

**DEVELOPMENT AGREEMENT BY AND BETWEEN HIDALGO COUNTY, TEXAS; LOS PRADOS PUBLIC IMPROVEMENT DISTRICT; REINVESTMENT ZONE NUMBER ONE, HIDALGO COUNTY; VALLEY AFFORDABLE HOUSING, LLC; AND LOS PRADOS DEVELOPMENT, LLC**

STATE OF TEXAS           §  
  §           **KNOW ALL MEN, THESE PRESENTS**  
COUNTY OF HIDALGO   §

This Development Agreement (“Agreement”), pursuant to an Order of the Hidalgo County Commissioners Court, effective as of December 17, 2024, is entered into by and between the **COUNTY OF HIDALGO**, Texas (hereinafter called “**COUNTY**”) acting by its duly elected Judge and Commissioners; and **VALLEY AFFORDABLE HOUSING, LLC**, a Texas limited liability company (hereinafter referred to as “**LANDOWNER**”); and **LOS PRADOS DEVELOPMENT, LLC**, a Texas limited liability company (hereinafter referred to as “**DEVELOPER**”); and **LOS PRADOS PUBLIC IMPROVEMENT DISTRICT**, a Public Improvement District created pursuant to and in accordance with Chapter 372, Texas Local Government Code (hereinafter called “**PID**”), by and through its duly authorized manager; and **REINVESTMENT ZONE NUMBER ONE, HIDALGO COUNTY**, a Tax Increment Reinvestment Zone created pursuant to and in accordance with Chapter 311, Texas Tax Code, by and through its duly authorized board of directors (hereinafter “**TIRZ**”). Together the **COUNTY**, **DEVELOPER**, **PID**, and **TIRZ**, are collectively referred to hereinafter as the “**PARTIES**.”

**WITNESSETH:**

**WHEREAS**, **COUNTY** recognizes the importance of its continued role in and so desires economic development within the region to the benefit of its inhabitants and surrounding community by addressing housing affordability and improving living standards within the same; and

**WHEREAS**, the City of Mercedes, Texas (“**City**”), by and through its City Commission, has passed Resolution No. 2023-25, expressing its strong support for the affordable housing project proposed by **DEVELOPER** to be located in the City’s extraterritorial jurisdiction and within Hidalgo County, Texas, and through such formal resolution has requested assistance from **COUNTY** to support **DEVELOPER** with the establishment of the **PID** and **TIRZ**; and

**WHEREAS**, **DEVELOPER**, is the owner of certain real property consisting of approximately 94.98 acres, more or less, in the City’s extraterritorial jurisdiction and within Hidalgo County, Texas, on which the affordable housing project proposed by **DEVELOPER** is to be located, said property being more particularly described in the map and metes and bounds description contained in **EXHIBIT A**, attached hereto and incorporated herein for all intents and purposes (hereinafter the “**Property**”); and

**WHEREAS**, the **DEVELOPER** has petitioned the **COUNTY** to create a Public

Improvement District (hereinafter referred to as “PID” or “DISTRICT”) pursuant to the provisions of Chapter 372, Texas Local Government Code (“Chapter 372”) to provide qualifying infrastructure improvements, related services, as well as much-needed affordable housing options to low and moderate-income individuals and families within the surrounding community; and

**WHEREAS**, the DEVELOPER has also petitioned the COUNTY to create and designate a Tax Increment Reinvestment Zone (hereinafter referred to as “TIRZ” or “ZONE”) pursuant to the provisions of Chapter 311, Texas Tax Code (“Chapter 311”), specifically under and in accordance with Section 311.005(a)(4) thereof, to provide much-needed affordable housing options to low and moderate-income individuals and families within the surrounding community and allow for the establishment of a down-payment assistance program, which will be funded and distributed to home-buyers or other qualified applicants as more fully set forth below; and

**WHEREAS**, the COUNTY’s creation, designation, and establishment of the TIRZ and PID allows for and provides valuable tax incentives and improvements that are vital to the financial feasibility and ultimate success of the affordable housing project proposed by DEVELOPER on property that would otherwise remain vacant and the development thereof would not otherwise occur solely through private investment in the reasonably foreseeable future; and

**WHEREAS**, the Property on which the affordable housing project proposed by DEVELOPER is to be located has been included by the COUNTY within the boundaries of the DISTRICT and within boundaries of the ZONE; and

**WHEREAS**, the COUNTY, PID, and TIRZ intend for this Agreement to be entered into pursuant to and under Chapter 791, Texas Government Code, for the purpose of providing and collaborating under this Agreement to provide affordable housing as allowed under TEX. LOC. GOV’T CODE § 372.003(b)(15) and TEX. TAX CODE § 311.010(b), within the Property; and

**WHEREAS**, Chapter 372 authorizes the expenditure of funds derived from the PID, the payment of expenditures made or estimated to be made, and the payment of monetary obligations incurred or estimated to be incurred, by the COUNTY in establishing the PID, the payment of costs of public improvements constructed and services provided within the DISTRICT, as well as other such project costs incidental to those expenditures and obligations, consistent with the service plan of the PID, which expenditures and monetary obligations constitute project costs, as more fully described in Chapter 372 (“PID Improvements”); and

**WHEREAS**, Chapter 311 authorizes the expenditure of funds derived from the TIRZ, the payment of expenditures made or estimated to be made, and payment of monetary obligations incurred or estimated to be incurred by the COUNTY in establishing the ZONE, the payment of costs of public works or public improvements in the ZONE, plus other costs incidental to those expenditures and obligations, consistent with the project

plan and finance plan of the TIRZ, and the pledging and use of tax increment funds generated from the TIRZ for uses that benefit the ZONE under this Agreement and pursuant to TEX. TAX CODE § 311.010(b), including use in affordable housing programs, which expenditures, pledges, and monetary obligations constitute project costs, as more fully described in Chapter 311 (“TIRZ Improvements”); and

**WHEREAS**, the PID Improvements and the TIRZ Improvements are collectively referred to hereinafter as “Authorized Improvements;” and

**WHEREAS**, the COUNTY has passed and approved County Resolution No. 97398 on November 12, 2024 which authorized designation of the PID in accordance with its finding as to the improvements proposed being advisable and with all such conditions precedent under Chapter 372 having been duly satisfied and fulfilled by the COUNTY, and further found this Agreement to be advisable and of future benefit to the residents of the COUNTY and the future residents of the DISTRICT, with a true and correct copy of the County Resolution being attached hereto as **EXHIBIT B**; and

**WHEREAS**, the COUNTY has received, reviewed and approved the Service Plan by County Order on December 17, 2024, having found that the Service Plan meets all requirements of Chapter 372, with such Service Plan having been filed with the County Clerk of Hidalgo County, Texas, being the county in which the DISTRICT is located within seven days after passage of such County Order, with such approved Service Plan being attached hereto as **EXHIBIT C**; and

**WHEREAS**, in accordance with Chapter 372, the manager of the **PID**, being **TEXAS SPECIAL DISTRICT MANAGEMENT, LLC**, a Texas limited liability company (hereafter “PID Manager”) has authority to enter into agreements that it considers necessary or convenient to implement the improvements authorized thereunder and Service Plan and to achieve the purposes of developing the Property; and

**WHEREAS**, pursuant to the above stated authority, the PID Manager desires to enter, on behalf of the PID, into a binding agreement with COUNTY, TIRZ, and DEVELOPER for DEVELOPER to develop the PID Property as specified in the Service Plan and as specified in this Agreement; and

**WHEREAS**, the COUNTY has passed and approved a County Order on November 12, 2024, which created the TIRZ, and finds this Agreement to be advisable and of future benefit to the residents of the COUNTY and the future residents of the ZONE, with a true and correct copy of such County Order being attached hereto as **EXHIBIT D**; and

**WHEREAS**, the TIRZ and use of TIF Funds, as contemplated herein, does not conflict with the County’s TIRZ Policy, as amended.

**WHEREAS**, on December 9, 2024, by resolution, the Board of Directors for the ZONE adopted and approved a project plan and finance plan, in accordance with Chapter 311 (“Project and Finance Plan”) providing for development of the Property and

recommending to the COUNTY that they give approval by Order of the Project and Finance Plan; and

**WHEREAS**, on December 17, 2024, the COUNTY approved the Project and Finance Plan for the Zone and this Agreement by Order of the Commissioners Court of Hidalgo County, Texas, a copy of which is attached hereto as **EXHIBIT E**; and

**WHEREAS**, pursuant to Chapter 311, the Board of Directors for the ZONE has authority to enter into agreements that it considers necessary or convenient for implementation of the Project and Finance Plan and to achieve the purposes of the ZONE and to dedicate, pledge, or otherwise provide for the use of the revenue from the TIRZ to pay for and finance Authorized TIRZ Improvements and Costs that benefit the ZONE; and

**WHEREAS**, the COUNTY, pursuant to and in accordance with such applicable Orders referenced above, has pledged a certain portion of the COUNTY's tax increment for the Property and is obligated to deposit such portion of the COUNTY's Tax Increment Fund, as such term is defined herein, for the purposes and uses provided herein; and

**WHEREAS**, pursuant to the above stated authority, the Board of Directors for the Zone desires to enter into a binding agreement with COUNTY, PID, and DEVELOPER, for DEVELOPER to develop the ZONE Property as specified in the Project and Finance Plan and to pledge certain revenues of the Zone for use in the down payment assistance program to provide affordable housing opportunities to future inhabitants of the ZONE and such other uses as more fully set forth below; and

**WHEREAS**, the boundaries of the Property, the ZONE, and the DISTRICT, are coterminous; and

**WHEREAS**, the PARTIES intend for the rights, duties, and obligations of the PARTIES under the ZONE, DISTRICT, applicable County Orders referenced herein, Agreement, Project and Finance Plan for the ZONE, and Service Plan for the DISTRICT, to be incorporated in this Agreement; and

**NOW, THEREFORE**, in consideration of the mutual promises, covenants, obligations, and benefits contained in this Agreement, COUNTY, the PID Manager, Board of Directors for and on behalf of the TIRZ, and DEVELOPER hereby agree as follows:

## **I. DEFINITIONS**

1.1 "Chapter 372" shall mean Chapter 372, Subchapter A of the Texas Local Government Code, as amended.

1.2 "Chapter 311" shall mean Chapter 311, of the Texas Tax Code, as amended.

1.3 "Administrative Costs" means reasonable costs directly incurred by the COUNTY 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 reimbursable Administrative Costs for the COUNTY over the life of the ZONE shall not exceed the amount set forth in the Finance Plan attached hereto as Exhibit E.

1.4 “Available Tax Increment” shall mean as to the COUNTY only, unless otherwise amended by subsequent, mutual, written agreement by the PARTIES, an amount calculates as a millage rate per \$100 of Captured Appraised Value of real property in the ZONE that equals 50% of the COUNTY’s M&O Tax Rate as levied and collected (i.e., excluding only the portion of the COUNTY’s property tax rate that is apportioned for payment of outstanding general obligation bonded indebtedness commonly referred to as the “interest and sinking fund rate”), together with any rollback taxes collected from within the ZONE over the term of the ZONE as described in Section 3.8.1.

1.5 “Available PID Assessments” shall mean the combined totals of the PID Debt Service Assessment and PID Maintenance Assessment, as such terms are defined herein.

1.6 “Certificate of Completion” shall mean a written acknowledgement by DEVELOPER that public improvements were constructed as specified in the Project and Finance Plan and/or Service Plan and in this Agreement.

1.7 “COUNTY”, “PID Manager”, and “DEVELOPER” shall have the meanings specified herein.

1.8 “Completion” or “completed” shall mean construction of a public improvement in the PID substantially in accordance with the Service Plan and/or a public improvement in the TIRZ substantially in accordance with the Project and Finance Plan, and with this Agreement so that the particular improvement can be used and maintained for its intended purpose.

1.9 “Contract Progress Payment Request” or “Reimbursement Request” shall mean a request for payment due to DEVELOPER for having made payment of an expense or having successfully completed work on a specific improvement in the PID and/or TIRZ within the Property, accompanied by documentation satisfactory to the PID Manager and/or TIRZ Board of Directors, as may be applicable, and may include the name and address of the entity or entities that performed the work, a description of the contract pursuant to which the payment(s) were made, the amount of such payment, the original contract amount, total payments made to date on such contract(s), cancelled checks and invoices for said payments, if available, an estimate of remaining work to be completed on the specific improvement, the cost of such remaining work, and any customary lien and/or subcontractor releases, as applicable.

1.10 “Development Agreement” or “Agreement” shall mean this document among

COUNTY, PID, TIRZ, and DEVELOPER, as it may be amended.

1.11 “Fiscal Year of Zone” shall be congruent with the fiscal year of the COUNTY, with the exception of the initial year and the ending year which shall be partial Fiscal Years.

1.12 “Goods and Services” shall mean the services and goods (infrastructure, LPDAP, etc.) that are performed, installed, and/or provided by the DEVELOPER pursuant to this Agreement. The Goods and Services provided hereunder are “goods and services” as such terms are described in and shall have the meaning prescribed in Section 271.151 of the Texas Local Government Code, and this Agreement shall be subject to Chapter 271, Texas Local Government Code for the purposes of interpretation and enforcement between the PARTIES.

1.13 “Los Prados Down-Payment Assistance Program” or “LPDAP” shall mean the down-payment assistance program established, administered, and maintained by DEVELOPER, in accordance with this Agreement, to assist future and initial inhabitants of the Property in the purchase of a single-family home or structure located on a developed lot within the ZONE and DISTRICT, and who are qualified and meet the requirements of the LPDAP to receive such down-payment assistance for the purpose of increasing affordability of housing within the community. The guidelines, requirements, qualifications, process, and procedures of the LPDAP are more specifically and fully set forth in **EXHIBIT F**, attached hereto and incorporated herein for all intents and purposes.

1.14 “Participating Taxing Entity” means a taxing unit participating in the ZONE, which is the COUNTY, unless otherwise amended to include other such taxing entities.

1.15 “Phase” shall mean a portion of the Project that is being constructed by Developer normally being a set number of units and/or acres out of the Property being constructed together during a specific timeline.

1.16 “PID” shall mean the Los Prados Public Improvement District authorized and established by the COUNTY pursuant to Chapter 372 over the Property.

1.17 “PID Assessment” shall refer to the combination of both the Debt Service Assessment and Maintenance Assessment.

1.18 “PID Debt Service Assessment” or “Debt Service Assessment” shall mean the assessment levied on each developed single-family lot located on the Property and within the District for the purpose of paying the debt service on obligations owed by the PID for the Project Costs incurred by Developer for the benefit of the Project, including for the construction and installation of Project Improvements together with allowable interest thereon until paid, and as such assessment is defined and more fully described in the Service Plan, as may be amended from time to time in accordance with Chapter 372.

1.19 “PID Maintenance Assessment” or “Maintenance Assessment” shall mean the assessment levied on each developed single-family lot located on the Property and within the District for the purpose of funding the costs of operation of the PID and maintaining the Project Improvements, and as such assessment is defined and more fully described in the Service Plan, as may be amended from time to time in accordance with Chapter 372.

1.20 “PID Improvements” shall be those improvements authorized in Chapter 372 of the Texas Local Government Code, and as more specifically detailed in the Service Plan as may be amended from time to time, and shall also have that meaning provided in the above recitals.

1.21 “PID Property” shall mean the real property subject to the Service Plan.

1.22 “Project” shall mean the design, construction, assembly, installation and implementation of the improvements and/or activities as more specifically detailed in the Project and Finance Plan and/or Service Plan and in this Agreement as (either or all) may be amended from to time, and includes the Project Improvements and Project Costs, as such terms are defined below.

1.23 “Project and Finance Plan” shall mean the final project plan and financing plan for the ZONE approved by the Board of Directors of the Zone and approved by County Commissioners Court of the COUNTY, a copy of which is attached hereto as Exhibit E.

1.24 “Project Costs” shall mean the items set forth and described in Chapter 372 and/or Chapter 311, that are included in the Service Plan and/or Project and Finance Plan for the Project to the fullest extent applicable. The Project Costs include public infrastructure improvements and related capital costs, including streets, streetlights, drainage, utilities, sidewalks, landscaping and rights-of-way, and other costs including, but not limited to, engineering, architectural, and legal and other professional services incidental to those expenditures and obligations, as well as the costs of funding and administering the LPDAP. The estimated Project Costs are respectively set forth in both the Service Plan and Project and Finance Plan, and are inclusive of the aggregate of capital improvements (plus interest thereon), and other allowable costs incurred for the service and maintenance of the PID Infrastructure Improvements for the life of the PID, as well as any such other costs associated with or advanced for the purpose of providing, administering, and operating the Los Prados Down-Payment Assistance Program.

1.25 “Project Improvements” shall mean and be in reference to both PID Improvements and TIRZ Improvements collectively.

1.26 “Public Improvement District Fund” means the fund created by COUNTY for the deposit of available PID Assessments for the PID entitled “Los Prados Public Improvement District Fund.” The PARTIES agree that the PID Assessments deposited in the Public Improvement District Fund shall consist of a combination of both the Debt Service Assessments collected and deposited and the Maintenance Assessments collected and deposited. Any deposit into the Public Improvement District Fund, whether from

collected Debt Service Assessments and/or collected Maintenance Assessments, shall be held in the Public Improvement District Fund by the COUNTY until such time as paid to DEVELOPER for reimbursement, and appropriately earmarked back to the source of such funds, specifically whether the funds deposited and their corresponding amounts are generated from the Debt Service Assessments or Maintenance Assessments collected.

1.27 “Service Plan” shall mean the final service plan as defined in Chapter 372, as approved and as may be amended from time to time by the PID Manager and governing body of the COUNTY, with such initial final and approved service plan being attached hereto as **EXHIBIT C**.

1.28 Singular and Plural: Words used herein in the singular, where the context so permits, also includes the plural and vice versa, unless otherwise specified.

1.29 “Tax Increment Base” means the total certified appraised value of all real property taxable by COUNTY and located in the ZONE as of January 1, 2024, being the most recent certified tax roll available at the time and date on which the ZONE was designated.

1.30 “Tax Increment Fund” means the tax increment fund created by COUNTY for the deposit of Available Tax Increments for ZONE entitled “Reinvestment Zone Number One, Hidalgo County,” which fund must be segregated and kept apart from any other funds of the COUNTY and may only be used as directed by the Board of Directors for the Zone for the purpose of reimbursing DEVELOPER for funding the Los Prados Down-Payment Assistance Program and for such other uses described herein.

1.31 “TIF Funds” shall mean all Available Tax Increments collected by the COUNTY and subject to this Agreement.

1.32 “TIRZ Term” shall mean a period of thirty (30) years, beginning on the later of the creation of the ZONE or the approval of this Agreement, and ending on the 30<sup>th</sup> anniversary of said date.

1.33 “TIRZ Termination Date” shall mean the date the Zone will terminate as set forth in the COUNTY Order establishing the Zone.

1.34 “TIRZ Improvements” shall mean those improvements authorized in Chapter 311, together with such other improvements and services authorized to be undertaken and provided therein by the TIRZ, and as more specifically described in the Project and Finance Plan and shall also have the meaning as defined in the above recitals.

## **II. REPRESENTATIONS**

2.1 COUNTY, the PID Manager, Board of Directors for TIRZ, and DEVELOPER each represent to the others the following understandings, intent, and agreements:

2.1.1. The PARTIES expressly acknowledge and agree that any terms, conditions, or obligations stated above in Article I, Definitions, of this Agreement are hereby incorporated herein by reference and respectively enforceable as between them.

2.1.2 For a term of 38 years from the designation of the PID, the COUNTY and the PID shall use all revenue collected from Debt Service Assessments only to reimburse the DEVELOPER for the costs related to the formation of the PID and of designing and constructing the PID Improvements designated under the Service Plan and this Agreement, pursuant to Article V.

2.1.3 That COUNTY and the PID shall use all Maintenance Assessment funds collected and deposited in the Public Improvement District Fund to reimburse DEVELOPER the initial cost and, thereafter, for the continued and ongoing cost of operation of the PID and maintenance of streets, drainage, sidewalks, and other PID Improvements within the DISTRICT, on a continual basis, and as such Maintenance Assessment funds may be collected and available, each and every quarter of the COUNTY'S Fiscal Year until the later of: (i) full reimbursement to the DEVELOPER for any funds advanced to the PID for the payment of such costs (and accrued interest thereon); (ii) termination of the DISTRICT; or (iii) until no such Maintenance Assessments have been collected for a period of ten (10) consecutive years.

2.1.4 That COUNTY and the TIRZ shall use any and all available TIF Funds in the Tax Increment Fund, to reimburse DEVELOPER for the costs and expenses incurred or advanced for the Project Costs (e.g. Los Prados Down-Payment Assistance Program), subject to approval by the Board of Directors of the TIRZ for pledge and contribution or reimbursement by the TIRZ to DEVELOPER. Such approval by TIRZ shall not be unreasonably withheld.

2.1.5 DEVELOPER represents that it understands that any expense incurred by or made by DEVELOPER in anticipation of reimbursement from the Tax Increments or PID Assessments shall not be, nor construed to be under this Agreement, financial obligations of the COUNTY, but only of the PID and/or TIRZ, respectively. DEVELOPER shall bear all risks associated with reimbursement from incorrect estimates of tax increment and/or assessments, changes in tax rates or collections, changes in market or economic conditions impacting the Project, changes in interest rates or capital markets, changes in regulations for which the Project does not enjoy statutory or constitutional vested rights, unanticipated effects covered under the legal doctrine of *force majeure*, and/or other unanticipated factors. This section, however, shall not prevent nor be construed to prevent the extension of time for PARTIES to perform an obligation due to *force majeure* as later described in this Agreement.

2.1.6 The PARTIES acknowledge, agree, and represent to one another that any and all TIF Funds collected, received, and deposited in the Tax Increment Fund

shall be used to reimburse DEVELOPER for those costs and expenses incurred and advanced as Project Costs in accordance with the Project and Finance Plan attached hereto as **EXHIBIT E**. Additionally, the PARTIES acknowledge, agree, and represent to one another that any and all PID Assessments collected, received, and deposited in the Public Improvement District Fund shall be used to reimburse DEVELOPER for those costs and expenses incurred and advanced as Project Costs in accordance with the Service Plan attached hereto as **EXHIBIT C**, as may be amended in accordance with and pursuant to Chapter 372.

2.1.7 The PARTIES further acknowledge, agree, and represent to one another that oversight of the Project shall be conducted by the PID Manager on behalf of both the PID and the TIRZ. Additionally, the PID shall, at least on an annual basis, provide a report to the TIRZ Board of Directors and COUNTY on the financial and physical status and progress of the Project. The TIRZ Board of Directors may, but shall not be obligated to, pass a resolution requesting the PID accept, hold, administer, disburse, and account for funds generated by the Tax Increment and contributed to the PID by the TIRZ for reimbursements to DEVELOPER and other such appropriate persons, provided the same is in accordance with the Project and Finance Plan. Further, the PID may, but shall not be obligated to, by formal written action accept, hold, administer, disburse, and account for funds generated by the Tax Increment and contributed to the PID by the TIRZ for reimbursements to DEVELOPER and such other persons, provided the same is in accordance with the Project and Finance Plan.

2.1.8 The PARTIES acknowledge, agree, and represent to one another that the work, goods and services to be completed and provided to COUNTY, PID, and/or TIRZ by DEVELOPER are “goods and services” as defined by, and are provided by DEVELOPER and accepted by the COUNTY, PID, and TIRZ, subject to the provisions of TEX. LOC. GOV’T CODE §§ 271.001 *et seq.*.

### **III. THE PROJECT**

3.1 **Incorporation by Reference.** The rights, duties, and obligations of the PARTIES under the above recitals, Articles I-II of this Agreement, County Orders and Resolution(s) referenced above, Project and Finance Plan, and Service Plan, are incorporated as rights, duties, and obligations of the PARTIES under this Agreement as if fully set forth herein.

3.2 **Administrative Costs.** The COUNTY will pay or incur on an annual basis Administrative Costs for the administration of the Zone as described in the Project and Finance Plan, with the COUNTY receiving 1/30<sup>th</sup> of its total amount of Administrative Costs to be paid under this Agreement or Ten Thousand Dollars (\$10,000.00) per year for Thirty (30) years for a combined total not to exceed Three Hundred Thousand Dollars (\$300,000.00). Notwithstanding anything contained in this Agreement to the contrary such annual Administrative Costs to be paid to COUNTY shall only be paid from TIF Funds and only as such funds may become and are available in the Tax Increment Fund

for any given year. In the event, there are not sufficient TIF Funds in the Tax Increment Fund to cover a payment to the COUNTY for its annual Administrative Costs, then those funds available for such purpose shall first be paid to the COUNTY, with any remaining outstanding amount rolling over to and becoming due in the next Fiscal Year until such time that the Administrative Costs to be paid to the COUNTY for that given year plus any outstanding and unpaid Administrative Costs not paid to the COUNTY in the previous year(s) has been paid in full.

3.3 **The Project.** DEVELOPER'S Project shall consist of those improvements and services respectively described in the Project and Finance Plan and Service Plan, to the extent applicable, with such improvements and services to be located and provided within the Property, which is coterminous with the boundaries of the ZONE and DISTRICT, being more fully described by the map, metes and bounds description, and site plan attached hereto as **EXHIBIT A**, all of which is located in Hidalgo County, Texas.

COUNTY hereby acknowledges and agrees that through passage of the Order and/or Resolution authorizing execution and approval of this Agreement by the COUNTY, that DEVELOPER has received all such waivers and exceptions, as may be required, to the Hidalgo County Subdivision Regulations, for subdivision of the Property in the manner depicted in the site plan of the Project which is included in the attached **EXHIBIT A**. To the extent such waivers and exceptions to the Hidalgo County Subdivision Regulations have not already been given, the same are hereby granted by the COUNTY, and further, that DEVELOPER is entitled to fully rely on such waivers and exceptions to the Hidalgo County Subdivision Regulations.

