

**THE STATE OF TEXAS**  
**COUNTY OF HIDALGO**

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**CITY OF PHARR**

**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 PHARR, TEXAS (hereafter referred to as "CITY"), a Texas General Law City, acting through its City Manager pursuant to Ordinance 0-2011-46, passed and approved by the City Commission on September 8th, 2011 and amended by Ordinance 0-2011-65 on December 12th, 2011, HIDALGO COUNTY (hereafter referred to as "COUNTY"), a political subdivision of the State of Texas, and REINVESTMENT ZONE NUMBER ONE, CITY OF PHARR, 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, 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 and COUNTY in the Pharr City 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**

Fred Sandoval  
City Manager  
CITY OF PHARR  
118 S Cage Blvd  
PHARR, Texas 78577

**With Copy to:**

**ZONE BOARD**

Attention: Chairman  
CITY OF PHARR – TIF REINVESTMENT ZONE #1  
118 S Cage Blvd, 4<sup>th</sup> Floor  
PHARR, Texas 78577

**COUNTY**

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

**With Copy to:**

**HIDALGO COUNTY AUDITOR**

Attention: Ray Eufracio, CPA  
Re: CITY OF PHARR-TIF ZONE #1  
2808 South Business Hwy 281  
Edinburg, Texas 78539

## 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:

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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 dollars (\$20,000). The only taxing entity to receive administrative expenses is the County.
2. "Agreement" means this Interlocal Agreement.
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 2011, 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 change from time to time. The COUNTY M&O Tax Rate as of August 1st, 2011, is \$0.5225 per \$100 dollars of valuation

- on the Captured Appraised Value and may be changed by the COUNTY during the term of the ZONE.”
9. Intentionally omitted.
  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 PHARR Proposed Public Improvements identified in the Project Plan.
  13. “Project Costs” means the items set forth and described in Section 311.002(1), Texas Tax Code, that are included in the Project Plan for the Project. The Project Costs include, but are not limited to, public infrastructure improvements and related capital costs; including streets; streetlights; drainage; gas, water and sewer utilities; sidewalks; landscaping; 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 February 21st, 2012 and approved by the CITY Commission of the CITY on February 21st, 2012 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, 2011, 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 Pharr, 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 REINVESTMENT ZONE NUMBER ONE CITY OF PHARR, the description of which is contained in Exhibit “B”, attached hereto.
  21. “Transportation Zone” means Transportation Reinvestment Zone Number Two, Hidalgo County.
  22. “ZONE BOARD” has the meaning set forth in Section I.A.1 above.

### **III. BACKGROUND**

A. The City Commission of CITY on Tuesday July 19th, 2011, expressed the CITY’s intent to create a tax increment financing reinvestment zone by approving Resolution # R2011-40 to support revitalization activities for the ZONE, commonly known as the Pharr Redevelopment Project, pursuant to Chapter 311, Texas Tax Code. On September 8th, 2011, the City Commission of CITY passed and approved Ordinance #0-2011-46, which created the ZONE, and, on December 12, 2011, Ordinance # 02-2011-65, which amended the boundaries of the ZONE. The ZONE will provide funding for public improvements within the ZONE. The ZONE is projected to terminate on December 31, 2032, unless earlier termination occurs under this Agreement (the “term of the ZONE”).

B. The CITY approved the Project Plan on March 20, 2012. 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. 0-2011-65 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 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**

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 M&O Tax Rate of \$0.5225 as assessed and collected on the tax increment for the respective tax year. In no event shall the COUNTY contribution to the Tax Increment Fund be greater than thirteen million, eighty thousand and eight hundred and ninety nine dollars (\$13,080,899), over the life of the ZONE beginning with the 2012 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 total contribution provided for herein of thirteen million, eighty thousand, eight hundred and ninety nine dollars (\$13,080,899), or when it has made contributions of all Tax Increment Payments, as specified in the Project Plan, attributable to all periods through the end of the COUNTY's fiscal year 2032 (ending on December, 2032), 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, 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 2012 by the later of (i) all tax accounts having been coded by the Hidalgo County Appraisal District, the Hidalgo County Tax Office having received the list of tax accounts, collection reports having been provided to the Hidalgo County Auditor's Office, and the information required under section 311.016 of the Tax Code having been provided to the COUNTY (ii) May 1st, 2013, and (iii) 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, 2013, but only for tax year 2012. 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 2032. 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 below to the COUNTY one month prior to a payment required to be made under this agreement. The following calculation will be used to calculate the COUNTY's Tax Increment Reinvestment Zone payment amount.

The chart below is an example of how the payment calculation is done.

<b>Tax Increment Reinvestment Zone (TIRZ) Payment Calculation</b>	<b>EXAMPLE</b>
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$100,000.00
<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	\$590.00
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by HCAD)	\$100,000.00
<i>(Less)</i> Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD)	\$10,000.00
<b>Captured Appraised Value</b>	<b>\$90,000.00</b>
Captured Appraised Value	\$90,000.00
<i>(multiplied by)</i> Contribution Rate (The lesser of actual tax year COUNTY M&O Tax Rate or rate specified on agreement) (.52/100)	0.0052
<b>Tax Levy Due to TIRZ</b>	<b>\$459.00</b>
TIRZ Collections (for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office	\$300.00
<i>(divided by)</i> GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ	\$590.00
<b>Percent Collected of Actual Levy</b>	<b>50.85%</b>
Tax Levy Due to TIRZ	\$459.00
<i>(Multiplied by)</i> Percent Collected of Actual Levy	50.85%
<b>TIRZ PAYMENT AMOUNT</b>	<b>\$233.39</b>
<b>LESS ADMINISTRATIVE COSTS (amount deducted per year ex: \$100.00)</b>	<b>\$100.00</b>

<b>FINAL TIRZ PAYMENT AMOUNT</b>	
	<b>\$133.39</b>

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, the date for the next annual meeting and 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) 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 and payment request required under section IV.B.2 and the report required under section §311.016 of the Texas Tax Code are not timely 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 thirteen million, eighty thousand, eight hundred and ninety nine dollars (\$13,080,899), plus any applicable penalty, which penalties are, to the extent permitted by applicable law and/or interest allowed in section 311.013 of the Tax Code, subject to the limitations on Section IV.B.4.

9. a. *General Provisions.* Subject to changes in the COUNTY M&O Tax Rate that will be addressed as set forth in section IV.B.9.b. and IV.B.9.c. below, the COUNTY agrees to participate at Fifty percent (50%) of its COUNTY M&O Tax Rate (50% currently equaling \$0.26125 per \$100 valuation on the Captured Appraised Value) of real property in the ZONE. The CITY represents and warrants that none of the real property in the ZONE is in the Transportation Zone

b. *Lower COUNTY M&O Tax Rate.* If the COUNTY M&O Tax Rate is less than \$0.5225 per \$100 valuation on the Captured Appraised Value during any year during the term of the Zone, then the maximum tax increment paid by the COUNTY into the Tax Increment Fund for such year shall not exceed the applicable percentage in Section IV.B.9.a above (50%) of the total amount of taxes collected by the COUNTY at the actual COUNTY M&O Tax Rate with respect to such year during which the COUNTY M&O Tax Rate is less than \$0.5225 per \$100 valuation.

c. *Greater COUNTY M&O Tax Rate.* If the COUNTY M&O Tax Rate is greater than \$0.5225 per \$100 valuation on the Captured Appraised Value during any year during the term of the Zone, the COUNTY shall retain all taxes collected in excess of \$0.26125 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 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 seventy five percent (75%) of its Tax Increment each year during the term of this Agreement, beginning with the 2011 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 2032 whichever occurs first. In no event shall the CITY contribution to the tax increment fund be greater than twenty five million five hundred and thirty five thousand nine hundred and eighteen dollars (\$25,535,918).

### **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 2012 by April 30, 2013. The amount of the first Tax Increment Payment shall be based on the Tax Increments that were received through January 31, 2012, but only for the tax year 2012 beginning January 1, 2012. 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. 0-2011-46 passed and approved by City Commission of the CITY on September 8th, 2011, as amended by Ordinance No. 0-2011-65 on

December 12, 2011. No funds shall be disbursed from the Tax Increment Fund without the prior written approval of the ZONE BOARD, and notice of use and disbursement of funds by the ZONE shall be given at least annually to the COUNTY.

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

## **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, 2032 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 2012 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, 2032.

### **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 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 Ordinance No. 0-2012-13 dated March 20, 2012. 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 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.

IN WITNESS HEREOF, the CITY OF PHARR; HIDALGO COUNTY AND REINVESTMENT ZONE NUMBER ONE, CITY OF PHARR, TEXAS have made and executed this Agreement in triplicate originals on this \_\_\_\_ day of \_\_\_\_\_, 2012.

**CITY OF PHARR**

  
Fred Sandoval  
City Manager

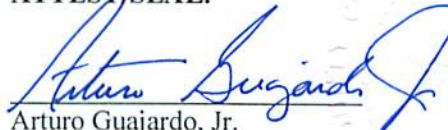
**HIDALGO COUNTY**

By:   
Ramon Garcia  
County Judge

**ATTEST/SEAL:**

  
Sheila Rubio  
City Secretary

**ATTEST/SEAL:**

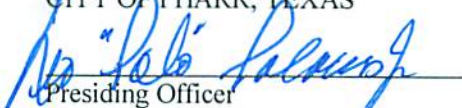
  
Arturo Guajardo, Jr.  
County Clerk

APPROVED AS TO FORM FOR  
HIDALGO COUNTY:

ATLAS, HALL & RODRIGUEZ, LLP

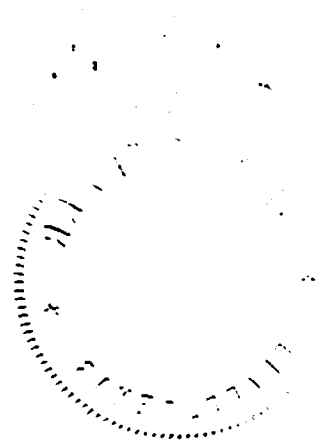
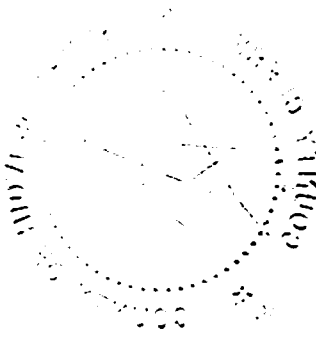
By:   
Stephen L. Crain

CITY OF PHARR – TIF REINVESTMENT ZONE #1,  
CITY OF PHARR, TEXAS

  
Presiding Officer

**APPROVED BY  
COMMISSIONERS' COURT**  
ON: 06/15/12 

ON: \_\_\_\_\_  
COMMISSIONERS' COURT  
APPROVED BY



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

# **REINVESTMENT ZONE PROJECT & FINANCING PLAN**

## **City of Pharr - Tax Increment Reinvestment Zone #1**

**City of Pharr International Logistics Development Program**



**Pharr**  
THE SOUTH TEXAS GATEWAY™

**February 21, 2012**

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## **SECTION I – EXECUTIVE SUMMARY**

### **Overview of Plan**

The City of Pharr Tax Increment Reinvestment Zone (“TIRZ”) Number One, The City of Pharr International Logistics Development Program represents an important opportunity for the City of Pharr in partnership with Hidalgo County to promote and encourage construction of produce warehouse facilities, industrial, commercial, office warehouse, and logistical facilities in an area of the City that has significant and varied impediments to development.

