

THE STATE OF TEXAS
COUNTY OF HIDALGO

§
§
§

CITY OF ALTON

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 between the **CITY OF ALTON, TEXAS** (hereafter referred to as "CITY"), a Texas General Law City, acting through its City Manager pursuant to Ordinance #2009-09, passed and approved by the City Commission on December 8 and December 29 2009, **HIDALGO COUNTY** (hereafter referred to as "COUNTY"), a political subdivision of the State of Texas, and **REINVESTMENT ZONE NUMBER ONE, CITY OF ALTON, TEXAS**, a reinvestment zone created by the CITY pursuant to Chapter 311 of the Texas Tax Code, (hereafter referred to as the "ZONE") acting by and through its duly authorized Board of Directors, 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, COUNTY, and 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 CITY, ZONE and COUNTY in the Alton Development Project.

2. The initial addresses of the Parties are listed below. Each party may designate a different address by giving the CITY, COUNTY, ZONE BOARD and COUNTY AUDITOR at least ten (10) days prior written notice.

CITY

Jorge Arcaute
City Manager
City of Alton
509 S. Alton Blvd.
Alton, Texas 78573

With Copy to:

ZONE BOARD

Attention: Chairman
Reinvestment Zone Number One, City of Alton, Texas
509 S. Alton Blvd
Alton, Texas 78573

COUNTY

Ramon Garcia
Hidalgo County Judge
County of Hidalgo
P. O. Box 1356
Edinburg, Texas 78540

With Copy to:

HIDALGO COUNTY AUDITOR

Attention: Ray Eufrazio, CPA
Re: City of Alton TIRZ #1
2808 South Business Hwy 281
Edinburg, Texas 78539

5/23/2011 8:25 AM

RECEIVED
JUL 13 2011
COUNTY JUDGE

RECEIVED

JUL 13 2011

COUNTY JUDGE

B. Index

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

<u>Section</u>	<u>Description</u>	<u>Page</u>
I.	Parties	1
II.	Definitions	2
III.	Background	3
IV.	Rights and Obligations of COUNTY	4
V.	Rights and Obligations of CITY and ZONE	7
VI.	Term and Termination	8
VII.	Miscellaneous	8
Exhibit "A"	Project Plan	
Exhibit "B"	City of Alton Ordinance	

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. "Agreement" means this Interlocal Agreement. The aggregate Administrative Costs over the life of the ZONE are estimated to be \$25,000.
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. "Available Tax Increment" shall mean the "Tax Increment," as defined below, less the Administrative Costs of the COUNTY.
5. "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 2009, the base year of the ZONE.
6. "CITY" has the meaning set forth in Section I.A.1. above, and includes its successors and assigns.
7. "COUNTY" has the meaning set forth in Section I.A.1. above.
8. "COUNTY M&O Tax Rate" means that portion of the ad valorem tax rate used by the COUNTY for Maintenance and Operation. The COUNTY M&O Tax Rate may be changed by the COUNTY during the term of the Zone. The COUNTY M&O Tax Rate for the year 2010 is \$0.5107.
9. "Final Project Plan and Financing Plan" means the Final Project Plan and Financing Plan for

- ZONE as adopted by the Board of Directors of ZONE on April 13, 2010, and approved by City Commission of CITY on April 13, 2010 and attached hereto as Exhibit "A".
10. "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.
 11. "Parties" has the meaning given such term in Section I.A.1. above.
 12. "Project" refers to the City of Alton Proposed Public Improvements identified in the Final Project Plan and Financing Plan.
 13. "Project Costs" means the items set forth and described in Section 311.002(1) of the Texas Tax Code that are included in the Project Plan for the Project. The Project Costs include, but are not limited to, public infrastructure improvements and related capital costs; including streets; streetlights; drainage; gas, water and sewer utilities; sidewalks; landscaping; and related facilities; railroad facilities; fencing; and rights-of-way.
 14. "Project Plan" means the Final Project Plan and Financing Plan for the ZONE as adopted by the Board of Directors of the ZONE on April 13, 2010 and approved by the City Commission of the CITY on April 13, 2010, and attached hereto as Exhibit "A".
 15. "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.
 16. "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, 2009, the year in which the ZONE was designated.
 17. "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 Alton, Texas Tax Increment Fund."
 18. "Tax Increment Payment" means the amount of the Tax Increment that a Participating Taxing Entity is required to deposit annually into the Tax Increment Fund in accordance with this Agreement and the Project Plan.
 19. The "term of the ZONE" has the meaning set forth in Section III.A. below.
 20. "ZONE" means Tax Increment Reinvestment Zone Number One, City of Alton, Texas, the description of which is contained in Exhibit "B", attached hereto.
 21. "ZONE BOARD" has the meaning set forth in Section I.A.1. above.

III. BACKGROUND

A. On October 13, 2009, the city commission of the CITY notified the COUNTY, Sharyland ISD and Mission CISD of their intent to create a tax increment reinvestment zone, commonly known as the Alton Development Project, pursuant to Chapter 311, Texas Tax Code, and on December 07, 2009, the City Commission of the CITY held a public hearing on the creation of the ZONE. On December 8 and 29, 2009, the City Commission of the CITY passed and approved Ordinance # 2009-09 which created the ZONE. The ZONE will provide funding for public improvements within the ZONE. The ZONE is projected to terminate on September 30, 2033, unless earlier termination occurs under this Agreement (the "term of the ZONE").

B. The ZONE BOARD adopted the Project Plan on April 13, 2010. The CITY approved the Project Plan and Project Financing Plan on April 13 and April 27, 2010. The CITY and the COUNTY agree to participate in the ZONE and to deposit their respective Tax Increment Payments to the Tax Increment Fund, in accordance with the terms, and in consideration for the agreements, set forth herein. The Tax Increment Fund was authorized by Ordinance No. 2009-09, attached hereto as Exhibit "B." 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.