3.4 **Project Improvements.** The costs and expenses associated with PID Improvements, as such improvements and corresponding services are described in the Service Plan, as may be amended, are to be paid for by DEVELOPER and shall be reimbursed to DEVELOPER with funds generated from collected PID Assessments that are deposited in the Public Improvement District Fund. All Debt Service Assessments collected and deposited in the Public Improvement District Fund shall be used to reimburse DEVELOPER for those improvements and services described and attributable to reimbursement to DEVELOPER from Debt Service Assessment under the Service Plan. All Maintenance Assessments collected and deposited in the Public Improvement District Fund shall be used to reimburse DEVELOPER for the ongoing costs and expenses associated with maintenance of infrastructure and the provision of certain services within the DISTRICT as more fully set forth in the Service Plan. The costs and expenses associated with TIRZ Improvements, as such improvements and corresponding services are described in the Project and Finance Plan, as may be amended are to be paid for by DEVELOPER and shall be reimbursed to DEVELOPER with funds generated from Available Tax Increment and deposited in the Tax Increment Fund. The PARTIES acknowledge and agree that the funds to be used for and that make up the available financing incentives to qualified applicants under the Los Prados Down-Payment Assistance Program, being in the total amount of and not to exceed \$7,200,000.00 ("LPDAP Fund)", are to be advanced and paid for by DEVELOPER and shall be reimbursed to DEVELOPER from TIF Funds deposited in the Tax Increment Fund by the

TIRZ in the manner and as provided for herein and in accordance with the Project and Finance Plan.

3.5 **Los Prados Down-Payment Assistance Program.** The PARTIES acknowledge and agree that the establishment and administration of the LPDAP for providing availability of affordable housing through down-payment assistance to qualified and future inhabitants of the ZONE is a material inducement to the execution of this Agreement. The PARTIES further acknowledge and agree, with respect to the LPDAP, that:

3.5.1 The LPDAP is to be established, administered, and operated by DEVELOPER, and/or related entities under DEVELOPER's control and discretion.

3.5.2 The LPDAP shall at a minimum be administered under and in accordance with the guidelines, requirements, policies and procedures attached hereto as **EXHIBIT F.**

3.6 **Contracting for Construction of Project Improvements.** Project Costs eligible for reimbursement through PID Assessments and/or Available Tax Increment collected and deposited into their respective funds, may be, but shall not be required to be unless otherwise mandated by Texas law, publicly bid in general compliance with the requirements of the Texas Local Government Code.

3.7 **Financing.** The costs and expenses associated with the Project Improvements and all other improvement expenses associated with the Project shall be completed through the use of DEVELOPER's own capital or through: (1) commercial or private construction loans/lines of credit secured solely by DEVELOPER; and/or (2) through funds received from the PID. Notwithstanding anything contained herein to the contrary, nothing in this Agreement shall be construed to prevent or preclude the COUNTY from issuing bonds on behalf of the PID and/or TIRZ, provided such issuance(s) is/are in compliance with Chapter 372 or Chapter 311, respectively, and all other applicable state law. DEVELOPER may use any or part of the Property owned by DEVELOPER as collateral for the construction loan or loans as required for the financing of the Project. Further, DEVELOPER, without the consent of any other PARTY, may use the rights of reimbursement provided for in this Agreement as collateral for any loan or obligation DEVELOPER may require to fund the Project Costs, including the assignment or monetization of such rights of reimbursement hereunder. Subject to completion of a Project Improvement and sufficient evidence of a certain Project Cost having been incurred by DEVELOPER pursuant to the Service Plan or Project and Finance Plan, as applicable, and this Agreement, the PARTIES acknowledge and agree that:

3.7.1 As to the PID Improvements or Project Costs associated with the PID, as described in the Service Plan, the COUNTY and PID pledge to and are obligated under this Agreement to use any and all Debt Service Assessments collected and deposited in the Public Improvement District Fund, up to the maximum amount provided in the Service Plan, as may be amended, to reimburse DEVELOPER for

formation of the PID and constructing said PID Improvements and incurring the Project Costs. Additionally, to the extent that DEVELOPER has incurred, advanced, or will incur costs and expenses for operation of the PID and maintenance of PID Improvements and related services as described in the Service Plan on an ongoing and continued basis, the COUNTY and PID pledge to and are obligated under this Agreement to use any and all Maintenance Assessments collected and deposited in the Public Improvement District Fund to reimburse DEVELOPER for such ongoing operation and maintenance costs and expenses.

3.7.1.1 To receive reimbursement from the Public Improvement District Fund, the following process is agreed to and shall be adhered to by the PARTIES:

3.7.1.1.1 First, DEVELOPER shall submit evidence (in reasonable detail) of costs and/or expenses incurred or advanced in connection with PID Improvements or Project Costs associated with the PID, as described in the Service Plan, to the PID (with a copy to the COUNTY), for which DEVELOPER requests reimbursement be made;

3.7.1.1.2 Then, upon determination by the PID Manager that the evidence submitted of such cost or expense is sufficient, the PID Manager shall verify to the COUNTY through submittal to COUNTY of a formal Contract Progress Payment Request or Reimbursement Request certifying that DEVELOPER paid or incurred such costs and expenses in connection with the PID Improvements or Project Costs associated with the PID, in accordance with the Service Plan, as may be amended, and the PID Manager certifies such fact in writing to the COUNTY; and

3.7.1.1.3 Then the COUNTY shall cause the issuance of payment to the DEVELOPER for reimbursement of such actual Project Costs incurred by DEVELOPER, plus interest, as allowed under and in accordance with the Service Plan, subject to the priority of payment set forth below in Section 3.8.2. COUNTY shall cause payment to be issued and made to DEVELOPER, as reimbursement for such costs described in the Reimbursement Request, within, but no later than, ninety (90) days from the date the PID Manager provided its written certification of fact to the COUNTY under Section 3.7.1.1.2 of this Agreement, in and up to the amount of funds available in the Public Improvement District Fund. In the event that the amount of funds available in the Public Improvement District Fund are insufficient to satisfy payment to the DEVELOPER for the subject Reimbursement Request in full, then payment of outstanding amounts under such Reimbursement

Request shall be made in accordance with Section 5.2 of this Agreement. As provided in Section 5.1 of this Agreement, interest on the amount described in any Reimbursement Request(s) approved by the PID and payable to the DEVELOPER shall begin to accrue at a rate of six (6%) percent upon the COUNTY's receipt of the formal Reimbursement Request(s) from the PID Manager with such interest continuing to accrue thereon as to any outstanding amounts due to DEVELOPER until paid.

3.7.1.2 The above Subsection 3.7.1.1 shall not apply to non-infrastructure Project Costs or other such soft costs (e.g., common hard costs, administrative expenses, interest, professional advice, maintenance and operation services or costs related to PID Improvements, or consultants) as may be defined in the Service Plan (hereinafter referred to as "PID Soft Costs"). To receive reimbursement from the Public Improvement District Fund for PID Soft Costs, the following process is agreed to and shall be adhered to by the PARTIES:

3.7.1.2.1 First, DEVELOPER shall submit supporting documentation of the amount of PID Soft Costs incurred and paid for by DEVELOPER to the PID Manager;

3.7.1.2.2 Then, upon verification by the PID Manager that such costs have in fact been incurred and paid by DEVELOPER, the PID Manager shall certify such fact as to the PID Soft Costs in writing to the COUNTY; and

3.7.1.2.3 Then, the COUNTY shall cause payment to be issued to reimburse DEVELOPER for such actual Soft Costs from the available funds in the Public Improvement District Funds within, but no later than, forty-five (45) days from the date the PID Manager provided its written certification of fact to the COUNTY under Section 3.7.1.2.2 of this Agreement, provided sufficient funds for such amounts are available in the Public Improvement District Fund. In the event that the amount of funds available in the Public Improvement District Fund are insufficient to satisfy payment to the DEVELOPER for the subject Reimbursement Request in full, then payment of outstanding amounts under such Reimbursement Request shall be made in accordance with Section 5.2 of this Agreement. As provided in Section 5.1 of this Agreement, interest on the amount of PID Soft Costs sought for reimbursement that has been approved by the PID and is payable to the DEVELOPER shall begin to accrue at a rate of six (6%) percent upon the COUNTY's receipt of the PID Managers written certification described in Section 3.7.1.2.2 of this Agreement, with such interest continuing to accrue thereon as to any outstanding

amounts due to DEVELOPER until paid.

3.7.2 As to the TIRZ Improvements or Project Costs associated with the TIRZ, as described in the Project and Finance Plan, the COUNTY and TIRZ pledge to and are obligated under this Agreement to use any and all available TIF Funds collected and deposited in the Tax Increment Fund, to reimburse DEVELOPER for costs and expenses incurred or advanced for Project Costs (LPDAP) associated with the TIRZ under and in accordance with the Project and Finance Plan.

3.7.2.1 To receive reimbursement from the Tax Increment Fund, the following process is agreed to and shall be adhered to by the PARTIES:

3.7.2.1.1 First, DEVELOPER shall submit evidence (in reasonable detail) of costs and/or expenses incurred or advanced in connection with TIRZ Improvements or Project Costs associated with the TIRZ, as described in the Project and Finance Plan, to the TIRZ (with a copy to the COUNTY), for which DEVELOPER requests reimbursement be made;

3.7.2.1.2 Then, upon determination by the TIRZ Board of Directors that the evidence submitted of such cost or expense is sufficient, the TIRZ Board of Directors shall verify to the COUNTY submittal to COUNTY of a formal resolution certifying that DEVELOPER paid or incurred such costs and expenses in connection with the TIRZ Improvements or Project Costs associated with the TIRZ as described in the Reimbursement Request, in accordance with the Project and Finance Plan, as may be amended, certifying such fact in writing to the COUNTY; and

3.7.2.1.3 Then the COUNTY shall cause the issuance of payment to the DEVELOPER for reimbursement of such actual Project Costs incurred by DEVELOPER, plus interest, as allowed under and in accordance with the Project and Finance Plan, subject to the priority of payment set forth below in Section 3.8.2. COUNTY shall cause payment to be issued and made to DEVELOPER, as reimbursement for such costs described in the Reimbursement Request, within, but no later than, ninety (90) days from the date the TIRZ Board of Directors provided its resolution and accompanying certification of fact to the COUNTY under Section 3.7.2.1.2 of this Agreement, in and up to the amount of funds available in the Tax Increment Fund. In the event that the amount of funds available in the Tax Increment Fund are insufficient to satisfy payment to the DEVELOPER for the subject Reimbursement Request in full, then payment of outstanding amounts under such Reimbursement Request shall be made in

accordance with Section 6.2 of this Agreement. As provided in Section 6.1 of this Agreement, interest on the amount described in any Reimbursement Request(s) approved by the TIRZ Board of Directors and payable to the DEVELOPER shall begin to accrue at a rate of six (6%) percent upon the COUNTY's receipt of the formal Reimbursement Request(s) from the TIRZ Board of Directors with such interest continuing to accrue thereon as to any outstanding amounts due to DEVELOPER until paid.

### 3.8 Tax Increment Fund.

3.8.1 The COUNTY shall deposit annually the Available Tax Increment into the Tax Increment Fund each year as the same is collected, on or before May 31<sup>st</sup> of each year for the term of the ZONE. The PARTIES agree that any rollback taxes generated from within the ZONE which are attributed to periods of time after the creation of the ZONE shall be considered as Tax Increment and deposited into the Tax Increment Fund. For example, if a fifty-acre tract of land is taken out of agricultural use in 2026 such that rollback taxes are owed, the rollback taxes owed for the year 2025 shall be considered part of the Tax Increment; however, the rollback taxes owed for years 2023 and 2024 shall not.

3.8.2 The COUNTY shall maintain the Tax Increment Fund as a segregated account which shall not be commingled with any other funds of the COUNTY. The Tax Increment Fund shall be invested in the same reasonable and prudent manner as other funds of the COUNTY, and all interest earned shall be part of the Tax Increment Fund. The COUNTY shall only make disbursements from the Tax Increment Fund for the purposes and in the priority set forth below. No payment shall be made from the Tax Increment Fund by the COUNTY unless the TIRZ Board of Directors has approved the expense or request for payment by TIRZ Board action. Disbursements shall be made by the COUNTY from the Tax Increment Fund no less frequently than annually on or before May 31<sup>st</sup> of each year, beginning immediately after the ZONE verifies the Project Costs to be reimbursed. Disbursements from the Tax Increment Fund shall be made only for the following purposes and only in the following order of priority unless otherwise approved by the COUNTY and DEVELOPER:

3.8.2.1 FIRST, payment of Administrative Costs to the COUNTY for that year in which payment is to be made, being in the amount of no more than \$10,000.00 per year, plus any additional Administrative Costs for prior year(s) that (i) has not yet been paid out from the Tax Increment Fund previously; and (ii) is an outstanding amount that has rolled over from the previous year(s).

3.8.2.2 SECOND, to reimburse DEVELOPER for Project Costs, plus interest, in a manner not inconsistent with and as provided for in the Project Plan and Finance Plan for Project Costs associated with the TIRZ. Notwithstanding any provision to the contrary in the foregoing, reimbursement to DEVELOPER for Project Costs associated with the PID or the TIRZ shall be on the same and of equal priority, subject only to the availability of funds in the Public Improvement District Fund

and/or Tax Increment Fund, respectively.

3.8.3 All payments approved for reimbursement by the TIRZ shall gain interest at the rate allowed by the Project and Finance Plan from the date of such approval, and such approved reimbursements shall be paid on a first in, first out basis, subject only to the priority of payments identified in Section 3.8.2.

3.8.4 The COUNTY shall maintain complete books and records showing all deposits to and disbursements from the Tax Increment Fund, which books and records shall be kept in accordance with generally accepted accounting principles as applied to Texas counties. Such books and records shall be available for examination and copying by DEVELOPER during normal business hours. The COUNTY shall maintain such books and records throughout the term of this Agreement and for two (2) years thereafter.

3.9 **Public Improvement District Fund.**

3.9.1 The COUNTY shall deposit annually the Available PID Assessments into the Public Improvement District Fund each year as the same is collected, on or before May 31<sup>st</sup> of each year for the term of the DISTRICT in accordance with the Service Plan. The COUNTY, or the PID Manager on behalf of the COUNTY, may contract with the Hidalgo County Tax Assessor Collector or any other such qualified third-party to perform the billing and collection of the PID Assessments.

3.9.2 The COUNTY shall maintain the Public Improvement District Fund as a segregated account which shall not be commingled with any other funds of the COUNTY. The Public Improvement District Fund shall be invested in the same reasonable and prudent manner as other funds of the COUNTY, and all interest earned shall be part of the Public Improvement District Fund. The COUNTY shall only make disbursements from the Public Improvement District Fund for those purposes set forth below and in accordance with the Service Plan. No payment shall be made from the Public Improvement District Fund by the COUNTY unless the PID has approved the expense or request for payment by PID action. Disbursements shall be made from the Public Improvement District Fund no less frequently than annually on or before May 31<sup>st</sup> of each year, beginning immediately after the PID verifies the Project Costs to be reimbursed. Disbursements from the Public Improvement District Fund shall be made only for the following purposes and only in the following order of priority unless otherwise approved by the COUNTY and DEVELOPER:

3.9.2.1 FIRST, payment of all such Debt Service Assessments collected and deposited in the Public Improvement District Fund, plus interest thereon, to reimburse DEVELOPER for costs and expenses advanced or incurred by DEVELOPER in connection to the Project Costs for the PID as further detailed within and specified in the Service Plan.

3.9.2.2 SECOND, payment of all such Maintenance Assessments collected and deposited in the Public Improvement District Fund, plus interest thereon, to

reimburse DEVELOPER for costs and expenses advanced or incurred in connection with ongoing maintenance and operation of infrastructure and the provision of services within the DISTRICT in connection to the Project Costs for the PID as further detailed within and specified in the Service Plan.

3.9.3 All payments approved for reimbursement by the PID shall gain interest at the rate allowed by the Service Plan from the date of such approval, and such approved reimbursements shall be paid on a first in, first out basis, subject only to the priority of payments identified in Section 3.9.2.

3.9.4 The COUNTY shall maintain complete books and records showing all deposits to and disbursements from the Public Improvement District Fund, which books and records shall be kept in accordance with generally accepted accounting principles as applied to Texas counties. Such books and records shall be available for examination and copying by DEVELOPER during normal business hours. The COUNTY shall maintain such books and records throughout the term of this Agreement and for two (2) years thereafter.

3.10 **Reliance; Indemnification.** The TIRZ, PID, and COUNTY shall be entitled to rely on the information provided by DEVELOPER in verifying costs and seeking reimbursement for such costs from the Tax Increment Fund and/or Public Improvement District Fund. Further, TIRZ, PID, and COUNTY are under no duty or obligation to independently verify the truth, accuracy, or completeness of such information. DEVELOPER covenants and is under the obligation to release, hold harmless, and indemnify the TIRZ, PID, and COUNTY (and their respective elected and appointed members, officers, and staff) from any claims by third-parties relating to the costs for which DEVELOPER seeks or may seek reimbursement under and in accordance with this Agreement.

#### **IV. DUTIES AND OBLIGATIONS OF DEVELOPER**

4.1 Subject to the consideration exchanged and described in this Agreement from COUNTY, PID, and TIRZ, DEVELOPER agrees to complete, or cause to be completed, the improvements and provide the services respectively described in the Service Plan, Project and Finance Plan (including the administration of the LPDAP), and in this Agreement. DEVELOPER agrees to provide, or cause to be provided, all materials, labor and services for completing the Project. DEVELOPER also agrees, when required in connection with improving the Project, to obtain or cause to be obtained, all necessary permits and approvals from COUNTY and/or all other governmental agencies having jurisdiction over the construction of Project Improvements. All Project Improvements will be completed in accordance with the Service Plan and/or Project Plan and Financing Plans, to the extent applicable, and this Agreement. DEVELOPER shall complete the above-referenced Project Improvements and provide such services during the term of the Project.

4.2 DEVELOPER shall be responsible for paying, or causing to be paid, to COUNTY and all other governmental agencies, the cost of all applicable permit fees and licenses

required for construction of the Project.

4.3 DEVELOPER agrees to use best efforts to start and complete the Project in accordance with the Service Plan for PID Improvements and related services and the Project Plan and Finance Plan for TIRZ Improvements and related services, including the establishment and administration of the LPDAP in accordance with the program guidelines, requirements, procedures, and policies attached hereto as **EXHIBIT F**.

4.4 DEVELOPER shall submit to COUNTY, PID, and TIRZ written annual reports, starting twelve (12) months from the commencement of construction of Project Improvements and annually thereafter through the duration of the Project, on its construction progress and expenses.

4.5 DEVELOPER shall work diligently to successfully complete, or have completed, any and all required improvements that are not completed before the PID terminates in accordance with the terms of the Resolution of the COUNTY that respectively created it. Such completion shall be at no additional cost to PID or COUNTY or any other taxing entity. DEVELOPER is only required to construct such PID Improvements to the extent the Public Improvement District Fund is reasonably anticipated to be sufficient to reimburse the cost of such improvements and related services provided in the Service Plan, as may be amended, pursuant to Chapter 372.

4.6 DEVELOPER shall work diligently to successfully complete, or have completed, any and all required improvements that are not completed before the TIRZ terminates in accordance with the terms of the Order of the COUNTY that respectively created it. Such completion shall be at no additional cost to the TIRZ or COUNTY or any other taxing entity. DEVELOPER is only required to provide financing for down payment assistance to the extent the Tax Increment Fund is reasonably anticipated to be sufficient to reimburse the cost of such improvements and related services provided in the Project Plan and Finance Plan, as may be amended, pursuant to Chapter 311.

4.7 DEVELOPER shall prepare, or cause to be prepared, plans and specifications for each Phase of Project Improvements prior to starting any construction in said Phase. Furthermore, DEVELOPER shall not commence any construction on the Project until the plans and specifications for a Phase have been approved in writing by the appropriate department of COUNTY, to the extent such written approval may be required to be obtained from COUNTY under Texas law.

4.8 DEVELOPER agrees to supervise the construction of the Project and cause the construction to be performed substantially in accordance with the Project Plan, Finance Plan, and Service Plan and the plans and specifications approved by the appropriate department of COUNTY. DEVELOPER also agrees to provide periodic reports of such construction to PID Manager, TIRZ Board of Directors, and to the COUNTY upon reasonable request, but no less than once each year.

4.9 The PARTIES expressly acknowledge that this Agreement requires the

DEVELOPER to provide Goods and Services to the COUNTY, TIRZ, and PID, and this Agreement shall be enforceable subject to Texas law, and specifically shall be subject to Chapter 271, Texas Local Government Code.

4.10 The PARTIES agree that the DEVELOPER shall have the right to make an assignment of its right to received reimbursements under this Agreement to a third-party for the purpose of obtaining financing or any other purpose, or to a related third-party without obtaining the consent of the COUNTY, provided that such reimbursements have been approved by the TIRZ or PID, as applicable.

4.11 DEVELOPER shall use best efforts to the extent allowed by law for the Property within the PID to be annexed into the corporate limits of the City of Mercedes, Texas upon the expiration of the PID's reimbursement obligations to DEVELOPER. At such time, if annexation of the property within the PID boundaries occurs, any funds in the Public Improvement District Fund attributable to the collection of PID Maintenance Assessments shall be transferred to the City of Mercedes, Texas, provided the City of Mercedes, Texas pays off any amounts then owed to DEVELOPER under this agreement.

4.12 LANDOWNER hereby assigns all development rights of the Property to DEVELOPER in addition to such powers as may be required to execute any such documents necessary to carry out the intentions and obligations of this Agreement.

## **V. DUTIES AND OBLIGATIONS OF COUNTY AND PID**

5.1 COUNTY and PID shall use Available PID Assessment funds available from Debt Service Assessments to pay DEVELOPER up to a maximum total amount of Twenty-Three Million and No/100 U.S. Dollars (\$23,000,000.00), plus interest thereon at a rate equal to the lesser of 6.00% or the maximum amount allowed by law, as full reimbursement for the costs of creation of the PID and the designing and constructing the PID Improvements described in the Service Plan and this Agreement. This payment includes infrastructure improvements and other qualifying project costs. COUNTY shall deposit all Available PID Assessment funds into the Public Improvement District Fund established in accordance with this Agreement at the times and in the manner provided herein. The COUNTY shall use all Available PID Assessments collected and deposited in the Public Improvement District Fund, together with any interest accrued thereon, to reimburse DEVELOPER for the Project Costs incurred by DEVELOPER relating to the PID and as set forth in the Service Plan, as may be amended. Interest on the amounts approved for reimbursement to DEVELOPER by the PID and payable to the DEVELOPER shall begin to accrue upon the COUNTY's receipt of written certification from the PID Manager in accordance the process more fully described in Section 3.7.1.1 and 3.7.1.2 of this Agreement (as applicable), with such interest continuing to accrue thereon on any outstanding amounts due to DEVELOPER until paid.

5.2 If Available PID Assessment funds do not exist in an amount sufficient to make such reimbursement payment(s) in full to DEVELOPER when due to DEVELOPER under this Agreement, COUNTY shall make partial payments to DEVELOPER and pay

the remainder as Available PID Assessment funds become available and deposited in the Public Improvement District Fund. Although DEVELOPER shall receive interest on approved reimbursements until paid (subject to the overall interest limitation set forth in Section 5.1 above), if a payment of reimbursement amounts approved by the PID and due by COUNTY to DEVELOPER is not remitted within the period(s) required under Sections 3.7.1.1 and 3.7.1.2 of this Agreement, as applicable, then such payment shall be considered delinquent and incur a penalty of five (5%) percent of the amount delinquent (including interest owed to DEVELOPER) and additionally accrue interest at an annual rate of ten (10%) percent until paid in full to DEVELOPER. The COUNTY, however, is not obligated above and beyond what is actually collected as Available PID Assessment funds. There shall also be no recourse against any Participating Taxing Entity, public official, or PID if all or part of the DEVELOPER contributions or costs are not reimbursed due to insufficient PID Assessment revenue or other funding generated by the PID, save and except in the case of improper conduct or misapplication of the funds by such persons or entities.

5.3 COUNTY agrees to recognize this agreement as a permit for development of the Project, pursuant to and under Chapter 245, Texas Local Government Code.

5.4 The COUNTY shall acknowledge the value of donation(s), if any, made by the DEVELOPER as a result of this Agreement and in connection with PID Improvements through the approval and execution of required and applicable IRS forms based upon appraisal value of the such property, real or personal, donated to the COUNTY, if any, as established by a licensed appraiser, with the cost of such appraisal(s) to be paid by DEVELOPER as a reimbursable expense.

5.5 COUNTY and PID shall use all Maintenance Assessment funds collected and deposited in the Public Improvement District Fund to reimburse DEVELOPER the initial cost and, thereafter, for the continued and ongoing cost of operation of the PID and maintenance of streets, drainage, sidewalks, and other PID Improvements within the DISTRICT, on a continual basis, and as such Maintenance Assessment funds may be collected and available, each and every quarter of the COUNTY'S fiscal year until the later of: (i) full reimbursement to the DEVELOPER for any funds advanced to the PID for the payment of such costs (and accrued interest thereon); (ii) termination of the DISTRICT; or (iii) until no such Maintenance Assessments have been collected for a period of ten (10) consecutive years.

## **VI. DUTIES AND OBLIGATIONS OF COUNTY AND TIRZ**

6.1 COUNTY and TIRZ shall only use Available Tax Increment funds or TIF Funds to pay DEVELOPER up to a maximum total payment of Eight Million and NO/100 U.S. Dollars (\$8,000,000.00), plus interest thereon, as full reimbursement for the establishment, initial funding by DEVELOPER, administration, and operation of the LPDAP, as described in the Project Plan and Finance Plan and this Agreement. This payment includes related costs associated with LPDAP, and other qualifying Project Costs related to the TIRZ as more fully set forth in the Project Plan and Finance Plan, as

may be amended. The COUNTY shall deposit all Available Tax Increment into the Tax Increment Fund established in accordance with this Agreement at the times and in the manner provided herein. After deducting amounts reserved for Administrative Costs and interest that Fiscal Year, the remainder of the Available Tax Increment shall be used to reimburse DEVELOPER for the Project Costs related to the TIRZ and incurred by DEVELOPER. The Tax Increment Fund may also be used to pay a maximum of Three Hundred Thousand Dollars (\$300,000.00) as Administrative Costs over the term of the TIRZ to the COUNTY. A maximum interest rate of 6% may be used to be used to pay interest to DEVELOPER on reimbursement payments approved by the TIRZ until paid to DEVELOPER. Interest on the amounts approved for reimbursement to DEVELOPER by the TIRZ Board of Directors and payable to the DEVELOPER shall begin to accrue upon the COUNTY's receipt of written certification from the TIRZ Board of Directors in accordance the process more fully described in Section 3.7.2.1 and 3.7.2.2 of this Agreement (as applicable), with such interest continuing to accrue thereon on any outstanding amounts due to DEVELOPER until paid.