Large tracts of land in the southern sector of the city have remained vacant due to inadequate city street infrastructure, inadequately sized or no utility lines, drainage issues, water and sewer availability, and lack of adequate fire flow. The costs associated with the remediation of these 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 in the southern sector of the City
2. Replace low value existing land uses with high value warehousing, commercial, industrial, and logistic centered land uses.
3. Offer employment opportunities and reduce commuting time for Pharr and Hidalgo County residents.
4. Provide a more efficient use of existing city and county services.
5. Help to address structural imbalances in the Pharr economy and housing market.

The proposed TIRZ is comprised of vacant land in the southern sector of the City. Also included within the TIRZ boundaries are the public rights of way and the associated alley ways of the streets as well as all utility easements, drainage easements, drainage structures and detention facilities located within the TIRZ boundaries.

### **Development Goals and Objectives**

The development goals and objectives, which are expected to meet the specific needs of the City of Pharr Tax Increment Reinvestment Zone, are:

- Provide for new commercial and industrial uses through the installation of new sewer and water lines sized for existing and future growth.
- Provide commercial and industrial opportunities for developers and companies seeking commercial building sites through the extension of existing City streets

- Provide for new commercial opportunities through the construction of additional lift station facilities.
- Provide employment opportunities to service increasing population growth within the City of Pharr and surrounding Hidalgo County.
- Solve long-range storm drainage issues that affect both City residents as well as, surrounding Hidalgo County residents.
- Provide for funds for the reconstruction of existing City Streets that impede redevelopment or new development.

The City of Pharr Tax Increment Reinvestment Zone Project Plan and Reinvestment Zone Financing Plan provides a long term program to increase business opportunities and population within the District and the City, 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 Pharr TIRZ Private Development Program includes;

Phase 1	2012	\$	20,000,000	Industrial
Phase 2	2013	\$	21,000,000	Industrial
Phase 3	2014	\$	23,100,000	Industrial
Phase 4	2015	\$	25,410,000	Industrial
Phase 5	2016	\$	27,951,000	Industrial
Phase 6	2017	\$	30,746,100	Industrial
Phase 7	2018	\$	33,820,710	Industrial
Phase 8	2019	\$	37,202,781	Industrial
Phase 9	2020	\$	40,923,059	Industrial
Phase 10	2021	\$	9,500,000	Industrial
Phase 11	2022	\$	9,975,000	Industrial
Phase 12	2023	\$	10,473,750	Industrial
Phase 13	2024	\$	10,997,438	Industrial
Phase 14	2025	\$	11,547,309	Industrial
Phase 15	2026	\$	12,124,675	Industrial
Phase 16	2027	\$	12,730,909	Industrial
Phase 17	2028	\$	13,367,454	Industrial
Phase 18	2029	\$	14,035,827	Industrial
Phase 19	2030	\$	14,737,618	Industrial
Phase 20	2031	\$	7,500,000	Industrial
Phase 21	2032	\$	8,625,000	Industrial

The total private investment is expected to be in excess of \$ 395,768,629.

The projected values of future commercial development is based upon an analysis of the 2010 and 2011 building permits issued by the City of Pharr Consideration has also been given to visits to the City from third party developers looking at commercial and warehouse sites and enquiring about the availability of sewer, water and the construction of the new highway system in Mexico which will provide a direct link between the RGV and the agriculture production areas of Mexico.

## Planned Public Improvements

The public improvements enumerated in the Project Plan, with an estimated cost of \$84,459,000 provide for the extension of sewer and water trunk lines sized to provide service to the entire TIRZ area, sewer lift stations, drainage structures and detention facilities and the extension of streets, water and sewer line to service individual tracts of land. The improvements planned for the district are designed to help meet the long-term needs to secure and insure growth and investment in the City and in Hidalgo County.

## **Planned Public Construction**

### **Planned Public Improvements Include:**

<b>Storm Water Collection and Detention</b>	<b>3.56 Miles</b>	<b>\$7,120,000</b>
<b>Sanitary Sewer Trunk Lines and Lift Stations</b>	<b>5.00 Miles</b>	<b>\$19,038,000</b>
<b>Water Distribution Trunk Lines</b>	<b>6.24 Miles</b>	<b>\$4,351,000</b>
<b>Street, Water, Sewer and Drainage</b>	<b>21.66 Miles</b>	<b>\$53,925,000</b>

The Tax Increment Reinvestment Zone Financing Plan provides for tax increment allowable expenses in the approximate amount of \$ 38,616,817. The Reinvestment Zone Financing Plan provides for incremental financing and predicts revenues for the City of Pharr Tax Increment Reinvestment Zone Number One.

## **Section II – Project Plan**

### **Background**

On July 19, 2011 the City Commission of the City of Pharr approved a “Resolution of Intent,” Resolution # R2011-40, to consider the creation of the City of Pharr Tax Increment Reinvestment Zone Number One. On September 8, 2011 the City Commission approved Ordinance # 0-2011-46 authorizing the creation of the Tax Increment Reinvestment Zone.

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

- Hidalgo County Economic Development Office, July and August 2011
- Hidalgo County Commissioner Pct. 2 Staff, August 19, 2011
- Hidalgo Independent School District August 15, 2011
- Valley View Independent School District August 15, 2011
- Hidalgo County Commissioners Court on August 30, 2011.
- PSJA Independent School District on August 31, 2011
- County Judge Ramon Garcia and County Staff September 30, 2011
- County Judge Ramon Garcia and County Staff October 25, 2011

### **Program Concepts**

The City of Pharr Tax Increment Reinvestment Zone Number One, The City of Pharr International Logistics Development Program represents an important opportunity for the City of Pharr in partnership with Hidalgo County to develop a viable long-range plan for an area of the City, which has lacked a wide range of commercial, warehouse and industrial opportunities. New commercial, office/warehouse, industrial, and logistics/distribution construction are the key components of the development program. Increased employment opportunities for Pharr and surrounding county and community residents will be enhanced through the development activity within the Zone.

## **Development Goals and Objectives**

The planned public improvements within the City of Pharr Tax Increment Reinvestment Zone will insure the future of the City as a viable option as logistics and produce companies look to expand or relocate.

## **Description of District**

The City of Pharr Tax Increment Reinvestment Zone is located in the southern sector of the City. The market value of property within the Zone is estimated to be \$86,228,241, however, the total assessed value of the property in the Zone, the Base Value of the Zone, is estimated at \$65,228,241 per preliminary figures from the Hidalgo County Appraisal District. The City of Pharr TIRZ includes approximately 2,137+/- acres of public and privately held land as shown on the Exhibit "A"

## **Existing Uses and Conditions**

Exhibit "B" is an aerial photo of the proposed zone boundaries and reflects the existing uses and conditions of properties within the proposed Zone.

The City of Pharr 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 or undeveloped, 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 Pharr, 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 Pharr;
2. less than fifteen percent (15%) 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 PSJA, Hidalgo or Valley View Independent 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 Pharr TIRZ Zoning**

The City of Pharr has the following zoning categories. Properties in the Zone are primarily “District A-O,” Agriculture and/or open space district with some “District H-C,” Heavy Commercial and “District NC,” Neighborhood Commercial District.

District A-O	Agricultural and/or open space district
District R-1	Single-family residential district
District R-TH	Townhouse residential district
District R-2	Two-family residential district
District R-3	Medium-density multifamily residential district
District R-4	High-density multifamily residential district
District R-MH	Mobile home district
District OP	Office professional district
District NC	Neighborhood commercial district
District C	General business district
District C-2	Business district
District HC	Heavy commercial district
District LI	Limited industrial district
District HI	Heavy industrial district
District PUD	Planned unit development district

There are no proposed changes in zoning ordinances, the City of Pharr Comprehensive Master Plan, building codes or subdivision rules and regulations that would affect properties in the Zone. The City has from time to time updates its Comprehensive Master Plan, however, in any future update the City shall treat properties in the Zone the same as properties outside the Zone.

**Relocation of Area Residents**

The plan does not include the relocation of any existing residents located within the boundaries of the Zone

**Non Project Costs**

The plan does not contemplate any non-project costs. However, the Board shall reserve the right to incur non-project costs in the event that drainage issues that are affecting property within the

Zone require the expenditure of funds outside the boundaries of the Zone in order to ameliorate drainage issues within the Zone.

## **Proposed Public Improvements**

### **DRAINAGE**

Over the past 20 years Pharr like almost every other City in the Valley has experienced unanticipated and unplanned economic growth. Many of the drainage improvements that were installed in prior decades have proved inadequate to carry increased runoff from this development. Additionally as land has been converted from farm use to other uses and often time to just vacant land, the land has lost some of its ability to retain water. The City needs to upgrade many of its existing drainage channels and to install additional channels and detention facilities as development occurs throughout the TIRZ boundaries. Maps One and Two in the attached addendum outline the existing drainage improvements and the proposed drainage improvements. The City will need to build approximately 3.56 miles of additional channels to service the proposed growth within the TIRZ boundaries at an estimated cost of \$7,120,000

### **WATER**

The City will need to significantly upgrade its water distribution system in order for major development to occur within the TIRZ boundaries. New trunk lines along Las Milpas and Veterans Road and on Veterans Road and Hi Line Road will be needed to service development. The estimated costs associated with the installation of the approximate 6.24 miles or 32,947 feet of new trunk lines is \$4,351,000. Maps Three and Four outline the existing City of Pharr water distribution system and the additional lines needed for future development.

### **SEWER - New Lines and Lift Stations**

While the City does not provide water service to the entire city it does provide sewer service. The amount of new outfall and forced main lines is over double the amount of new water mains needed by the City to service new development within the Zone. It is estimate that City will need to install approximately 5.00 miles or 26,400 feet of new outfall and forced main lines to facilitate development within the Zone. One new pump station is needed immediately to facilitate development and as the Zone develops out additional pump stations will be needed. The estimated cost of these new lines is approximately \$19,038,000. Maps Five and Six reflect the existing wastewater collection system and the location of the new lines required for the development of the Zone.

### **Streets, Water Sewer and Drainage**

It is the intention of the City to partner with private developers whenever possible to facilitate the installation of the streets, water, sewer and drainage to individual tracts of land. However the City recognizes that private developers only have to install the infrastructure necessary for the

development of their tracts of land and a landowner ready to develop their property may not have the necessary infrastructure adjacent to or in close proximity to the property intended for development. The City may from time to time install streets, drainage improvements and sewer lines in order to facilitate the development of a project that is ready for development. The total estimated cost of these potential costs is \$53,925,000 for approximately 21.66 miles of improvements.

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

## **CONCLUSIONS**

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

## **SECTION III - Project Feasibility**

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

1. Financial or economic feasibility
2. Market feasibility.

The purpose of the TIRZ is to address the financial or economic feasibility 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.

Market feasibility addresses issues relating to product absorption, type of product, and demand. The changing pattern of distribution of all types of goods but primarily fruits and vegetables between Mexico and the US and Canada will have a dramatic long term effect on where distribution centers, logistic centers and warehouses are built. The Rio Grande Valley will become the major distribution hub of this future commerce. The creation of the Pharr Industrial District Tax Increment Reinvestment Zone will spur additional new distribution construction throughout Hidalgo County.

## **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 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 TIF Trust Fund, which is used to pay for the public improvements. Once the public improvements are completed and paid for, the TIF 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 or lowering their tax rate during the life of the zone.

### **Financing Plan**

The Reinvestment Zone Financing Plan developed by the City provides that potentially \$38,616,817 of public improvements will be paid for with TIF funds. The Reinvestment Zone Financing Plan also projects incremental funds for financing and revenues for the City of Pharr 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

**Financing Policy:** The goal of the City of Pharr Tax Increment Reinvestment Zone is to borrow only those funds needed as the necessity arises in order to reduce interest expense.

**Long Term Financing:** The developers of the warehouse/commercial/industrial/retail sites will arrange for long term financing for their individual projects.

