

ORDER NO. _____

DESIGNATING THE LOS PRADOS DEVELOPMENT PROJECT, BEING A +/- 94.98 ACRE AREA LOCATED IN HIDALGO COUNTY, TEXAS, AS A TAX INCREMENT REINVESTMENT ZONE; DESCRIBING THE BOUNDARIES OF THE ZONE; CREATING A BOARD OF DIRECTORS FOR THE ZONE; PROVIDING FOR AN EFFECTIVE DATE AND A TERMINATION DATE FOR THE ZONE; NAMING THE ZONE "REINVESTMENT ZONE NUMBER ONE, HILDAGO COUNTY;" ESTABLISHING A TAX INCREMENT FUND; AND CONTAINING OTHER FINDINGS AND PROVISIONS RELATED THERETO.

WHEREAS, the Commissioners Court of Hidalgo County, Texas (the "County") desires to support economic development and increase affordability of housing for the community through the construction of the Los Prados Development Project (the "Project"), to be funded in whole or in part through the creation of a Tax Increment Reinvestment Zone (a "Reinvestment Zone"), as hereinafter more specifically defined and named, and with boundaries as hereinafter provided, pursuant to the provisions of the Tax Increment Financing Act, Chapter 311, Texas Tax Code (hereinafter the "Act"); and

WHEREAS, the County received a petition for Reinvestment Zone designation by owners representing over 50% of the appraised value of the property in the proposed Reinvestment Zone according to the most recent certified appraisal roll for the County; and the County agrees to create the Zone (as defined below) as petitioned; and

WHEREAS, both the area petitioned for Reinvestment Zone designation and the Project area consist of 94.98 acres, more or less, located in the extraterritorial jurisdiction of the City of Mercedes, Texas, and in Hidalgo County, Texas, with such are being coterminous with the boundaries of the Zone, and is more fully described by the map and metes and bounds description contained in **Exhibit A**, attached hereto and incorporated herein ("Property"). The Project site plan illustrating the proposed development of the Property within the Zone is attached hereto as **Exhibit B**.

WHEREAS, the County has received and reviewed a copy of Resolution No. 2023-25, passed and approved by the City Commission of the City of Mercedes, Texas ("City"), through which the City expressed its strong support for the Project so as to increase affordable housing in the community and requested the County to assist in the development of the Project by considering the establishment of a Tax Increment Reinvestment Zone and a Public Improvement District on the Property.

WHEREAS, the public improvements and related services to be provided within the Zone are those set forth in the preliminary project plan and financing plan for the Zone attached hereto as **Exhibit C** (the "Preliminary Project Plan and Financing Plan"), prepared in accordance with Section 311.003 of the Act. Both the Preliminary Project Plan and

Financing Plan are collectively referred to hereinafter as “Preliminary Project Plan and Financing Plan;” and

WHEREAS, pursuant to the Act, the County may designate a contiguous geographic area within the jurisdiction of the County to be a Reinvestment Zone if the area satisfies certain requirements of the Act; and

WHEREAS, pursuant to the Act, the County has held a public hearing on the creation of the Zone and its benefits to the County and Property at which interested persons were provided an opportunity to speak for or against the creation of the Zone, its boundaries, and/or the concept of tax increment financing. Notice of the above-referenced public hearing was published in a newspaper of general circulation within the County on October 23, 2024, being more than seven (7) days before the date of the hearing; and

WHEREAS, the County has provided the owners of the Property a reasonable opportunity to protest the inclusion of the Property in the proposed Reinvestment Zone, and the owners did not protest; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Order 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 ORDERED BY THE COMMISSIONERS COURT OF HIDALGO COUNTY, TEXAS, THAT:

SECTION 1. FINDINGS. The County hereby finds and declares in accordance with the Act that:

- (a) The 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 County;
- (b) The Zone area meets the requirements of Section 311.005 of the Act;
- (c) The Zone is being designated under Section 311.005(a)(4) of the Act, being that the Zone area is “an area described in a petition requesting that the area be designated as a reinvestment zone, if the petition is submitted to the governing body of the municipality or county by the owners of property constituting at least 50 percent of the appraised value of the property in the area according to the most recent certified appraisal roll for the county in which the area is located.” TEX. TAX CODE § 311.005(a)(4);
- (d) The proposed Zone is a contiguous geographical area located wholly within the jurisdictional limits of the County of Hidalgo, Texas, and is located within the extraterritorial jurisdiction of the City of Mercedes, Texas; and

(e) The proposed Zone will promote development of the area to be included therein, which would not occur solely through private investment in the reasonably foreseeable future, and further increases needed affordability of housing within the County.

SECTION 2. DESIGNATING THE AREA AS A REINVESTMENT ZONE. The Property commonly referred to as the “Los Prados Development Project”, with the boundaries and as more specifically described in Exhibits A and B attached hereto, and officially assigned the name as designated in Section 6 below (which reinvestment Zone so described, named and designated under this Order is herein referred to as the “Zone”), is hereby designated as a Tax Increment Reinvestment Zone pursuant to the Act, and is so designated in accordance with and pursuant to TEX. TAX CODE 311.005(a)(4).

SECTION 3. DESCRIPTION OF THE BOUNDARIES OF THE REINVESTMENT ZONE. Attached hereto as Exhibits A and B, which are incorporated herein and made a part hereof, is a metes and bounds description, a map, and Project site plan, which taken together depict the boundaries of the Zone, consisting of approximately 94.98 acres, more or less, of real property within the jurisdictional limits of the County.

SECTION 4. CREATION AND COMPOSITION OF A BOARD OF DIRECTORS FOR THE ZONE AND AUTHORITY OF BOARD. 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. Pursuant to TEX. TAX CODE §§ 311.009(b) and 311.009(e)(2), the Board shall consist of nine (9) members and have the following composition:

- a) Seven (7) members appointed by the County of Hidalgo, Texas by order of the City Commission and meeting the requirements of TEX. TAX CODE § 311.009(e)(2), which said members for the purpose of establishing the initial Board shall be:
 1. Nicholas Rhodes (hereby designated as initial Presiding Officer/Chair)
 2. Jon Rhodes
 3. Brad Frisby
 4. Misty Martin
 5. Jaime Gonzalez
 6. Sergio Pena
 7. David Suarez; and
- b) The member of the State Senate in whose district the Zone is located, or their designee, pursuant to TEX. TAX CODE § 311.009(b); and
- c) The member of the State House of Representatives in whose district the Zone is located, or their designee, pursuant to TEX. TAX CODE § 311.009(b).

The term of each initial director shall be for a term of two (2) years. The term of each subsequent director shall be two (2) years. Vacancies shall be filled for the remainder of the unexpired term, by appointment made by the governing body that appointed the director who served in the vacated position.

The County shall annually appoint a member of the Board to serve as Chairman of the Board for a one-year term beginning January 1st and ending December 31st. The Board may elect a vice-chairman to serve in the absence of the chairman, and other officers as it deems appropriate.

The Board may hold its meetings at any place within the County as the Board may from time to time determine; provided that, in the absence of any such determination by the Board, the meetings shall be held at the place of regular business and public meetings for the Hidalgo County Commissioners Court. The Board shall conduct its meetings in accordance with the requirements of the Act and such other applicable requirements of Texas law, including the Open Meetings Act, Chapter 551, Texas Government Code. Regular meetings of the Board shall be held at such times and places as shall be designated, from time to time, by resolution of the Board. Notice of regular meetings need not be given to each of the Directors but public notice of each meeting shall be given in the manner as may be required by law. Special meetings of the Board shall be held whenever called by the chairman, the vice-chairman in the absence of the chairman, or upon advice of or request by the County Judge. A majority of the directors fixed by this Order shall constitute a quorum for Board meetings. The act of a majority of the directors present at a meeting at which a quorum is in attendance shall constitute the act of the Board, unless the act of a greater number is required by law.