6.2 If Available Tax Increment funds do not exist in an amount sufficient to make any reimbursement payment(s) in full to DEVELOPER when due to DEVELOPER under this Agreement, COUNTY shall make partial payments in the order of priority described above and pay the remainder as Available Tax Increment funds become available. The COUNTY is not obligated above and beyond what is actually collected as Available Tax Increment funds. Although DEVELOPER shall receive interest on approved reimbursements until paid (subject to the overall interest limitation set forth in Section 6.1 above), if a payment of reimbursement amounts approved by the TIRZ Board of Directors and due by COUNTY to DEVELOPER is not remitted within the period(s) required under Sections 3.7.2.1 and 3.7.2.2 of this Agreement, as applicable, then such payment shall be considered delinquent and incur a penalty of five (5%) percent of the amount delinquent (including interest owed to DEVELOPER) and additionally accrue interest at an annual rate of ten (10%) percent until paid in full to DEVELOPER. The COUNTY, however, is not obligated above and beyond what is actually collected as Available Tax Increment funds. There shall be no recourse against any Participating Taxing Entity, public official, TIRZ, or Board of Directors of TIRZ, if all or part of the DEVELOPER contributions or costs are not reimbursed due to insufficient tax revenue generated by the TIRZ, save and except in the case of improper conduct or misapplication of the funds by such persons or entities, failure to deposit funds in the Tax Increment Fund as required under this Agreement.

6.4 The COUNTY shall acknowledge the value of donation(s), if any, made by the DEVELOPER as a result of this Agreement and in connection with TIRZ Improvements through the approval and execution of required and applicable IRS forms based upon appraisal value of the such property, real or personal, donated to the COUNTY, if any, as established by a licensed appraiser, with the cost of such appraisal(s) to be paid by DEVELOPER.

## VII. INSURANCE

7.1 DEVELOPER's financial integrity is of interest to COUNTY; therefore, subject to DEVELOPER's right to maintain reasonable deductibles in such amounts as are approved by COUNTY, DEVELOPER shall obtain and maintain in full force during construction of all Project Improvements required by and respectively contemplated in the Project and Finance Plan and/or Service Plan, and any extension thereof, at DEVELOPER's sole expense, insurance coverage written on an occurrence basis, except for professional liability coverage which shall be on a claims made basis, by companies authorized and admitted to do business in the State of Texas and rated A - or better by A.M. Best Company and/or otherwise acceptable to COUNTY, initially in the types and amounts described in the Standard Insurance Requirements for Construction/Services/Professional Services of Hidalgo County, Texas, and in the event the COUNTY does not maintain or have widely available its Standard Insurance Requirements, in the following types and amounts:

<u>Type</u>		<u>Amount</u>
(1)	Worker's Compensation & Employer's Liability	Statutory \$500,000/\$500,000/\$500,000
(2)	Commercial General Liability (Including Broad Form Coverage, Contractual Liability, Bodily and Personal Injury, and Completed Operations	Combined limits of \$500,000 per occurrence and \$7,500,000 in the aggregate or its equivalent in umbrella or excess liability coverage
(3)	Business Automobile Liability (any auto, including employer's non-owned and hired auto coverage)	\$500,000 combined single limit per occurrence

7.2 COUNTY shall be entitled, upon request and without expense, to receive copies of the policies and all endorsements thereto as they apply to the limits required by COUNTY and may make a reasonable request for deletion, revision or modification of particular policy terms, conditions, limitations or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Upon such request by COUNTY, DEVELOPER shall exercise reasonable efforts to accomplish such changes in policy coverage and shall pay the cost thereof. COUNTY shall also have the right to require additional or different coverage from time to time and to require increased policy limits from time to time as (i) COUNTY deems appropriate in its discretion; and (ii) such changes are requested due to a requirement under cited and applicable Texas law. Upon such request by COUNTY, DEVELOPER shall accomplish such changes in policy coverage and shall pay the cost thereof.

7.3 With the exception of the workers' compensation and professional liability policies, DEVELOPER agrees that with respect to the above-required insurance, all insurance contracts and Certificate(s) of Insurance shall include COUNTY as an additional insured with respect to operations and activities of, or on behalf of, the named insured that are performed under agreement with COUNTY.

**7.4 DEVELOPER SHALL, AND HEREBY DOES, INDEMNIFY COUNTY, TIRZ, THE BOARD OF DIRECTORS FOR TIRZ, PID, THE PID MANAGER, AND ALL OTHER TAXING ENTITIES PARTICIPATING IN THE TIRZ AND THEIR RESPECTIVE OFFICIALS AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTIONS, SUITS AND LIABILITIES (COLLECTIVELY “CLAIMS”) RAISED BY THIRD PARTIES ARISING OUT OF ACTIONS RELATED TO THE PERFORMANCE OF THIS AGREEMENT AND THE CONSTRUCTION OF PROJECT IMPROVEMENTS BY DEVELOPER AND DEVELOPER’S CONTRACTORS, SUBCONTRACTORS, BUT NOT OTHERWISE.**

7.5 DEVELOPER shall also require each of its contractors and subcontractors working on this Project to indemnify the COUNTY, PID, the PID Manager, TIRZ, and Board of Directors for TIRZ, and all other participating taxing entities participating in the TIRZ and their respective officials and employees from and against any and all claims, losses, damages, causes of action, suits and liabilities arising out of their actions related to the performance of this Agreement, utilizing the same indemnification language contained herein, in its entirety, or to carry insurance to contractually transfer such risk under policies naming the COUNTY as a named additional insured.

## **VIII. DEFAULT**

8.1 The following events, if not cured within one hundred twenty (120) calendar days after receipt of written notice by a PARTY hereunder, shall constitute “Default” : (i) any PARTY fails to pay any taxes or special assessments levied against it or any part of the Property owned by it prior to the time said taxes or special assessments are delinquent; or (ii) any PARTY fails to commence performing an obligation or complete performance of an obligation required to be performed by that PARTY under this Agreement. In the event the Default is by the DEVELOPER, the COUNTY, PID, or TIRZ, through their respective authorized representatives, may terminate this Agreement, after a final judgment by a court of competent jurisdiction that a Default has in fact occurred by the DEVELOPER hereunder. If this Agreement, the PID, or TIRZ, is terminated and the DEVELOPER has incurred expenditures at the time of termination for Project Improvements that were specifically approved by the PID or TIRZ, as applicable, and such Project Improvements have been completed at the time of termination, then DEVELOPER shall be reimbursed for such respective expenditures out of the Tax Increment Fund or Public Improvement District Fund, despite termination. In the event that the Default is by the TIRZ, PID, or COUNTY, then DEVELOPER shall have the right to seek any and all legal and equitable remedies through a court of competent jurisdiction to abate the defaults through injunctive or such other relief, including, but not limited to, specific performance. The remedies of the PARTIES as set forth above shall be in addition to and cumulative of any other rights and remedies as may be available to them at law or in equity in the event of a Default by any other PARTY. The PARTIES expressly agree that in an action to establish that a PARTY has committed Default under this Agreement all legal fees and expenses by all PARTIES to the action shall be paid for by the PARTY bringing the action if the court determines that no Default has in fact

occurred. In the event the court finds that a default did occur, the defaulting PARTY shall be required to pay the reasonable legal fees and expenses incurred by the non-defaulting PARTY related to the enforcement of this Agreement.

## IX. INDEMNIFICATION

9.1 DEVELOPER COVENANTS AND AGREES TO FULLY INDEMNIFY AND HOLD HARMLESS, COUNTY, TIRZ, THE BOARD OF DIRECTORS FOR THE TIRZ, PID, THE PID MANAGER, AND THE OTHER PARTICIPATING TAXING ENTITIES IN THE TIRZ, FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND SUITS OF ANY KIND AND NATURE BROUGHT BY A THIRD PARTY, INCLUDING BUT NOT LIMITED TO, PERSONAL OR BODILY INJURY, DEATH AND PROPERTY DAMAGES, MADE UPON THE COUNTY, TIRZ, THE BOARD OF DIRECTORS FOR THE TIRZ, PID, THE PID MANAGER, AND OTHER TAXING ENTITIES PARTICIPATING IN THE TIRZ DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO DEVELOPER'S ACTIVITIES UNDER THIS AGREEMENT, INCLUDING ANY ACTS OR OMISSIONS OF DEVELOPER, ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANT OR SUBCONTRACTOR OF DEVELOPER, AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS AND REPRESENTATIVES WHILE IN THE EXERCISE OF PERFORMANCE OF THE RIGHTS OR DUTIES UNDER THIS AGREEMENT. THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE NEGLIGENCE OF THE COUNTY, TIRZ, THE BOARD OF DIRECTORS FOR THE TIRZ, PID, THE PID MANAGER, AND THE OTHER TAXING ENTITIES PARTICIPATING IN THE TIRZ. IN THE EVENT DEVELOPER AND COUNTY ARE FOUND JOINLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AS MAY BE AVAILABLE TO THE COUNTY, TIRZ, THE BOARD OF DIRECTORS OF THE TIRZ, PID, THE PID MANAGER, AND OTHER TAXING ENTITIES PARTICIPATING IN THE TIRZ UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW AS TO SAID CLAIMANTS. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. DEVELOPER SHALL PROMPTLY ADVISE THE COUNTY IN WRITING OF ANY CLAIM OR DEMAND AGAINST THE COUNTY OR DEVELOPER KNOWN TO DEVELOPER ARISING OUT OF OR RELATED TO DEVELOPER'S ACTIVITIES UNDER THIS AGREEMENT.

## **X. SITE INSPECTION**

10.1 DEVELOPER shall allow COUNTY, TIRZ, and/or PID reasonable access to the Project site for inspections during and upon completion of construction of the Project, and to documents and records necessary to assess DEVELOPER's compliance with this Agreement.

10.2 All personnel supplied or used by DEVELOPER in the performance of this Agreement shall be deemed employees, contractors or subcontractors of DEVELOPER and shall not be considered employees, agents or subcontractors of COUNTY, TIRZ, Board of Directors for TIRZ, PID, or PID Manager for any purpose whatsoever. DEVELOPER shall be solely responsible for the compensation of all such personnel.

10.3 The directors, officers, elected or appointed officials, employees and agents of COUNTY, PID, the PID Manager, TIRZ, and the Board of Directors for TIRZ, and shall be protected from personal responsibility for any liability arising under or growing out of the Agreement.

## **XI. EXAMINATION OF RECORDS**

11.1 COUNTY reserves the right to conduct examinations, during regular business hours and following notice to the PID, TIRZ, and DEVELOPER, of the books and records related to the Agreement (including such items as contracts, paper, correspondence, copy, books, accounts, billings and other information related to the performance of the PID Manager, Board of Directors for TIRZ and/or DEVELOPER's services hereunder) no matter where books and records are located. COUNTY also reserves the right to perform any and all additional audit tests relating to the PID Manager, Board of Directors for TIRZ and/or DEVELOPER's services, provided that such audit tests are related to those services as may be respectively performed by such entities for COUNTY. These examinations shall be conducted at the offices maintained by DEVELOPER.

## **XII. NON-WAIVER**

12.1 Any provision of this Agreement may be amended or waived if done in writing and if signed by COUNTY, through a Resolution passed and approved by the COUNTY, the Board of Directors for TIRZ, the PID Manager, and DEVELOPER.

## **XIII. ENTIRE AGREEMENT**

13.1 This written Agreement and the Petitions, Resolutions and Orders creating or relating to the PID, TIRZ, or Project embody the final and entire agreement between the PARTIES hereto and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the PARTIES.

13.2 The exhibits attached to this Agreement are incorporated herein and shall be

considered a part of this Agreement for the purposes stated herein, except that if there is a conflict between an exhibit and a provision of this Agreement, the provision of this Agreement shall prevail over the exhibit.

#### **XIV. CHANGES AND AMENDMENTS**

14.1 Except when the terms of this Agreement expressly provide otherwise, any alterations, additions, or deletions to the terms hereof shall be by amendment in writing executed by COUNTY, PID, TIRZ, and DEVELOPER and evidenced by passage of a subsequent COUNTY Order, as to COUNTY's approval.

14.2 It is understood and agreed by the PARTIES hereto that changes in local, state and federal rules, regulations or laws applicable to the PID, TIRZ, and DEVELOPER's services hereunder may occur during the term of this Agreement and the PARTIES agree to amend this Agreement to reflect such changes in rules, regulations or laws.

#### **XV. SEVERABILITY**

15.1 If any clause or provision of this Agreement is held invalid, illegal or unenforceable under present or future federal, state or local laws, including but not limited to COUNTY Subdivision Rules and Regulations or resolutions and/or orders of the COUNTY, then and in that event it is the intention of the PARTIES hereto that such invalidity, illegality or unenforceability shall not affect any other clause or provision hereof and that the remainder of this Agreement shall be construed as if such invalid, illegal or unenforceable clause or provision was never contained herein; it is also the intention of the PARTIES hereto that in lieu of each clause or provision of this Agreement that is invalid, illegal or unenforceable, there be added as a part of the Agreement a clause or provision as similar as may be possible to such invalid, illegal or unenforceable clause or provision that is legal, valid and enforceable.

#### **XVI. VENUE AND GOVERNING LAW**

16.1 THIS AGREEMENT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

16.2 Any legal action or proceeding brought or maintained, directly or indirectly, as a result of this Agreement shall be heard and determined in Hidalgo County, Texas.

#### **XVII. TAXES**

17.1 DEVELOPER shall pay, on or before their respective due dates to the appropriate collecting authority, all federal, state, and local taxes and fees that are now or may hereafter be levied upon its property, provided DEVELOPER record owner thereof.

#### **XVIII. NOTICE**

18.1 Any notice sent under this Agreement (except as otherwise expressly required) must be written and mailed with sufficient postage, sent by certified mail, return receipt requested, or delivered personally to an officer of the receiving PARTY at the following addresses:

**If to PID:**

LOS PRADOS PUBLIC IMPROVEMENT  
DISTRICT  
Attn: Texas Special District Management  
200 S. 10<sup>th</sup> Street, Ste. 1700  
McAllen, Texas 78501

**If to TIRZ:**

REINVESTMENT ZONE NUMBER ONE,  
HIDALGO COUNTY  
Attn: Nick Rhodes, Chair  
200 S. 10<sup>th</sup> Street, Ste. 1700  
McAllen, Texas 78501

**If to COUNTY:**

HIDALGO COUNTY  
Attn: Richard F. Cortez, County Judge  
100 E. Cano, Second Floor  
Edinburg, Texas 78539

**If to DEVELOPER:**

LOS PRADOS DEVELOPMENT, LLC  
Attn: Nick Rhodes, Manager  
200 S. 10<sup>th</sup> Street, Ste. 1700  
McAllen, Texas 78501

**With a copy to:**

JONES GALLIGAN KEY & LOZANO  
Attn: Eugene Vaughan, Attorney  
2300 W Pike Blvd, Suite 300  
Weslaco, Texas 78596

**With a copy to:**

EARL & ASSOCIATES, P.C.  
Attn: Jeffrey L. Earl, Attorney for Developer  
10007 Huebner Road, Suite 303  
San Antonio, Texas 78240

18.2 Each PARTY may change its address by written notice in accordance with this Article. Any communication delivered by facsimile transmission shall be deemed delivered when such transmission is made if during normal business hours or at the beginning of the next business day if the transmission is made after normal business hours. Any communication delivered in person shall be deemed received when receipted for by or actually received by an officer of the PARTY to whom the communication is properly addressed.

#### **XIV. LANDOWNER CONSENT**

20.1 The LANDOWNER, hereby consents to this Agreement and represents that DEVELOPER has full authority to enter into this Agreement. LANDOWNER further agrees to execute any and all documents and fully cooperate with any lawful action which carries out the intent of this Agreement.

#### **XX. CAPTIONS**

19.1 All captions used herein are only for the convenience of reference and shall not be construed to have any effect or meaning as to the Agreement between the PARTIES hereto.

**XXI. EFFECTIVE DATE**

20.1 This Agreement shall become effective from the date of execution. This Agreement shall terminate on the earlier of (i) the date DEVELOPER receives the final reimbursement and payment for completing the Project or (ii) the date of a termination by default (provided that all existing warranties on the Project shall survive termination of this Agreement).


IN WITNESS THEREOF, the PARTIES hereto have caused this instrument to be duly executed this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

**HIDALGO COUNTY, TEXAS**


By: \_\_\_\_\_  
Name: Honorable Richard F. Cortez  
Title: Hidalgo County Judge

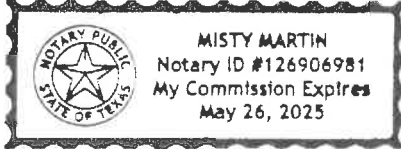
STATE OF TEXAS           §  
  §  
COUNTY OF HIDALGO   §

This instrument was acknowledged before me on the 10 day of December, 2024, by Hon. Richard F. Cortez, Hidalgo County Judge, on behalf of Hidalgo County, Texas.

  
\_\_\_\_\_  
Notary Public, State of Texas  
My commission expires: May 26, 2025

**DEVELOPER**

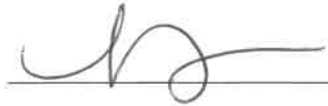
By: **LOS PRADOS DEVELOPMENT, LLC**  
a Texas limited liability company  
  
By: \_\_\_\_\_  
Name: Nicholas "Nick" B. Rhodes  
Title: Manager




STATE OF TEXAS           §

COUNTY OF HIDALGO §  
§

This instrument was acknowledged before me on the 10 day of December, 2024, by Nick Rhodes, Manager of Los Prados Development, LLC.

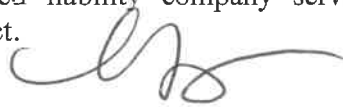
  
\_\_\_\_\_

LOS PRADOS PUBLIC  
IMPROVEMENT DISTRICT

By:   
Texas Special District Management, LLC,  
a Texas limited liability company, Manager for  
the Los Prados Public Improvement District  
Nicholas "Nick" B. Rhodes, Manager

STATE OF TEXAS §  
§  
COUNTY OF HIDALGO §

This instrument was acknowledged before me on this the 10 day of December, 2024, by Nicholas "Nick" B. Rhodes as Manager of Texas Special District Management, LLC, a Texas limited liability company serving as Manager of the Los Prados Public Improvement District.

  
\_\_\_\_\_

Notary Public, State of Texas  
My commission expires: May 26, 2025



**REINVESTMENT ZONE NUMBER ONE,  
HIDALGO COUNTY**

By: \_\_\_\_\_  
Name: Nicholas "Nick" B. Rhodes  
Title: Chairman of the Board



**STATE OF TEXAS**                   §  
   §  
**COUNTY OF HIDALGO**           §

This instrument was acknowledged before me on this the 10 day of December, 2024, by Nicholas "Nick" B. Rhodes, Board Chairman for Reinvestment Zone Number One, Hidalgo County, Texas.

\_\_\_\_\_  
Notary Public, State of Texas  
My commission expires: May 26, 2025

**LANDOWNER**

**VALLEY AFFORDABLE HOUSING, LLC**  
a Texas limited liability company

By: \_\_\_\_\_  
Name: Nicholas "Nick" B. Rhodes  
Title: Manager

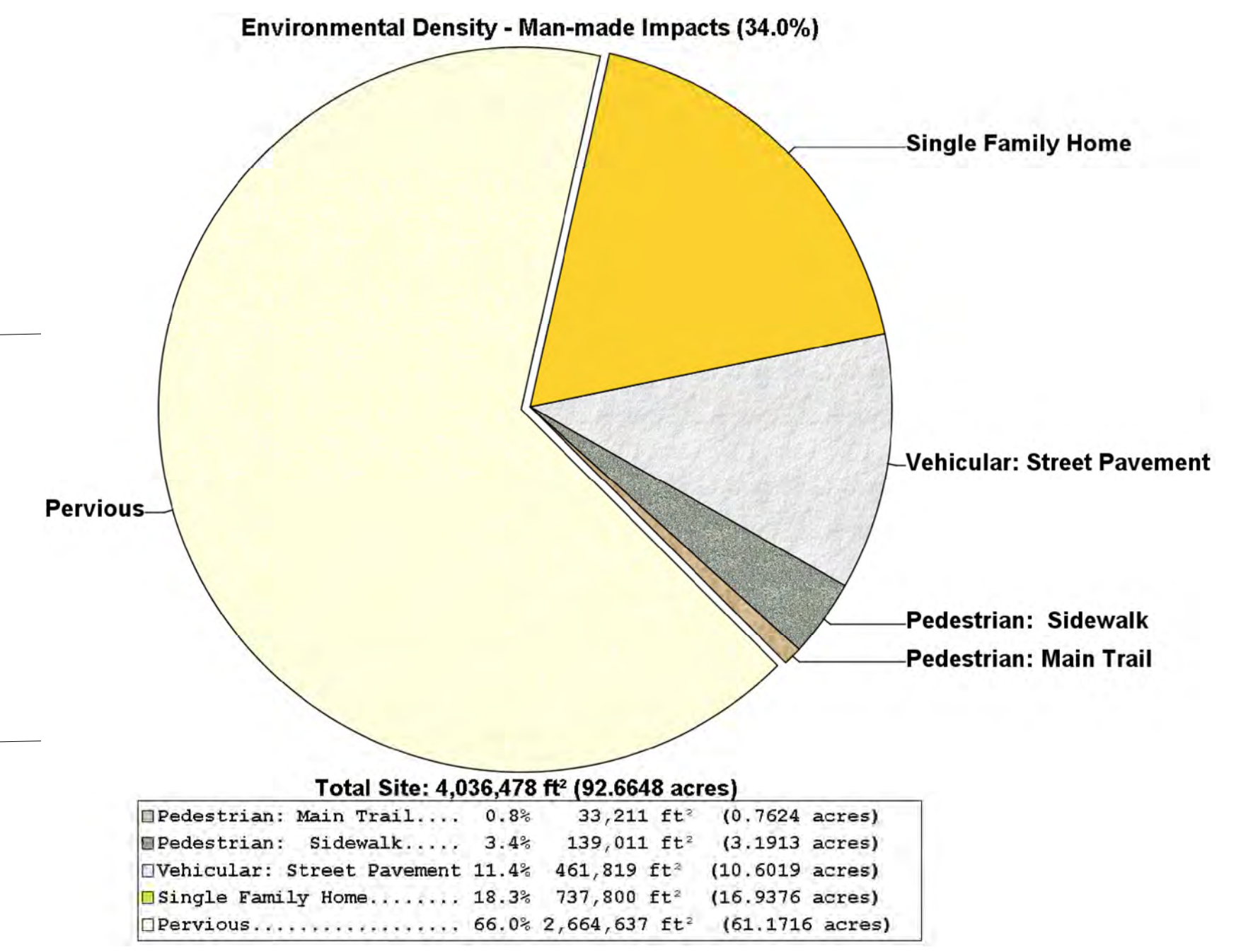
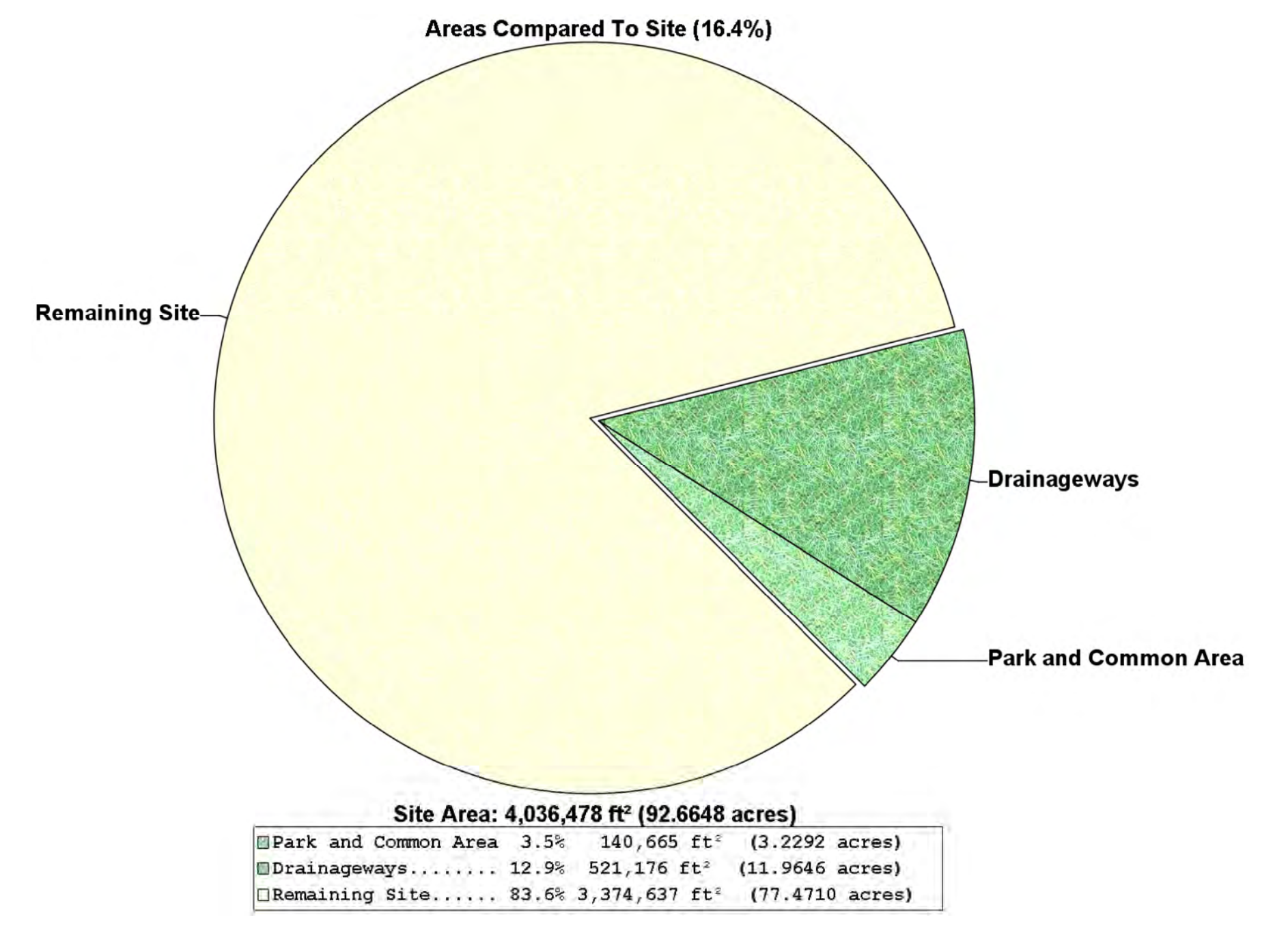
**STATE OF TEXAS**                   §  
   §  
**COUNTY OF HIDALGO**           §

This instrument was acknowledged before me on the 10 day of December, 2024, by Nick Rhodes, Manager of Valley Affordable Housing, LLC.