**Tax Increment Bonds:** The City may at some point in the future issue bonds for capital improvements within the Zone. However, the City will issue no bonds without sufficient Zone revenue to service the principal and interest on the bonds.

**Sales Tax Revenue:** The City will, in addition to its ad valorem taxes, deposit an amount equal to one half of any additional sales tax revenue generated from the addition of retail facilities on zone properties. The period of time for which sales tax revenue will be deposited in the tax increment fund shall be five (5) years from the date a new facility begins generating sales tax revenue.

### **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		2012
Construction Complete		2035
Storm Water Collection and Detention	3.6 Miles	\$7,120,000
Sanitary Sewer Trunk Lines and Lift Stations	5.01 Miles	\$19,038,000
Water Distribution Trunk Lines	2.29 Miles	\$4,351,000
Street, Water, Sewer and Drainage	21.66 Miles	\$53,925,000
Administrative Expense		\$ 25,000
<b>Total Costs</b>		<b>\$ 84,459,000</b>

### **Financial Assumptions**

No tax rate changes have been factored into the financial pro forma's for 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 100% 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 annual proof that the taxes are current. 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 over a 5 year period of time.

# City of Pharr Project Review

## City of Pharr - TIF Reinvestment Zone # One

### Summary Fact Sheet February 21, 2012

**Plan of Finance**

Site Area	2137+/- Acres
Base Value (January 1, 2011 estimate)	\$65,228,241

**Project:**

Phase 1	2012	\$	20,000,000	Industrial
Phase 2	2013	\$	21,000,000	Industrial
Phase 3	2014	\$	23,100,000	Industrial
Phase 4	2015	\$	25,410,000	Industrial
Phase 5	2016	\$	27,951,000	Industrial
Phase 6	2017	\$	30,746,100	Industrial
Phase 7	2018	\$	33,820,710	Industrial
Phase 8	2019	\$	37,202,781	Industrial
Phase 9	2020	\$	40,923,059	Industrial
Phase 10	2021	\$	9,500,000	Industrial
Phase 11	2022	\$	9,975,000	Industrial
Phase 12	2023	\$	10,473,750	Industrial
Phase 13	2024	\$	10,997,438	Industrial
Phase 14	2025	\$	11,547,309	Industrial
Phase 15	2026	\$	12,124,675	Industrial
Phase 16	2027	\$	12,730,909	Industrial
Phase 17	2028	\$	13,367,454	Industrial
Phase 18	2029	\$	14,035,827	Industrial
Phase 19	2030	\$	14,737,618	Industrial
Phase 20	2031	\$	7,500,000	Industrial
Phase 21	2032	\$	8,625,000	Industrial

<b>Totals</b>		\$	395,768,629	
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<b>Assumptions</b>	Captured Value	\$	395,768,629	
	Growth Factor		0.00%	
	Collection Rate		97.50%	
	Estimated Total TIF Revenues	\$	38,616,817	
	Estimated TIF Life		20	Years

**Projected Value of New Tax Increment**

Year	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Phase 7	Phase 8	Phase 9
2012	20,000,000								
2013		21,000,000							
2014			23,100,000						
2015				25,410,000					
2016					27,951,000				
2017						30,746,100			
2018							33,820,710		
2019								37,202,781	
2020									40,923,059
2021									
2022									
2023									
2024									
2025									
2026									
2027									
2028									
2029									
2030									
2031									
2032									
2033									
2034									
2035									
<b>Total</b>	<b>20,000,000</b>	<b>21,000,000</b>	<b>23,100,000</b>	<b>25,410,000</b>	<b>27,951,000</b>	<b>30,746,100</b>	<b>33,820,710</b>	<b>37,202,781</b>	<b>40,923,059</b>

**Projected Value of New Tax Increment Continued**

Phase 10	Phase 11	Phase 12	Phase 13	Phase 14	Phase 15	Phase 16	Phase 17	Phase 18	Phase 19	Phase 20	Phase 21
9,500,000	9,975,000	10,473,750	10,997,438	11,547,309	12,124,675	12,730,909	13,367,454	14,035,827	14,737,618	7,500,000	8,625,000
9,500,000	9,975,000	10,473,750	10,997,438	11,547,309	12,124,675	12,730,909	13,367,454	14,035,827	14,737,618	7,500,000	8,625,000



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

<b>Fiscal Year Ending</b>	<b>TIF Revenue</b>	<b>Cumulative TIF Revenues</b>
2011		
2012		
2013	150,394	150,394
2014	308,307	458,701
2015	482,012	940,713
2016	673,087	1,613,800
2017	883,270	2,497,070
2018	1,114,471	3,611,541
2019	1,368,792	4,980,333
2020	1,648,546	6,628,879
2021	1,956,274	8,585,153
2022	2,027,711	10,612,864
2023	2,102,720	12,715,584
2024	2,181,479	14,897,064
2025	2,264,177	17,161,240
2026	2,351,009	19,512,249
2027	2,442,183	21,954,432
2028	2,537,915	24,492,347
2029	2,638,434	27,130,781
2030	2,743,979	29,874,760
2031	2,854,801	32,729,562
2032	2,911,199	35,640,761
2033	2,976,056	38,616,817

**\$ 38,616,817**

## Project Budget

### Sources of Funds

TIF Revenues	\$ 47,951,730
<b>Total TIF Proceed Funds</b>	<b>\$ 47,951,730</b>
<b>Total Sources of Funds</b>	<b><u>\$ 47,951,730</u></b>

### Uses of Funds

Begin Construction		2012
Construction Complete		2035
Storm Water Collection and Detention	3.6 Miles	\$7,120,000
Sanitary Sewer Trunk Lines and Lift Stations	5.01 Miles	\$19,038,000
Water Distribution Trunk Lines	2.29 Miles	\$4,351,000
Street, Water, Sewer and Drainage	21.66 Miles	\$53,925,000
Administrative Expense		\$ 25,000
<b>Total Costs</b>		<b>\$ 84,459,000</b>
<b>Project Financing Surplus (Shortage)</b>		<b>\$ (36,507,270)</b>

## Financial Feasibility

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

## Conclusions

Based upon a set of conservative assumptions and analysis of the City of Pharr Tax Increment Reinvestment Zone District Project Plan and Reinvestment Zone Financing Plan, The City of Pharr TIRZ Board has concluded that the City of Pharr TIRZ District Project Plan and Reinvestment Zone Financing Plan is feasible. The success of the City of Pharr 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 Pharr and Hidalgo County and will serve to stabilize and enhance future property values.

## Exhibit C

### 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**

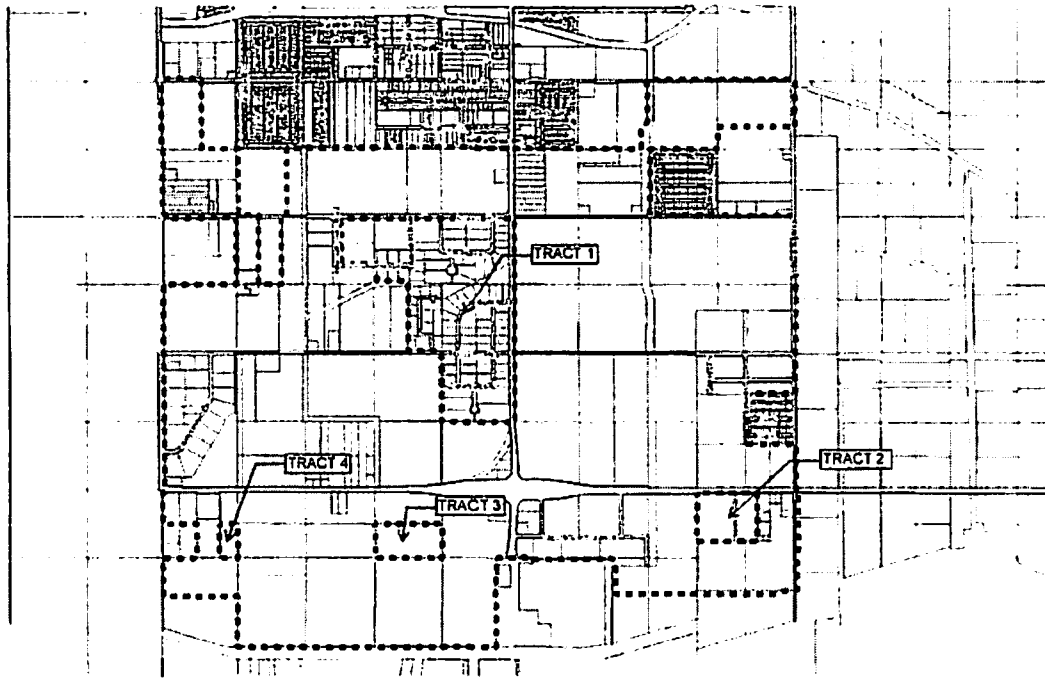
- |  |           |
|--|-----------|
| 1. Map of existing uses and conditions   | Exhibit B |
| 2. List proposed improvements and uses   | Page 15   |
| 3. Description of Zone Property          | Exhibit A |
| 4. Project Feasibility                   | Page 13   |
| 5. Proposed zoning changes               | 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 PHARR – TIRZ Zone 1**



**TIRZ Zone 1 Boundary Description**

**BEGINNING** at the center-line of South Jackson Road and the North Right-of-Way of West Las Milpas Road;

**THENCE**, along the North Right-of-Way of West Las Milpas Road, East a distance of 798 feet;

**THENCE**, along the West boundary of "Casa Aguila Subdivision" South a distance of 1,345 feet;

**THENCE**, along the South boundary of "Casa Aguila Subdivision" East a distance of 660 feet;

**THENCE**, along the West boundary of Lot 360 of the Kelly-Pharr Subdivision, South to the center-line of Anaya Road;

**THENCE**, along the South boundary of Lot 360 of the Kelly-Pharr Subdivision, East a distance of 426.42 feet to a point, same being the Northwest corner of Valley View Apartments Subdivision;

**THENCE**, along the West boundary of Valley View Apartments Subdivision, South to the Southwest corner of said subdivision;

**THENCE**, along the South boundary of Valley View Apartments Subdivision, East to the Southeast corner of said subdivision;

**CITY OF PHARR – TIRZ Zone 1**

**THENCE**, along the East boundary of Valley View Apartments Subdivision, North to the Northeast corner of said subdivision, same being the center-line of Anaya Road;

**THENCE**, along the center-line of Anaya Road, same being the South boundary of Lot 360 of the Kelly-Pharr Subdivision, East a distance of 111.79 feet to point;

**THENCE**, along and parallel to the East boundary of Lot 360 of the Kelly-Pharr Subdivision, North a distance of 1320 feet;

**THENCE**, along the North boundaries of Lot 360, Lot 359, Lot 358, Lot 357, Lot 356, Lot 355 of the Kelly-Pharr Subdivision, East to the Northeast corner of Lot 355 of the Kelly-Pharr Subdivision;

**THENCE**, along the West boundary of a drainage easement, North to the North Right-of-Way of East Las Milas Road;

**THENCE**, along the North Right-of-Way of Las Milpas Road, East to the East Right-of-Way of South Veterans Blvd.;

**THENCE**, along the East Right-of-Way of Veterans Blvd. South a distance of 875 feet to a point;

**THENCE**, along and parallel to the South boundary of Lot 352 of the Kelly-Pharr Subdivision, West to the Northwest corner of Lot 353 of the Kelly-Pharr Subdivision, also being the Northeast corner of Los Ebanos Phase 4 Subdivision;

**THENCE**, along the North boundary of Los Ebanos Phase 4 Subdivision, West to the Northwest corner of Los Ebanos Phase 4 Subdivision;