The Board shall make recommendations to the County concerning the administration of the Zone. The Board shall prepare and adopt a project plan and financing plan for the Zone and must submit such plans to the County for its final approval. The Board shall possess all powers necessary to prepare, monitor, and administer such project plan and financing plan for the Zone as set forth in the project plan, financing plan and Development Agreement (as defined below) (hereafter collectively the "Governing Documents"). The Board shall have the power to enter into agreements for the acquisition of professional services relating to accounting and auditing functions required for administration the Zone. Additionally, and specifically, pursuant to TEX. TAX CODE § 311.010(b), the Board and County may enter into agreements as the Board or County considers necessary or convenient to implement the reinvestment zone project plan and financing plan and achieve their purposes. Further, and in accordance with TEX. TAX CODE § 311.010(b), the Board and County may enter into agreement(s), which during its term, dedicates, pledges, or otherwise provides for the use of revenue in the tax increment fund to pay any project costs that benefit the reinvestment zone, including project costs relating to, *inter alia*, affordable housing, as such agreements may dedicate revenue from the tax increment fund to pay the costs of providing affordable housing in or out of the Zone.

The Board shall have the power to review reimbursement requests submitted by the Developer and the County and shall approve payment of said reimbursements provided all of the prerequisites for approving the reimbursement as set forth in the Governing Documents have been complied with. All actions of the Board in administering the Zone must be carried out pursuant to the policies and procedures established by the Board, and must be in compliance with the Governing Documents and the Act. The Board shall submit an annual report on the status of the Zone to the County no later than 30 days prior to the

end of the County’s fiscal year. The Board may not undertake any of the projects set forth in the project plan or financing plan for the Zone in place of the Developer or the County without prior written authorization of the County to do so. Any powers not herein specifically delegated to the Board or already granted to the Board by virtue of the provisions of the Act are specifically reserved to the County and the Board shall not have any rights of the County with respect to the Zone unless specifically delegated herein or by the County pursuant to a subsequent order.

SECTION 5. EFFECTIVE DATE AND TERMINATION DATE OF THE ZONE.

The Zone shall take effect immediately upon passage of this Order (the “Effective Date”). The term of the Zone shall be for a period of 30 years, beginning on the earlier of: (i) the Effective Date; or (ii) the date of approval of the Development Agreement (so called herein) between the County, the Zone, Los Prados Public Improvement District, and Rhodes Development, Inc., or such other related entity developing the Property (“Developer”) (the “Term”), unless otherwise terminated earlier as a result of: (i) payment in full of all project costs, tax increment bonds or notes, if any, including interest on said bonds or notes; (ii) any termination of the Development Agreement as a result of the default of the Developer thereunder according to the terms of the Development Agreement, it being acknowledged that any such termination of the Development Agreement will result in the termination of the Zone, or (iii) as otherwise permitted by law.

SECTION 6. ASSIGNING A NAME TO THE ZONE. The Zone created hereby is assigned the name of “REINVESTMENT ZONE NUMBER ONE, HIDALGO COUNTY.”

SECTION 7. TAX INCREMENT BASE. The Tax Increment Base for the Zone is the total appraised value of all real property within the zone and taxable by the County and located in Zone, determined as of January 1, 2024, being the year in which the most recent certified tax roll available at the time and date on which Zone was designated as a Tax Increment Reinvestment Zone (the “Tax Increment Base”).

SECTION 8. LIMITATION OF TAX INCREMENT AND ESTABLISHMENT OF A TAX INCREMENT FUND. There is hereby created and established in the depository bank of the County, a fund to be called the “REINVESTMENT ZONE NUMBER ONE, HIDALGO COUNTY, TAX INCREMENT FUND” (herein called the “Tax Increment Fund”). The Tax Increment Fund may be divided into additional accounts and sub-accounts authorized by resolution or order of the Commissioners Court.