\_\_\_\_\_  
Notary Public, State of Texas  
My commission expires: May 26, 2025



**EXHIBIT A**  
**DEVELOPERS PROJECT**  
**(MAP, METES & BOUNDS DESCRIPTION, SITE PLAN)**  
(See Attached)



# Los Prados

Total Area of Site	92.66 acres
Number of Lots	527 lots
Average Lot Size	5,119 sf
Length of Street Centerline	13,617 lf



April 20, 2022

**METES AND BOUNDS DESCRIPTION  
94.979 ACRES OUT OF  
LOT 2, BLOCK 81 AND OUT OF  
LOTS 9, 10, 15 AND ALL OF LTO 16, BLOCK 82,  
CAPISALLO DISTRICT SUBDIVISION  
HIDALGO COUNTY, TEXAS**

A tract of land containing 94.979 acres situated in Hidalgo County, Texas, being out of Lot 2, Block 81, and out of Lots 9, 10, 15 and all of Lot 16, Block 82, Capisallo District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed Records, which said 94.979 acres were conveyed to Dora L. Garcia, by virtue of a Special Warranty Deed recorded under Document Number 1972205, Hidalgo County Official Records, and to Judith P. Lucio, by virtue of a Special Warranty Deed recorded under Document Number 2868424, Hidalgo County Official records, and to Richard D. Ribisl, by virtue of a Special Warranty Deed recorded under Document Number 1813784, and Special Warranty Distribution Deed recorded under Document Number 2025259, Hidalgo County Official records, said 94.979 acres also being more particularly described as follows:

BEGINNING at a Nail set [Northing: 16,593,272.547, Easting: 1,177,535.711] on the Southeast corner of said Lot 16, Block 82, and within the existing right-of-way of Baseline Road – F.M. 491 and Mile 9 North Road, from which a No. 4 rebar found bears N 88° 47' 48" E, a distance of 1,320.00 feet and N 01° 12' 12" W, a distance of 20.00 feet, for the Southeast corner of this herein described tract;

1. THENCE, S 88° 47' 48" W, along the South line of said Lot 16, block 82, and within the existing right-of-way of Mile 9 North Road, a distance of 1,320.00 feet to a No. 4 rebar set on the Southwest corner of said Lot 16, Block 82 and Northeast corner of said Lot 2, Block 81, and the Northwest corner of a certain tract of land conveyed to Mayra Banks and Michael Banks, by virtue of a Warranty Deed with Vendor's Lien recorded under Document Number 3213621, Hidalgo County Official records, for an inside corner of this tract;
2. THENCE, S 01° 12' 12" E, along the East line of said Lot 2, Block 81 and West line of said Mayra Banks and Michael Banks tract, a distance of 1,320.00 feet to a No. 4 rebar set on the Southeast corner of said Lot 2, Block 81 and the North line of Lot 1, M.I.S.D. North Elementary Subdivision Replat according to the plat thereof recorded under document number 2173891, Hidalgo County Map records, for an outside corner of this tract;
3. THENCE, S 88° 47' 48" W, along the South line of said Lot 2, Block 81, and North line of said Lot 1, M.I.S.D. North Elementary Subdivision Replat, a distance of 183.52 feet to a No. 4 rebar set on the East line of the Hidalgo County Irrigation District No. 9 canal, for the Southwest corner of this tract;
4. THENCE, N 22° 53' 02" W, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 667.20 feet to a No. 4 rebar set, for an angle point of this tract;
5. THENCE, N 01° 12' 12" W, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 680.00 feet pass a No. 4 rebar set on the existing South right-of-way of Mile 9 North Road, at a distance of 700.00 feet to a No. 4 rebar set on the North line of said Lot 2, Block 81, for an outside corner of this tract;
6. THENCE, N 88° 47' 48" E, along the North line of said Lot 2, Block 81, a distance of 10.00 feet to a No. 4 rebar set, for an inside corner of this tract,

7. THENCE, N 01° 12' 12" W, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9, at a distance of 20.00 feet pass a No. 4 rebar set on the North right-of-way line of Mile 9 North Road, continuing a total distance of 790.00 feet to No. 4 rebar set, for an angle point of this tract;
8. THENCE, N 20° 24' 41" E a distance of 570.09 feet to a No. 4 rebar set on the North line of said Lot 15, Block 82, and South line of said Lot 10, Block 82 for an angle point of this tract;
9. THENCE, N 22° 41' 19" E, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 518.50 feet pass the East line of said Lot 10, Block 82 and the West line of said Lot 9, Block 82, continuing a total distance of 981.66 feet to a No. 4 rebar set, for an angle point of this tract;
10. THENCE, N 52° 32' 49" E, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 130.21 feet pass a No. 4 rebar set on the South right-of-way line of a canal right-of-way claimed by Hidalgo and Cameron Counties Irrigation District No. 9, a total distance of 174.48 feet to a No. 4 rebar set, for an inside corner of this tract;
11. THENCE, N 46° 12' 22" W, a distance of 38.41 feet to a No. 4 rebar set, for an outside corner of this tract;
12. THENCE, N 53° 23' 48" E, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 504.29 feet to a No. 4 rebar found on the North line of said Lot 9, for the Northwest of this tract;
13. THENCE, N 88° 47' 48" E, along the North line of said Lot 9, Block 82, at a distance of 567.80 feet pass a No. 4 rebar found on the West right-of-way line of Baseline Road – F.M. 491, continuing a total distance of 607.80 feet, to a Nail set on the East line of said Lot 9, Block 82, for the Northeast corner of this tract;
14. THENCE, S 01° 12' 12" E, along the East line of said Lot 16, Block 82, within the existing right-of-way of Baseline Road – F.M. 491, at a distance of 1,320.00 feet pass the Southeast corner of said Lot 9, Block 82 and the Northeast corner of said Lot 16, Block 82, continuing a total distance of 2,640.00 feet to the POINT OF BEGINNING and containing 98.752 acres, SAVE and EXCEPT 3.773 acres, leaving 94.979 acres Gross, of which 2.425 acres lie within the existing right-of-way of Baseline Road – F.M. 491, and 0.977 of one acre lies within the existing right-of-way of Mile 9 North Road, leaving a Net of 91.557 acres of land, more or less.

**SAVE AND EXCEPT:**

**TRACT 1,**

A certain tract of land containing 1.931 acres situated in Hidalgo County, Texas, being out of Lot 9, Block 82, Capisallo District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed records, said 1.931 acres being claimed by Hidalgo and Cameron Counties Irrigation District No. 9, said 1.931 acres being more particularly described as follows:

COMMENCING, at a No. 4 rebar found on the intersection of the North line of said Lot 9, Block 82, and East line of said Hidalgo and Cameron Counties Irrigation District No. 9;

THENCE, S 53° 23' 48" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 459.92 feet, to a No. 4 rebar set, for the POINT OF BEGINNING, and Northwest corner of this herein described tract;

1. THENCE, S 46° 12' 22" E, a distance of 266.30 feet to a No. 4 rebar set, for an angle point of this tract;
2. THENCE, S 43° 00' 14" E, a distance of 156.64 feet to a No. 4 rebar set, for an angle point of this tract;
3. THENCE, S 46° 12' 22" E, a distance of 163.07 feet to a No. 4 rebar set, for an angle point of this tract;
4. THENCE, S 42° 18' 26" E, a distance of 147.07 feet, to a No. 4 rebar set, for an angle point of this tract;
5. THENCE, S 46° 12' 22" E, a distance of 297.42 feet to a No. 4 rebar set, for an angle point of this tract;
6. THENCE, S 42° 28' 35" E, a distance of 96.08 feet to a No. 4 rebar set, for an angle point of this tract;
7. THENCE, S 46° 12' 22" E, a distance of 232.31 feet to a No. 4 rebar set on the existing West right-of-way line of Baseline Road-F.M. 491, for the Northeast corner of this tract;
8. THENCE, S 01° 12' 12" E, along the West right-of-way line of Baseline Road-F.M. 491, a distance of 53.03 feet, to a No. 4 rebar set, for the Southeast corner of this tract;
9. THENCE, N 46° 12' 22" W, a distance of 269.81 feet, to a No. 4 rebar set, for an angle point of this tract;
10. THENCE, N 49° 44' 19" W, a distance of 101.43 feet, to a No. 4 rebar set, for an angle point of this tract;
11. THENCE, N 46° 12' 22" W, a distance of 292.37 feet, to a No. 4 rebar set, for an angle point of this tract;
12. THENCE, N 50° 08' 02" W, a distance of 145.98 feet, to a No. 4 rebar set, for an angle point of this tract;
13. THENCE, N 46° 12' 22" W, a distance of 160.60 feet, to a No. 4 rebar set, for an angle point of this tract;
14. THENCE, N 49° 22' 35" W, a distance of 158.22 feet, to a No. 4 rebar set, for an angle point of this tract;
15. THENCE, N 46° 12' 22" W, a distance of 243.70 feet, to a No. 4 rebar set, on the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Southwest corner of this tract;
16. THENCE, N 52° 32' 49" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9, a distance of 44.27 feet to a No. 4 rebar set for an inside corner of this tract;
17. THENCE, N 46° 12' 22" W, a distance of 38.41 feet to a No. 4 rebar set for an outside corner of this tract;

18. THENCE, N 53° 23' 48" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 44.37 feet to the POINT OF BEGINNING, and containing 1.931 acres of land, more or less.

TRACT 2:

A certain tract of land containing 1.579 acres situated in Hidalgo County, Texas, being out of Lots 15 and 16, Block 82, Capisallo District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed records, said 1.579 acres being claimed by Hidalgo and Cameron Counties Irrigation District No. 9, said 1.579 acres being more particularly described as follows:

COMMENCING, at a No. 4 rebar set on the Southwest corner of Lot 16, Block 82, and within the existing right-of-way of Mile 9 North;

THENCE, N 88° 47' 48" E, along the South line of said Lot 16, Block 82, and within the existing right-of-way of Mile 9 North, a distance of 38.83 feet to the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 Canal;

THENCE, N 28° 12' 26" W, along the West line of said Hidalgo and Cameron Counties Irrigation District No. 9, a distance of 22.45 feet to a No. 4 rebar set on the existing North right-of-way line of Mile 9 north West, for the POINT OF BEGINNING, and Southwest corner of this herein described tract;

1. THENCE, N 28° 12' 26" W, along the West line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 63.08 feet pass the West line of said Lot 16, Block 82 and the East line of said Lot 15, Block 82, continuing a total distance of 933.91 feet to a No 4 rebar set, on the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Northwest corner of this tract;
2. THENCE, N 20° 24' 41" E, along the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 93.29 feet, to a No. 4 rebar set, on the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Northeast corner of this tract;
3. THENCE, S 28° 12' 26" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 795.14 feet pass the East line of said Lot 15, Block 82 and the West line of said Lot 16, Block 82, continuing a total distance of 1,031.25 feet to a No. 4 rebar set on the North right-of-way line of Mile 9 North, for the Southeast corner of this tract;
4. THENCE, N 88° 47' 48" E, along the existing North right-of-way line of Nile 9 North, a distance of 78.57 feet to the POINT OF BEGINNING, and containing 1.579 acres of land, more or less.

TRACT 3:

A certain tract of land containing 0.283 of one acre situated in Hidalgo County, Texas, being out of Lot 2, Block 81, Capisallo District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed records, said 0.283 of one acre being claimed by Hidalgo and Cameron Counties Irrigation District No. 9, said 0.283 of one acre being more particularly described as follows:

COMMENCING, at a No. 4 rebar set on the Southeast corner of said Lot 2, Block 81, and North line of Lot 1, M.I.S.D. North Elementary Subdivision Replat, according to the plat thereof recorded under Document Number 2173891, Hidalgo County Map Records;

THENCE, N 01° 12' 12" W, along the East line of said Lot 2, Block 81, a distance of 49.64 feet to a No. 4 rebar set on the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the POINT OF BEGINNING, and Southeast corner of this herein described tract;

1. THENCE, S 59° 30' 44" W, along the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 101.49 feet, to a No. 3 rebar set on the North line of said Lot 1, M.I.S.D. North Elementary Subdivision Replat, for an angle point of this tract;
2. THENCE, S 88° 47' 48" W, a distance of 95.00 feet to a No. 4 rebar set, on the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Southwest corner of this tract;
3. THENCE, N 22° 53' 02" W, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 23.69 feet to a No. 4 rebar set, on the North line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Northwest corner of this tract,
4. THENCE, N 59° 29' 39" E, along the North line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 220.48 feet to a No. 4 rebar set on the East line of said Lot 2, Block 81, for the Northeast corner of this tract;
5. THENCE, S 01° 12' 12" E, along the East line of said Lot 2, Block 81, a distance of 80.28 feet to the POINT OF BEGINNING, and containing 0.283 of one acre of land, more or less.

I, ROBERTO N. TAMEZ, A REGISTERED PROFESSIONAL LAND SURVEYOR DO HEREBY AFFIRM THAT THIS METES AND BOUNDS DESCRIPTION REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND ON 3/17/2022 UNDER MY DIRECTION AND SUPERVISION.

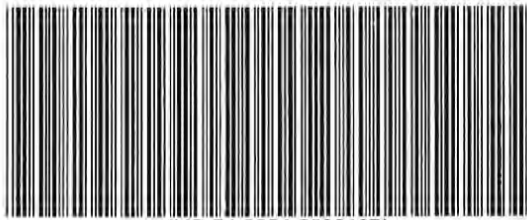
ROBERTO N. TAMEZ, R.P.L.S. #6238

04/20/2022

DATE:



**EXHIBIT B**  
**COUNTY RESOLUTION NO. 97398**  
**Authorizing Creation of Los Prados Public Improvement District**  
**(See Attached)**



\*VG-74-2024-3599487\*

Hidalgo County  
Arturo Guajardo Jr.  
County Clerk  
Edinburg, Texas 78540

Document No: 3599487

Billable Pages: 19

Recorded On: November 19, 2024 03:00 PM

Number of Pages: 20

RESOLUTION

\*\*\*\*\*Examined and Charged as Follows\*\*\*\*\*

Total Recording: \$ 0.00

\*\*\*\*\*THIS PAGE IS PART OF THE DOCUMENT\*\*\*\*\*

Any provision herein which restricts the Sale, Rental, or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

**File Information:**

Document No: 3599487  
Receipt No: 20241119000359  
Recorded On: November 19, 2024 03:00 PM  
Deputy Clerk: Elisa Castillo  
Station: CH-1-CC-K32

**Record and Return To:**

Hidalgo County Judge, Richard F Cortez  
100 E. Cano St. 2nd Floor  
original returned to customer  
Edinburg TX 78539



STATE OF TEXAS  
COUNTY OF HIDALGO

I hereby certify that this Instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Hidalgo County, Texas.

Arturo Guajardo Jr.  
County Clerk  
Hidalgo County, Texas

AT 9:35 FILED O'CLOCK A M  
NOV 19 2024  
ARTURO GUAJARDO, JR., COUNTY CLERK  
HIDALGO CO. TEXAS  
BY DEPUT

RESOLUTION NO. 97398

**A RESOLUTION AUTHORIZING AND CREATING THE LOS PRADOS PUBLIC IMPROVEMENT DISTRICT TO FINANCE IMPROVEMENTS WITHIN AND/OR RELATED TO THE LOS PRADOS DEVELOPMENT PROJECT, IN ACCORDANCE WITH SUBCHAPTER A OF CHAPTER 372, AS AMENDED, TEXAS LOCAL GOVERNMENT CODE; MAKING CERTAIN FINDINGS RELATIVE TO THE IMPROVEMENTS THAT ARE TO RESULT FROM THE DISTRICT; PROVIDING FOR MATTERS RELATING TO THE FOREGOING; AND PROVIDING AN EFFECTIVE DATE**

\* \* \*

**WHEREAS**, on October 8, 2024, the owner(s) of taxable real property (the *Owner*) representing greater than 50% of the appraised value of taxable real property liable for assessment, being a definable piece of property of approximately 94.98 contiguous acres located in Hidalgo County, Texas (the *County*) (such property, as described in the metes and bounds contained in Exhibit A hereto, the *Property*), delivered a petition (a copy of which is attached hereto as Exhibit A and made a part of this Resolution for all purposes as though reproduced herein in its entirety; referred to herein as the *Petition*) to the Commissioners Court (the *Court*) of the County requesting that a public improvement district be established upon the Property pursuant to Subchapter A, Chapter 372, Texas Local Government Code (the *PID Act*) for the purpose of improving and financing the costs of improving the Property (as further described below, the *Improvements*); and

**WHEREAS**, the Owner constituted more than 50% of all record owners of the Property that will be liable for any assessments imposed under the proposal described in the Petition; and

**WHEREAS**, the PID Act permits Texas counties, such as the County, to establish a public improvement district upon a definable area within its territory, such as the Property, provided that, as described in the PID Act, certain prerequisites to such designation are found to have been satisfied and findings in connection therewith made; and

**WHEREAS**, the Court has determined that the Petition was validly submitted and compliant with applicable laws of the State of Texas (the *State*); and

**WHEREAS**, in response to its receipt of the Petition (and determination of the validity thereof), the Court, by Resolution adopted on October 15, 2024, authorized publication of notice of the County's intention to conduct a public hearing (the *Hearing*) concerning the establishment of the Los Prados Public Improvement District (the *District*) upon the Property and the advisability of the Improvements, all in accordance with and as required by the PID Act, and established November 12, 2024 as the date of the Hearing; and

**WHEREAS**, notice of the Hearing was published on October 23, 2024, which was a date at least fifteen days prior to the date of the Hearing, in the *Advance News Journal* which

(because of its general availability throughout the County) is found by the Court to be a newspaper of general circulation in the County and in the extraterritorial jurisdiction of the City of Mercedes, Texas, the foregoing being in accordance with Section 372.009(c) of the PID Act; and

**WHEREAS**, written notice of the above described Hearing was sent to all owner(s) by mail at the current address(es) of such owner(s), as reflected on the tax rolls, of property subject to assessment under the proposed District. Such written notice was sent in accordance with and contained all such information as required under TEX. LOC. GOV'T CODE § 372.009.

**WHEREAS**, at the Hearing, interested persons were allowed to speak for or against the establishment of the District, the advisability of the Improvements, and/or the concept of a public improvement district, and Owner of Property proposed for inclusion in the District was given a reasonable opportunity to protest the inclusion of the same in the District; and

**WHEREAS**, evidence and testimony was received and presented at the Hearing in favor of and/or against the establishment of the District and the advisability of the Improvements; and

**WHEREAS**, no owner of real property in the proposed District protested the inclusion of their property in the District; and

**WHEREAS**, as a result of the foregoing, the County has complied with the prerequisites to the adoption of this Resolution concerning the establishment of the District under the PID Act; and

**WHEREAS**, the Court has reviewed data and information, which data and information it determines to represent an adequate basis for the adoption of this Resolution, for the purpose of determining the feasibility and desirability of establishing the District; and

**WHEREAS**, the Court anticipates that, as a result of the establishment of the District and its entering into of a Development Agreement (defined herein) with the Developer (defined herein) and the District Manager (defined herein), the County will be able to increase affordability and availability of housing in a manner beneficial to the County and its inhabitants than otherwise would occur absent creation of the District; and

**WHEREAS**, the Court finds that the adoption of this Resolution is in the best interest of the residents of the County; and

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF HIDALGO COUNTY, TEXAS:**

**Section 1. Findings; Establishment of District; Identification of Improvements.**

The Court hereby finds and determines:

(a) That the facts and recitations contained in the preamble of this Resolution are true and correct and are adopted as part of this Resolution for all purposes.

(b) That it is advisable to establish the District to provide the Improvements, which will promote the general interests of the County and will confer a special benefit on the Property, and the establishment of the District is necessary to fund the costs of the Improvements.

(c) That the District is hereby established, upon the effectiveness of this Resolution (as determined by Section 7 hereof).

(d) That the District's boundaries are contiguous with those of the Property.

(e) That the District shall be known as "Los Prados Public Improvement District."

(f) That the purpose of the District is to fund the following improvements, which are hereby found and determined to be advisable, upon the Property (referred to herein as the *Improvements*):

(1) Expenses incurred in the establishment, administration, and operation of the District; and

(2) Costs of the design, acquisition, construction, and installation of public improvement projects, as authorized by the PID Act, that are necessary for the development of the Property, which public improvements will include (but are not limited to) improvements to utilities; establishment of roads, bridges, and associated drainage and trails; water and sewer facilities; demolition and land clearing; lighting improvements; construction of entry-way features; signage; other infrastructure improvements within the District; and ongoing services (including maintenance of Improvements).

(g) That the estimated cost to fund the design, acquisition, construction, and installation of the Improvements for which the District is responsible is Twenty-Three Million and No/00 U.S. Dollars (\$23,000,000) (which amount is exclusive of (1) interest costs incurred in connection with the financing of any Improvements and (2) the costs of ongoing and continued maintenance thereof).

(h) That the costs of Improvements and any authorized maintenance thereof shall be paid from the assessments and from other sources of funds lawfully available to the District (including, but not limited to, contributions from private third parties and proceeds from bond sales, time warrants, and/or permanent or temporary notes issued by the County on the District's behalf and to be paid solely from a lien on and pledge of revenues generated by or otherwise available to the District); provided, however, that the County's issuance of indebtedness for the benefit of the District, if any, regardless of source of security or repayment, shall be undertaken at the sole and absolute discretion of the Court; provided further, however, that notwithstanding the fact that the County is not obligated to provide any County funds (other than those resultant from the creation of the District that are described above and in Section 2 hereof) to support the operations or undertakings of the District, nothing shall prevent it from doing so at the Court's discretion.

(i) That the District is responsible for reimbursing Developer, from assessments imposed and collected on an annual basis on Assessable Property within the District, the costs of

construction, operation, and maintenance of the public improvements within the District as acquired, designed, constructed, and/or installed within the District by Developer.

(j) That the District shall be managed by the private sector through a PID Manager (defined herein), but that the Court has elected to not establish an advisory board of the type described in Section 372.008 of the PID Act.

(k) In accordance with TEX. LOC. GOV'T CODE § 372.010, actual construction of an Improvement may not begin until after the 20th day after the date the authorization takes effect and may not begin if during that 20-day period written protest(s) signed by at least two-thirds of the owner(s) of record of property within the District or by the owner(s) of record property comprising at least two-thirds of the total area of the District are filed with the County Clerk.

**Section 2. Assessments.**

(a) The County shall levy assessments on all Assessable Property (defined herein) within the District in a manner that results in the imposition of an assessment that equally apportions the costs of the Improvements to Assessable Property that is similarly benefited by such Improvements.

(b) As requested in the Petition, the Court hereby finds that, subject to the contents of the assessment plan to be included in and made a part of the service plan applicable to the District (prepared from time to time and as required by and in conformance with the PID Act and Section 3(f) hereof), an annual assessment shall be imposed on the Assessable Property within the District on an equal per Parcel basis, as reflected in the official tax rolls of Hidalgo County Appraisal District, for the year of each respective assessment; provided, however, that if this methodology for imposing assessments within public improvement districts is ever invalidated under applicable State law, the Court shall implement a substitute assessment methodology that is permissible under applicable State law and most closely approximates the funding result of the then-invalidated methodology.

(c) All assessments may be paid in full at any time (including accrued and unpaid interest, if any), and certain assessments may be paid in annual installments (including accrued and unpaid interest, if any). If an assessment is allowed to be paid in installments, then the installments must be paid in amounts sufficient to meet annual debt service (including any interest and costs of principal amortization) and maintenance costs of Improvements that have been financed and must continue for a period required to fully retire any such indebtedness.

(d) "Assessable Property" means property within the District that has been converted into a developed lot and has on such lot a newly constructed single-family residence that has been sold and conveyed to a third-party homebuyer (not including Developer, or any homebuilder), but specifically excludes (i) undeveloped property (i.e. property within the District that has not been converted into developed lots containing suitable sites for building single family residences), (ii) publicly-owned property (including, but not limited to, schools, public parks, and other property owned by a political subdivision of the State), and (iii) property within the District that is subject to an agricultural or open space tax exemption (as reflected on the

official tax rolls of the Hidalgo County Appraisal District for the year in which the assessment is made).

**Section 3. Management of District; PID Manager.**

(a) The District shall be managed by the private sector as permitted under the Act, with and such private managing entity of the District being Texas Special District Management, LLC (the *PID Manager*), who shall, from time to time (and at least annually) advise the County regarding the operations of the District and perform other management activities of the District as permitted (but only to the extent permitted) by this Resolution and the PID Act. The PID Manager shall be responsible for and prepare an ongoing service plan and present the plan to the Court for review and approval, with such approval being given, if any, by order of the Court. The service plan, as prepared and proposed by the PID Manager, shall be reviewed and, if approved by the Court, be updated annually for the purpose of determining the annual budget for Improvements. Not later than the seventh day after the date the Court approves and updates the service plan, including the notice form required by TEX. PROP. CODE § 5.014, as amended, the Court shall file or cause to be filed a copy of the updated service plan with the County Clerk.

(b) The Court directs and authorizes the PID Manager, at its earliest convenience, to finalize and approve the Development Agreement with the Developer for presentation to and consideration by the Court.