**THENCE**, along the West boundary of Los Ebanos Phase 4 Subdivision South to the Southwest corner of Los Ebanos Phase 4 Subdivision;

**THENCE**, along the South boundary of Los Ebanos Phase 4 Subdivision and Lot 353 of the Kelly-Pharr Subdivision, East to the East Right-of-Way of South Veterans Blvd.;

**THENCE**, along the East Right-of-Way of South Veterans Blvd., South to a point that intersects with the North boundary of SouthFork Estates Subdivision;

**THENCE**, along the West boundary of SouthFork Estates Subdivision, South to the Southwest corner of SouthFork Estates Subdivision;

**THENCE**, along the South boundary of Southfork Estates Subdivision. East to a point that intersect with the East Right-of-Way of South Veterans Blvd.;

**THENCE**, along the East Right-of-Way of South Veterans Road, South to a corner, same being the Southeast corner of the City of Pharr City Limits as described in Ordinance No. O-2011-64;

## CITY OF PHARR – TIRZ Zone 1

**THENCE**, along the south boundary of said Pharr City Limits, West to a point that intersects with the West boundary of G.S.A. Subdivision;

**THENCE**, continuing along the South boundary of said Pharr City Limits, West to the Southwest corner of Lot 404, Kelly-Pharr Subdivision, same being the Southwest corner of the Pharr City Limits as described in Ordinance No. O-2011-64;

**THENCE**, along the West boundary of Lot 404, Kelly-Pharr Subdivision, North to point lying on the West boundary of Lot 404, Kelly-Pharr Subdivision, same being a corner as described in Ordinance No. O-2011-64;

**THENCE**, continuing along the South boundary of said Pharr City Limits, West to the center-line of South Jackson Road for a point, same being a point as described in Ordinance No. O-2011-64;

**THENCE**, continuing along the West boundary of said Pharr City Limit, North to a point, same being a point as described in Ordinance No. O-2011-64;

**THENCE**, continuing along the South boundary of said Pharr City Limits, East to a point, same being a point as described in Ordinance No. O-2011-64;

**THENCE**, continuing along the South boundary of said Pharr City Limits, North to a point, same being the Northwest corner of Lot 7;

**THENCE**, along the North boundary of Lot 7, East to the Northeast corner of Lot 7;

**THENCE**, along the East boundary of Lot 8, North to the center-line of West Anaya Road;

**THENCE**, along the center-line of West Anaya Road, West to the center-line of South Jackson Road;

**THENCE**, along the West boundary of said Pharr City Limits and the center-line of South Jackson Road, North to the **POINT OF BEGINNING**.

**SAVE and EXCEPT the following TRACTS:**

**TRACT 1:**

Lots 1A, 12A & 13A, Pharr/Las Milpas Industrial Subdivision Planned Unit Development

P.E.D.C. #1 Subdivision (Amended)

Re-Subdivision of Lots 1, 5, 6 and 7, P.E.D.C. Subdivision (Amended)

Bona Terra Subdivision

Pharr/Las Milpas Industrial Subdivision Planned Unit Development

B.R. Becker Subdivision Phase I

B.R. Becker Subdivision Phase II

**CITY OF PHARR – TIRZ Zone 1**

Hi Line Industrial Park Subdivision  
The Plastron Industries Inc. Tract – Document #1288213  
Joel Estrada Tract – Document #1037589

**TRACT 2:**

Jose Manuel Guerra Subdivision  
West 15 Acres of Lot 6, Block 1, Re-subdivision of Closner Subdivision of Porcion 70

