033 unless otherwise terminated earlier as a result of payment in full of all project costs, tax increment bonds, if any, including interest on said bonds as authorized or permitted by law.

SECTION 5 ASSIGNING A NAME TO THE ZONE. The Tax Increment Reinvestment Zone created hereby is assigned the name of "REINVESTMENT ZONE NUMBER ONE, CITY OF LA JOYA, TEXAS."

SECTION 6. TAX INCREMENT BASE. The tax increment base for the Zone is the total assessed value of all real property taxable by the City and located in the Zone, determined as of January 1, 2013, the year in which the Zone was designated as a Reinvestment Zone (the "Tax Increment Base").

SECTION 7. ESTABLISHMENT OF A TAX INCREMENT FUND. There is hereby created and established in the depository bank of the City, a fund to be called the "REINVESTMENT ZONE NUMBER ONE, CITY OF LA JOYA, TEXAS TAX INCREMENT FUND" (HEREIN CALLED THE "Tax Increment Fund"). Money in the Tax Increment Fund, from whatever source, may be disbursed from the Tax Increment Fund, invested, and paid as permitted by the Act or by any agreements entered into pursuant to the Act, or as otherwise authorized by law.

SECTION 8. FINDINGS. The City hereby finds and declares that (a) improvements in the Zone will significantly enhance the value of all the taxable real property in the Zone and will be of general benefit to the City; and (b) the Zone meets the requirements of 311.005 of the Act, being that the Zone area:

“is predominantly open, and because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impairs or arrests the sound growth of the City” and

The City of La Joya, pursuant to the Act, further finds and declares that:

1. the proposed zone is a geographical area located wholly within the City limits or Extra-territorial Jurisdiction of La Joya;
2. less than thirty percent (30%) of the property in the proposed Zone is used for residential purposes, as the term “residential” is defined in Section 311.006(d) of the Act;
3. the total appraised value of the taxable real property in the proposed Zone or in existing reinvestment zones, if any, does not exceed fifty per cent (50%) of the total appraised value of taxable real property in the City and in industrial districts, if any, created by the City;
4. the proposed Zone does not contain more than fifty percent (50%) of the total appraised value of real property taxable by Hidalgo County and the La Joya Independent School District, and
5. development or redevelopment within the boundaries of the proposed Zone will not occur solely through private investment in the reasonably foreseeable future.

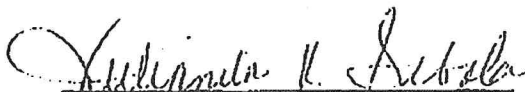
SECTION 9. DESIGNATION OF A SECTION 311.005(a) ZONE. The Zone is designated pursuant to Section 311.005(a) of the Act.

SECTION 10. SEVERABILITY. If any of the provisions of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstance shall nevertheless be valid, as if such invalid provisions had never appeared herein, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision

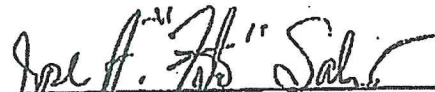
SECTION 11. The Zone shall take effect immediately upon passage of this Ordinance, pursuant to Section 311.004(3) of the Act

CONSIDERED, PASSED AND APPROVED ON THIS 7TH DAY OF OCTOBER 2013.

ATTEST:

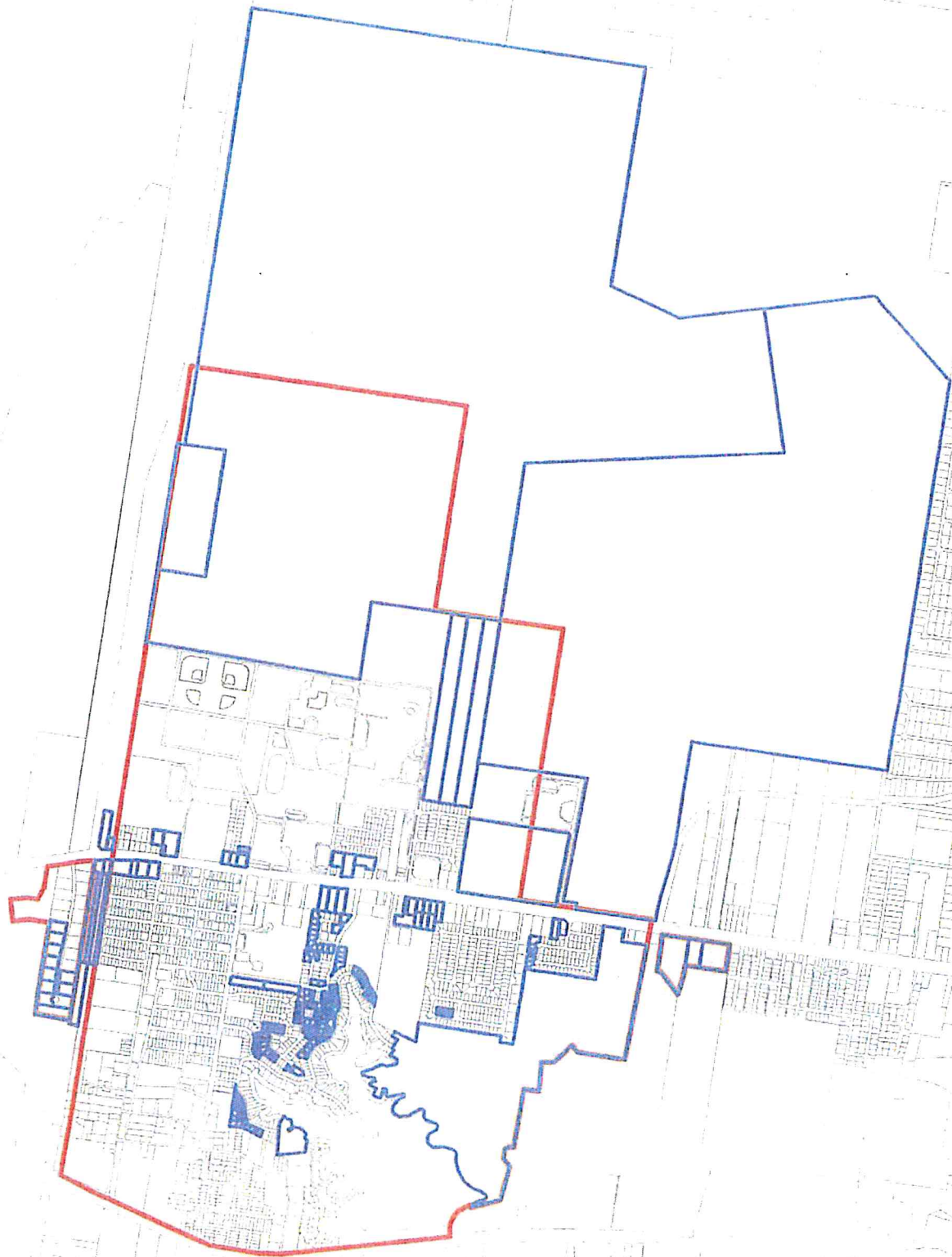

Julianita R. Sabala, City Secretary

CITY OF LA JOYA


Mayor Jose A. "Fito" Salinas





CITY OF LA JOYA PROPOSED TIRZ



Map prepared by SA RESEARCH CORPORATION
10.2013 210.804.1919

LEGEND

-  CITY OF LA JOYA
-  LaJoya_Proposed TIRZ



CITY OF LA JOYA
ORDINANCE 2016-15

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA JOYA APPROVING THE EXTENSION OF THE TERMINATION DATE FOR THE CITY OF LA JOYA TAX INCREMENT REINVESTMENT ZONE NUMBER ONE.

WHEREAS, the City Council of the City of La Joya created Tax Increment Reinvestment Zone Number One through Ordinance 2013-18 on October 7, 2013 and;

WHEREAS, Section 4 of said Ordinance set a "Termination Date" for the Zone of December 31, 2033 and;

WHEREAS, it is the desire of the City to extend the "Termination Date" of the Zone to December 31, 2037.