(c) The Court hereby assigns and delegates to the PID Manager the obligation to prepare and present to the Court on an annual basis a service plan and an assessment plan, as described in the PID Act and in Subsection 3(a) hereof.

**Section 4. Reservation of Powers to the County.**

Though the day-to-day management of the District is delegated to the PID Manager, the Court reserves exclusive right and jurisdiction over the District's ability to annually impose assessments upon Assessable Property, approve the District's annual budget, obligate funds on deposit or to be deposited to the PID Fund (defined herein) for a period greater than one year, and all other powers reserved to the Court under the PID Act.

**Section 5. PID Fund.**

There is hereby created and established a special fund of the County for the benefit of the District, to be designated Los Prados Public Improvement District Fund (the *PID Fund*), which may be divided into subaccounts as authorized by subsequent orders or resolutions of the Court. The PID Fund and any subaccount shall be maintained at the depository bank of the County and shall be secured in the manner prescribed by law for funds of counties of the State. Money shall be disbursed from the PID Fund only to pay costs and/or reimburse such costs of Improvements, debt service on debt obligations issued in support of the District, if any, or maintenance costs of any Improvement (the foregoing to include any lawful reimbursement to a Developer under a Development Agreement). The County shall deposit to the PID Fund, upon receipt, assessments paid by owners of Assessable Property.

**Section 6. Effect of Annexation.**

Though contributions made by a Developer pursuant to the terms of a Development Agreement in anticipation of reimbursement from assessments collected within the District, but not at such time repaid, shall not be, nor shall the same be construed to be, financial obligations of the County or any other political subdivision of the State, except the same shall, to the extent permitted by applicable law, become binding and reimbursable obligations of the District, and be outstanding debt of the District, in the event of any proposed or actual annexation by a municipality (home rule or otherwise), and must, to the extent permitted by applicable law, be paid in full by such annexing municipality, as required by Section 43.0712, as amended, Texas Local Government Code (or any successor statute thereto), as a condition of such annexation.

**Section 7. Effective Date.**

Upon approval of this Resolution by the Court, the authorization for creation of the District shall become effective, establishing the District on the Property. Said authorization for and the creation of the District upon passage of this Resolution, and thereby being the effective date, having occurred on a date within the six-month period after adjournment of the hearing required under TEX. LOC. GOV'T CODE § 372.009.

**Section 8. Effect of Development Agreement.**

The Court anticipates that the Improvements will be designed, acquired, constructed, and installed by a private third party (the *Developer*) pursuant to a development and reimbursement agreement (the *Development Agreement*) by and among the County, the PID, TIRZ, if any, and the Developer. The County acknowledges that the Petition was conditioned upon the Court's approval of the Development Agreement with the Developer. No funds deposited to or held in the PID Fund shall be expended until the Development Agreement has been entered into by all parties thereto and such Development Agreement represents a valid and enforceable obligation of each such party.

**Section 9. Severability.**

If any provision, section, subsection, sentence, clause or phrase of this Resolution, or the application of same to any person or to any set circumstances, is for any reason held to be unconstitutional, void or invalid, the validity of the remaining provisions of this Resolution or their application to other persons or set of circumstances shall not be affected thereby, it being the intent of the Court in adopting this Resolution that no portion hereof or regulations connected herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any portion hereof, and all provisions of this Resolution are declared severable for that purpose.

**Section 10. Open Meetings.**

It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the Court at which this Resolution was adopted

was posted at a place convenient and readily accessible at all times to the general public at the Hidalgo County Courthouse for the time required by law preceding its meeting, as required by the Open Meetings Law, Chapter 551, as amended, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this Resolution and the subject matter hereof has been discussed, considered and formally acted upon. The Court further ratifies, approves and confirms such written notice and the contents and posting thereof.

**Section 11. Notices.**

The contents of the notice of the Hearing, which Hearing was held before the Court on November 12, 2024, and the publication of said notice, are hereby ratified, and confirmed.

\* \* \*

**PASSED AND APPROVED ON THIS 12<sup>th</sup> DAY OF November, 2024.**

**COUNTY OF HIDALGO, TEXAS**

Honorable Richard F. Cortez  
Hidalgo County Judge



**ATTEST:**

Arturo Guajardo, Jr.

APPROVED BY  
COMMISSIONERS COURT  
ON: 11/12/24  
#97398

**EXHIBIT A**  
**Copy of Petition Filed for Authorization and Creation of**  
**Los Prados Public Improvement District**

**Doc-3587728**

Hidalgo County  
Arturo Guajardo Jr.  
County Clerk  
Edinburg, Texas 78540

Document No: 3587728

Billable Pages: 10

Recorded On: October 08, 2024 01:41 PM

Number of Pages: 11

PETITION

\*\*\*\*\*Examined and Charged as Follows\*\*\*\*\*

Total Recording: \$ 71.00

\*\*\*\*\*THIS PAGE IS PART OF THE DOCUMENT\*\*\*\*\*

Any provision herein which restricts the Sale, Rental, or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

**File Information:**

Document No: 3587728  
Receipt No: 20241008000122  
Recorded On: October 08, 2024 01:41 PM  
Deputy Clerk: Elisa Castillo  
Station: CH-1-CC-K32

**Record and Return To:**

Simplifile  
5072 North 300 West  
PROVO UT 84604



STATE OF TEXAS  
COUNTY OF HIDALGO

I hereby certify that this Instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Hidalgo County, Texas.

Arturo Guajardo Jr.  
County Clerk  
Hidalgo County, Texas

STATE OF TEXAS

§

COUNTY OF HIDALGO

§

§

**PETITION FOR CREATION OF A PUBLIC IMPROVEMENT DISTRICT TO BE NAMED THE LOS PRADOS PUBLIC IMPROVEMENT DISTRICT WITHIN THE COUNTY OF HIDALGO, TEXAS**

**TO THE HONORABLE COMMISSIONERS COURT OF THE COUNTY OF HIDALGO, TEXAS:**

**WHEREAS**, the undersigned, being Valley Affordable Housing, LLC (hereinafter the "Petitioner"), does hereby formally and respectfully petition the Commissioners Court of the County of Hidalgo, Texas, the governing body of Hidalgo County, Texas ("County"), for the creation of a public improvement district in accordance with and under the authority of the laws of the State of Texas, specifically Chapter 372, Texas Local Government Code; and

**WHEREAS**, Petitioner is the owner of and does hold fee simple title to taxable real property representing more than 50 percent of the appraised value of taxable real property liable for assessment to be included within the public improvement district proposed hereunder. As more fully set forth below, Petitioner submits this Petition for the establishment and creation of the Los Prados Public Improvement District on 94.98 acres, more or less, of real property located in Hidalgo County, Texas, on and within which the proposed Los Prados Project is to be developed; and

**WHEREAS**, Petitioner, as proposed in this Petition, seeks creation of the Los Prados Public Improvement District, with the intention to further the development of the aforementioned property, with such property made the subject of this Petition being more fully and particularly described by map and metes and bounds description contained in **Exhibit A**, attached hereto and incorporated herein by reference ("Subject Property"). Petitioner files this Petition in furtherance of the development of the Subject Property, and have designated thereon a public improvement district pursuant to and in accordance with the provisions of Subchapter A, Chapter 372, Texas Local Government Code ("Chapter 372" or the "Act"). Authorization, creation, and establishment of the Los Prados Public Improvement District, as petitioned for hereunder, would be of a benefit to the community, allow for the construction of public infrastructure, and assist in a coordinated effort to increase the availability and affordability of housing within Hidalgo County, Texas.

**NOW THEREFORE**, Petitioner hereby petitions the Commissioners Court (the "Court") of the County, requesting the authorization, creation, and establishment of the Los Prados Public Improvement District on the Subject Property in accordance with Chapter 372, and in support thereof would respectfully show unto the Court as follows:

**ARTICLE I  
DISTRICT NAME**

The name of the proposed public improvement district shall be the "Los Prados Public Improvement District" (hereinafter referred to as the "District").

## ARTICLE II PURPOSE

The District shall be created and organized under the provisions of Subchapter A of Chapter 372. The primary purpose of creation of the District will be to fund and construct the project improvements, including necessary public infrastructure, related services, and provide ongoing operation, administration, and maintenance of such project improvement as allowed by Section 372.003 of the Act and identified herein. In authorizing the creation and establishment of the District, the Court would allow for increased availability and affordability of housing within the County on the Subject Property.

## ARTICLE III NATURE OF IMPROVEMENTS

The general nature of the proposed public improvements (collectively, the "Authorized Improvements") are those permitted by the Act including, without limitation, any or all of the following to the extent permitted by the Act: (i) design, engineering, construction and other allowed costs related to street and roadway improvements, including sidewalks, drainage, utility construction and relocation, signalization, landscaping, lighting, signage, entry monuments, off-street parking and right-of-way; (ii) design, engineering, and construction and other allowed costs related to improvement of parks and open space, together with any ancillary structures, features, or amenities such as trails, playgrounds, walkways, artwork, lighting, and similar items located therein; (iii) design, engineering, construction and other allowed costs related to sidewalks and landscaping, and hardscaping, fountains, lighting and signage; (iv) design, engineering, construction and other allowed costs related water, wastewater and drainage (including detention); (v) acquisition, by purchase or otherwise, of real property in connection with any Authorized Improvement; (vi) design, engineering, construction and other allowed costs related to projects similar to those listed in subsections (i) – (v) above authorized by the Act, including off-site projects that provide a benefit to the Property; (vii) special supplemental services for improvement and promotion of the District that are allowed or permitted by the Act, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement; (viii) payment of costs associated with establishment, administration, and operation of the District and those related to operating and maintaining the Authorized Improvements; and (x) payment of costs associated with developing and financing the Authorized Improvements, and costs of establishing administering and operating the District. These Authorized Improvements shall promote the interests of the County and its inhabitants, as well as confer a special benefit upon the Subject Property proposed for inclusion within the District.

## ARTICLE IV ESTIMATED COSTS

The estimated costs to design, engineer, acquire, and construct the Authorized Improvements, eligible legal and other qualifying fees, eligible costs incurred in the establishment, administration, and operation of the District is Thirty-Nine Million and NO/00 U.S. Dollars (\$39,000,000.00).

#### ARTICLE V DISTRICT BOUNDARIES

The proposed boundaries of the District would include and be coterminous with the Subject Property, being more particularly described in **Exhibit A**, attached hereto and made apart hereof by reference.

#### ARTICLE VI METHOD OF ASSESSMENT; ASSESSABLE PROPERTY

Petitioner requests that the County levy assessments on each parcel within the District in a manner that results in imposing equal shares of the costs on property similarly benefitted. All assessments may be paid in full at any time (including interest and principal), and certain assessments may be paid in annual installments (including interest and principal). Petitioner requests that the property liable for assessment or "Assessable Property" be as follows: property within the District that has been converted into a developed lot and has on such lot a newly constructed single-family residence that has been sold and conveyed to a third-party homebuyer (not including Developer, or any homebuilder), but specifically excludes (i) undeveloped property (i.e. property within the District that has not been converted into developed lots containing suitable sites for building single family residences), (ii) publicly-owned property (including, but not limited to, schools, public parks, and other property owned by a political subdivision of the State), and (iii) property within the District that is subject to an agricultural or open space tax exemption (as reflected on the official tax rolls of the Hidalgo County Appraisal District for the year in which the assessment is made).

#### ARTICLE VII APPORTIONMENT OF COSTS

The District shall bare the total costs of improvement within the District but may enter into a contribution and participation agreement with the Tax Increment Reinvestment Zone Number One, Hidalgo County, if created, for contributions from the incremental ad valorem tax collected from within the zone in an amount approved by the Board of the Zone and the PID Manager to fund costs of infrastructure and other allowed expenses. The District shall negotiate with other taxing entities regarding improvement costs outside the District's boundaries, but that are deemed essential to the execution of the District's Service Plan, if applicable. The County will not be obligated to provide funds to finance the Authorized Improvements, other than from assessments levied against the Subject Property within the District or as pledged from tax increment created in connection with such agreements contemplated herein.

#### ARTICLE VIII MANAGEMENT

The Petitioner proposes that the District be managed by the private sector as specifically allowed by and contemplated in Section 372.005(a)(6) of the Act.

**ARTICLE IX  
DISTRICT REQUEST**

Pursuant to Section 372.005(a)(7) of the Act, Petitioner, by affixing their signature hereto and filing the same with the Hidalgo County Clerk, hereby formally petitions and requests the County, through formal action(s) of the Court, to authorize, create, and establish the District on the Subject Property. This Petition is conditioned upon the County later executing and entering into a development and reimbursement agreement with the developer of the Property, in conjunction with the District and the tax increment reinvestment zone, if created, established over the Property.

**ARTICLE X  
ADVISORY BODY.**

In accordance with Section 372.005(a)(8), the County may, but is not required to, establish an advisory body to develop and recommend an improvement plan to the Court.

Through execution and filing of this Petition by Petitioner with the Hidalgo County Clerk's Office, Petitioner hereby respectfully requests that the Court take appropriate action under Chapter 372 for authorization, creation, and establishment of the Los Prados Public Improvement District on the Subject Property as set forth above.

EXECUTED and RESPECTFULLY SUBMITTED this 8 day of October, 2024.

VALLEY AFFORDABLE HOUSING, LLC., a Texas limited liability company

By: [Signature]  
Name: Nicholas "Nick" B. Rhodes  
Its: Manager  
Date: 10/8/2024

STATE OF TEXAS           §  
COUNTY OF HIDALGO   §

This instrument was acknowledged before me on the 8 day of October, 2024, by Valley Affordable Housing, LLC, a Texas limited liability company, by and through Nicholas "Nick" B. Rhodes, its duly authorized President.

[Signature]  
Notary Public, State of Texas  
My commission expires: October 2, 2028

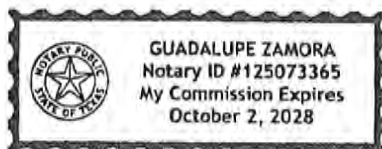


EXHIBIT "A"  
BOUNDARIES OF THE PROPOSED DISTRICT

April 20, 2022

**METES AND BOUNDS DESCRIPTION  
94.979 ACRES OUT OF  
LOT 2, BLOCK 81 AND OUT OF  
LOTS 9, 10, 15 AND ALL OF LTO 16, BLOCK 82,  
CAPISALLO DISTRICT SUBDIVISION  
HIDALGO COUNTY, TEXAS**

A tract of land containing 94.979 acres situated in Hidalgo County, Texas, being out of Lot 2, Block 81, and out of Lots 9, 10, 15 and all of Lot 16, Block 82, Capisallo District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed Records, which said 94.979 acres were conveyed to Dora L. Garcia, by virtue of a Special Warranty Deed recorded under Document Number 1972205, Hidalgo County Official Records, and to Judith P. Lucio, by virtue of a Special Warranty Deed recorded under Document Number 2868424, Hidalgo County Official records, and to Richard D. Ribisi, by virtue of a Special Warranty Deed recorded under Document Number 1813784, and Special Warranty Distribution Deed recorded under Document Number 2025259, Hidalgo County Official records, said 94.979 acres also being more particularly described as follows:

BEGINNING at a Nail set [Northing: 16,593,272.547, Easting: 1,177,535.711] on the Southeast corner of said Lot 16, Block 82, and within the existing right-of-way of Baseline Road – F.M. 491 and Mile 9 North Road, from which a No. 4 rebar found bears N 88° 47' 48" E, a distance of 1,320.00 feet and N 01° 12' 12" W, a distance of 20.00 feet, for the Southeast corner of this herein described tract;

1. THENCE, S 88° 47' 48" W, along the South line of said Lot 16, block 82, and within the existing right-of-way of Mile 9 North Road, a distance of 1,320.00 feet to a No. 4 rebar set on the Southwest corner of said Lot 16, Block 82 and Northeast corner of said Lot 2, Block 81, and the Northwest corner of a certain tract of land conveyed to Mayra Banks and Michael Banks, by virtue of a Warranty Deed with Vendor's Lien recorded under Document Number 3213621, Hidalgo County Official records, for an inside corner of this tract;
2. THENCE, S 01° 12' 12" E, along the East line of said Lot 2, Block 81 and West line of said Mayra Banks and Michael Banks tract, a distance of 1,320.00 feet to a No. 4 rebar set on the Southeast corner of said Lot 2, Block 81 and the North line of Lot 1, M.I.S.D. North Elementary Subdivision Replat according to the plat thereof recorded under document number 2173891, Hidalgo County Map records, for an outside corner of this tract;
3. THENCE, S 88° 47' 48" W, along the South line of said Lot 2, Block 81, and North line of said Lot 1, M.I.S.D. North Elementary Subdivision Replat, a distance of 183.52 feet to a No. 4 rebar set on the East line of the Hidalgo County Irrigation District No. 9 canal, for the Southwest corner of this tract;
4. THENCE, N 22° 53' 02" W, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 667.20 feet to a No. 4 rebar set, for an angle point of this tract;
5. THENCE, N 01° 12' 12" W, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 680.00 feet pass a No. 4 rebar set on the existing South right-of-way of Mile 9 North Road, at a distance of 700.00 feet to a No. 4 rebar set on the North line of said Lot 2, Block 81, for an outside corner of this tract;
6. THENCE, N 88° 47' 48" E, along the North line of said Lot 2, Block 81, a distance of 10.00 feet to a No. 4 rebar set, for an inside corner of this tract,

7. THENCE, N 01° 12' 12" W, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9, at a distance of 20.00 feet pass a No. 4 rebar set on the North right-of-way line of Mile 9 North Road, continuing a total distance of 790.00 feet to No. 4 rebar set, for an angle point of this tract;
8. THENCE, N 20° 24' 41" E a distance of 570.09 feet to a No. 4 rebar set on the North line of said Lot 15, Block 82, and South line of said Lot 10, Block 82 for an angle point of this tract;
9. THENCE, N 22° 41' 19" E, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 518.50 feet pass the East line of said Lot 10, Block 82 and the West line of said Lot 9, Block 82, continuing a total distance of 981.66 feet to a No. 4 rebar set, for an angle point of this tract;
10. THENCE, N 52° 32' 49" E, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 130.21 feet pass a No. 4 rebar set on the South right-of-way line of a canal right-of-way claimed by Hidalgo and Cameron Counties Irrigation District No. 9, a total distance of 174.48 feet to a No. 4 rebar set, for an inside corner of this tract;
11. THENCE, N 46° 12' 22" W, a distance of 38.41 feet to a No. 4 rebar set, for an outside corner of this tract;
12. THENCE, N 53° 23' 48" E, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 504.29 feet to a No. 4 rebar found on the North line of said Lot 9, for the Northwest of this tract;
13. THENCE, N 88° 47' 48" E, along the North line of said Lot 9, Block 82, at a distance of 567.80 feet pass a No. 4 rebar found on the West right-of-way line of Baseline Road – F.M. 491, continuing a total distance of 607.80 feet, to a Nail set on the East line of said Lot 9, Block 82, for the Northeast corner of this tract;
14. THENCE, S 01° 12' 12" E, along the East line of said Lot 16, Block 82, within the existing right-of-way of Baseline Road – F.M. 491, at a distance of 1,320.00 feet pass the Southeast corner of said Lot 9, Block 82 and the Northeast corner of said Lot 16, Block 82, continuing a total distance of 2,640.00 feet to the POINT OF BEGINNING and containing 98.752 acres, SAVE and EXCEPT 3.773 acres, leaving 94.979 acres Gross, of which 2.425 acres lie within the existing right-of-way of Baseline Road – F.M. 491, and 0.977 of one acre lies within the existing right-of-way of Mile 9 North Road, leaving a Net of 91.557 acres of land, more or less.

SAVE AND EXCEPT:

TRACT 1,

A certain tract of land containing 1.931 acres situated in Hidalgo County, Texas, being out of Lot 9, Block 82, Capisallo District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed records, said 1.931 acres being claimed by Hidalgo and Cameron Counties Irrigation District No. 9, said 1.931 acres being more particularly described as follows:

COMMENCING, at a No. 4 rebar found on the intersection of the North line of said Lot 9, Block 82, and East line of said Hidalgo and Cameron Counties Irrigation District No. 9;

THENCE, S 53° 23' 48" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 459.92 feet, to a No. 4 rebar set, for the POINT OF BEGINNING, and Northwest corner of this herein described tract;

1. THENCE, S 46° 12' 22" E, a distance of 266.30 feet to a No. 4 rebar set, for an angle point of this tract;
2. THENCE, S 43° 00' 14" E, a distance of 156.64 feet to a No. 4 rebar set, for an angle point of this tract;
3. THENCE, S 46° 12' 22" E, a distance of 163.07 feet to a No. 4 rebar set, for an angle point of this tract;
4. THENCE, S 42° 18' 26" E, a distance of 147.07 feet, to a No. 4 rebar set, for an angle point of this tract;
5. THENCE, S 46° 12' 22" E, a distance of 297.42 feet to a No. 4 rebar set, for an angle point of this tract;
6. THENCE, S 42° 28' 35" E, a distance of 96.08 feet to a No. 4 rebar set, for an angle point of this tract;
7. THENCE, S 46° 12' 22" E, a distance of 232.31 feet to a No. 4 rebar set on the existing West right-of-way line of Baseline Road-F.M. 491, for the Northeast corner of this tract;
8. THENCE, S 01° 12' 12" E, along the West right-of-way line of Baseline Road-F.M. 491, a distance of 53.03 feet, to a No. 4 rebar set, for the Southeast corner of this tract;
9. THENCE, N 46° 12' 22" W, a distance of 269.81 feet, to a No. 4 rebar set, for an angle point of this tract;
10. THENCE, N 49° 44' 19" W, a distance of 101.43 feet, to a No. 4 rebar set, for an angle point of this tract;
11. THENCE, N 46° 12' 22" W, a distance of 292.37 feet, to a No. 4 rebar set, for an angle point of this tract;
12. THENCE, N 50° 08' 02" W, a distance of 145.98 feet, to a No. 4 rebar set, for an angle point of this tract;
13. THENCE, N 46° 12' 22" W, a distance of 160.60 feet, to a No. 4 rebar set, for an angle point of this tract;
14. THENCE, N 49° 22' 35" W, a distance of 158.22 feet, to a No. 4 rebar set, for an angle point of this tract;
15. THENCE, N 46° 12' 22" W, a distance of 243.70 feet, to a No. 4 rebar set, on the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Southwest corner of this tract;
16. THENCE, N 52° 32' 49" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9, a distance of 44.27 feet to a No. 4 rebar set for an inside corner of this tract;
17. THENCE, N 46° 12' 22" W, a distance of 38.41 feet to a No. 4 rebar set for an outside corner of this tract;

18. THENCE, N 53° 23' 48" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 44.37 feet to the POINT OF BEGINNING, and containing 1.931 acres of land, more or less.

TRACT 2:

A certain tract of land containing 1.579 acres situated in Hidalgo County, Texas, being out of Lots 15 and 16, Block 82, Capisallo District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed records, said 1.579 acres being claimed by Hidalgo and Cameron Counties Irrigation District No. 9, said 1.579 acres being more particularly described as follows:

COMMENCING, at a No. 4 rebar set on the Southwest corner of Lot 16, Block 82, and within the existing right-of-way of Mile 9 North;

THENCE, N 88° 47' 48" E, along the South line of said Lot 16, Block 82, and within the existing right-of-way of Mile 9 North, a distance of 38.83 feet to the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 Canal;

THENCE, N 28° 12' 26" W, along the West line of said Hidalgo and Cameron Counties Irrigation District No. 9, a distance of 22.45 feet to a No. 4 rebar set on the existing North right-of-way line of Mile 9 north West. for the POINT OF BEGINNING, and Southwest corner of this herein described tract;

1. THENCE, N 28° 12' 26" W, along the West line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 63.08 feet pass the West line of said Lot 16, Block 82 and the East line of said Lot 15, Block 82, continuing a total distance of 933.91 feet to a No 4 rebar set, on the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Northwest corner of this tract;
2. THENCE, N 20° 24' 41" E, along the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 93.29 feet, to a No. 4 rebar set, on the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Northeast corner of this tract;
3. THENCE, S 28° 12' 26" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 795.14 feet pass the East line of said Lot 15, Block 82 and the West line of said Lot 16, Block 82, continuing a total distance of 1,031.25 feet to a No. 4 rebar set on the North right-of-way line of Mile 9 North, for the Southeast corner of this tract;
4. THENCE, N 88° 47' 48" E, along the existing North right-of-way line of Nile 9 North, a distance of 78.57 feet to the POINT OF BEGINNING, and containing 1.579 acres of land, more or less.

TRACT 3:

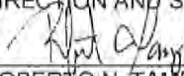
A certain tract of land containing 0.283 of one acre situated in Hidalgo County, Texas, being out of Lot 2, Block 81, Capisallo District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed records, said 0.283 of one acre being claimed by Hidalgo and Cameron Counties Irrigation District No. 9, said 0.283 of one acre being more particularly described as follows:

COMMENCING, at a No. 4 rebar set on the Southeast corner of said Lot 2, Block 81, and North line of Lot 1, M.I.S.D. North Elementary Subdivision Replat, according to the plat thereof recorded under Document Number 2173891, Hidalgo County Map Records;

THENCE, N 01° 12' 12" W, along the East line of said Lot 2, Block 81, a distance of 49.64 feet to a No. 4 rebar set on the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the POINT OF BEGINNING, and Southeast corner of this herein described tract;

1. THENCE, S 59° 30' 44" W, along the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 101.49 feet, to a No. 3 rebar set on the North line of said Lot 1, M.I.S.D. North Elementary Subdivision Replat, for an angle point of this tract;
2. THENCE, S 88° 47' 48" W, a distance of 95.00 feet to a No. 4 rebar set, on the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Southwest corner of this tract;
3. THENCE, N 22° 53' 02" W, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 23.69 feet to a No. 4 rebar set, on the North line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Northwest corner of this tract,
4. THENCE, N 59° 29' 39" E, along the North line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 220.48 feet to a No. 4 rebar set on the East line of said Lot 2, Block 81, for the Northeast corner of this tract;
5. THENCE, S 01° 12' 12" E, along the East line of said Lot 2, Block 81, a distance of 80.28 feet to the POINT OF BEGINNING, and containing 0.283 of one acre of land, more or less.