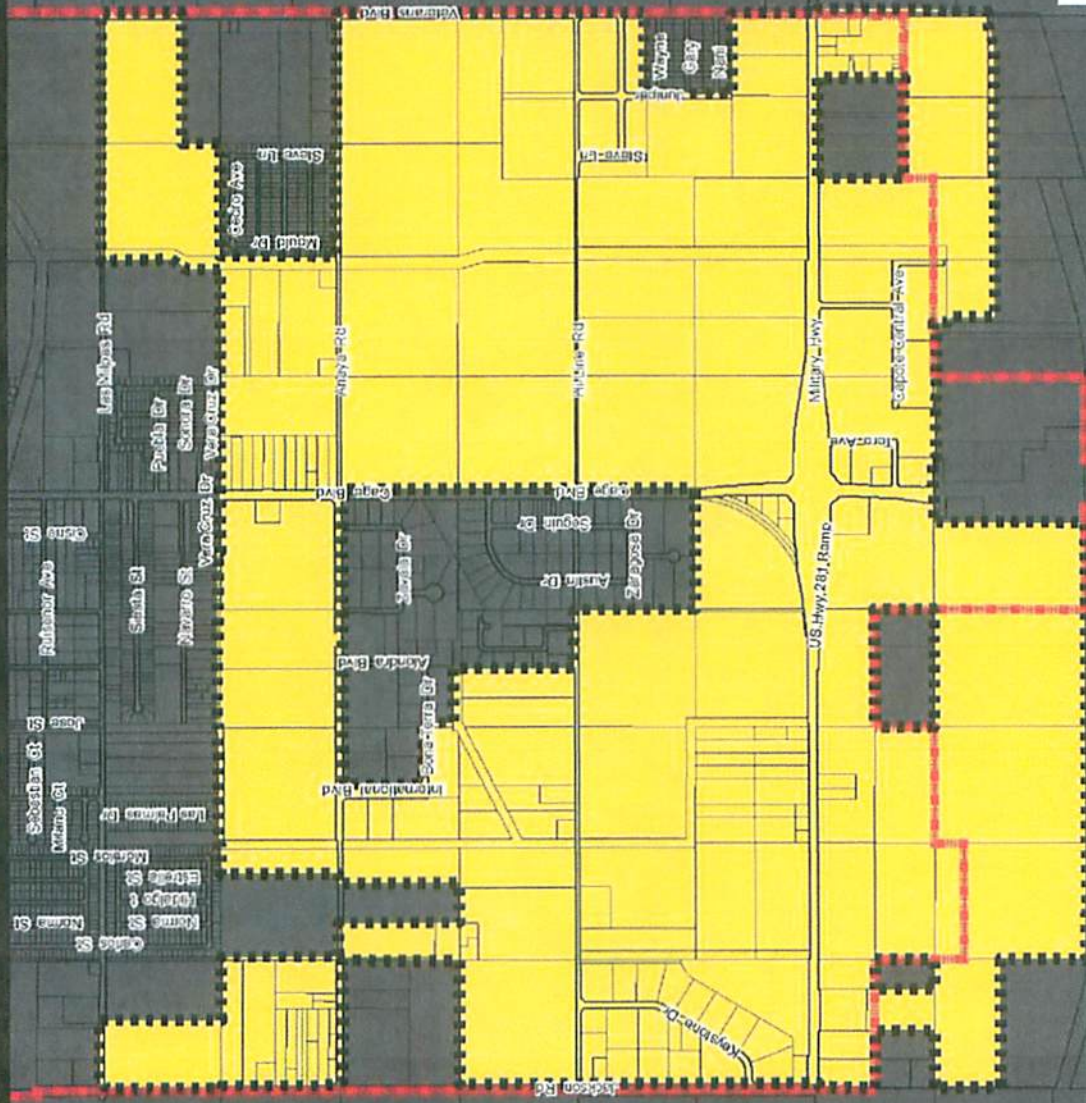
**TRACT 3:**

South 20 Acres of Lot 393, Kelly-Pharr Subdivision

**TRACT 4:**

South ½ of Lot 4, M.P.M. Subdivision

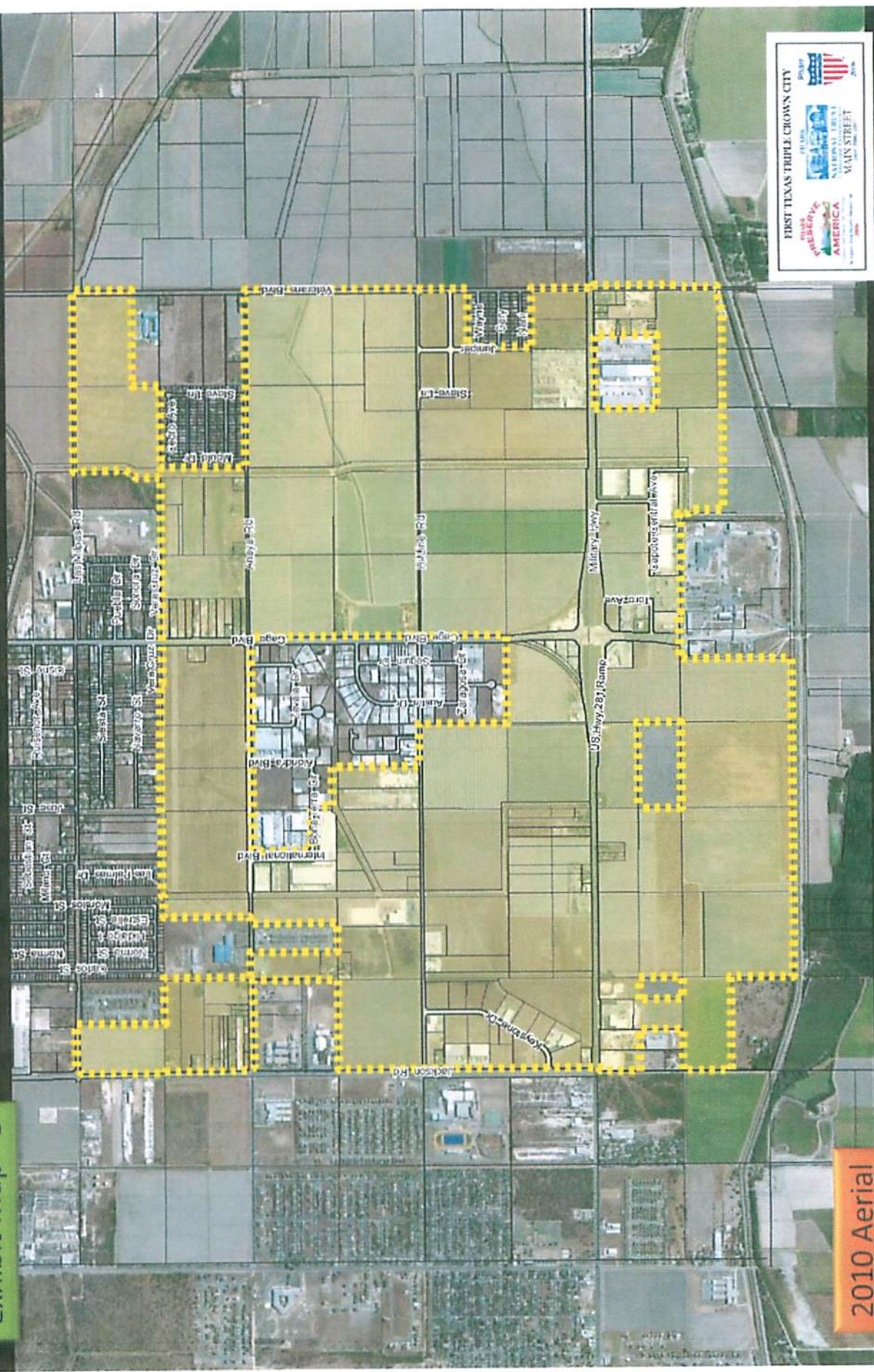
Exhibit Map - A



Proposed TIRZ No. 1 – City Acres: 14,857 – TIRZ Acres: 2,137

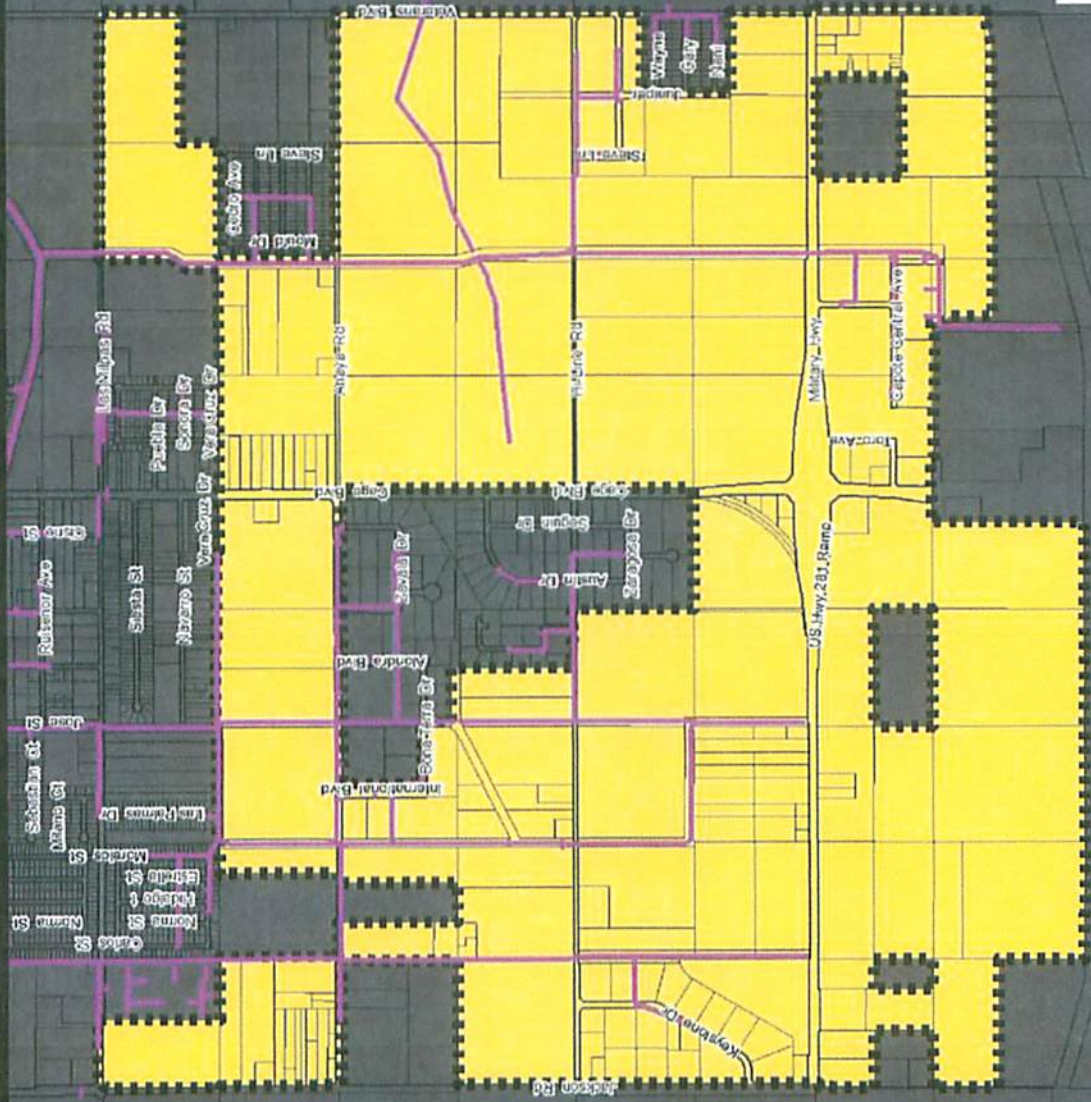


Exhibit Map - B



2010 Aerial

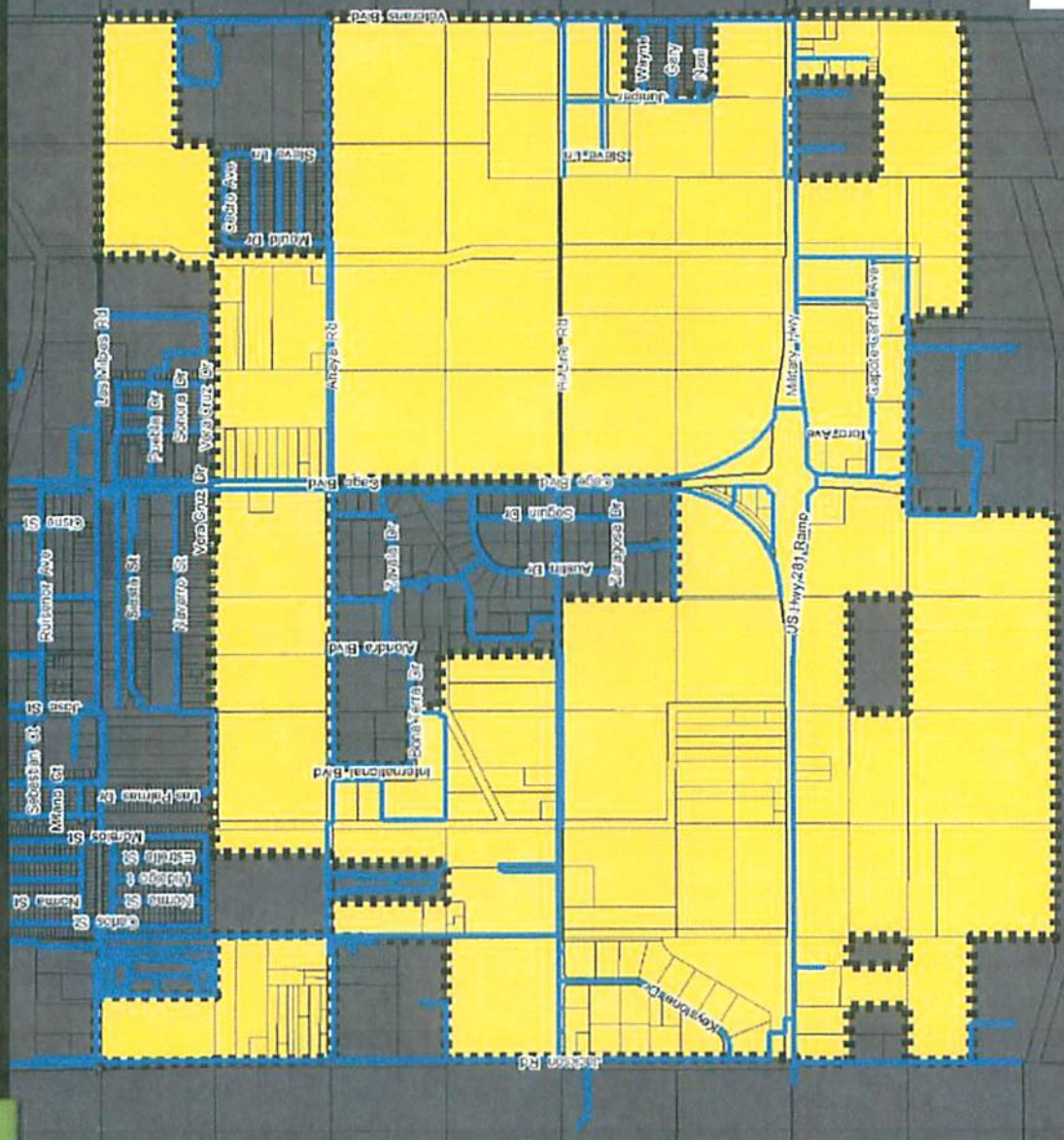
Exhibit Map - 1



Existing Storm Collection



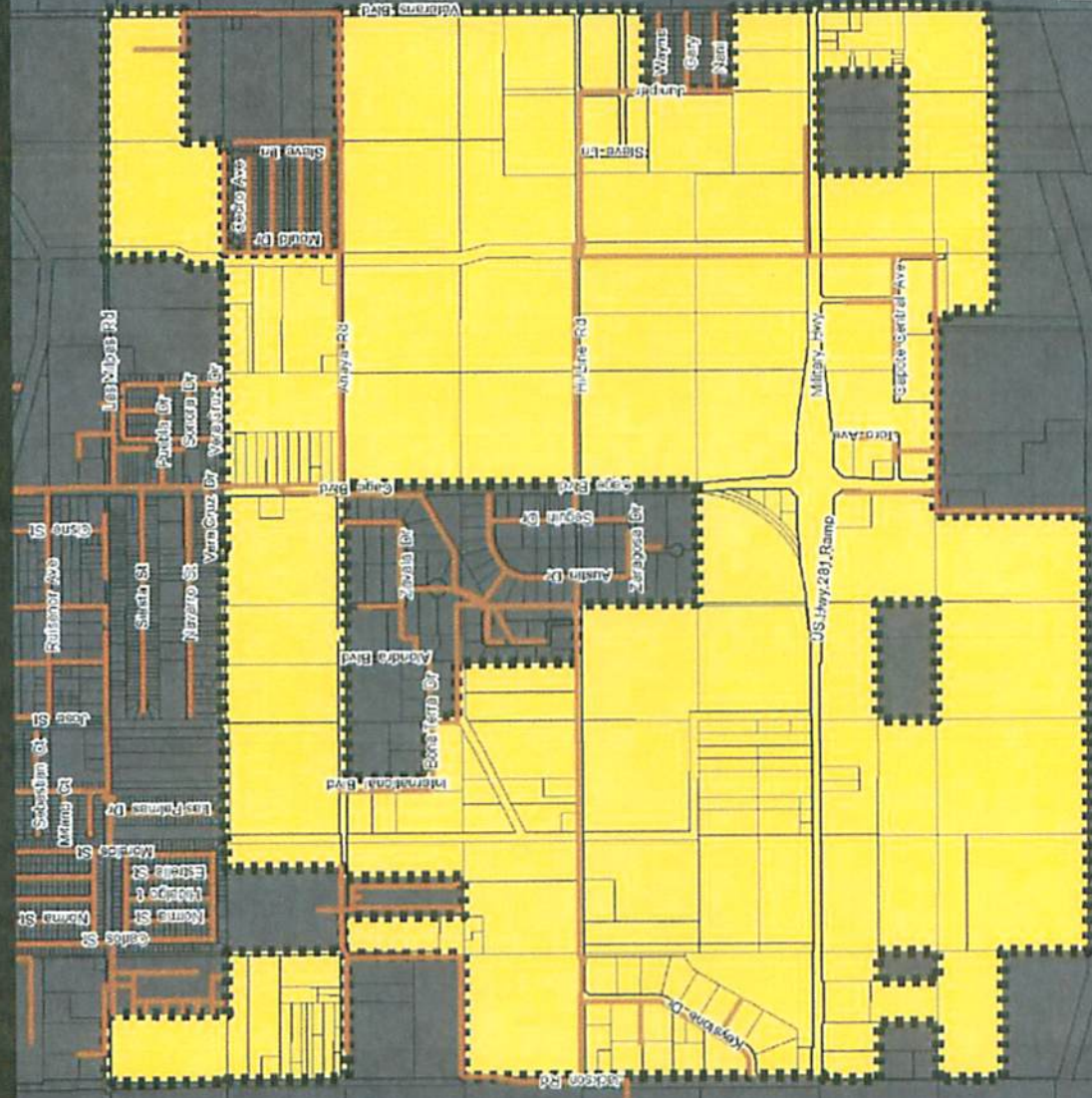
Exhibit Map - 3



Existing Water Distribution

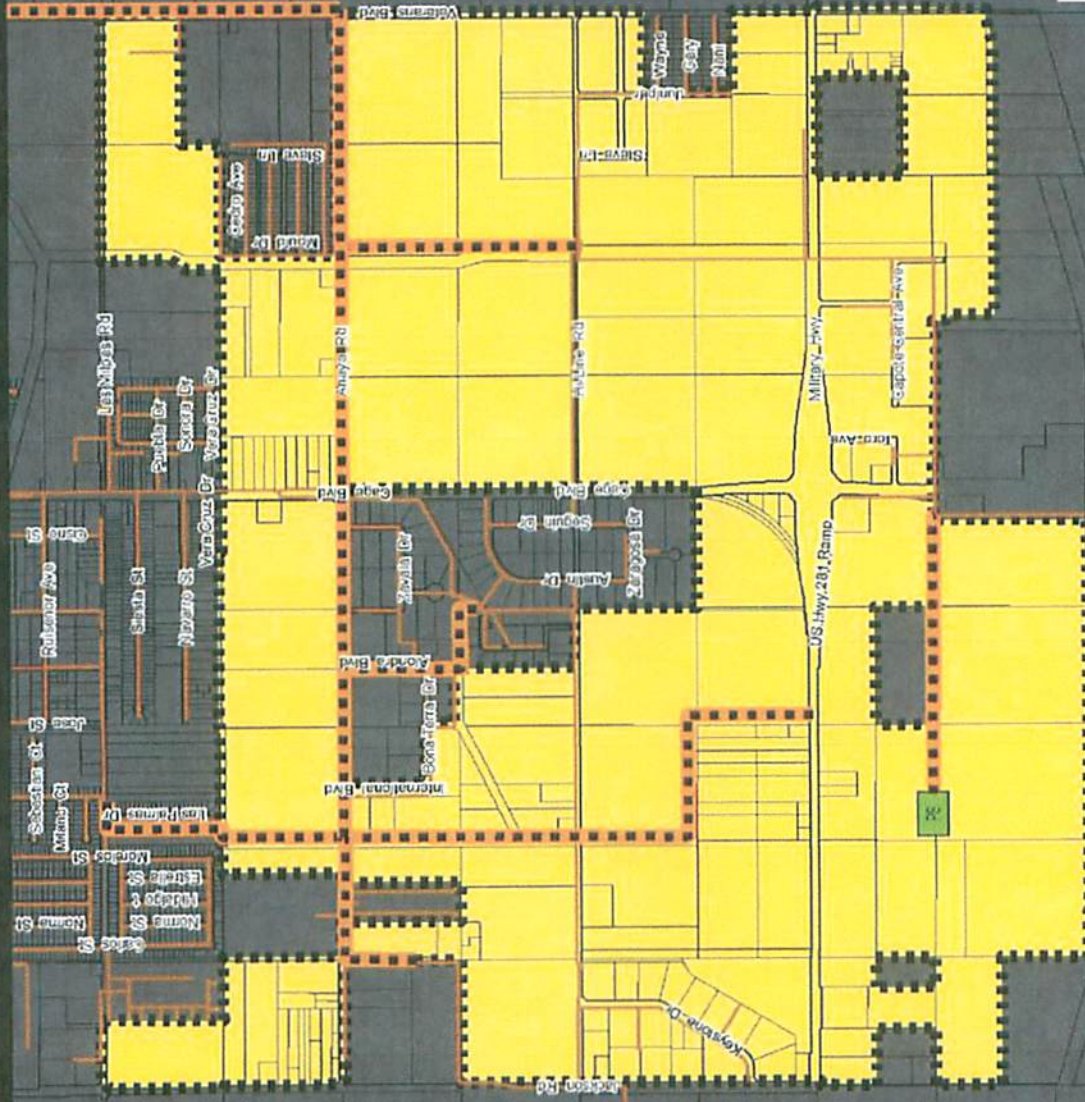


Exhibit Map - 5



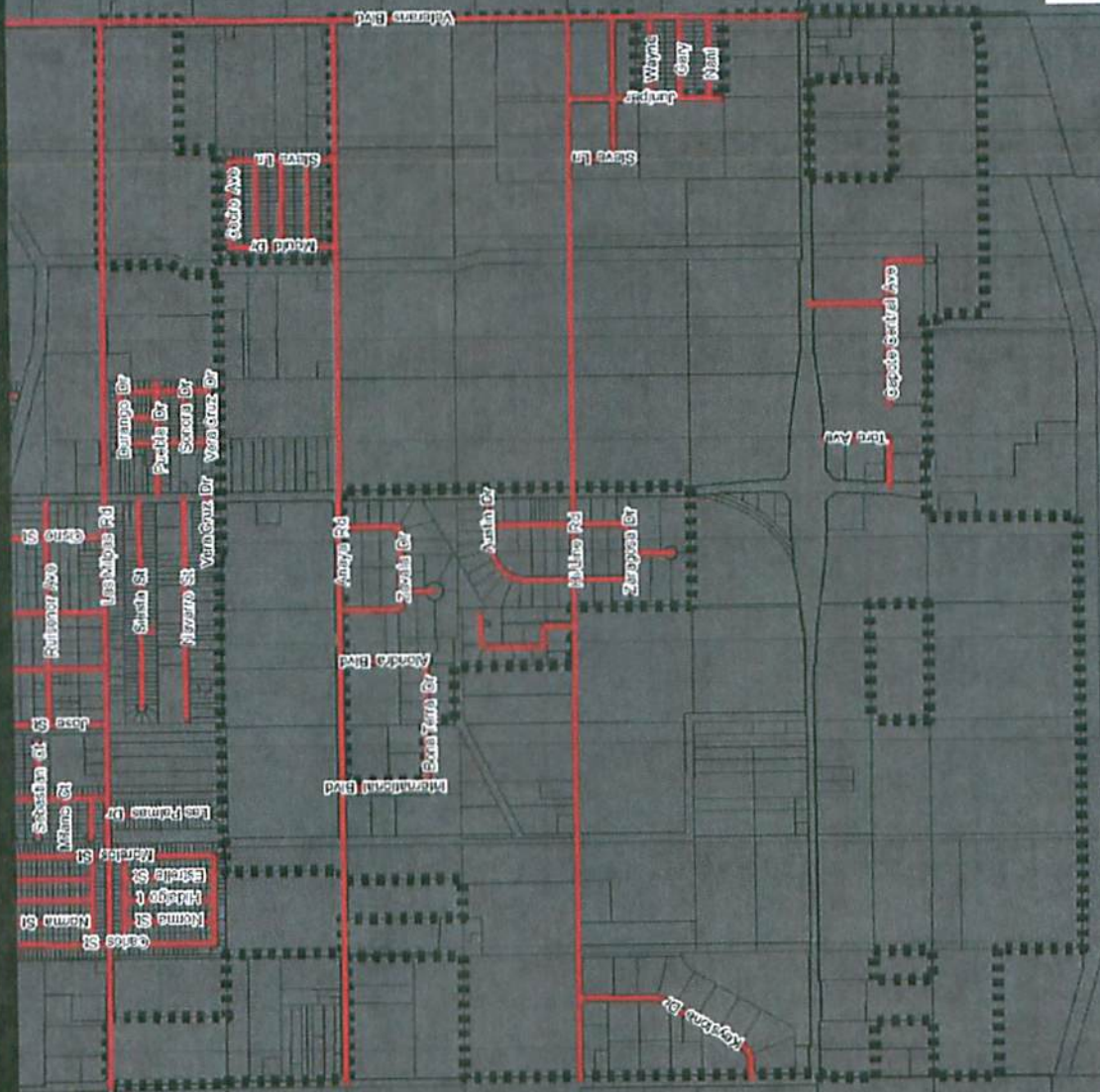
Existing Sanitary Sewer