C. The Parties hereto agree that, other than bonds or notes issued pursuant to §311.015 of the Texas Tax Code, no tax-supported public debt instrument will be issued by the City of Alton 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 100% of the revenue generated from the COUNTY M&O Tax Rate as assessed and collected on the tax increment for the respective tax year less Administrative Costs as specified below.

For the purpose of this Agreement the COUNTY M&O Tax Rate shall be calculated as set forth in Section IV.B.9. of this Agreement. In no event shall the COUNTY contribution to the Tax Increment Fund over the life of the ZONE (beginning with the 2010 tax year) be greater than nine million, fifteen thousand, four hundred sixty-four dollars (\$9,015,464).

Administrative Costs in the amount of one thousand dollars (\$1,000) per year will be reimbursed to the County by deduction from the annual payment made to the Tax Increment Fund, not to exceed an aggregate amount of twenty-five thousand dollars (\$25,000).

The chart below is an example of how the County’s Tax Increment Reinvestment Zone payment will be calculated pursuant to this Agreement.

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))	\$ 1,000,000.00
<i>(Multiplied by)</i> Hidalgo County Current (GHD) Tax Rate (.59/100)	0.0059
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 5,900.00
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 1,000,000.00
<i>(Less)</i> Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD)	\$ 10,000.00
Captured Appraised Value	\$ 990,000.00
Captured Appraised Value <i>(multiplied by)</i> Contribution Rate (The lesser of actual tax year COUNTY M&O Tax Rate or rate specified on agreement) (.51/100)	\$ 900,000.00 0.0051

Tax Levy Due to TIRZ	\$ 4,590.00
TIRZ Collections (for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office (divided) GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ	\$ 3,000.00
	\$ 5,900.00
Percent Collected of Actual Levy	50.85%
Tax Levy Due to TIRZ	\$ 4,590.00
(Multiplied by) Percent Collected of Actual Levy	50.85%
TIRZ PAYMENT AMOUNT	\$ 2,334.02
LESS ADMINISTRATIVE COSTS	\$ 1,000.00
FINAL TIRZ PAYMENT AMOUNT	\$ 1,334.02

No higher rate, figure, or amount listed in the Project Plan will cause an increase in the amount due from the COUNTY, which shall be calculated as set forth herein based upon the then current COUNTY M&O Tax Rate, capped as set forth below in Section IV.B.9.

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 shall be subject to Section 311.013(d) of the Tax Code. The COUNTY's contributions to the Tax Increment Fund shall end when it has contributed the maximum total contribution provided for herein of nine million, fifteen thousand, four hundred sixty-four dollars (\$9,015,464), or when it has made contributions of all Tax Increment Payments, as specified in the Project Plan and in accordance with the term of the Zone, (ending on September 30, 2033), whichever occurs first.

B. Tax Increment Payment

1. COUNTY's obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided in Section IV.A. of this Agreement and as calculated as set forth therein, 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 Tax Increment Base and after the total amount of taxes on the Tax Increment Base have been collected, then the remaining ad valorem taxes collected shall constitute the Tax Increment. COUNTY agrees to deposit its first Tax Increment Payment to the Tax Increment Fund for tax year 2010 once (i) all tax accounts have been coded by the Hidalgo County Appraisal District, (ii) the Hidalgo County Tax Office has received the list of tax accounts, (iii) collection reports have been provided to the Auditor's Office, and (iii) the COUNTY has received (x) the information required under Section 311.016 of the Tax Code, (y) the fully executed Interlocal Agreement, and (z) the payment request detailing the payment calculation as illustrated in Section IV.A. The amount of the first Tax Increment Payment shall

be based on the Tax Increments that were received up to January 31, 2011, but only for tax year 2010 beginning January 1, 2010. 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. Under no circumstances shall the COUNTY be required to participate in the ZONE with taxes attributable to periods after 2033.

2. One month prior to a payment required under Section IV.B. of this Agreement, the CITY shall provide to the COUNTY an updated fact sheet that includes detail as to what portion of the Project has been completed to date, a schedule of what portion of the Project is to be completed in the following year and a current roster of the ZONE's board members, including the term of each board member, the entity that appointed the board member and the date for the next annual meeting. 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. The CITY shall also request collection reports from the Hidalgo County Tax Assessor Collector and provide a copy of those reports and a payment request detailing the payment calculation as illustrated in Section IV.A. to the COUNTY one month prior to a payment required under Section IV.B. of this Agreement.

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) of the Texas Tax Code, which states as follows:

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

The Parties expressly agree that 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 if the fact sheet required under Section IV.B.2. and the report required under Section 311.016 of the Texas Tax Code, and the payment request detailing the payment calculation required under Section IV.B.2. is not submitted to the COUNTY or in any situation in which the CITY is not obligated to pay penalties and interest.

5. The CITY agrees to comply with the Project Plan. The CITY and the ZONE agree to provide prior written notice to all Participating Taxing Entities of a proposed material change (by which is meant 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) to the Project Plan; provided that any change that is not approved by the COUNTY shall not change the amount of Tax Increment Payments due from the COUNTY. The CITY shall have the right to amend and modify the Project 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 materially breaches this Agreement, then a Participating Taxing Entity 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 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 Project 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 nine million, fifteen thousand, four hundred sixty-four dollars (\$9,015,464), 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.