I, ROBERTO N. TAMEZ, A REGISTERED PROFESSIONAL LAND SURVEYOR DO HEREBY AFFIRM THAT THIS METES AND BOUNDS DESCRIPTION REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND ON 3/17/2022 UNDER MY DIRECTION AND SUPERVISION.

  
ROBERTO N. TAMEZ, R.P.L.S. #6238

*04/20/2022*  
DATE:



**EXHIBIT C**

**LOS PRADOS PUBLIC IMPROVEMENT DISTRICT  
SERVICE AND ASSESMENT PLAN**

(As may be amended from time to time, on an annual basis, in accordance with and  
pursuant to Chapter 372, Texas Local Government Code)

(See Attached)

**Los Prados  
Public Improvement District  
2024-2025 Service and Assessment  
Plan**

Hidalgo County, Texas

**Section I.**  
**Introduction and Definitions**

**A. Introduction**

On November 12, 2024 (the “Creation Date”), the Hidalgo County Commissioners Court approved County Resolution No. 97398, establishing the Los Prados Public Improvement District, a Texas public improvement district (“District”), under Chapter 372, Texas Local Government Code (“Chapter 372” or “District Act”). The District was created to fund the “Authorized Improvements” (as herein defined), and associated ongoing “Maintenance and Operation Costs” (as herein defined) for the benefit of approximately 94.97 acres of real property located within the District (the “District Area”). In accordance with Chapter 372, the proposed land uses for the District Area, together with their intended highest and best use, as amended, are set forth in the Project Plan Map, attached hereto as **Exhibit A**.

This Los Prados Public Improvement District 2024-2025 Service and Assessment Plan (“Service and Assessment Plan”) and 2024-2025 Assessment Roll (“Assessment Roll”) has been prepared in accordance with Chapter 372, specifically, Sections 372.013, 372.014, 372.015, and 372.016, to provide the District with a funding mechanism for the development of affordable housing within the District Area, with Maintenance and Operation Costs being paid through the District as well.

Pursuant to Section 372.013 of the District Act, a service plan must:

1. Cover a period of at least five (5) years;
2. Define the annual indebtedness and the projected costs for improvements; and
3. Include a copy of the notice form required by TEX. PROP. CODE § 5.014.

In accordance with Chapter 372, the Service and Assessment Plan shall be reviewed and updated annually for the purpose of determining the annual budget for improvements. The service plan referenced above is contained in Section IV of this Service and Assessment Plan.

Section 372.014 of the District Act requires that “an assessment plan ... be included in the annual service plan.” The Assessment Plan required by the District Act is described in Section V of this Service and Assessment Plan.

Section 372.015 of the District Act requires that “the governing body of the municipality or county ... apportion the cost of an improvement to be assessed against property in an improvement district.” The method of assessing District Costs (as herein defined) on property in the District Area is included in Section V of this Service and Assessment Plan.

Section 372.016 of the District Act requires that “after the total cost of an improvement is determined, the governing body of the municipality or county shall prepare a proposed assessment roll. The assessment roll must state the assessment levied against each parcel of land in the district, as determined by the method of assessment chosen by the municipality or county. ...” The Assessment Roll for the District is attached hereto as **Exhibit C** and addressed in Section VII of this Service and Assessment Plan. The Assessments shown on the Assessment Roll are based on the method of assessment described in Section V and Section VI of this Service and Assessment Plan.

**B. Definitions**

Capitalized terms used herein shall have the meanings ascribed to them as follows:

“**Administrator**” means the entity appointed by the County to have responsibility for the Service and Assessment Plan pursuant to Section 372.013 and other applicable sections of the District Act. The Administrator appointed by the County for the Los Prados Public Improvement District is Texas Special District Management, LLC, which shall have the responsibilities provided for herein, in the Resolution creating the District, and/or in another agreement approved by the County.

“**Annual Collection Costs**” mean the following actual or budgeted costs, as applicable, related to the annual collection costs of outstanding Assessments paid in installments, including the costs or anticipated costs of: (i) issuing, refunding or refinancing bonds, (ii) computing, levying, collecting and transmitting the Assessments (whether by the County, the Administrator or otherwise), (iii) remitting the Assessments to the County, (iv) the County and the Administrator (including legal counsel) in the discharge of their duties, including, without limitation, any associated legal expenses, the reasonable costs of other consultants and advisors and contingencies and reserves for such costs as deemed appropriate by the Hidalgo County Commissioners Court. Annual Collection Costs collected and not expended for actual Annual Collection Costs shall be carried forward and applied to reduce Annual Collection Costs in subsequent years to avoid the over-collection of Annual Collection Costs.

“**Annual Installment**” means, with respect to each Parcel, each annual payment of the Assessment, as shown on the Assessment Roll attached hereto as **Exhibit C** or an Annual Service Plan Update and calculated as provided in Section VI of this Service and Assessment Plan.

“**Annual Service Plan Update**” has the meaning set forth in Section IV of this Service and Assessment Plan.

“**Assessable Structure**” means, for any year, Parcels within the District which have a completed single-family dwelling located thereon.

“**Assessments**” means all of the assessments assessed against Parcels as set forth in the Assessment Roll.

“**Assessment Order**” means the Assessment Order approved by the County Commissioners Court to approve the imposition of the Assessments.

“**Assessment Revenues**” mean the revenues actually received by the District from Assessments.

“**Assessment Roll**” means the document attached hereto this Service and Assessment Plan as **Exhibit C**, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the District Act.

“**Authorized Improvements**” means those public improvements described in Table III-A of this Service and Assessment Plan and Section 372.003 of the District Act.

“**Bonds**” mean any bonds or other obligations (i.e., Certificates of Obligation) secured by Assessment Revenues issued by the County in one or more series.

“**Bond Order**” means the indenture, order or similar document setting forth the terms and other provisions relating to Bonds, as modified, amended, and/or supplemented from time to time.

“**County**” means the County of Hidalgo, Texas.

**“County Commissioners Court”** means the Hidalgo County Commissioners Court.

**“Debt Service Assessment”** means the Principal, Interest and Annual Collection Costs levied against a Parcel located in the District Area imposed pursuant to the Assessment Order and the provisions herein, as shown on the Assessment Roll, subject to reallocation upon the subdivision of such Parcel created by such subdivision or reduction according to the provision herein and the District Act, intended to fund the debt service requirements of the District.

**“Delinquent Collection Costs”** means any interest, penalties and expenses incurred or imposed with respect to a delinquently made installment of an Assessment in accordance with Section 372.018(b) of the District Act, along with the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorney's fees.

**“Developer”** means Los Prados Development, LLC, its successors or assigns.

**“Development Agreement”** means the agreement between the Los Prados Public Improvement District, the County, Developer, and Reinvestment Zone Number One, Hidalgo County, as may be amended or supplemented.

**“District”** means the Los Prados Public Improvement District.

**“District Act”** means Texas Local Government Code Chapter 372, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, as amended.

**“District Costs”** means the actual or budgeted costs, as applicable, of all or any portion of the Authorized Improvements that provide a special benefit to the Assessed Property and are allocated to the District, as described in Table III-A of this Service and Assessment Plan, including, Principal, Interest and Annual Collection Costs.

**“District Manager”** means Texas Special District Management, LLC.

**“Interest”** means the interest payments on the reimbursements to Developer and Assessments.

**“Los Prados Development Project”** means that certain development project as hereinafter defined.

**“Maintenance Assessment(s)”** means the Maintenance Assessment (the “MA”) levied against Parcels to reimburse Developer, or assigns, or fund the maintenance costs of the Authorized Improvements.

**“Maintenance and Operational Expenses”** means the operation, maintenance, and other expenses incurred by the District and related to the maintenance and operation of District improvements pursuant to the District Act.

**“Owner Association Property”** means property within the boundaries of the District that is owned by or irrevocably offered for dedication to, whether in fee simple or through an exclusive use easement, a property owners' association established by, or approved by, the Developer.

**“Parcel”** means a parcel identified by either a tax map identification number assigned by the Hidalgo Appraisal District for real property tax purpose or by lot and block number in a final subdivision plat recorded in the real property records of Hidalgo County in which there is a single-family dwelling

constructed thereon and conveyed to an end-buyer.

“**Prepayment Costs**” mean interest and expenses to the date of prepayment (or in the case of capital appreciation bonds, the accreted value on the date of prepayment), plus any additional amounts due pursuant to the ordinance related to Bonds and allowed by law, if any, reasonably expected to be incurred by or imposed upon the County because of any prepayment of an Assessment.

“**Principal**” means the total principal amount of Assessments levied to pay for Authorized Improvements, plus interest and cost of issuance and payment of costs incurred in the establishment of the District (i.e., legal fees, engineering fees, consultant costs, etc.).

“**Project and Finance Plan**” means the Project and Finance Plan for Reinvestment Zone Number One, Hidalgo County, as may be amended, and supplemented by the County Commissioners Court.

“**Project Plan Map**” means the map of the development that is to occur within the boundaries of the District and Reinvestment Zone Number One, Hidalgo County, as amended from time to time based on actual buildout and use, which depicts the areas of development and the type of each category of property use within the District.

“**Public Property**” means property within the District Area that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, Hidalgo County, the City of Mercedes, the District, a school district, a public utility provider, or any other political subdivision or public agency, whether in fee simple or through an exclusive use easement.

“**Semi-Annual Installment**” means, with respect to each Parcel, each semi-annual payment of the Assessment, as shown on the Assessment Roll attached hereto as **Exhibit C** or an Annual Service Plan Update and calculated as provided in Section VI of this Service and Assessment Plan.

“**Service and Assessment Plan**” means this Service and Assessment Plan prepared for the District pursuant to the District Act, as the same may be amended from time to time.

“**Tax Increment Reinvestment Zone**” or “**TIRZ**” means Reinvestment Zone Number One, Hidalgo County, which has boundaries coterminous with the District Area.

“**TIRZ Agreement Revenue**” means any revenue from the TIRZ or from the Developer that is collected and distributed to pay for a portion of the District Costs pursuant to the Development Agreement related to such matters between the County, District, TIRZ, and or Developer, as amended.

“**Trustee**” means the fiscal agent or trustee, if any.

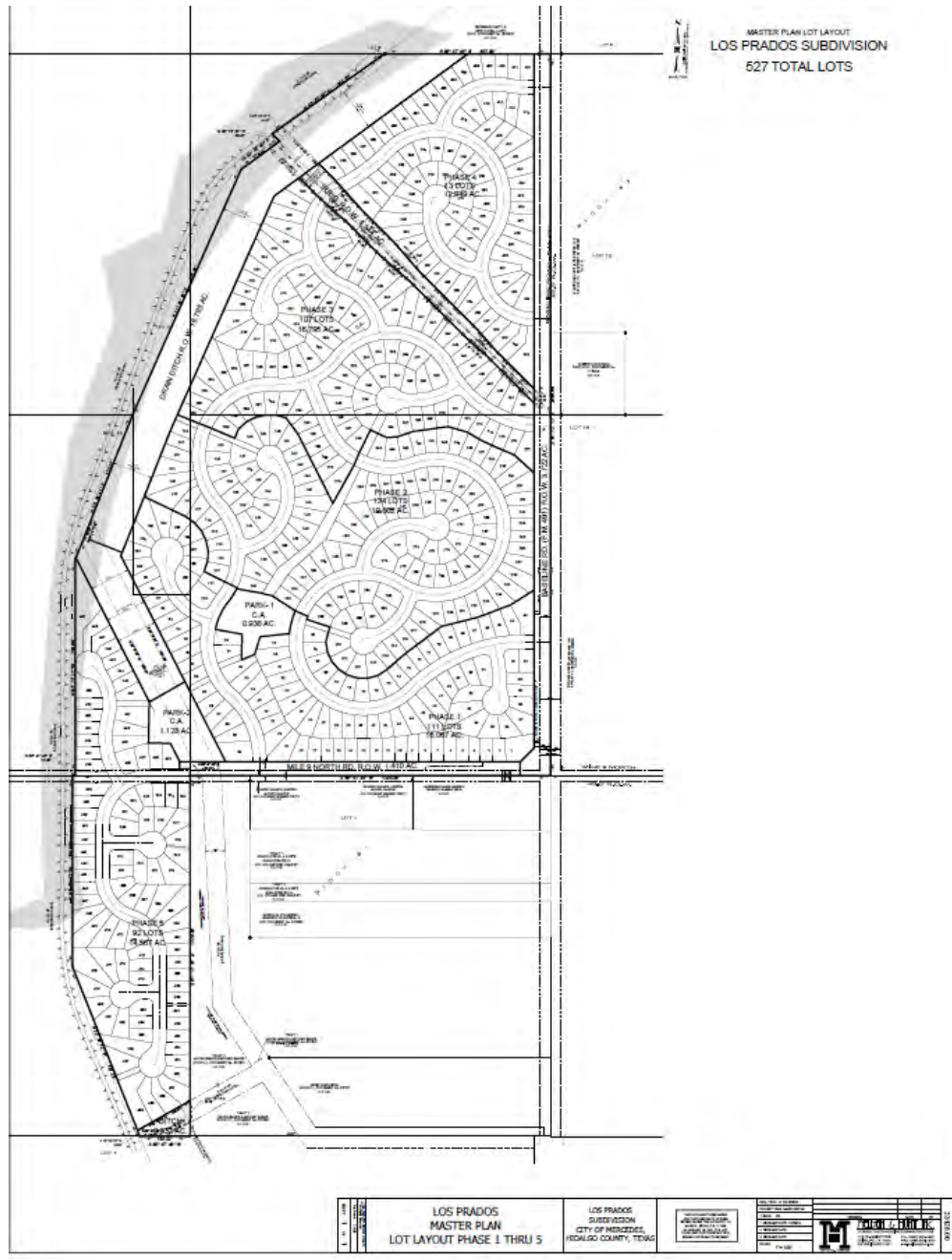
## **Section II.** **Property Included in the District Area**

### **A. Property Included in the District Area**

The Los Prados Development Project is located wholly within Hidalgo County, Texas and contains approximately 94.979 acres of land, all located in the District Area, more accurately described by maps and surveys attached hereto as **Exhibit B**, and consists of eight (8) tracts having the tax account information

identified in **Exhibit C**, according to the official records of the Hidalgo County Central Appraisal District.

### **DISTRICT AREA MAP**



Upon final buildout completion, the District Area is expected to contain 527 Assessable Structures on platted and improved property. The buildout projection is based on the Project Plan Map, which is attached hereto for all purposes as **Exhibit A**, as well as the Project and Finance Plan for the TIRZ, as amended and supplemented. A copy of the Project Plan and Financing Plan for the TIRZ, as amended and supplemented,

is available for inspection and copying at the office of the County Clerk located at 100 N. Closner, Edinburg, Texas 78539. The total cost for all Authorized Improvements that would improve and benefit property within the District Area is approximately \$38,052,000.00. Developer will fund the initial cost of public infrastructure in the District Area and the financing of the cost of all Authorized Improvements of the District Area will be accomplished pursuant to the terms of the Development Agreement.

**Section III.**  
**Description of Authorized Improvements**

**A. Authorized Improvement Overview**

Section 372.003 of the District Act defines the Authorized Improvements that may be undertaken by a municipality or county through the establishment of a public improvement district, as follows:

Sec. 372.003. AUTHORIZED IMPROVEMENTS.

- (a) If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.
- (b) A public improvement project may include:
  - (1) landscaping;
  - (2) erection of fountains, distinctive lighting, and signs;
  - (3) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way;
  - (4) construction or improvement of pedestrian malls;
  - (5) acquisition and installation of pieces of art;
  - (6) acquisition, construction, or improvement of libraries;
  - (7) acquisition, construction, or improvement of off-street parking facilities;
  - (8) acquisition, construction, improvement, or rerouting of mass transportation facilities;
  - (9) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
  - (10) the establishment or improvement of parks;
  - (11) projects similar to those listed in Subdivisions (1)-(10);
  - (12) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
  - (13) special supplemental services for improvement and promotion of

the district, including services relating to advertising, promotion, health and sanitation., water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;

(14) payment of expenses incurred in the establishment, administration., and operation of the district; and

(15) the development, rehabilitation, or expansion of affordable housing.

(b-1) Payment of expenses under Subsection (b)(14) may also include expenses related to the operation and maintenance of mass transportation facilities.

(c) A public improvement project may be limited to the provision of the services described by Subsection (b)(13).

After analyzing the public improvements authorized by the District Act, the County has determined that the Authorized Improvements should be undertaken by the District and will benefit properties within the District as set forth herein. A list of Authorized Improvements and their estimated costs are outlined in Table III-A.

**Table III-A**  
**District Area -Authorized Improvements and Estimated Costs**

Los Prados													
Finance Summary Budget													
Description Year	Offsite	Park	Phase I		Phase II		Phase III		Phase IV		Phase V		Total Cost of Development
	2024	2025	2024	2025	2025	2026	2027	2028	2028	2029	2030	2031	
Lots	527	527	111		134		107		83		92		527
Area [Acres]	22.257	2.066	16.067		19.802		16.795		12.949		14.567		104.503
Feasibility Studies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land Development Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits & fees	\$ 87,759.94	\$ -	\$ 447,549.31	\$ 298,366.21	\$ 614,560.10	\$ 263,382.90	\$ 485,949.80	\$ 208,264.20	\$ 398,390.28	\$ 170,738.69	\$ 547,090.97	\$ 60,787.89	\$ 3,582,840.27
Eng & Surveying	\$ 178,606.10	\$ 17,000.00	\$ 202,280.55	\$ 50,570.14	\$ 195,106.05	\$ 83,616.88	\$ 152,386.45	\$ 65,308.48	\$ 125,534.54	\$ 83,689.69	\$ 160,460.89	\$ 40,115.22	\$ 1,354,674.98
Site Work	\$ 143,198.00	\$ -	\$ 29,493.00	\$ -	\$ -	\$ 29,052.60	\$ 27,781.74	\$ -	\$ -	\$ 23,581.20	\$ 28,321.92	\$ 3,146.88	\$ 284,575.34
Utilities	\$ 765,249.86	\$ -	\$ 535,971.26	\$ 995,375.20	\$ -	\$ 1,691,224.54	\$ 887,806.33	\$ 221,951.58	\$ -	\$ 1,293,504.09	\$ 964,915.04	\$ 107,212.78	\$ 7,463,210.70
Coop Utilities	\$ -	\$ -	\$ 22,200.00	\$ -	\$ 26,800.00	\$ -	\$ 21,400.00	\$ -	\$ 16,400.00	\$ -	\$ 18,400.00	\$ -	\$ 105,200.00
Landscape	\$ -	\$ 140,806.44	\$ -	\$ 94,259.40	\$ -	\$ 75,205.03	\$ -	\$ 154,072.17	\$ -	\$ 127,743.41	\$ -	\$ 13,469.41	\$ 605,555.86
Paving	\$ -	\$ -	\$ -	\$ 879,287.07	\$ -	\$ 956,562.08	\$ 87,642.87	\$ 788,785.85	\$ -	\$ 680,548.79	\$ 680,691.21	\$ 75,632.36	\$ 4,149,150.22
Structures & Common Areas	\$ -	\$ 480,120.00	\$ -	\$ 161,679.60	\$ -	\$ 126,308.70	\$ -	\$ 176,756.58	\$ -	\$ 307,142.55	\$ 40,403.88	\$ 161,615.52	\$ 1,454,026.83
Amenities & Common Areas	\$ -	\$ -	\$ -	\$ 27,750.00	\$ -	\$ 33,500.00	\$ -	\$ 26,750.00	\$ -	\$ 20,500.00	\$ -	\$ 23,000.00	\$ 131,500.00
Contingency	\$ 117,481.39	\$ 63,792.64	\$ -	\$ 369,483.17	\$ -	\$ 403,501.89	\$ -	\$ 325,670.60	\$ -	\$ 321,087.32	\$ -	\$ 288,386.40	\$ 1,889,403.42
Administration (\$10k/year to County)	\$ 300,000.00												\$ 300,000.00
Formation	\$ 500,000.00												\$ 500,000.00
Interest	\$ 16,020,928.08												\$ 16,020,928.08
Construction Management	\$ 12,922.95	\$ 7,017.19	\$ 12,374.94	\$ 28,767.71	\$ 8,364.66	\$ 36,623.55	\$ 16,629.67	\$ 19,675.59	\$ 5,403.25	\$ 30,285.36	\$ 24,402.84	\$ 7,733.66	\$ 210,201.38
Downpayment Assistance			\$ 748,901.88	\$ 748,901.88	\$ 904,079.74	\$ 904,079.74	\$ 721,914.42	\$ 721,914.42	\$ 559,989.69	\$ 559,989.69	\$ 620,711.47	\$ 620,711.47	\$ 7,111,194.40
<b>Total</b>	<b>\$ 18,126,146.32</b>	<b>\$ 708,736.27</b>	<b>\$ 1,998,770.93</b>	<b>\$ 3,654,440.37</b>	<b>\$ 1,748,910.55</b>	<b>\$ 4,603,057.90</b>	<b>\$ 2,401,511.29</b>	<b>\$ 2,709,149.48</b>	<b>\$ 1,105,717.75</b>	<b>\$ 3,618,810.80</b>	<b>\$ 3,085,398.22</b>	<b>\$ 1,401,811.59</b>	<b>\$ 45,162,461.48</b>

The improvements created by the District will provide a special benefit to the property within the District. The improvements not provided directly by the District will be funded by the Developer and be reimbursed subject to the terms of the Development Agreement.

The costs shown in Table III-A are estimates and will be updated and revised in Annual Service Plan Updates. Savings from a line item depicted in Table III-A may be applied to a cost increase in another line item as approved by the District through its Manager or Administrator.

**B. Maintenance Assessments (“MA”)**

The District will incur expenses from the annual maintenance, upkeep, and operation of certain Authorized Improvements, as well as the administrative costs of annual operations and management. Section 372.013 of the District Act requires the Service Plan to cover a period of at least five (5) years. The plan must be reviewed and updated annually for the purpose of determining the annual budget for improvements. Section 372.026 of the District Act requires that income must be fixed and collected in amounts sufficient to pay for the operation, maintenance, and other expenses incurred by the District and related to the Authorized Improvements (the “Maintenance and Operational Expenses”).

At full buildout of the development, the District will be responsible for maintenance and operation of parks, recreational facilities, trails, streets, signage, and drainage within the District Area.

Within the five (5) year period, from 2025 through 2029, the anticipated Maintenance and Operational Expenses related to the District Improvements and the amount of the Maintenance Assessment for each year are set forth in Table III-B below:

**Table III-B**  
**LOS PRADOS PUBLIC IMPROVEMENT DISTRICT – 5 YEAR BUDGET**

Los Prados 5 Year Maintenance Budget 2025-2029 (\$45 Maintenance assesment)						
	2025	2026	2027	2028	2029	
<b>Revenue</b>						
Maintenance Assesments	\$ 1,620.00	\$ 30,780.00	\$ 69,660.00	\$ 108,540.00	\$ 147,420.00	
Tech Assesments	\$ 1,080.00	\$ 20,520.00	\$ 46,440.00	\$ 72,360.00	\$ 98,280.00	
<b>Total Revenue</b>	<b>\$ 2,700.00</b>	<b>\$ 51,300.00</b>	<b>\$ 116,100.00</b>	<b>\$ 180,900.00</b>	<b>\$ 245,700.00</b>	
<b>Expenses</b>						
Management Fees	\$ 540.00	\$ 10,567.80	\$ 24,634.10	\$ 39,534.86	\$ 55,307.50	
Bulk Technology fee	\$ 1,080.00	\$ 20,520.00	\$ 46,440.00	\$ 72,360.00	\$ 98,280.00	
Common Area Landscape	\$ 78,400.00	\$ 80,752.00	\$ 83,174.56	\$ 85,669.80	\$ 88,239.89	
Facility Maintenance & Repairs	\$ 500.00	\$ 3,000.00	\$ 6,000.00	\$ 8,000.00	\$ 8,000.00	
Insurance	\$ 1,100.00	\$ 1,800.00	\$ 1,854.00	\$ 1,909.62	\$ 1,966.91	
Professional Fees	\$ 450.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	
Utilities	\$ 10,000.00	\$ 10,000.00	\$ 10,300.00	\$ 10,609.00	\$ 10,927.27	
Infrastructure Repair/Maintenance	\$ -	\$ 4,000.00	\$ 7,000.00	\$ 7,210.00	\$ 7,426.30	
<b>Total Expenses</b>	<b>\$ 92,070.00</b>	<b>\$ 132,139.80</b>	<b>\$ 180,902.66</b>	<b>\$ 226,793.28</b>	<b>\$ 271,647.87</b>	
<b>NOI</b>	<b>\$ (89,370.00)</b>	<b>\$ (80,839.80)</b>	<b>\$ (64,802.66)</b>	<b>\$ (45,893.28)</b>	<b>\$ (25,947.87)</b>	

The projected budget for Maintenance and Operational Expenses, and the corresponding Maintenance Assessment projections, will be revised each year in the Amended Service & Assessment Plan for the District. The income received by the District from assessment and collection of the Maintenance Assessment will be used only for operation and maintenance costs of the District, or to reimburse Developer for operation and maintenance cost. If a surplus in funds is available from the Maintenance Assessments in a given year, if any, they shall be retained for future maintenance and operational expenses for replacements, repaving, etc.

As Parcels are platted, and improvements are built on the subdivided lots, each Parcel will have an annual \$540.00 Maintenance Assessment levied against it.

**Section IV**  
**Service Plan**

The District Act requires a service plan cover a period of at least five (5) years. The service plan is required to define the annual projected costs and indebtedness for the improvement projects undertaken within the District. The plan shall be reviewed and updated annually for the purpose of determining the annual budget for improvements. The annual update to this Service and Assessment Plan is herein referred to as the “Annual Service Plan Update.”