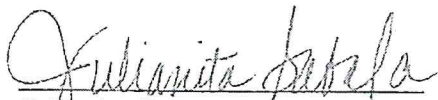
BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA JOYA:


The changing of the "Termination Date" for the Zone to December 31, 2037 is approved.

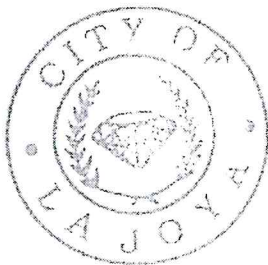
CONSIDERED, PASSED, APPROVED AND SIGNED on this 13th day of December 2016 at a Regular Called Meeting of the City Council of the City of La Joya at which a quorum was present and which was held in accordance with Chapter 551 of the Texas Government Code.

ATTEST

CITY OF LA JOYA


Julianita Sabala, City Secretary


Mayor Jose A. "Fito" Salinas



**Exhibit 3
to
La Joya TIRZ Agreement**


Map of ZONE Boundaries Executed by Cities

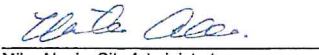
[See attached page]

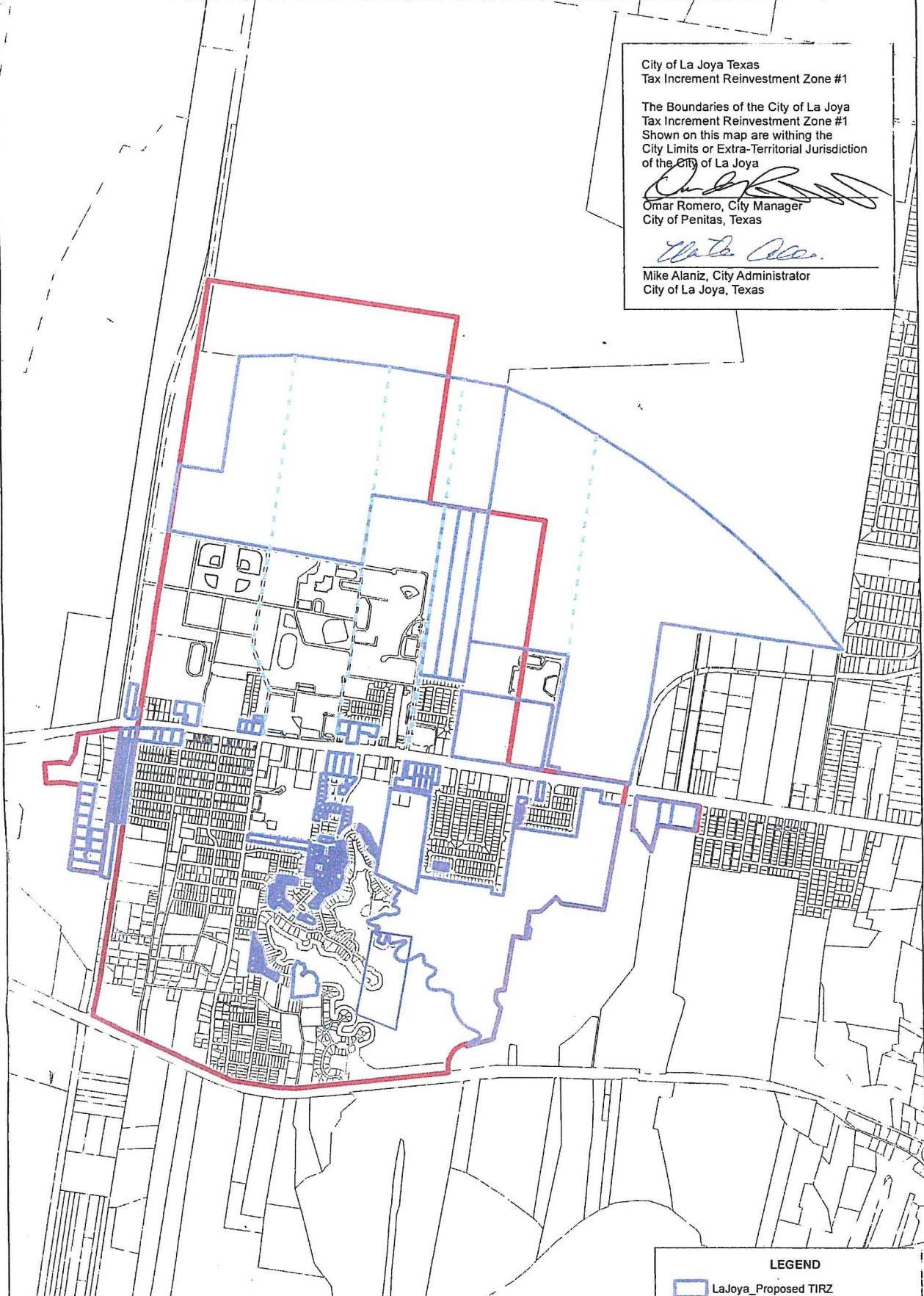
CITY OF LA JOYA PROPOSED TIRZ

City of La Joya Texas
Tax Increment Reinvestment Zone #1

The Boundaries of the City of La Joya
Tax Increment Reinvestment Zone #1
Shown on this map are within the
City Limits or Extra-Territorial Jurisdiction
of the City of La Joya


Omar Romero, City Manager
City of Penitas, Texas


Mike Alaniz, City Administrator
City of La Joya, Texas



Map prepared by WENDELL DAVIS & ASSOCIATES
10.2016 210.804.1919



LEGEND




-  LaJoya_Proposed TIRZ
-  Zone Street Improvements & Extensions
-  CITY OF LA JOYA

Exhibit 4
to
La Joya TIRZ Agreement

Tax Account List*