Exhibit Map - 6



Proposed Sanitary Sewer – 5.00 Miles of Improvements

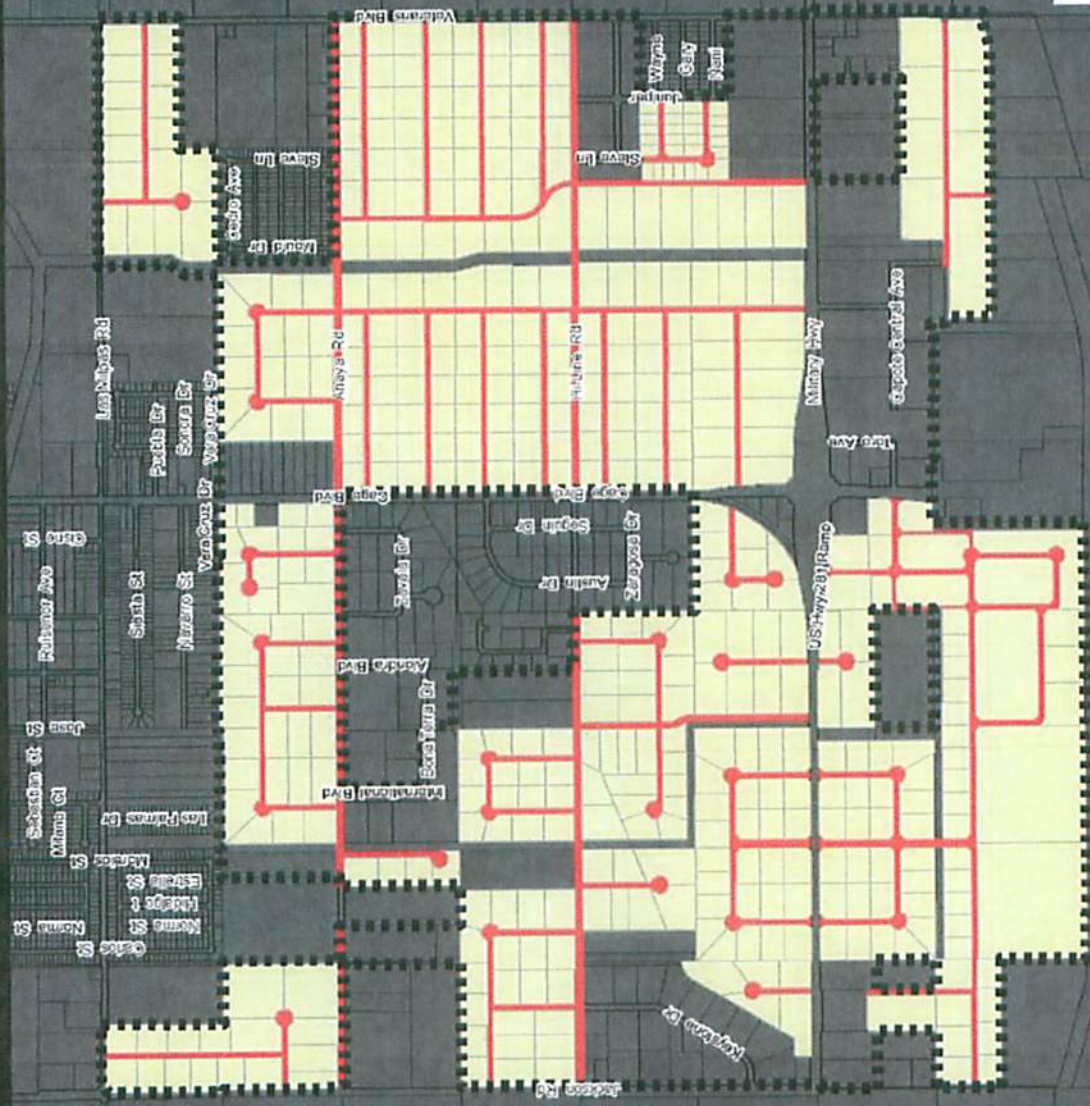
Exhibit Map - 7



Existing City Maintained Streets



Exhibit Map - 8



FIRST TEXAS TRIPLE CROWN CITY

AMERICA'S BEST  
MAIN STREET

Future Development with Street ROW – 21.66 Miles of New Streets

**Exhibit B**  
**City of Pharr Ordinances No. 0-2011-46, 0-2011-65**

ORDINANCE NO. O-2011-46

AN ORDINANCE DESIGNATING AN AREA KNOWN AS THE CITY OF PHARR – TIF REINVESTMENT ZONE #1; 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 OF THE ZONE CITY OF PHARR – TIF REINVESTMENT ZONE #1 AND ESTABLISHING A TAX INCREMENT FUND