**Table IV-A**  
**Estimated Sources and Uses of Funds**

Los Prados													
Finance Summary Budget													
Description Year	Offsite	Park	Phase I		Phase II		Phase III		Phase IV		Phase V		Total Cost of Development
	2024	2025	2024	2025	2025	2026	2027	2028	2028	2029	2030	2031	
Lots	527	527	111		134		107		83		92		527
Area [Acres]	22.257	2.066	16.067		19.802		16.795		12.949		14.567		104.503
Feasibility Studies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land Development Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits & fees	\$ 87,759.94	\$ -	\$ 447,549.31	\$ 298,366.21	\$ 614,560.10	\$ 263,382.90	\$ 485,949.80	\$ 208,264.20	\$ 398,390.28	\$ 170,738.69	\$ 547,090.97	\$ 60,787.89	\$ 3,582,840.27
Eng & Surveying	\$ 178,606.10	\$ 17,000.00	\$ 202,280.55	\$ 50,570.14	\$ 195,106.05	\$ 83,616.88	\$ 152,386.45	\$ 65,308.48	\$ 125,534.54	\$ 83,689.69	\$ 160,460.89	\$ 40,115.22	\$ 1,354,674.98
Site Work	\$ 143,198.00	\$ -	\$ 29,493.00	\$ -	\$ -	\$ 29,052.60	\$ 27,781.74	\$ -	\$ -	\$ 23,581.20	\$ 28,321.92	\$ 3,146.88	\$ 284,575.34
Utilities	\$ 765,249.86	\$ -	\$ 535,971.26	\$ 995,375.20	\$ -	\$ 1,691,224.54	\$ 887,806.33	\$ 221,951.58	\$ -	\$ 1,293,504.09	\$ 964,915.04	\$ 107,212.78	\$ 7,463,210.70
Coop Utilities	\$ -	\$ -	\$ 22,200.00	\$ -	\$ 26,800.00	\$ -	\$ 21,400.00	\$ -	\$ 16,400.00	\$ -	\$ 18,400.00	\$ -	\$ 105,200.00
Landscape	\$ -	\$ 140,806.44	\$ -	\$ 94,259.40	\$ -	\$ 75,205.03	\$ -	\$ 154,072.17	\$ -	\$ 127,743.41	\$ -	\$ 13,469.41	\$ 605,555.86
Paving	\$ -	\$ -	\$ -	\$ 879,287.07	\$ -	\$ 956,562.08	\$ 87,642.87	\$ 788,785.85	\$ -	\$ 680,548.79	\$ 680,691.21	\$ 75,632.36	\$ 4,149,150.22
Structures & Common Areas	\$ -	\$ 480,120.00	\$ -	\$ 161,679.60	\$ -	\$ 126,308.70	\$ -	\$ 176,756.58	\$ -	\$ 307,142.55	\$ 40,403.88	\$ 161,615.52	\$ 1,454,026.83
Amenities & Common Areas	\$ -	\$ -	\$ -	\$ 27,750.00	\$ -	\$ 33,500.00	\$ -	\$ 26,750.00	\$ -	\$ 20,500.00	\$ -	\$ 23,000.00	\$ 131,500.00
Contingency	\$ 117,481.39	\$ 63,792.64	\$ -	\$ 369,483.17	\$ -	\$ 403,501.89	\$ -	\$ 325,670.60	\$ -	\$ 321,087.32	\$ -	\$ 288,386.40	\$ 1,889,403.42
Administration (\$10k/year to County)	\$ 300,000.00												\$ 300,000.00
Formation	\$ 500,000.00												\$ 500,000.00
Interest	\$ 16,020,928.08												\$ 16,020,928.08
Construction Management	\$ 12,922.95	\$ 7,017.19	\$ 12,374.94	\$ 28,767.71	\$ 8,364.66	\$ 36,623.55	\$ 16,629.67	\$ 19,675.59	\$ 5,403.25	\$ 30,285.36	\$ 24,402.84	\$ 7,733.66	\$ 210,201.38
Downpayment Assistance			\$ 748,901.88	\$ 748,901.88	\$ 904,079.74	\$ 904,079.74	\$ 721,914.42	\$ 721,914.42	\$ 559,989.69	\$ 559,989.69	\$ 620,711.47	\$ 620,711.47	\$ 7,111,194.40
<b>Total</b>	<b>\$ 18,126,146.32</b>	<b>\$ 708,736.27</b>	<b>\$ 1,998,770.93</b>	<b>\$ 3,654,440.37</b>	<b>\$ 1,748,910.55</b>	<b>\$ 4,603,057.90</b>	<b>\$ 2,401,511.29</b>	<b>\$ 2,709,149.48</b>	<b>\$ 1,105,717.75</b>	<b>\$ 3,618,810.80</b>	<b>\$ 3,085,398.22</b>	<b>\$ 1,401,811.59</b>	<b>\$ 45,162,461.48</b>

This ‘Estimated Sources and Uses of Funds’ contained in Table IV-A is subject to revision upon the actual sources and uses of funds for any line item may be different than shown above. The sources and uses of funds shown in Table IV-A shall be updated each year in the updated annual service plan to reflect any budget revisions and actual costs. Table IV-A shows thew annual projected costs and annual projected indebtedness which is subject to revision.

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## **Section V Assessment Plan**

### **A. Introduction**

The District Act requires the County Commissioners Court to apportion the District Costs on the basis of special benefits conferred upon the property because of the Authorized Improvements (which Assessable Property is identified for the purpose of Assessments by (i) a tax map identification number assigned by the Hidalgo Appraisal District for real property tax purposes; or (ii) lot and block number in a final subdivision plat recorded in the real property records of Hidalgo County, Texas, in which there is a single-family dwelling constructed thereon and conveyed to an end-buyer (each such parcel or tract of Assessable Property, a Parcel). The District Act provides that the District Costs may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The District Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the governing body and the area to be assessed and the methods of assessing the special benefits for various classes or improvements.

This section of this Service and Assessment Plan currently describes the special benefit received by each Parcel of the Property as a result of the Authorized Improvements, provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments, and establishes the methodology by which the County Commissioners Court allocates the special benefit of the Authorized Improvements to Parcels in the manner that results in equal share of the District Cost being apportioned to Parcels similarly benefited. The determination by the County Commissioners Court of the assessment methodology set forth below is the result of the discretionary exercise by the County Commissioners Court of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers of the Assessed Property.

### **B. Special Benefit**

The Assessed Property will receive a direct and special benefit from the Authorized Improvements and this benefit will be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in Table III-A of this Service and Assessment Plan) are authorized by the District Act.

The owners of the Assessed Property have acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and have consented to the imposition of the Assessments to pay for the District Costs associated therewith. The owners are acting in their interest in consenting to this imposition because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Assessments.

The original owners of the Assessed Property have ratified, confirmed, and accepted, agreed to and approved the determinations and finding as to benefits by the County Commissioners Court in this Service and Assessment Plan and the Assessment Order. That confirmation is binding on the original owners, and their successors and assigns. The Funding of the District Costs through the District is determined to be the most beneficial means of doing so. As a result, the Assessments result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence, and information provided to the County Commissioners Court.

**C. Allocation of Costs to the District**

The Authorized Improvements will provide a special benefit only to property inside the District and therefore the costs are being apportioned solely to the District, subject to Section VI- D.

**D. Assessment Methodology**

The District Costs may be assessed by the County Commissioners Court against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the Assessments. The District Costs may be assessed using any methodology that results in the imposition of equal shares of the District Costs on Assessed Property similarly benefited.

For purpose of this Service and Assessment Plan the County Commissioners Court has determined that the Parcels shall be assessed all of the costs of the Improvements and Services, which costs shall be allocated among the Parcels within the District by spreading the aggregate amount of the Assessments across all Parcels within the District according to separate assessments, one being for maintenance (the Maintenance Assessments), and the other being to fund the debt service requirements (the Debt Service Assessment), collectively the “Assessments”.

The Debt Service Assessment shall be allocated to the Assessed Property within the District Area based on a Parcel method of allocation that will result in the imposition of equal shares of the District Costs on Parcels similarly benefited. The Parcel method is applied by spreading the entire assessment across all Parcels within the District Area in equal shares for each Parcel. When final residential building sites are platted, and single-family home is built thereon, each Parcel shall be responsible for the Assessments in even and equal shares, totaling \$1,840.00 annually per parcel.

The District Project Plan Map as shown in **Exhibit A** shows the anticipated final layout for the Los Prados Development along with the Assessed Parcels.

**E. Assessments**

The Debt Service Assessment and the Maintenance Assessment are on an equal per Parcel basis. The Annual Installments are as follows:

1. Debt Service Assessment = \$1,300.00 per Parcel annually
2. Maintenance Assessment = \$540.00 per Parcel annually

The result of this approach is that each Parcel has the same Annual Installment totaling \$1,840.00 annually as each Parcel is entitled to the same benefits conferred by the District.

The Assessments will be levied on each Parcel in the District Area according to the Assessment Roll attached hereto as **Exhibit C**. The Annual Installments of the Assessments will be collected in the amounts shown on the Assessment Roll subject to the Development Agreement and any revisions made during an Annual Service Plan Update.

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**Section VI**  
**Terms of the Assessment Plan**

**A. Amount of Assessments and Installments**

The Assessments and Annual Installments for each Parcel within the District Area are shown on the Assessment Roll, attached as **Exhibit C**, and no Assessment shall be charged except as authorized by this Service and Assessment Plan, as may be updated no less than annually, or the District Act. The Annual Installments shall be collected in fixed per Parcel amounts on an annual basis as identified herein.

**B. Mandatory Prepayment of Assessments**

If a Parcel or portion thereof is transferred to a party that is exempt from the payment of the Assessments under applicable law, or if an owner causes a Parcel or portion thereof to become exempt from Assessments, the owner of such Parcel or portion thereof shall pay to the Administrator the full amount of the Assessments, plus all Prepayment Costs, for such Parcel or portion thereof prior to any such transfer or act.

The payments required above shall be treated the same as any Assessments that is due and owing under the Act, the Assessment Order, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the Act.

**C. Payment of Assessments**

**1. Payment In Full**

- a) The Debt Service Assessment for any Parcel may be paid in full at any time in accordance with applicable laws. Payment shall include all Prepayment Costs.
- b) If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.
- c) Upon payment in full of a Debt Service Assessment and all Prepayment Costs for a Parcel, the County shall deposit the payment in the fund allocated for such payment and the Debt Service Assessment shall be reduced to zero for that Parcel, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.

**2. Payment in Annual Installments**

The District Act provides that Assessments for a Parcel may be paid in full at any time. If not paid in full, the Act authorizes the County to collect interest and collection costs on the outstanding Assessments. A Debt Service Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown in the Assessment Roll, which include interest on the outstanding Assessments and Annual Collection Costs. Payment of the Annual Installments shall commence with tax year 2025, unless this Service and Assessment Plan and the Assessment Roll, or any updates thereto have terminated.

Each Debt Service Assessment and Maintenance Assessment shall bear interest of no more than the lesser of (i) six (6%) percent, or (ii) the maximum rate allowed by applicable laws. The Annual Installments for the Debt Service Assessment as listed on the Assessment Roll have been reduced and subsidized by the Developer to allow for reasonable fixed installments.

The Annual Installments shall be reduced to equal the actual costs of repaying the District Costs (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

**D. Collection of Annual Installments**

No less frequently than annually, the Administrator shall prepare, and the County Commissioners Court shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Annual Installments shall be collected by the County (or District Administrator or other entity as directed by the County) in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the County. The County Commissioners Court may provide for other means of collecting the Annual Installments to the extent permitted under the District Act. The Debt Service Assessment and Maintenance Assessment shall have lien priority as specified in the District Act.

Any sale of property for nonpayment of the delinquent Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Installments against such property as they become due and payable.

**Section VII  
The Assessment Roll**

**Maintenance Assessment**

Each parcel within the District Area will be assessed equally such that the Annual Installment for each Parcel's share of the Maintenance Assessment equals a \$540.00 Annual Installment.

**Debt Service Assessment**

Each Parcel within the District Area has been evaluated by the County Commissioners Court (based on the District Project Plan Map, developable area, the TIRZ Project and Finance Plan, the Authorized Improvements, highest and best use of land, and other development factors deemed relevant by the County Commissioners Court) to determine, the number of lots that are anticipated to be developed within the Parcels. The total number of Parcels to be assessed is estimated to be 527 lots at full buildout.

Each parcel within the District Area will be assessed equally such that the Annual Installment for each Parcel's share of the Debt Service Assessment equals \$1,300.00 annually.

The Administrator shall prepare, and the County Commissioners Court shall review and approve, annual updates to the Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the County and permitted by the Act: (i) the identification of each Parcel; (ii) the Assessment for each Parcel, including any adjustments

authorized by this Service and Assessment Plan or in the Act; (iii) the Annual Installment for the Parcel for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by this Service and Assessment Plan.

## **Section VIII Miscellaneous Provisions**

### **A. Administrative Review**

The County has appointed the District Administrator to serve as the Administrator. The County shall notify Developer in writing at least thirty (30) days in advance before making any changes to its appointment of the District Administrator.

To the extent consistent with the District Act, an owner of an Assessed Property claiming that a calculation error has been made in the Assessment Roll, including the calculation of the Annual Installment, shall send a written notice describing the error to the County no later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The District Administrator shall promptly review the notice, and if necessary, meet with the Assessed Parcel owner, consider written and oral evidence regarding the alleged error, and decide whether, in fact, such a calculation error occurred.

If the District Administrator determines that a calculation error has been made and the Assessment Roll should be modified or changed in favor of the Assessed Property owner, such change or modification shall be presented to the County Commissioners Court for approval, to the extent permitted by the District Act. A cash refund may not be made for any amount previously paid by the Assessed Property owner (except for the final year during which the Annual Installment shall be collected), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the District Administrator regarding a calculation error relating to the Assessment Roll may be appealed to the County Commissioners Court for final determination. Any amendments made to the Assessment Roll pursuant to calculation errors shall be made pursuant to the District Act.

### **B. Termination of Assessments**

Each Assessment shall terminate on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the termination of an Assessment, and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the County shall provide the owner of the affected Parcel a recordable "Notice of the District Assessment Termination."

### **C. Amendments**

Amendments to the Service and Assessment Plan can be made as permitted by the District Act and under Texas law.

### **D. Administration and Interpretation of Provisions**

The County Commissioners Court shall administer (or cause the administration of) the District, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the District Act and shall make all interpretations and determinations related to the application of this Service and Assessment Plan, such determination shall be conclusive.

**E. Notice Form Required by Section 5.014 of the Texas Property Code**

Section 5.014 of the Texas Property Code Reads as Follows:

“(a) A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code, or Chapter 382, Local Government Code, shall first give to the purchaser of the property the written notice prescribed by Subsection (a-1) or (a-2), as applicable.

(a-1) Except for the notice prescribed by Subsection (a-2), the notice required by Subsection (a) shall be executed by the seller and must, except as provided by Subsection (b), read as follows:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO HIDALGO COUNTY, TEXAS

CONCERNING THE FOLLOWING PROPERTY:

(insert property address)

As the purchaser of the real property described above, you are obligated to pay assessments to Hidalgo County, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the Los Prados Public Improvement District (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from Hidalgo County, Texas. The exact amount of each annual installment will be approved each year by Hidalgo County, Texas in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from Hidalgo County, Texas.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of Purchaser

**F. Severability**

If any provision, section, subsection, sentence, clause or phrase of this Service and Assessment Plan, or the application of same to an Assessed Parcel or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Service and Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the County Commissioners Court in adopting this Service and Assessment Plan that no part thereof, or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this Service and Assessment Plan are declared to be severable for that purpose.

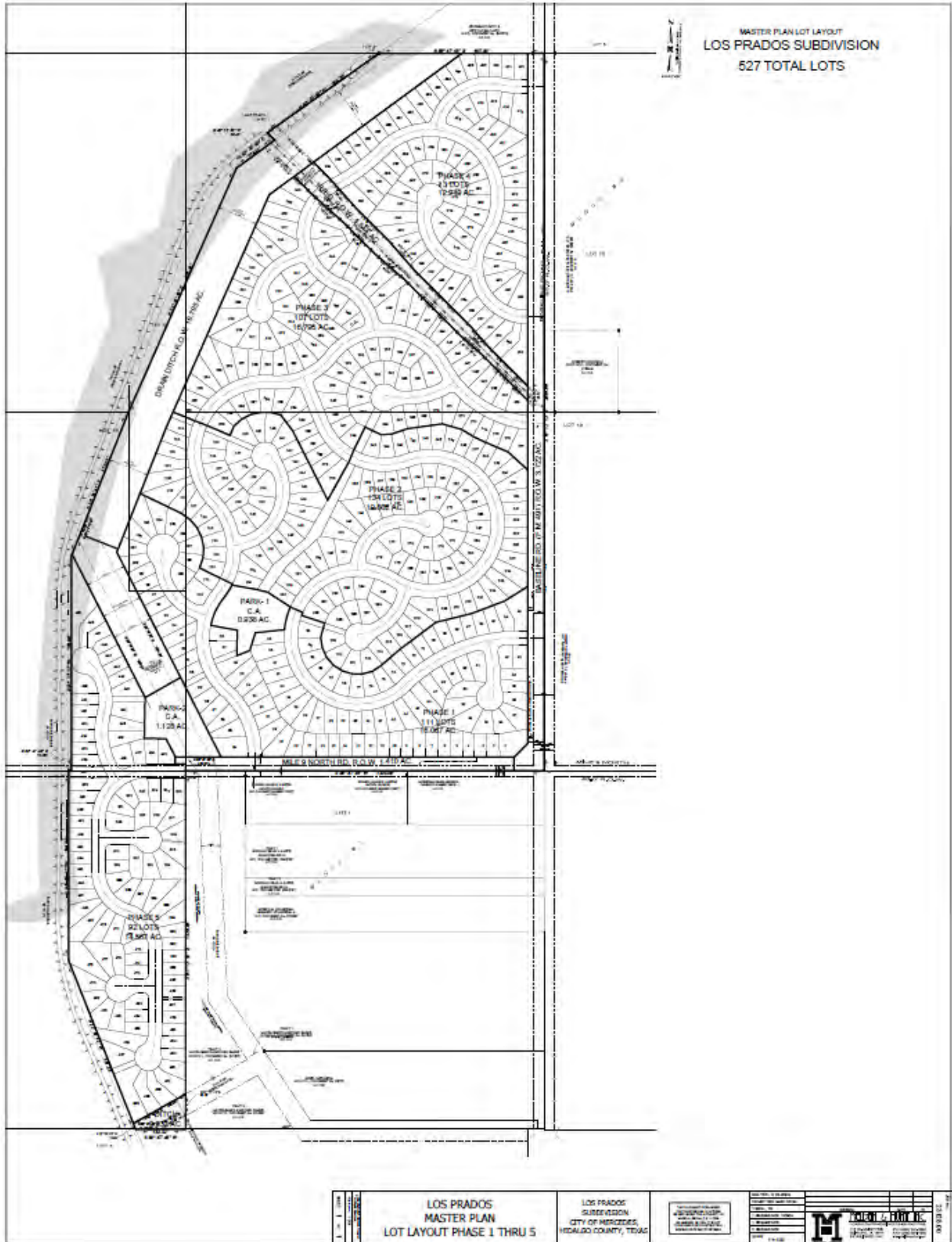
If any provision of this Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the County.

*[remainder of page intentionally left blank]*

## Exhibit A – Project Plan Map



**Exhibit B – Map of PID Boundaries – PID Area**



## Exhibit C - Assessment Roll

2024-25 Los Prados PID Assessment Roll								
Property ID	Property Type	Geo ID	Acreage	Owner Name	Assessed Value	Exempt	Debt Service Assessment	Maintenance Assessment
132187	Real	C1400-00-082-0009-00	17.37	Valley Affordable Housing, LLC	\$ 27,792.00	Y	\$ -	\$ -
132188	Real	C1400-00-082-0009-01	17.52	Valley Affordable Housing, LLC	\$ 28,032.00	Y	\$ -	\$ -
132189	Real	C1400-00-082-0010-00	1.14	Valley Affordable Housing, LLC	\$ 1,824.00	Y	\$ -	\$ -
132206	Real	C1400-00-082-0015-00	3.18	Valley Affordable Housing, LLC	\$ 30,210.00	Y	\$ -	\$ -
132210	Real	C1400-00-082-0016-00	39.00	Valley Affordable Housing, LLC	\$ 370,500.00	Y	\$ -	\$ -
132208	Real	C1400-00-082-0015-02	1.00	Valley Affordable Housing, LLC	\$ 3,600.00	Y	\$ -	\$ -
132209	Real	C1400-00-082-0015-04	7.27	Valley Affordable Housing, LLC	\$ 11,632.00	Y	\$ -	\$ -
132115	Real	C1400-00-081-0002-03	11.00	Valley Affordable Housing, LLC	\$ 176,000.00	Y	\$ -	\$ -
<b>TOTAL</b>			<b>97.48</b>	<b>TOTALS</b>	<b>\$ 649,590.00</b>		<b>\$ -</b>	<b>\$ -</b>

**EXHIBIT D**  
**COUNTY ORDER NO. 97397**  
**Authorizing Creation and Designation of Reinvestment Zone Number One, Hidalgo**  
**County**  
(See Attached)

AT 9:35 FILED O'CLOCK A M  
NOV 19 2024  
ARTURO GUAJARDO, JR., COUNTY CLERK  
HIDALGO CO. TEXAS  
BY [Signature] DEPUTY

ORDER NO. 97397

**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 1<sup>st</sup> and ending December 31<sup>st</sup>. 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 12th DAY OF November, 2024.**

**COUNTY OF HIDALGO, TEXAS**




Honorable Richard F. Cortez  
Hidalgo County Judge

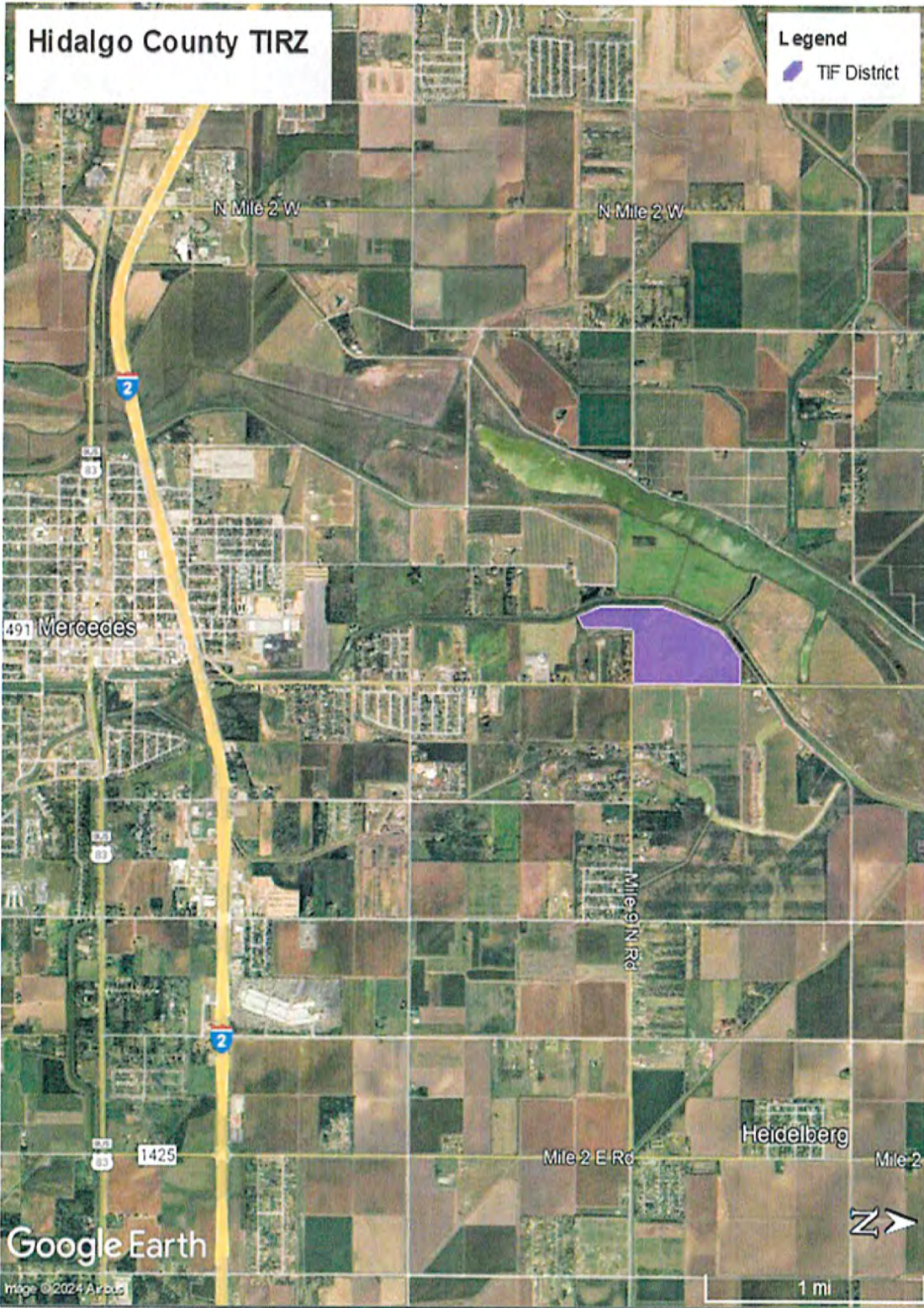


ATTEST  
  
Arturo Guajardo, Jr.  
County Clerk

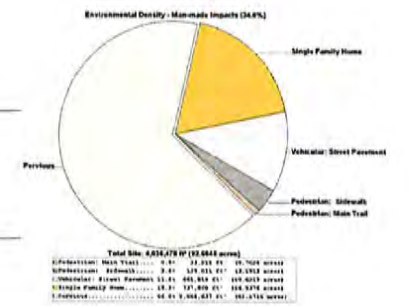
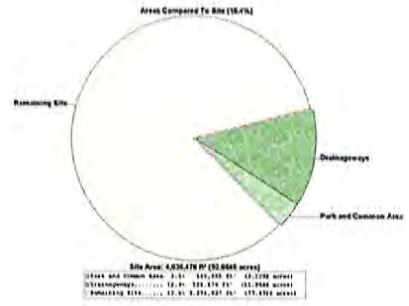
Order 97397 Designating the Los Prados Development Project, being a +/- 94.98 94.98-acre area located in Hidalgo County, TX, as a tax increment reinvestment zone.