9. The County agrees to participate at one hundred percent (100%) of its COUNTY M&O Tax Rate equal to \$0.5107 per \$100 valuation on the Captured Appraised Value less Administrative Costs as set forth in Section IV.A.1. of this Agreement. In the event that the COUNTY M&O Tax Rate is less than \$0.5107 per \$100 valuation on the captured appraised value during any of the years 2010 through 2033, then the maximum tax increment paid by the COUNTY into the Tax Increment Fund shall not exceed the designated percentage of the total amount of taxes collected by the COUNTY at the actual COUNTY M&O Tax Rate during the year the COUNTY tax rate is less than \$0.5107 per \$100 valuation. In the event that the COUNTY M&O Tax Rate is greater than \$0.5107 per \$100 valuation on the captured appraised value during any of the years 2010 through 2033, the COUNTY shall retain all taxes collected above the maximum amount of tax increment deposited in the Tax Increment Fund at the designated percentage of the COUNTY'S M&O contribution equal to a tax rate of \$0.5107 per \$100 valuation on the captured appraised value. The Captured Appraised Value will be the value provided to COUNTY by the Hidalgo County Appraisal District as of January 31st of the year the tax increment payment is due for such tax roll. If the certified taxable value changes after the initial tax increment payment has been made, the change in value will not be included in the tax payment in the upcoming years. COUNTY taxes that are delinquent for more than five years will be considered uncollectible 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 Project and Finance Plan. The Participating Taxing Entities, during the term of this Agreement, may inspect the Project site and review Project plans and drawings at times and intervals that will not interfere with ongoing operations.

2. The ZONE BOARD shall be composed of five (5) 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 "B" 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.

V. RIGHTS AND OBLIGATIONS OF CITY AND ZONE

A. Tax Increment Participation by the CITY

Subject to the terms of this Agreement and 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 during the term of this Agreement, beginning with the 2010 tax year. 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 2033, whichever occurs first. Notwithstanding anything herein to the contrary, the total CITY Tax Increment Payments over the term of the ZONE shall not exceed ten million, nine hundred eleven thousand, six hundred seventy eight dollars (\$10,911,678).

B. Tax Increment Payment

1. 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. The CITY agrees to deposit its first Tax Increment Payment to the Tax Increment Fund for tax year 2010 by April 30, 2011. The amount of the first Tax Increment Payment shall be based on the Tax Increments that were received through January 31, 2011, but only for the tax year 2010 beginning January 1, 2010. For subsequent Tax Increment Payments, the CITY agrees to contribute its Tax Increment Payment to the Tax Increment Fund semi-annually on or before March 10th and August 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 COUNTY and the CITY shall not owe any interest on Tax Increments that have been levied, but not received by the COUNTY or 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. Each Participating Taxing Entity agrees the ZONE BOARD shall administer the Tax Increment Fund on behalf of the ZONE, pursuant to Ordinance No. 2009-09 passed and approved by City Commission of the CITY on December 8 and 29, 2009. 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 only taxing entity to receive administrative expenses is the County.

3. 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.

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 September 30, 2033, 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 2010 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 for taxes collected after September 30, 2033.

B. Early Termination

Neither the CITY nor the ZONE BOARD shall take any action to terminate the ZONE earlier than the duration 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 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 the 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 final finance plan passed and approved in accordance with Resolution No. 2010-04 dated April 13, 2010. The CITY and the COUNTY are not obligated above and beyond what is actually collected as tax increment funds.

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 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 Commission of CITY 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 of the CITY 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.

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

J. Access to Financial Information

The ZONE agrees to conduct or to cause to be conducted, at a minimum, an annual financial review, a copy of which will be provided to the COUNTY. Furthermore, each Party to this Agreement shall have reasonable access to financial information and audit reports regarding the operation of the ZONE, contribution of Tax Increment Payments to the Tax Increment Fund, and expenditures from the Tax Increment Fund for Project Costs. In addition, the CITY agrees, during the term of this Agreement, 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 for the applicable tax year, and shall not incur any penalties or interest with respect to any such withheld of 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.

IN WITNESS HEREOF, the CITY OF ALTON; HIDALGO COUNTY, AND TAX INCREMENT REINVESTMENT ZONE NUMBER ONE (1), CITY OF ALTON, TEXAS have made and executed this Agreement in triplicate originals on this ____ day of _____, 2011.

CITY OF ALTON

Jorge Arcaute

Jorge Arcaute
City Manager

ATTEST/SEAL:

Baudelia Rojas, cpm

City Secretary



REINVESTMENT ZONE NUMBER ONE,
CITY OF ALTON, TEXAS

John J. Velez

Presiding Officer

HIDALGO COUNTY

By: *Ramon Garcia*

Ramon Garcia
County Judge

APPROVED BY
COMMISSIONERS' COURT

ATTEST/SEAL ON: 5/23/11 ms

Arturo Guajardo, Jr.

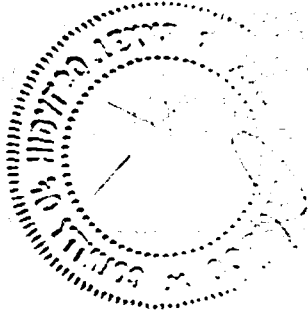
Arturo Guajardo, Jr.
County Clerk

APPROVED AS TO FORM FOR
HIDALGO COUNTY:

Atlas & Hall, LLP

By: *Stephen L. Crain*

Stephen L. Crain
Atlas & Hall, L.L.P.



[Handwritten signature]



[Faint handwritten text]

Exhibit A
City of Alton Tax Increment Reinvestment Zone # 1
Project Plan and Financing Plan

Exhibit B
City of Alton Ordinance No. 2009-09

Exhibit A
City of Alton Tax Increment Reinvestment Zone # 1
Project Plan and Financing Plan

**FINAL
PROJECT PLAN
AND FINANCING PLAN
FOR**

Reinvestment Zone Number One

City of ALTON, Texas

ALTON Redevelopment Project

APRIL 13, 2010

Table of Contents

	Page
I. EXECUTIVE SUMMARY	3
II. PROJECT PLAN	8
III. PROJECT FEASIBILITY	13
IV. REINVESTMENT ZONE FINANCING PLAN	14
V. ALTON BOARD MEMBERS	23
 EXHIBITS	
A. MAP OF ZONE	24
B. SUMMARY OF TIRZ REQUIREMENTS	25
C. LIST OF ZONE PROPERTIES	26

SECTION I – EXECUTIVE SUMMARY

Overview of Plan

The City of Alton Tax Increment Reinvestment Zone (“TIRZ”) Number One represents an important opportunity for the City of Alton 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 have remained undeveloped or are in need of redevelopment due to inadequate city street infrastructure, substandard streets, drainage issues, functional obsolescence, lack of adequate or non-existent fire flow 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 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 Alton 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 Alton economy and housing market.