The Tax Increment Fund shall consist of, and there shall be deposited therein: (i) the percentage of the “tax increment,” as defined by TEX. TAX CODE § 311.012(a), that each taxing unit which levies real property taxes in the Zone, other than the County, has elected to dedicate to the Tax Increment Fund under an agreement, if any, with the County authorized by Section 311.013(f) of the Act; plus (ii) an amount calculated as a millage rate per hundred dollars of Captured Appraised Value (as defined below) of real property in the Zone that equals fifty percent (50%) of the “County’s M&O Tax Rate” as same is levied, collected and allocated to the County’s general fund, up to the maximum aggregate

amount as described and set forth in the project plan and financing plan for the Zone. As used herein, “County’s M&O Tax Rate” means that portion of the County’s ad valorem tax rate used by the County for maintenance, support, current expenses and operations, and such other general purposes and excluding the portion of the County’s property tax rate that is collected and apportioned for payment of outstanding general obligation bonded indebtedness commonly referred to as the “interest and sinking fund rate.” As used above, the phrase “Captured Appraised Value” means the captured appraised value of the property in the Zone as defined by TEX. TAX CODE § 311.012(b) (i.e., the total appraised value of all real property taxable by the County and located in the Zone in any given year less the total appraised value of that property in 2024, the base year of the Zone. The amount of the tax increment to be contributed by the County to the Zone shall be deemed limited as set forth above for purposes of Section 311.013(l) of the Act and shall not exceed the total aggregate amount specified in the Governing Documents.

Any interest received on monies held within the Tax Increment Fund as a result of depository interest or investment of said funds shall be added to the balance of the Tax Increment Fund and such interest shall be credited towards the maximum amount to be contributed by the County to the Tax Increment Fund.

The Tax Increment Fund shall be maintained in an account at a depository bank of the County and shall be secured in the manner prescribed by law for Texas counties. In addition, all revenues from (i) the sale of any obligations hereafter issued by the County and secured in whole or in part from the tax increments; (ii) revenues from the sale of any property acquired as part of a tax increment financing plan adopted by the Board; and (iii) other revenues dedicated to and used in the Zone shall be deposited into the Tax Increment Fund. Prior to the termination of the Zone, money shall be disbursed from the Tax Increment Fund only to pay project costs, as defined by the Texas Tax Code and pursuant to the terms of the Development Agreement, for the Zone, or to satisfy the claims of holders of tax increments bonds or notes issued for the Zone, as may be applicable.

Any expenditure to be made from the Tax Increment Fund or any contract related thereto, must be approved by the County prior to such expenditure being made or contract being executed. Approval of the project plan and financing plan shall constitute approval by the County for payments and/or reimbursements for the various Zone projects identified therein in accordance with such plans, provided such payment is approved by the Board according to the policies and procedures set forth in the project plan, financing plan and Development Agreement. The County hereby authorizes the Board to make expenditures from the Tax Increment Fund in furtherance of funding downpayment assistance program(s).

SECTION 9. INCORPORATION OF RECITALS. The County hereby finds that the statements set forth in the recitals of this Order are true and correct, and the County hereby incorporates such recitals as a part of this Order.

SECTION 10. SEVERABILITY. If any provision of this Order or the application thereof to any circumstances shall be held to be invalid, the remainder of this Order and the

application thereof to other circumstances shall nevertheless be valid, as if such invalid provision had never appeared herein, and this governing body hereby declares that this Order would have been enacted without such invalid provision.

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

PASSED AND APPROVED ON THIS ___ DAY OF _____, 2024.