*This is a preliminary list of the tax accounts within the ZONE. The Parties acknowledge that it is subject to correction based on any errors discovered by the Hidalgo County Appraisal District or the Hidalgo County Auditor's Office. Any errors uncovered after a payment is made will be accounted for in the next payment after discovery of the error.

[See attached 4 pages]

Prop ID	Size	1/1/2013 Value
222685	2.61	\$245,809.00
20822132	2.000	\$243,286.00
623172	6.3212	\$1,198,437.00
630841	140.74	\$388,398.00
344208	0.69	\$125,035.00
687964	1.0005	\$43,580.00
687963	1.000	\$43,562.00
687962	1.000	\$43,646.00
687961	1.000	\$43,567.00
687960	1.01	\$43,850.00
687959	1.000	\$43,599.00
687958	1.000	\$43,619.00
687970	2.0414	\$8,892.00
687956	1.000	\$43,578.00
687955	1.000	\$43,594.00
178203	0.66	\$114,998.00
547138	1.23	\$476,370.00
178201	0.69	\$84,652.00
514948	0.89	\$147,256.00
178200	0.76	\$129,188.00
958274	1.79	
101350	1.61	\$96,414.00
178123	0.4	\$24.00
279532	1.88	\$98,286.00
279529	0.5	\$347,981.00
279530	0.5	\$202,525.00
700041	3.355	\$164,900.00
960355	2.39	
279628	79.00	\$229,457.00
279522	93.00	\$164,828.00
279635	15.98	\$87,890.00
279634	15.98	\$87,890.00
279633	15.41	\$84,766.00
518063	125.00	\$264,677.00
279522	95.00	\$164,828.00
279628	6.22	\$229,457.00
685259	1.11	\$145,314.00
685260	1.15	\$300,072.00
685261	1.18	\$308,232.00
732219	1.44	\$377,040.00
722473	0.8	\$461,356.00
222656	0.46	\$120,102.00
222662	0.46	\$125,412.00
222654	1.0000	\$99,266.00
344206	0.71	\$80,412.00