The proposed TIRZ is comprised of vacant land and functionally obsolete residential and commercial structures throughout the City of Alton. Also included within the TIRZ boundaries are the public rights of way and the associated alley ways of West Bella Vista Ave., County Road 2127, West Sycamore Ave., West Eisenhower Ave., Pennsylvania St., Rhode Island St., St. Jude Ave., Mile 6 Road, West Diamond Head Ave., Oklahoma St., Ohio St., North Dakota St., Solar Dr., Inspiration Road South, Main Ave., Buchanan Ave., Mile 5 Road, Los Ebanos Blvd., North and South Trosper Blvd., Louisiana St., Kentucky St., Monroe Ave., Nautilus Ave., McKinley Ave., Combes Ave., Missouri St., Mississippi St., Mahala Ave., Ala Moana St., Kohala Ave., Honolulu Ave., Hawaii St., Compeche Ave., Iowa St., Idaho St., Georgia Ave., North Florida St., 7th Ave., Delaware St., Colorado St., Arizona St., Alton Blvd. S.H. 107, Leverman St., St. Francis Ave., Mile 4 North Rd., South New Jersey St., South Nevada St., South Nebraska St., Kennedy Ave., West Bella Vista Ave., Jefferson Ave., Ignacio Ave., Israel Ave., Harrison Ave., Hayes Ave., Garfield Ave., New Mexico Ave., Nebraska St., Missouri St., Minnesota St. Michigan St., Maryland St., Adams Ave., Andrew Ave., Dawes Ave., Madison Ave., Jackson Ave., Harding Ave., Fillmore Ave., Austin St., Quintanilla Blvd., Alamo St., Maple St., Oak St., Chicago St., Dallas St., Eagle

Pass St., Mayberry Blvd., Clinton Ave., Rabbit Run Ave., Irving St., Kingsville St., Zinnia Ave., Bunny St., Briar St., Nacogdoches St., Eisenhower Blvd., Franklin St., Bryan Blvd., Alvarado St., Mexico St., Buena Vista St., Montemorelos St., Linares St., Diamond Head Ave., Nogales St., Oaxaca St., Rockport St., Santa Fe St., San Antonio St., Jo Beth St., Linda St., Bluebonnet St., Monroe Ave., Waxahachie St., La Pointe Ave., Truman Ave., Stevenson Ave., Lincoln Ave., Aransas St., Roosevelt Ave., Hermosillo Ave., Harding Ave., Vega St., Yankton St., Yoakum St., Zavalla St., South Xanthia St., Laura Ave., Mile 4 Road and J Rock, All city Streets within the corporate limits of the City of Alton including the forenamed streets with an East, West, South or North modifier. The following City of Alton Parks are specifically included within the TIRZ boundaries; Sylvia Vela Park, Joseph Garcia Park, Palm Lake Estates Park, Fireman's Park and Elizondo Park.

Development Goals and Objectives

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

- Provide commercial and industrial opportunities for developers and companies seeking commercial building sites through the extension of existing City streets and the provision of fire flow throughout the City
- Provide for new commercial, and residential opportunities through the completion of new connector streets.
- Begin to address the need for expanded housing opportunities for Alton residents and Alton workers who have to commute to work.
- Provide employment opportunities to service increasing population growth within the City of Alton and surrounding Hidalgo County.
- Solve long-range storm drainage issues that affect the City and it's residents.
- Enhance the quality of life within the City and Hidalgo County through Economic Development Incentives.
- 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 new City Parks.

The City of Alton 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

The City of Alton TIRZ Development Program includes;

Phase 1	2009-2010	\$	6,500,000	Commercial
Phase 1a	2009-2010	\$	1,500,000	Single Family
Phase 2	2011	\$	3,500,000	Commercial
Phase 2a	2011	\$	2,500,000	Single Family
Phase 3	2012	\$	10,000,000	Commercial
Phase 3a	2012	\$	4,750,000	Single Family
Phase 4	2013	\$	3,500,000	Commercial
Phase 4a	2013	\$	2,500,000	Single Family
Phase 5	2014	\$	3,500,000	Commercial
Phase 5a	2014	\$	2,500,000	Single Family
Phase 5b	2014	\$	13,600,000	Multi-Family
Phase 6	2015	\$	5,000,000	Commercial
Phase 6a	2015	\$	2,500,000	Single Family
Phase 7	2016	\$	10,000,000	Commercial
Phase 7a	2016	\$	2,500,000	Single Family
Phase 8	2017	\$	5,000,000	Commercial
Phase 8a	2017	\$	2,500,000	Single Family
Phase 9	2018	\$	5,000,000	Commercial
Phase 10	2019	\$	2,500,000	Commercial
Phase 11	2020	\$	5,000,000	Commercial
Phase 12	2021	\$	2,500,000	Commercial
Phase 13	2022	\$	5,000,000	Commercial
Phase 14	2023	\$	2,500,000	Commercial
		\$	69,500,000	Commercial
	160	\$	13,600,000	Multi-Family
	165	\$	21,250,000	Single Family

The total private investment is expected to be in excess of \$ 104,350,000.