COUNTY OF HIDALGO, TEXAS

Honorable Richard F. Cortez
Hidalgo County Judge

ATTEST:

Arturo Guajardo, Jr.
County Clerk

EXHIBIT A
Map and Metes and Bounds Description of Property
(See Attached)

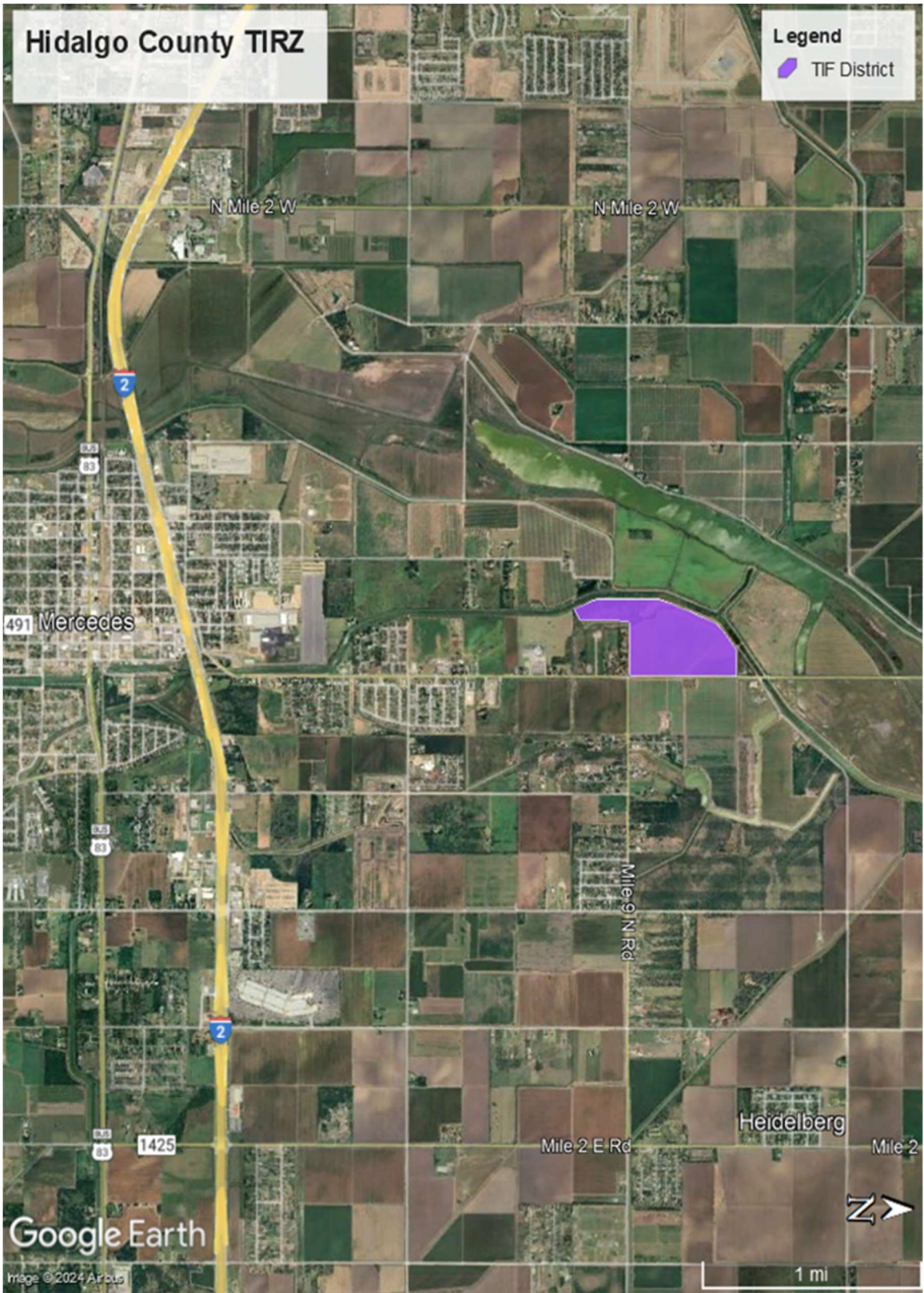


EXHIBIT B
Site Plan of Development Project
(See Attached)

EXHIBIT C
Preliminary Project Plan and Financing Plan
(See Attached)