**WHEREAS**, the City Commission (the "Commission") of the City of Pharr, 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 9 the "Act"), Texas Tax Code, Chapter 311; and

**WHEREAS**, the City indicated its intent to create the Zone through Resolution 2011-40 passed by the City Commission on July 19, 2011

**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 but not limited to: Street Construction and Reconstruction, Right of Way Acquisition, Municipal Facilities Acquisition/Construction, Parks, Storm Water Pollution Prevention Drainage & Drainage Detention, Wastewater Treatment Plant Expansion, Waste Water Collection System Improvements, Water Rights Acquisition, Utility Relocation and Open Space Improvements

**WHEREAS**, pursuant to the Act, the City may designate a 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 September 8, 2011 at 12:00 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 BOARD OF COMMISSIONERS OF THE CITY OF PHARR, THAT:**

**SECTION 1. DESIGNATING THE AREA AS A REINVESTMENT ZONE.** The area described in Section 2 below and more commonly referred to as the "Pharr 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 purple 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 September 8, 2011 and continue till its termination date of December 31, 2051 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 PHARR, 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, 2011, 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 "CITY OF PHARR – TIF REINVESTMENT ZONE #1, 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 Pharr, pursuant to the Act, further finds and declares that:

1. the proposed zone is a geographical area located wholly within the City limits or extraterritorial jurisdiction of Pharr;
2. less than fifty percent (50% ) 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, the PSJA ISD, the Hidalgo ISD and the Valley View ISD, and
5. development or redevelopment within the boundaries of the proposed Zone will not occur solely through private investment in the reasonably foreseeable future.

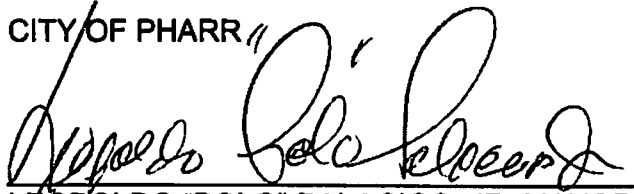
**SECTION 9. DESIGNATION OF A SECTION 311.005(a) ZONE.** The Zone is designated pursuant to Section 311.005(a) of the Act.

**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 requirement that this Ordinance is to be read on three (3) separate meetings is hereby waived and dispensed with and this Ordinance shall take effect and be in full force from and after its passage and approval. Publication may also be in caption form as allowed under Section 9 of the Pharr City Charter.

PASSED AND APPROVED BY THE BOARD OF COMMISSIONERS OF THE CITY OF PHARR, TEXAS, on this the 8<sup>th</sup> day of September, 2011.

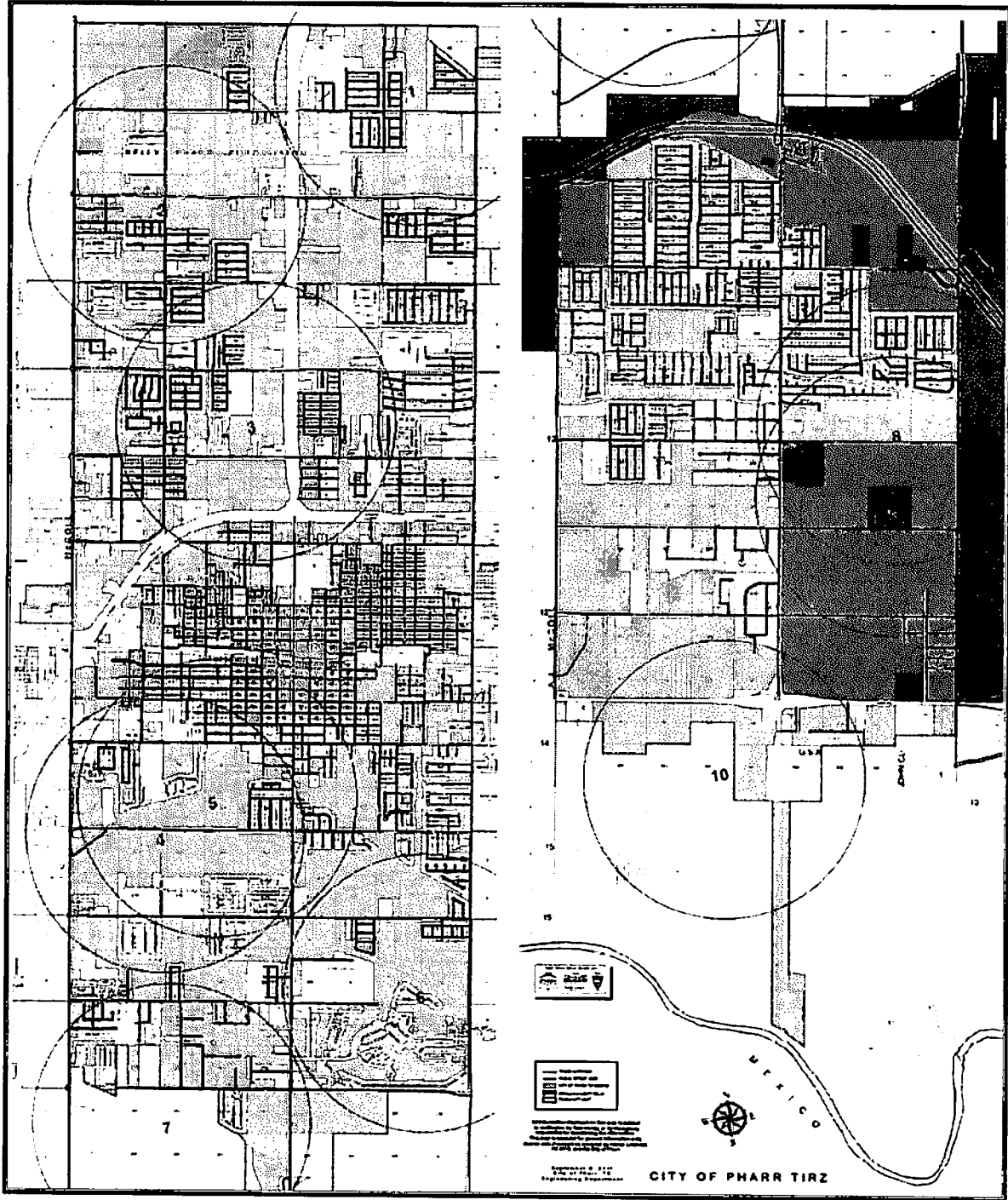
CITY OF PHARR



LEOPOLDO "POLO" PALACIOS, JR. MAYOR

ATTEST:

for   
HILDA PEDRAZA, CITY CLERK



ORDINANCE NO. O-2011-65

AN ORDINANCE AMENDING ORDINANCE O-2011-46; DESIGNATING AN AREA KNOWN AS THE CITY OF PHARR – TIF REINVESTMENT ZONE #1; 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 OF THE ZONE CITY OF PHARR – TIF REINVESTMENT ZONE #1 AND ESTABLISHING A TAX INCREMENT FUND; CUMULATIVE CLAUSE; REPEALER; PROPER NOTICE AND MEETING

**WHEREAS**, the City Commission (the "Commission") of the City of Pharr, 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 9 the "Act"), Texas Tax Code, Chapter 311; and

**WHEREAS**, the City indicated its intent to create the Zone through Resolution 2011-40 passed by the City Commission on July 19, 2011; 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 but not limited to: Street Construction and Reconstruction, Right of Way Acquisition, Municipal Facilities Acquisition/Construction, Parks, Storm Water Pollution Prevention Drainage & Drainage Detention, Wastewater Treatment Plant Expansion, Waste Water Collection System Improvements, Water Rights Acquisition, Utility Relocation and Open Space Improvements; and

**WHEREAS**, pursuant to the Act, the City may designate a 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 September 8, 2011 at 12:00 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 BOARD OF COMMISSIONERS OF  
THE CITY OF PHARR, THAT:**

**SECTION 1. DESIGNATING THE AREA AS A REINVESTMENT ZONE.** The area described in Section 2 below and more commonly referred to as the "Pharr 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 Exhibits "A" and "B", which is incorporated herein by reference for all purposes is a legal description and Hidalgo County Appraisal District Map with the parcels, area and boundaries of the Zone outlined in purple incorporated in the Zone.

**SECTION 3. CREATION AND COMPOSITION OF A BOARD OF DIRECTORS FOR THE ZONE.**

- (a) 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.
- (b) 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.
- (c) 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 September 8, 2011 and continue till its termination date of December 31, 2051 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 PHARR, 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, 2011, 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 "CITY OF PHARR – TIF REINVESTMENT ZONE #1, 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.**

- (a) 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

- (b) The City of Pharr, pursuant to the Act, further finds and declares that:

1. the proposed zone is a geographical area located wholly within the City limits or extraterritorial jurisdiction of Pharr;
2. less than fifty percent (50% ) 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, the PSJA ISD, the Hidalgo ISD and the Valley View ISD, 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.

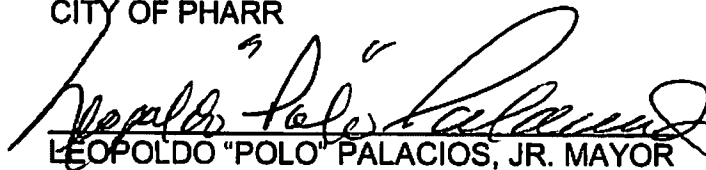
**SECTION 11. CUMULATIVE CLAUSE; REPEALING CLAUSE.** The ordinance shall be cumulative of all ordinances dealing with the same subject and any provision in conflict with this ordinance is hereby repealed and the provisions of this Ordinance supersedes. The invalidity of any section, clause, sentence or provision of this ordinance shall not affect the validity of any other part thereof.

**SECTION 12. PROPER NOTICE AND MEETING.** It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**SECTION 13. EFFECTIVE DATE.** The Zone shall take effect immediately upon passage of this Ordinance, pursuant to Section 311.004(3) of the Act. The requirement that this Ordinance is to be read on three (3) separate meetings is hereby waived and dispensed with and this Ordinance shall take effect and be in full force from and after its passage and approval. Publication may also be in caption form as allowed under Section 9 of the Pharr City Charter.

PASSED AND APPROVED BY THE BOARD OF COMMISSIONERS OF THE CITY OF PHARR, TEXAS, on this the 12<sup>th</sup> day of December, 2011.