The projected values of future commercial development are based upon an analysis of the 2007, 2008 and 2009 building permits issued by the City of Alton. 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 annexed additional street frontage on Alton Blvd. (S.H. 107) 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 \$51,900,000 provide for fire flow throughout the City. Presently only the area surrounding Main and Alton has fire flow protection. The plan includes two additional fire flow storage tanks fire plugs and in-ground piping; extension of existing streets, acquisition of right-of-way and reconstruction of major arterials and other city streets, addressing public safety concerns including a fire station that will adequately house the existing and planned new emergency vehicles, addressing housing issues that are impeding economic development, development and implementation of a comprehensive drainage plan to include storage at the four existing calicheras, utility relocation, and Economic Development Incentives. Included in the plan are significant park and recreation expansions to include soccer fields, The public improvements planned for the City of the Alton district are designed to help meet the long-term needs to secure and insure growth and investment in the City and central Hidalgo County.

Planned Public Construction

The City of Alton TIRZ Development Program includes;

Fire Flow Water Storage Facilities, Plugs and Lines

Fire Flow Northeast/Southeast Quadrant \$ 8,000,000

Fire Flow Northwest/Southwest Quadrant \$ 6,000,000

Utility Relocation \$ 4,500,000

New East West Connectors &

Reconstruction of Mile 4 and Mile 6 Roads \$10,000,000

Right of Way Acquisition \$ 750,000

Street Reconstruction \$2,500,000

Comprehensive Drainage Plan & Implementation Program

\$3,500,000

Municipal Facilities

Library \$ 2,500,000

Public Safety Facilities

Fire Station \$ 2,500,000

Street Lights \$ 625,000

Park Plan

Quarry Project \$ 3,500,000

Park Reconstruction \$ 750,000

Calichera Development \$ 1,750,000

Hike and Bike Trails \$ 500,000

New Park Facilities \$ 2,000,000

Hidalgo County Administrative Expense \$ 25,000

It is anticipated that construction will begin in calendar year 2011 and will not be completed until 2033. The total costs of the planned public improvements are **\$ 51,900,000**.

The TIRZ Financing Plan provides for tax increment allowable expenses in the approximate amount of \$ 20,475,167. The Reinvestment Zone Financing Plan provides for incremental financing and predicts revenues for the City of Alton TIRZ District.

Section II – Project Plan

Background

On December 7, 2009 the City Commission of the City of Alton held the statutory public hearing on the creation of Alton TIRZ # 1. On October 13, 2009 Hidalgo County, Sharyland ISD and Mission CISD were notified of the City's intent to create a tax increment reinvestment Zone. On December 8, 2009 at their regularly scheduled Commission Meeting the City Commission approved Ordinance 2009-09 authorizing the creation of the TIRZ and Ordinance 2009-10 appointing a Board of Directors for the Zone.

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

- Hidalgo County Commissioner's Office October 13, 2009
- Hidalgo County Economic Development Department October 13, 2009
- Hidalgo County Commissioners Court on November 10, 2009.
- Dr. Mona Parras, Hidalgo County designated representative November 23, 2009
- Sharyland Independent School District on October 27, 2009
- Mission Consolidated Independent School District November 11, 2009

Program Concepts

The City of Alton TIRZ District represents an important opportunity for the City of Alton 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 warehouse/industrial and lodging construction are the key components of the revitalization plan. Increased employment opportunities for Alton 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 Alton TIRZ District will insure the future of the City as a viable option as companies look to expand or relocate. The addition of lodging facilities will complement and expand the City's economic development program through additional funding.

Description of District

The City of Alton TIRZ District is located throughout the City. It uses a series of major through-fares and city street right-of-ways to connect the various properties within the Zone. The market value of property within the Zone is approximately \$37,347,667, however, the total assessed value

of the property in the Zone, the Base Value of the Zone, is approximately \$31,920,645 per the Hidalgo County Appraisal District. The City of Alton TIRZ zone includes approximately 788.24+/- acres of public and privately held land surrounding the City as shown on the Exhibit "A"

Existing Uses and Conditions

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

1. the proposed zone is a contiguous geographical area located wholly within the City limits of Alton;
2. less than ten percent (10%) 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 fifteen per cent (15%) 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 fifteen percent (15%) of the total appraised value of real property taxable by Hidalgo County and the Sharyland ISD or Mission CISD School Districts,
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 Alton 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 Alton 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

Acquiring drainage easements and related drainage construction costs for drainage work done in coordination with the County in the implementation of the master drainage plan and to connect the calicheras are the only non-project costs contemplated by the City..

Proposed Public Improvements

FIRE FLOW

Fire flow in Alton is only available in a small area surrounding Main (FM 676) and Alton Blvd. (S.H. 107). The City has an existing 550,000 gallon water storage facility with a limited number of fire hydrants and water lines. The City obtains it's water from the Sharyland Municipal Water Supply Corporation (SMWSC) and until recently had difficulty in purchasing water to meet its fire flow needs. SMWSC has recently changed its position and now has the ability to meet the fire flow needs of the City. A 750,000 gallon storage tank needs to be constructed in the Northeast quadrant of the City to meet the needs of the northeast and southeast quadrants. Additionally water line and fire hydrants will need to be installed in the rights of way of the existing City streets. The most efficient means of delivering water for fire flow is a looped system so additional easements will need to be acquired where future streets will be constructed. A new 500,000 to 600,000 gallon storage tank along with hydrants and water line will be constructed in the northwest quadrant of the city to meet the needs of the existing northwest and southwest quadrants but also to service future planned annexation areas in the northwest quadrant. Fire flow has been an impediment to commercial development within the City as builders and developers have chosen to build elsewhere where more complete fire protection is available.

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.