222660	0.54	\$11,888.00
222655	0.54	\$11,888.00
222663	23.99	\$2,747.00
577611	0.15	\$70,901.00
577612	0.39	\$33,750.00
577614	0.18	\$15,280.00
577615	0.17	\$14,400.00
577617	0.18	\$15,248.00
577618	0.2	\$17,032.00
577673	0.16	\$93,309.00
649414	0.16	\$17,063.00
649412	0.16	\$17,063.00
255275	0.12	\$14,254.00
255276	0.13	\$15,510.00
255277	0.17	\$10,942.00
255279	0.13	\$14,575.00
255284	0.16	\$10,368.00
610605	0.12	\$23,241.00
710606	0.22	\$23,936.00
710607	0.21	\$23,386.00
710608	0.21	\$22,835.00
710569	0.34	\$57,045.00
710568	0.34	\$57,661.00
710574	0.26	\$28,286.00
710575	0.22	\$23,849.00
710576	0.223	\$24,324.00
710577	0.223	\$24,324.00
710578	0.21	\$22,823.00
710579	0.23	\$25,208.00
710580	0.23	\$25,208.00
710581	0.21	\$22,825.00
710582	0.223	\$24,324.00
710583	0.24	\$25,678.00
710589	0.24	\$35,470.00
710588	0.21	\$30,914.00
710587	0.16	\$23,537.00
255292	0.13 Ex	
255293	0.13	\$14,575.00
255294	0.13	\$14,575.00
255295	0.13	\$14,575.00
255296	0.13	\$14,575.00
255297	0.13	\$14,575.00
255298	0.13	\$14,575.00
255299	0.17	\$10,685.00
255300	0.17	\$70,025.00
255301	0.13	\$14,575.00
255302	0.25	\$15,501.00

255305	0.13	\$14,575.00
255306	0.12	\$13,754.00
255307	0.13	\$14,575.00
255309	0.13	\$14,575.00
255310	0.15	\$11,162.00
255311	0.15	\$11,162.00
255312	0.15	\$11,162.00
255313	0.15	\$11,162.00
255314	0.17	\$10,991.00
726756	0.16	\$124,776.00
726757	0.15	\$11,144.00
726758	0.15	\$11,518.00
726759	0.2	\$15,160.00
726760	0.19	\$14,440.00
726761	0.17	\$13,248.00
726762	0.15	\$11,511.00
726763	0.14	\$10,355.00
726764	0.15	\$11,259.00
726765	0.21	\$16,063.00
726745	0.19	\$19,443.00
726746	0.34	\$40,365.00
710595	0.199	\$29,112.00
710604	0.18	\$26,019.00
686552	1.29 EX	\$ -
686553	1.35 Ex	\$ -
726712	0.19	\$22,464.00
726715	0.16	\$12,022.00
726716	0.17	\$19,810.00
726717	0.21	\$15,800.00
726718	0.19	\$14,840.00
726719	0.16	\$11,969.00
726720	0.16	\$11,969.00
726721	0.16	\$11,969.00
726722	0.16	\$11,969.00
726723	0.16	\$11,969.00
726766	0.22	\$26,006.00
726767	0.16	\$18,414.00
726768	0.17	\$19,602.00
726771	0.14	\$10,786.00
726772	0.2	\$24,062.00
726773	0.19	\$22,928.00
726774	0.18	\$13,440.00
726729	0.16	\$12,204.00
726730	0.16	\$12,162.00
726731	0.16	\$18,644.00
726732	0.16	\$12,076.00
726733	0.18	\$13,523.00

726735	0.2	\$23,460.00
726736	0.16	\$11,909.00
726737	0.19	\$14,830.00
726738	0.24	\$18,197.00
726739	0.18	\$14,024.00
726740	0.16	\$11,969.00
726741	0.16	\$11,969.00
255337	0.13 EX	
255338	0.11 EX	
255339	0.12 EX	
255340	0.13 EX	
255341	0.13 EX	
255342	0.16 EX	
255343	0.16 EX	
255367	0.17 EX	
255368	0.19 EX	
255369	0.2 EX	
255370	0.21	\$13,369.00
255372	0.15 EX	
255373	0.22 EX	
255374	0.19 EX	
255375	0.29 EX	
255376	0.25 EX	
255377	0.2 EX	
255378	0.19 EX	
255379	0.17 EX	
255380	0.15 EX	
255381	0.19 EX	
222644	3.02	\$20,007.00
222645	1.06	\$8,669.00
669532	0.33	\$1,813.00
714291	0.33	\$8,174.00
687.4861		\$9,899,922.00