CITY OF PHARR

  
LEOPOLDO "POLO" PALACIOS, JR. MAYOR

ATTEST:

  
HILDA PEDRAZA, CITY CLERK

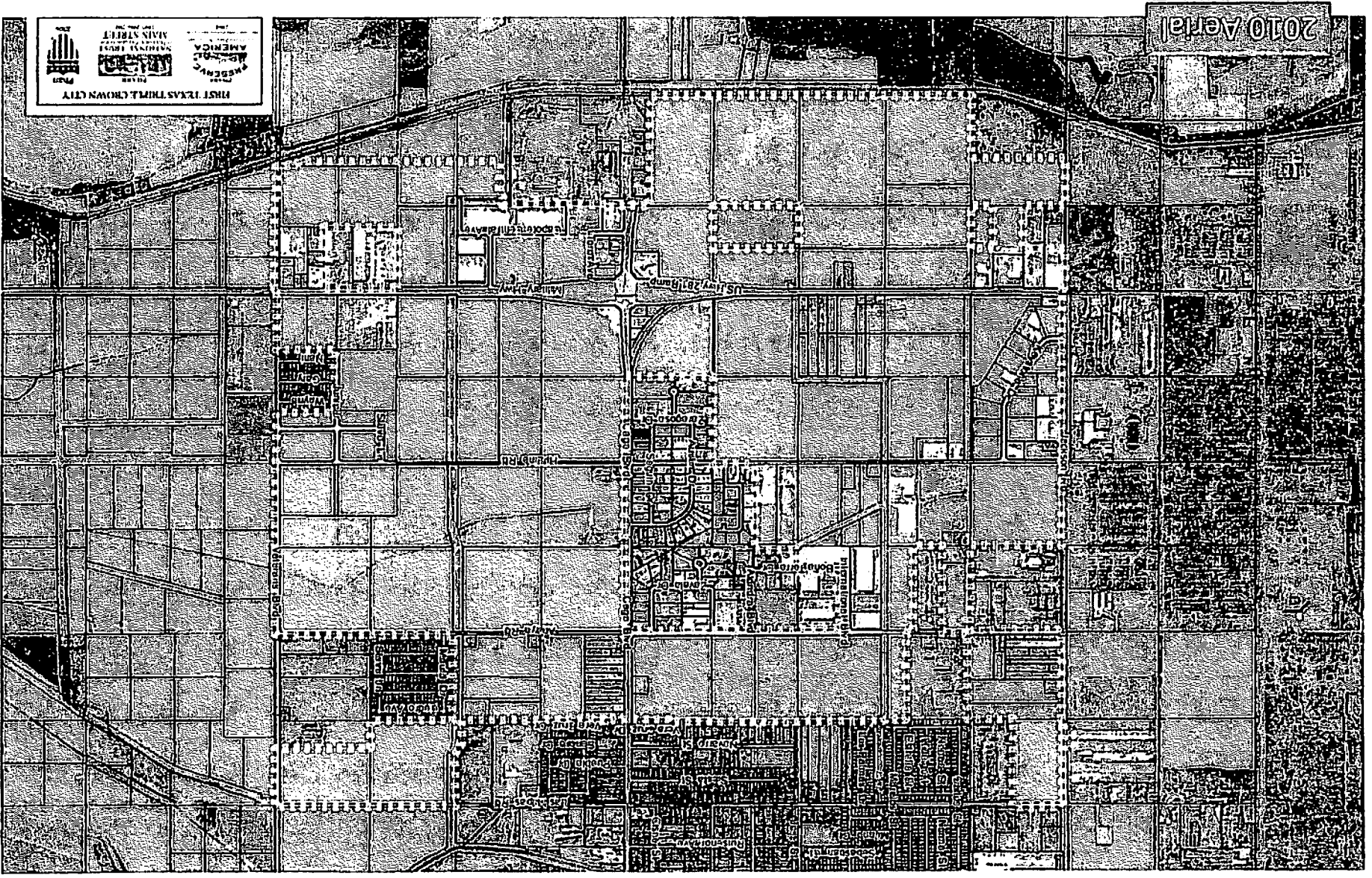
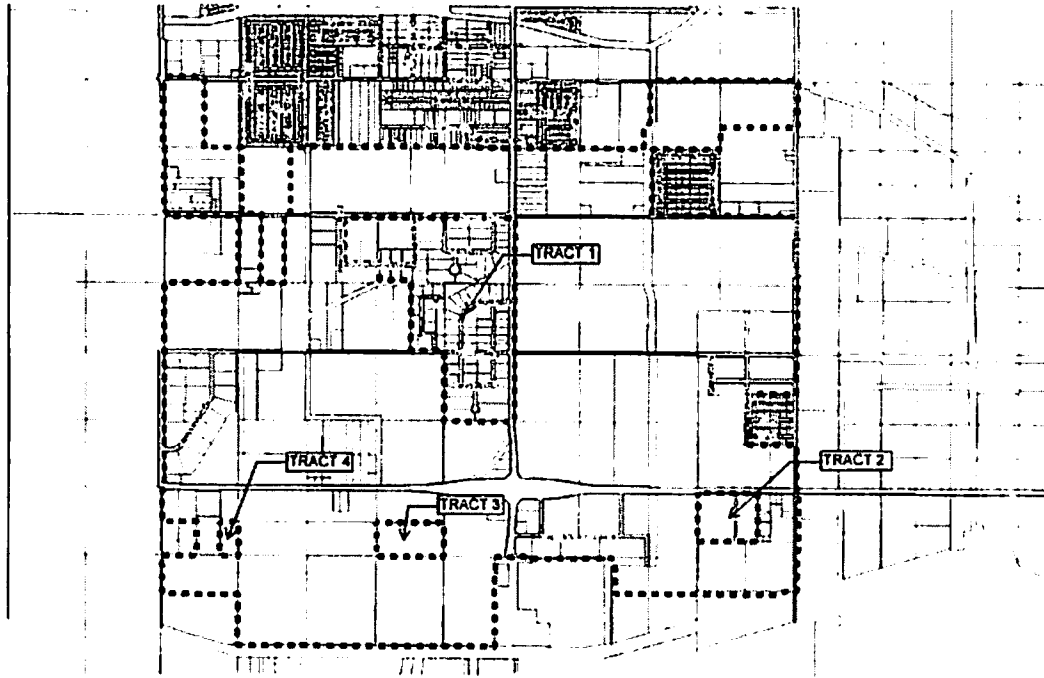


EXHIBIT A

**EXHIBIT "B"**  
**CITY OF PHARR – TIRZ Zone 1**



**TIRZ Zone 1 Boundary Description**

**BEGINNING** at the center-line of South Jackson Road and the North Right-of-Way of West Las Milpas Road;

**THENCE**, along the North Right-of-Way of West Las Milpas Road, East a distance of 798 feet;

**THENCE**, along the West boundary of "Casa Aguila Subdivision" South a distance of 1,345 feet;

**THENCE**, along the South boundary of "Casa Aguila Subdivision" East a distance of 660 feet;

**THENCE**, along the West boundary of Lot 360 of the Kelly-Pharr Subdivision, South to the center-line of Anaya Road;

**THENCE**, along the South boundary of Lot 360 of the Kelly-Pharr Subdivision, East a distance of 426.42 feet to a point, same being the Northwest corner of Valley View Apartments Subdivision;

**THENCE**, along the West boundary of Valley View Apartments Subdivision. South to the Southwest corner of said subdivision;

**THENCE**, along the South boundary of Valley View Apartments Subdivision, East to the Southeast corner of said subdivision;

**CITY OF PHARR – TIRZ Zone 1**

**THENCE**, along the East boundary of Valley View Apartments Subdivision, North to the Northeast corner of said subdivision, same being the center-line of Anaya Road;

**THENCE**, along the center-line of Anaya Road, same being the South boundary of Lot 360 of the Kelly-Pharr Subdivision, East a distance of 111.79 feet to point;

**THENCE**, along and parallel to the East boundary of Lot 360 of the Kelly-Pharr Subdivision, North a distance of 1320 feet;

**THENCE**, along the North boundaries of Lot 360, Lot 359, Lot 358, Lot 357, Lot 356, Lot 355 of the Kelly-Pharr Subdivision, East to the Northeast corner of Lot 355 of the Kelly-Pharr Subdivision;

**THENCE**, along the West boundary of a drainage easement, North to the North Right-of-Way of East Las Milas Road;

**THENCE**, along the North Right-of-Way of Las Milpas Road, East to the East Right-of-Way of South Veterans Blvd.;

**THENCE**, along the East Right-of-Way of Veterans Blvd. South a distance of 875 feet to a point;

**THENCE**, along and parallel to the South boundary of Lot 352 of the Kelly-Pharr Subdivision, West to the Northwest corner of Lot 353 of the Kelly-Pharr Subdivision, also being the Northeast corner of Los Ebanos Phase 4 Subdivision;

**THENCE**, along the North boundary of Los Ebanos Phase 4 Subdivision, West to the Northwest corner of Los Ebanos Phase 4 Subdivision;

**THENCE**, along the West boundary of Los Ebanos Phase 4 Subdivision South to the Southwest corner of Los Ebanos Phase 4 Subdivision;

**THENCE**, along the South boundary of Los Ebanos Phase 4 Subdivision and Lot 353 of the Kelly-Pharr Subdivision, East to the East Right-of-Way of South Veterans Blvd.;

**THENCE**, along the East Right-of-Way of South Veterans Blvd., South to a point that intersects with the North boundary of SouthFork Estates Subdivision;

**THENCE**, along the West boundary of SouthFork Estates Subdivision, South to the Southwest corner of SouthFork Estates Subdivision;

**THENCE**, along the South boundary of Southfork Estates Subdivision, East to a point that intersect with the East Right-of-Way of South Veterans Blvd.;

**THENCE**, along the East Right-of-Way of South Veterans Road, South to a corner, same being the Southeast corner of the City of Pharr City Limits as described in Ordinance No. O-2011-64;

**CITY OF PHARR – TIRZ Zone 1**

**THENCE**, along the south boundary of said Pharr City Limits, West to a point that intersects with the West boundary of G.S.A. Subdivision;

**THENCE**, continuing along the South boundary of said Pharr City Limits, West to the Southwest corner of Lot 404, Kelly-Pharr Subdivision, same being the Southwest corner of the Pharr City Limits as described in Ordinance No. O-2011-64;

**THENCE**, along the West boundary of Lot 404, Kelly-Pharr Subdivision, North to point lying on the West boundary of Lot 404, Kelly-Pharr Subdivision, same being a corner as described in Ordinance No. O-2011-64;

**THENCE**, continuing along the South boundary of said Pharr City Limits, West to the center-line of South Jackson Road for a point, same being a point as described in Ordinance No. O-2011-64;

**THENCE**, continuing along the West boundary of said Pharr City Limit, North to a point, same being a point as described in Ordinance No. O-2011-64;

**THENCE**, continuing along the South boundary of said Pharr City Limits, East to a point, same being a point as described in Ordinance No. O-2011-64;

**THENCE**, continuing along the South boundary of said Pharr City Limits, North to a point, same being the Northwest corner of Lot 7;

**THENCE**, along the North boundary of Lot 7, East to the Northeast corner of Lot 7;

**THENCE**, along the East boundary of Lot 8, North to the center-line of West Anaya Road;

**THENCE**, along the center-line of West Anaya Road, West to the center-line of South Jackson Road;

**THENCE**, along the West boundary of said Pharr City Limits and the center-line of South Jackson Road, North to the **POINT OF BEGINNING**.

**SAVE and EXCEPT the following TRACTS:**

**TRACT 1:**

Lots 1A, 12A & 13A, Pharr/Las Milpas Industrial Subdivision Planned Unit Development

P.E.D.C. #1 Subdivision (Amended)

Re-Subdivision of Lots 1, 5, 6 and 7, P.E.D.C. Subdivision (Amended)

Bona Terra Subdivision

Pharr/Las Milpas Industrial Subdivision Planned Unit Development

B.R. Becker Subdivision Phase I

B.R. Becker Subdivision Phase II

**CITY OF PHARR – TIRZ Zone 1**

Hi Line Industrial Park Subdivision  
The Plastron Industries Inc. Tract – Document #1288213  
Joel Estrada Tract – Document #1037589

**TRACT 2:**

Jose Manuel Guerra Subdivision  
West 15 Acres of Lot 6, Block 1, Re-subdivision of Closner Subdivision of Porcion 70

**TRACT 3:**

South 20 Acres of Lot 393, Kelly-Pharr Subdivision

**TRACT 4:**

South ½ of Lot 4, M.P.M. Subdivision