EAST WEST ARTERIALS AND RIGHT OF WAY ACQUISITION

The City of Alton has large 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 FM 676 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. Mile Road 6 North and Mile Road 4 North will need to be significantly upgraded as the areas on either

side of them begin to develop as they are currently undersized for existing vehicular traffic. 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 Alton 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. A consequence of this is that vehicular traffic is forced onto roads that were adequately sized a decade ago but inadequately sized for today's traffic.

STREET RECONSTRUCTION

The rights-of-way of all of the existing streets in the City of Alton 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.

DRAINAGE

Over the years Alton 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 to include using the four existing calicheras as catchment basins. 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.

MUNICIPAL FACILITIES ACQUISITION AND CONSTRUCTION

Fire Station: The City's current fire station is inadequate and in need of constant repair. Its size does not allow it to house the existing fleet of fire prevention and other public safety vehicles. The City owns land on Dawson Ave. for a future state of the art facility that will allow it to house needed fire safety equipment and vehicles.

Street Lights: The City police force maintains criminal activity maps that allow them to chart criminal activity. Areas of the City with little or no street lighting are almost always at the top of the

list. The City in conjunction with AEP and Magic Valley has an annual program of installing 15 to 20 lights per year in those areas with the most amount of criminal activity.

Library: A long range goal of the City is a municipal library. Located in the municipal complex at Alton and Dawson Ave. it would complement the Boys and Girls Club as well as providing a community meeting facility.

PARKS INCLUDING SOCCER FIELDS

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. In particular the City has plans for the development of the Quarry Project also known as Memorial Square into a City Park with a full range of youth activities and water features in the quarry area. The City has set a goal of connecting all of its Calicheras with walking and bike trails. This work will be done in conjunction with the comprehensive drainage plan as some of the areas may also serve as drainage easements to assist in collecting storm water runoff and delivering it for storage in the calicheras

ECONOMIC DEVELOPMENT INCENTIVES

The City of Alton and Hidalgo County will not have the ability to abate taxes as an economic development tool in the Zone. Chapter 311 of the tax code allows for economic development to be an allowable expense. The City will use TIRZ funds to expand the tax base around new development to provide for increased employment for Alton and surrounding Hidalgo County residents. Incentives will be created to encourage landowners to convert vacant street frontage into viable commercial property.

The planned improvements are designed to begin to meet the long-term needs to secure growth and investment in Alton 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 Alton 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.. Additionally developers and builders have approached the City with preliminary plans for which they will be pulling permits in 2010. The assurance of fire flow will remove a significant impediment to the development of the hospitality industry and allow for the expansion of food service and related projects.

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 \$20,475,157 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 Alton 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 \$10,000,000.

Financing Policy: The goal of the City of Alton 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.

Begin Construction	2011
Construction Complete	2033
Fire Flow Water Storage Facilities, Hydrants and Lines	
Fire Flow Northeast/Southeast Quadrant	\$ 8,000,000
Fire Flow Northwest/Southwest Quadrant	\$ 6,000,000
Utility Relocation	\$ 2,500,000
New East West Connectors & Reconstruction of Mile 4 and Mile 6 Roads	
Right of Way Acquisition	\$ 750,000
Street Reconstruction	\$ 2,500,000
Comprehensive Drainage Plan & Implementation Program	\$ 3,500,000
Municipal Facilities	
Library	\$ 1,500,000
Public Safety Facilities	
Fire Station	\$ 1,250,000
Street Lights	\$ 500,000
Park Plan	
Quarry Project	\$ 3,000,000
Park Reconstruction	\$ 750,000
Calichera Development	\$ 1,750,000
Hike and Bike Trails	\$ 500,000
New Park Facilities	\$ 2,000,000
Economic Development Incentives	\$ 2,500,000
Hidalgo County Administrative Expense	\$ 25,000

The total budgeted for public improvements is \$ 43,025,000

Financial Assumptions

No tax rate changes have been factored into the financial pro forma's for the District. A 3% per year inflation rate in the value of the private improvements has been factored into the pro-forma. All projections assume that taxable appraised value and tax rates will remain unchanged, with the exception of the 3% per year inflation factor, over the entire 25-year life of the District. 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 80% 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 Alton Tax Increment Reinvestment Zone Number One Finance Plan.

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

City of Alton Project Review

City of Alton - TIF Reinvestment Zone # One

Summary Fact Sheet

11/23/2009 Revised 3/18/10

Plan of Finance

Site Area (estimate)	788.41+/- Acres
Base Value (January 1, 2009 estimate)	\$35,798,845

Project:

Phase 1	2009-2010	\$	6,500,000	Commercial
Phase 1a	2009-2010	\$	1,500,000	Single Family
Phase 2	2011	\$	3,500,000	Commercial
Phase 2a	2011	\$	2,500,000	Single Family
Phase 3	2012	\$	10,000,000	Commercial
Phase 3a	2012	\$	4,750,000	Single Family
Phase 4	2013	\$	3,500,000	Commercial
Phase 4a	2013	\$	2,500,000	Single Family
Phase 5	2014	\$	3,500,000	Commercial
Phase 5a	2014	\$	2,500,000	Single Family
Phase 5b	2014	\$	13,600,000	Multi-Family
Phase 6	2015	\$	5,000,000	Commercial
Phase 6a	2015	\$	2,500,000	Single Family
Phase 7	2016	\$	10,000,000	Commercial
Phase 7a	2016	\$	2,500,000	Single Family
Phase 8	2017	\$	5,000,000	Commercial
Phase 8a	2017	\$	2,500,000	Single Family
Phase 9	2018	\$	5,000,000	Commercial
Phase 10	2019	\$	2,500,000	Commercial
Phase 11	2020	\$	5,000,000	Commercial
Phase 12	2021	\$	2,500,000	Commercial
Phase 13	2022	\$	5,000,000	Commercial
Phase 14	2023	\$	2,500,000	Commercial

Totals		\$	69,500,000	Commercial
	160	\$	13,600,000	Multi-Family
	165	\$	21,250,000	Single Family

Assumptions	Captured Value	\$	104,350,000	
	Growth Factor		3.00%	
	Collection Rate		97.50%	
	Estimated Total TIF Revenues	\$	21,018,920	
	Estimated TIF Life		25	Years

2009 Appraised Value of Zone Properties			\$35,798,823	
2009 City of Alton Appraised Grand Total		\$	266,953,310	
Per Cent of Assessed Taxable in Zone			13.41%	

Projected Value of New Tax Increment

City of Alton - TIF Reinvestment Zone

Projected New Value of Tax Increment

Year	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Phase 7	Phase 8	Phase 9	Phase 10	Phase 11	Phase 12	Phase 13	Phase 14	Total
2009	8,000,000														8,000,000
2010		6,000,000													6,000,000
2011			14,750,000												14,750,000
2012				6,000,000											6,000,000
2013					19,600,000										19,600,000
2014						7,500,000									7,500,000
2015							12,500,000								12,500,000
2016								7,500,000							7,500,000
2017									5,000,000						5,000,000
2018										2,500,000					2,500,000
2019											5,000,000				5,000,000
2020												2,500,000			2,500,000
2021													5,000,000		5,000,000
2022														2,500,000	2,500,000
2023															
	8,000,000	6,000,000	14,750,000	6,000,000	19,600,000	7,500,000	12,500,000	7,500,000	5,000,000	2,500,000	5,000,000	2,500,000	5,000,000	2,500,000	104,350,000

**City of Alton - TIF Reinvestment Zone
Participation**

Entity	Tax Rate	Level of Participation	Tax Rate Based on Participation	% of Project	TIF Revenues
Alton	0.5928500	100%	0.5928500	53.62%	\$ 11,210,422
Hidalgo County	0.5127000	100%	0.5127000	46.38%	\$ 9,694,836
TOTAL	1.1055500		1.1055500	100.00%	\$ 20,905,258

Schedule of Projected Income From Value of New Tax Increment

Tax Year	Tax Increment Zone				City of Alton			Hidalgo County			Combined TIF Collections	Fiscal Year Ending	
	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			
2009	31,920,645		31,920,645		-	0.592850		-	0.512700			2009	
2010	31,920,645	8,000,000	39,920,645	8,000,000	8,000,000	0.592850		8,000,000	0.512700			2010	
2011	39,920,645	6,000,000	46,100,645	14,180,000	14,180,000	0.592850	46,242	14,180,000	0.512700	39,991	86,233	2011	
2012	46,100,645	14,750,000	61,293,145	29,372,500	29,372,500	0.592850	81,964	29,372,500	0.512700	70,883	152,848	2012	
2013	61,293,145	6,000,000	67,473,145	35,552,500	35,552,500	0.592850	169,781	35,552,500	0.512700	146,828	316,609	2013	
2014	67,473,145	19,600,000	75,198,145	43,277,500	43,277,500	0.592850	205,504	43,277,500	0.512700	177,721	383,224	2014	
2015	75,198,145	7,500,000	88,073,145	56,152,500	56,152,500	0.592850	250,156	56,152,500	0.512700	216,337	466,493	2015	
2016	88,073,145	12,500,000	95,798,145	63,877,500	63,877,500	0.592850	324,578	63,877,500	0.512700	280,697	605,274	2016	
2017	95,798,145	7,500,000	100,948,145	69,027,500	69,027,500	0.592850	369,230	69,027,500	0.512700	319,312	688,543	2017	
2018	100,948,145	5,000,000	106,098,145	74,177,500	74,177,500	0.592850	398,999	74,177,500	0.512700	345,056	744,055	2018	
2019	106,098,145	2,500,000	108,673,145	76,752,500	76,752,500	0.592850	428,767	76,752,500	0.512700	370,800	799,568	2019	
2020	108,673,145	5,000,000	111,933,339	80,012,694	80,012,694	0.592850	443,652	80,012,694	0.512700	383,672	827,324	2020	
2021	111,933,339	2,500,000	115,291,340	83,370,695	83,370,695	0.592850	462,496	83,370,695	0.512700	399,969	862,466	2021	
2022	115,291,340	5,000,000	118,750,080	86,829,435	86,829,435	0.592850	481,907	86,829,435	0.512700	416,756	898,662	2022	
2023	118,750,080	2,500,000	122,312,582	90,391,937	90,391,937	0.592850	501,899	90,391,937	0.512700	434,045	935,944	2023	
2024	122,312,582	-	125,981,960	94,061,315	94,061,315	0.592850	522,491	94,061,315	0.512700	451,853	974,345	2024	
2025	125,981,960	-	129,761,418	97,840,773	97,840,773	0.592850	543,701	97,840,773	0.512700	470,196	1,013,897	2025	
2026	129,761,418	-	133,654,261	101,733,616	101,733,616	0.592850	565,548	101,733,616	0.512700	489,089	1,054,637	2026	
2027	133,654,261		137,663,889	105,743,244	105,743,244	0.592850	588,050	105,743,244	0.512700	508,549	1,096,598	2027	
2028	137,663,889		141,793,805	109,873,160	109,873,160	0.592850	611,226	109,873,160	0.512700	528,592	1,139,818	2028	
2029	141,793,805		146,047,620	114,126,975	114,126,975	0.592850	635,098	114,126,975	0.512700	549,237	1,184,335	2029	
2030	146,047,620		150,429,048	118,508,403	118,508,403	0.592850	659,687	118,508,403	0.512700	570,501	1,230,187	2030	
2031	150,429,048		154,941,920	123,021,275	123,021,275	0.592850	685,013	123,021,275	0.512700	592,403	1,277,415	2031	
2032	154,941,920		159,590,177	127,669,532	127,669,532	0.592850	711,098	127,669,532	0.512700	614,962	1,326,060	2032	
2033	159,590,177		164,377,882	132,457,237	132,457,237	0.592850	737,967	132,457,237	0.512700	638,198	1,376,164	2033	
\$ 104,350,000							\$ 10,425,055			\$ 9,015,646			
Annual Growth Factors Years 2008-2009				0.00%	Participation Level			100%	Participation Level			100%	19,440,701
Thereafter				3.00%	Tax Rate Growth Factor			0.00%	Tax Rate Growth Factor			0.00%	
Combined Compound Growth Rate					Tax Rate Collection Factor			97.50%	Tax Rate Collection Factor			97.50%	\$ 19,440,701

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

Fiscal Year Ending	TIF Revenue	Cumulative TIF Revenues
2009		
2010		
2011	86,233	86,233
2012	152,848	239,081
2013	316,609	555,690
2014	383,224	938,915
2015	466,493	1,405,408
2016	605,274	2,010,682
2017	688,543	2,699,225
2018	744,055	3,443,280
2019	799,568	4,242,847
2020	827,324	5,070,171
2021	862,466	5,932,637
2022	898,662	6,831,299
2023	935,944	7,767,243
2024	974,345	8,741,588
2025	1,013,897	9,755,486
2026	1,054,637	10,810,122
2027	1,096,598	11,906,720
2028	1,139,818	13,046,539
2029	1,184,335	14,230,874
2030	1,230,187	15,461,061
2031	1,277,415	16,738,477
2032	1,326,060	18,064,537
2033	1,376,164	19,440,701

\$ 19,440,701

Project Budget

Begin Construction	2011
Construction Complete	2033
Fire Flow Water Storage Facilities, Hydrants and Lines	
Fire Flow Northeast/Southeast Quadrant	\$ 8,000,000
Fire Flow Northwest/Southwest Quadrant	\$ 6,000,000
Utility Relocation	\$ 2,500,000
New East West Connectors & Reconstruction of Mile 4 and Mile 6 Roads	
Right of Way Acquisition	\$ 750,000
Street Reconstruction	\$ 2,500,000
Comprehensive Drainage Plan & Implementation Program	\$ 3,500,000
Municipal Facilities	
Library	\$ 1,500,000
Public Safety Facilities	
Fire Station	\$ 1,250,000
Street Lights	\$ 500,000
Park Plan	
Quarry Project	\$ 3,000,000
Park Reconstruction	\$ 750,000
Calichera Development	\$ 1,750,000
Hike and Bike Trails	\$ 500,000
New Park Facilities	\$ 2,000,000
Economic Development Incentives	\$ 2,500,000
Hidalgo County Administrative Expense	\$ 25,000

Financial Feasibility

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

Conclusions

Based upon a set of conservative assumptions and analysis of the City of Alton Tax Increment Reinvestment Zone District Project Plan and Reinvestment Zone Financing Plan, The City of Alton TIRZ Board has concluded that the City of Alton TIRZ District Project Plan and Reinvestment Zone Financing Plan is feasible. The success of the City of Alton 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 Alton 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 Alton

1. Salvador Vela, Chairman
2. *Domingo Villarreal* Hidalgo County
3. Arturo Galvan Jr.
4. Ricardo Garza
5. Richard Arevalo
6. Emilo Cantu Jr.

Exhibit A

Map of Zone Properties

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 B
City of Alton Ordinance No. 2009-09

ORDINANCE 2009-09

DESIGNATING AN AREA KNOWN AS THE CITY OF ALTON REDEVELOPMENT 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 ALTON; AND ESTABLISHING A TAX INCREMENT FUND.

WHEREAS, the City Commission (the "Commission") of the City of Alton, 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 at a City Commission meeting on March 11, 2008; and

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 Reconstruction, (ii) Fire Flow Storage and Distribution, (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 contiguous geographical area within the City; 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 December 7, 2008 at 6:00 p.m. in the City Commission 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 COMMISSION OF THE CITY OF ALTON:

SECTION 1. DESIGNATING THE AREA AS A REINVESTMENT ZONE. The area described in Section 2. below and more commonly referred to as the "Alton Redevelopment 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 red 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 Commission. 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 December 8, 2009 and continue till its termination date of September 30, 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 ALTON, 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, 2009, 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 ALTON, 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 Alton, pursuant to the Act, further finds and declares that:

1. the proposed zone is a contiguous geographical area located wholly within the City limits of Alton;

2. less than ten percent (10%) 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 fifteen per cent (15%) 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 fifteen percent (15%) of the total appraised value of real property taxable by Hidalgo County and the Sharyland Independent School District and Mission Consolidated 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.

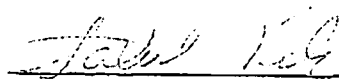
SECTION 10. SEVERABILITY. If any of the provisions of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstance shall nevertheless be valid, as if such invalid provisions had never appeared 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.

The City Commission waives 3rd reading of this ordinance.

ORDINANCE 2009-09 WAS READ, DISCUSSED AND APPROVED BY A VOTE of 5 ayes and 0 nays on this 29th day of December, 2009 at a GENERAL AND DULY CALLED MEETING OF THE CITY COMMISSION OF THE CITY OF ALTON TEXAS, at which a quorum was present and which was held in accordance with Chapter 551, of the Texas Government.

CITY OF ALTON

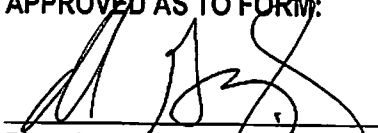


Salvador Vela, Mayor

ATTEST:


 Baudelia Rojas, City Secretary

APPROVED AS TO FORM:


 Ricardo Gonzalez, City Attorney