APPROVED BY  
COMMISSIONERS COURT  
ON: 11/12/24   
A# 97397

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



**EXHIBIT B**  
**Site Plan of Development Project**  
**(See Attached)**



# Los Prados

Total Area of Site 92.66 acres  
 Number of Lots 527 lots  
 Average Lot Size 5,119 sf  
 Length of Street Centerline 13,617 lf



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

# HIDALGO COUNTY TIRZ #1 PRELIMINARY PROJECT AND FINANCING PLAN

# LOS PRADOS

Hidalgo County, Texas





# Project Overview

Hidalgo County TRZ  
#1

# Hidalgo County TIRZ #1 Concept

Hidalgo County is subject to substandard development and colonias in the region. This presents unique challenges from the cost of maintenance to the quality of life in the region. Section 311.010 in the Tax Increment Financing Act of the Tax Code allows for the pledge of TIRZ revenues to flow into affordable housing programs, such as downpayment assistance programs.

This TIRZ aims to challenge conventional thinking of affordable housing and provide a path to prosperity through home ownership. To accomplish this goal, the County is pledging 50% of its M&O tax increment generated in the zone to reimburse the Developer for providing a downpayment assistance program.

By allowing more people to qualify, and by enabling better communities, this TIRZ is estimated to generate over \$7,000,000.00 for affordable housing, paid for by the developer and reimbursed over time by the TIRZ with zero interest.

By this public-private partnership, Hidalgo County is putting its residents first and revitalizing how TIRZs can be utilized to empower the community.

The next slide contains a comparison of traditional vs. district developments, assuming typical County maintenance (streets, drainage, etc.) is paid for and managed by the PID.

*Replace Colonias and substandard*

*Development in the County*

*Quality Community at an Affordable Price*

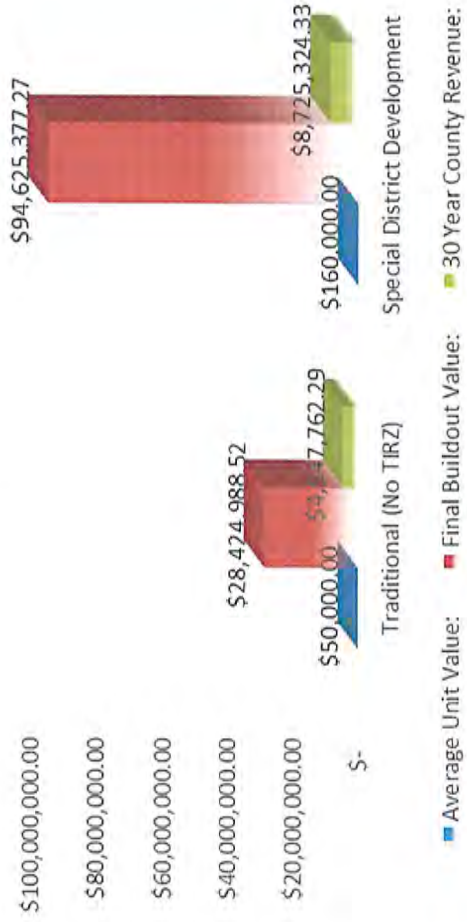
*Downpayment Assistance Program targeted to create a pathway to prosperity*

*Creating paths to prosperity through home ownership*

## Comparison of Traditional vs. District Development

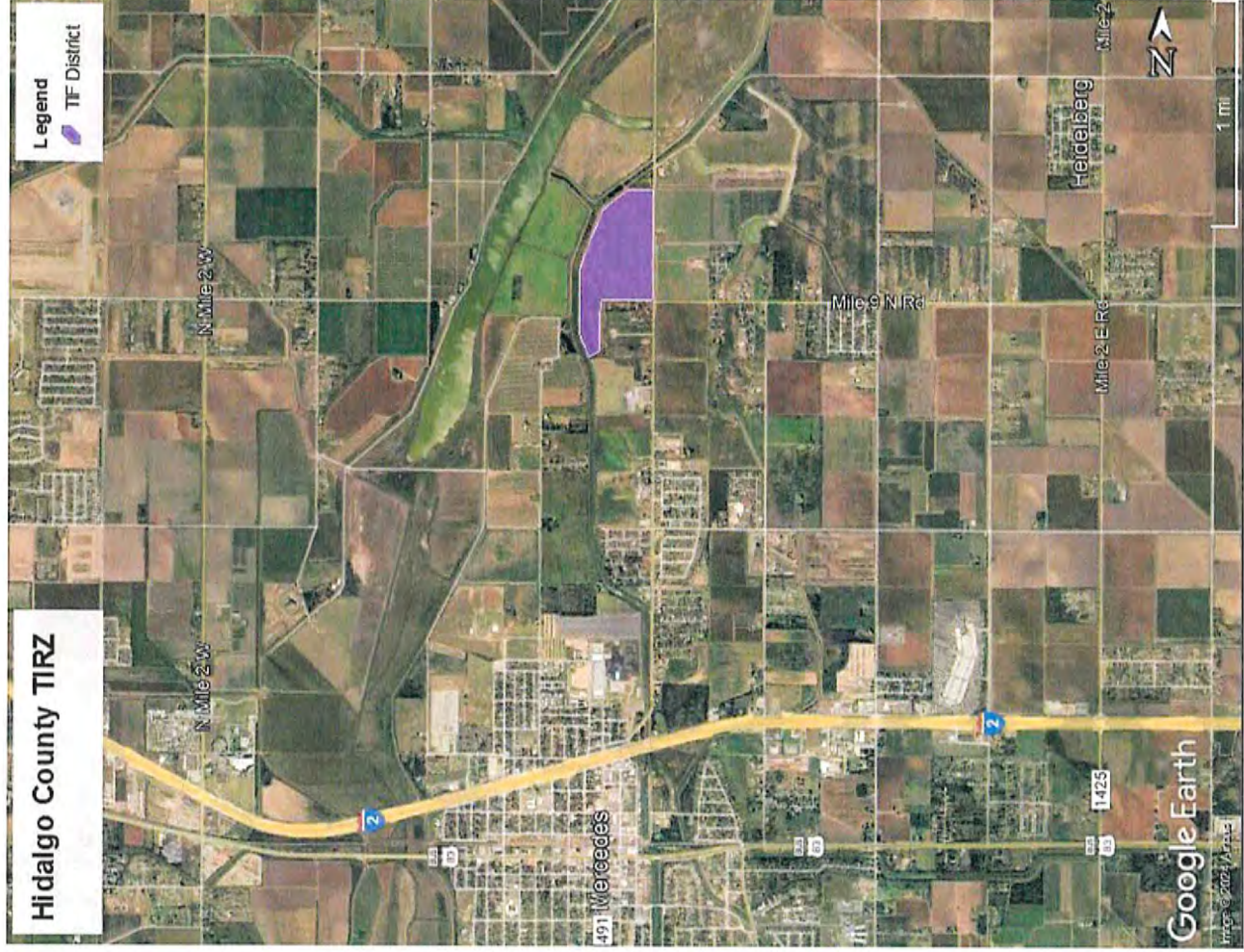
Assumptions		
Land:	96.48 Acres	
Lots:	525	
Buildout:	8 Years	
Traditional Development:	Typical Minimum Standard County Development	
Special District Development:	TIRZ & PID, 50% M&O County Participation	
Term:	30 Year TIRZ, 30 Years of PID Assessments per home	
Development Type:	Traditional (No TIRZ)	Special District Development
Average Unit Value:	\$ 50,000.00	\$ 160,000.00
Final Buildout Value:	\$ 28,424,988.52	\$ 94,625,377.27
30 Year County Revenue:	\$ 4,547,762.29	\$ 8,725,324.33

## DEVELOPMENT COMPARISON



# Hidalgo County TIRZ #1 Location

The area consists of approximately 96.48 acres and is more fully described in the map and legal description presented in Exhibit A.



# Project Plan

Existing uses and conditions of real property and proposed improvements

Proposed changes of zoning ordinances, master plans, building codes and other municipal ordinances

List of estimated non-project costs

Statement of a method of relocating persons to be displaced as a result of implementing the plan

---

# Hidalgo County TIRZ #1 Project Plan

*As set forth in Section 311.011 in the Tax Increment Financing Act of the Tax Code, the Project Plan for the Tax Increment Reinvestment Zone Number 1, Hidalgo County, Texas must include the following elements:*

1. A description and map showing existing uses and conditions of real property in the zone and proposed uses of that property.
2. Proposed changes of zoning ordinances, the master plan of the municipality, building codes and other municipal ordinances.
3. A list of estimated non-project costs.
4. A statement of a method of relocating persons to be displaced as a result of implementing the plan.

# Hidalgo County TIRZ #1 Project Plan

## *Element 1:*

*A description and map showing existing uses and conditions of real property in the zone and proposed uses of that property*

TIRZ #1 Maps located on the following pages:

- Map 1: Boundaries of the Reinvestment Zone
- Map 2: Current Uses and Conditions of Real Property in TIRZ #1
- Map 3: Proposed Land Uses

The boundaries of the Tax Incremental Reinvestment Zone are shown in Map 1.

The entirety of the land in the TIRZ is currently undeveloped and underdeveloped agricultural land.

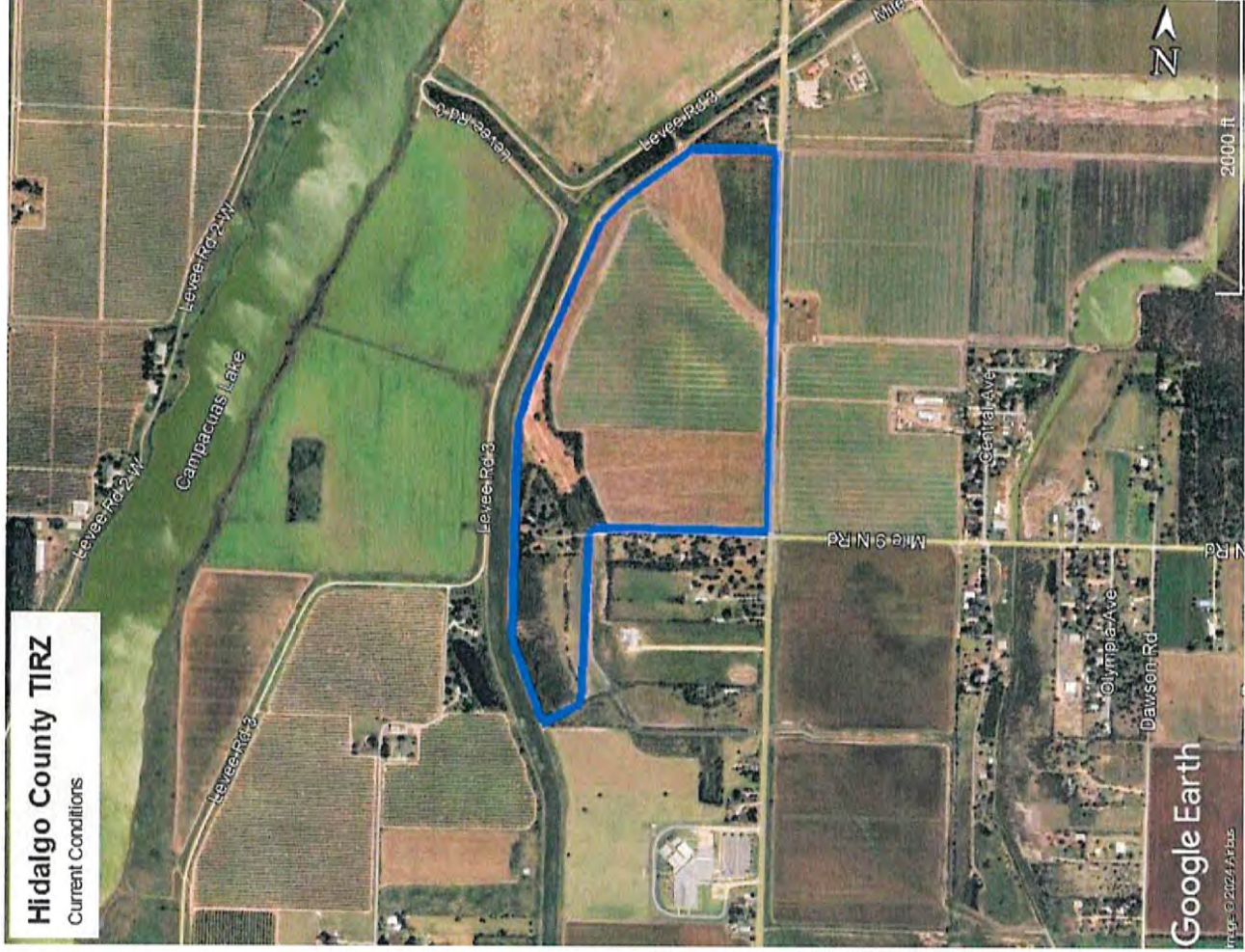
There is no current zoning on property in the Zone, as the property lies entirely outside of the City Limits of any City.

The proposed uses of the property include a master planned 527 affordable home community with amenities such as a basketball court, community park, and walking trails.

# Map 1: Boundaries of Hidalgo County TIRZ #1



# Map 2: Current Uses and Conditions of Real Property in TIRZ #1



# Map 3: TIRZ #1 Proposed Land Use



# Hidalgo County TIRZ #1 Project Plan

*Element 2:  
Proposed changes of zoning  
ordinances, the master plan of the  
municipality, building codes and  
other municipal ordinances*

*Element 3:  
A list of estimated non-project  
costs*

No changes are anticipated to any city codes or ordinances by the TIRZ as the property is not located in the City Limits of a municipality. To the extent needed to accommodate the master plan, the County shall provide necessary variances to allow for the unique design of the development using curvilinear streets including variances to setback requirements so as to allow for the development to be built according to Map 3 herein.

Non-project costs within the TIRZ zone are those development costs not paid for by the TIRZ or PID, estimated to be approximately \$15,000,000.00, including utilities, roadways, sidewalks, trails, landscaping, lighting, parks, and similar improvements. Such non-project costs include roadways, drainage, water, sewer, sidewalks, parks, trails, and similar improvements. If there are additional TIRZ revenues available after the last home is sold by a Developer related entity to a third-party, such available revenue shall be returned to the County. Additionally, to alleviate the County from maintenance costs, the PID shall have a maintenance assessment levied which should yield approximately \$369,000.00 annually at full build out.

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# Hidalgo County TIRZ #1 Project Plan

In the process of developing Hidalgo County Tax Increment Reinvestment Zone Number One, it will not be necessary to relocate individuals and businesses.

## ***Element 4:***

*A statement of a method of relocating persons to be displaced as a result of implementing the plan.*

# Financing Plan

Estimated project costs of the Zone, including administrative expenses

A statement listing the kind, number, and location of all proposed public works or public improvements in the zone

Economic Feasibility Study

The estimated amount of bonded indebtedness to be incurred

The time when related costs or monetary obligations are to be incurred

A description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be derived from the property taxes of each taxing unit on real property in the zone

The current total appraised value of taxable real property in the zone

The estimated captured appraised value of the zone during each year of its existence.

The duration of the zone

---

# Hidalgo County TIRZ #1 Financing Plan

The Financing Plan provides information on the projected monetary impact that the TIRZ could have on the property described in Exhibit A. It also describes how that impact will be utilized to enhance the area and region through leveraging the resources of Hidalgo County's participation in the project.

Upon approval of the project plan and financing plan, a development agreement will be incorporated into this plan.

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*The Tax Increment Reinvestment Zone Analysis, prepared by Earl Development Consulting, LLC is included in its entirety in Exhibit B.*

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# Hidalgo County

## TIRZ #1 Financing Plan

*The allowable "project costs" means the expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred by the municipality or county designating a reinvestment zone that are listed in the project plan as costs of public works, public improvements, programs, or other projects benefiting the zone, plus other costs incidental to those expenditures and obligations*

*The specific projects anticipated to be undertaken in the Hidalgo County TIRZ #1 are included as Exhibit C.*

- Acquisition and construction of public works, public improvements, new buildings, structures and fixtures; the actual costs of the acquisition, demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and fixtures; and the actual costs of the acquisition of land and equipment and the clearing and grading of land;
- Financing costs, including all interest paid to holders of evidences of indebtedness or other obligations issued to pay for project costs and any premium paid over the principal amount of the obligations because of the redemption of the obligations before maturity;
- Real property assembly costs;
- Professional service costs, including those incurred for architectural, planning, engineering, and legal advice and services; imputed administrative costs, including reasonable charges for the time spent by employees of the municipality in connection with the implementation of the project plan;
- Relocation costs;
- Organizational costs, including the costs of conducting environmental impact studies or other studies, the cost of publicizing the creation of the zone, and the cost of implementing the project plan for the zone;
- Interest before and during construction and for one year after completion of construction, whether or not capitalized;
- The cost of operating the reinvestment zone and project facilities;
- The amount of any contributions made by the municipality from general revenue for the implementation of the project plan; and
- Payments made at the discretion of the governing body of the municipality that the municipality finds necessary or convenient to the creation of the zone or to the implementation of the project plans for the zone.

# Hidalgo County TIRZ #1 Financing Plan

- Section 311.010 states "An agreement may dedicate revenue from the tax increment fund to pay the costs of providing affordable housing..." and "An agreement may during the term of the agreement dedicate, pledge, or otherwise provide 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 the cost of ... affordable housing..."

*The TIRZ Act also allows for the use of TIRZ revenues for affordable housing programs, such as downpayment assistance.*

*The specific projects anticipated to be undertaken in the Hidalgo County TIRZ #1 are included as Exhibit C.*

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# Hidalgo County TIRZ #1 Financing Plan

As set forth in Section 311.011 in the Tax Increment Financing Act of the Tax Code, the Financing Plan for the Hidalgo County, Texas Reinvestment Zone Number One must include the following elements:

1. Estimated Project Costs of the Zone, including administrative expenses,
2. A statement listing the kind, number and location of all proposed public works or public improvements in the zone,
3. Economic Feasibility Study,
4. The estimated amount of bonded indebtedness to be incurred,
5. The time when related costs or monetary obligations are to be incurred,
6. A description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be derived from the property taxes of each taxing unit on real property in the zone,
7. The current total appraised value of taxable real property in the zone,
8. The estimated captured appraised value of the zone during each year of its existence; and,
9. The duration of the zone.

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*The following pages provide details regarding these requirements for the TIRZ #1 Financing Plan.*

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# Hidalgo County TIRZ #1 Financing Plan

**Element 1:**  
*Estimated Project Costs of the Zone, including administrative expenses*

**Element 2:**  
*A statement listing the kind, number and location of all proposed public works or public improvements in the zone*

Total project costs are estimated at approximately \$45,162,461.

Specific project cost estimates are included in Exhibit C.

The proposed public improvements in the zone include infrastructure costs for water, sewer, drainage, street, and landscaping, grading, paving, and parks, trails and other amenities and like improvements as shown in the land plan in Exhibit land plan on Exhibit F.

The Development Agreement between the County, Developer, TIRZ and PID lays out the funding mechanics of these projects. The Developer will pay for project costs and reimbursed over time with PID and TIRZ Revenues. The TIRZ revenues are meant to reimburse developer for funding the Los Prados Downpayment Assistance Program. If there is additional TIRZ revenue available, such funds shall be returned to the County.

In addition, the majority of the TIRZ revenue will be used to reimburse the Developer for funding the Los Prados Downpayment Assistance Program as shown in Exhibit G.

*The estimated costs of each item is explained in Exhibit C.*

# Hidalgo County

## TIRZ #1 Financing

### Plan

The fiscal impact of phased development is outlined in the Tax Increment Reinvestment Zone Analysis (Exhibit B). Not reflected in this analysis is the anticipated sales tax and personal property tax revenue which would be in addition to the real property tax. These revenue streams would not be designated to be used specifically in the zone.

Debt issuance is not anticipated as an element of this plan, as the Developer will fund the Los Prados Downpayment Assistance Program and all project costs with reimbursement coming from the TIRZ and the Los Prados PID.

Please refer to Exhibit C for details on planned expenditures.

#### *Element 3: Economic Feasibility Study*

*Element 4:  
The estimated amount of bonded indebtedness to be incurred*

*Element 5:  
The time when related costs or monetary obligations are to be incurred*

# Hidalgo County TIRZ #1 Financing Plan

## *Element 6:*

*A description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be derived from the property taxes of each taxing unit on real property in the zone*

Financing is being accomplished through equity invested by the Developer through private investments and conventional lending, to be reimbursed through the TIRZ revenues and PID Debt Service Assessment revenues. Ongoing maintenance of the improvements will be financed through a separate PID Maintenance Assessment.

For the Financing Plan, the County will participate at 50% of its M&O tax rate into the Tax Increment Fund. Other taxing entities are not participating.

The TIRZ, active through the County, will make annual payments to Developer in the full amount it is received to reimburse Developer for funding the project costs. Developer shall use such funds to replenish the Los Prados Downpayment assistance Program. Once the last home is sold from a Developer related entity to a third-party, the remaining funds generated from the TIRZ shall be returned to the County.

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# Hidalgo County TIRZ #1 Financing Plan

The total appraised value of the taxable real property in the zone, using the 2023 base year values provided by the Hidalgo County Appraisal District, is \$649,590.00.

A listing of existing properties is included in Exhibit D.

## *Element 7:*

*The current total appraised value of taxable real property in the zone*

# Hidalgo County TIRZ #1 Financing Plan

**Element 8:**  
*The estimated captured appraised value of the zone during each year of its existence*

The estimated captured appraised value is shown in the table below, with full build out anticipated in 2031 and showing on the tax rolls and the table below in 2032. These estimates assume a conservative 1.5% appreciation in value year over year.

Fiscal Year	Incremental Taxable Assessed Valuation
2024	\$ -
2025	\$9,744,000.00
2026	\$19,780,320.00
2027	\$30,115,537.20
2028	\$42,794,178.36
2029	\$55,846,402.76
2030	\$69,280,565.20
2031	\$85,236,089.31
2032	\$94,985,854.90
2033	\$96,410,642.73
2034	\$97,856,802.37
2035	\$99,324,654.40
2036	\$100,814,524.22
2037	\$102,326,742.08
2038	\$103,861,643.21
2039	\$105,419,567.86
2040	\$107,000,861.38
2041	\$108,605,874.30
2042	\$110,234,962.41
2043	\$111,888,486.85
2044	\$113,566,814.15
2045	\$115,270,316.36
2046	\$116,999,371.11
2047	\$118,754,361.68
2048	\$120,535,677.10
2049	\$122,343,712.26
2050	\$124,178,867.94
2051	\$126,041,550.96
2052	\$127,932,174.23
2053	\$129,851,156.84

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# Hidalgo County TIRZ #1 Financing Plan

The zone was created in \_\_\_\_\_ 2024 with an effective date of \_\_\_\_\_, 2024. The zone was set to exist for 30 years with an expiration date set at either \_\_\_\_\_, 2053, or the date when all project costs were paid and all debt was retired, whichever came first.

*Element 9:  
The duration of the zone*

# Exhibits

Exhibit A: Legal Description and Map of The Reinvestment Zone

Exhibit B: Tax Increment Reinvestment Zone Analysis

Exhibit C: Proposed Project Costs

Exhibit D: Listing of Properties

Exhibit E: Public Notice of a Public Hearing

Exhibit F: Town Square Concept Plan

# Exhibit A-1: Map of The Reinvestment Zone



# Exhibit A-2:

## Legal Description of The Reinvestment Zone

7. THENCE, N 01° 12' 12" W, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9, at a distance of 20.00 feet pass a No. 4 rebar set on the North right-of-way line of Mile 9 North Road, continuing a total distance of 790.00 feet to No. 4 rebar set, for an angle point of this tract;
8. THENCE, N 20° 24' 41" E a distance of 570.09 feet to a No. 4 rebar set on the North line of said Lot 15, Block 82, and South line of said Lot 10, Block 82 for an angle point of this tract;
9. THENCE, N 22° 41' 10" E, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 518.50 feet pass the East line of said Lot 10, Block 82 and the West line of said Lot 9, Block 82, continuing a total distance of 981.66 feet to a No. 4 rebar set, for an angle point of this tract;
10. THENCE, N 52° 32' 49" E, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 130.21 feet pass a No. 4 rebar set on the South right-of-way line of a canal right-of-way claimed by Hidalgo and Cameron Counties Irrigation District No. 9, a total distance of 174.48 feet to a No. 4 rebar set, for an inside corner of this tract;
11. THENCE, N 46° 12' 22" W, a distance of 39.41 feet to a No. 4 rebar set, for an outside corner of this tract;
12. THENCE, N 53° 23' 48" E, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 504.29 feet to a No. 4 rebar found on the North line of said Lot 9, for the Northwest of this tract;
13. THENCE, N 88° 47' 48" E, along the North line of said Lot 9, Block 82, at a distance of 557.80 feet pass a No. 4 rebar found on the West right-of-way line of Baseline Road – F.M. 491, continuing a total distance of 607.80 feet, to a Nail set on the East line of said Lot 9, Block 82, for the Northeast corner of this tract;
14. THENCE, S 01° 12' 12" E, along the East line of said Lot 16, Block 82, within the existing right-of-way of Baseline Road – F.M. 491, at a distance of 1,320.00 feet pass the Southeast corner of said Lot 9, Block 82 and the Northeast corner of said Lot 16, Block 82, continuing a total distance of 2,640.00 feet to the POINT OF BEGINNING and containing 98,752 acres, SAVE and EXCEPT 3,773 acres, leaving 94,979 acres Gross, of which 2,425 acres lie within the existing right-of-way of Baseline Road – F.M. 491, and 0.977 of one acre lies within the existing right-of-way of Mile 9 North Road, leaving a Net of 91,557 acres of land, more or less.

### SAVE AND EXCEPT:

#### TRACT 1:

A certain tract of land containing 1,931 acres situated in Hidalgo County, Texas, being out of Lot 9, Block 82, Capisallo District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed records, said 1,931 acres being claimed by Hidalgo and Cameron Counties Irrigation District No. 9, said 1,931 acres being more particularly described as follows:

COMMENCING, at a No. 4 rebar found on the intersection of the North line of said Lot 9, Block 82, and East line of said Hidalgo and Cameron Counties Irrigation District No. 9;

THENCE, S 53° 23' 48" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 459.92 feet, to a No. 4 rebar set, for the POINT OF BEGINNING, and Northwest corner of this herein described tract;

# Exhibit A-2: Legal Description of The Reinvestment Zone

1. THENCE, S 46° 12' 22" E, a distance of 266.30 feet to a No. 4 rebar set, for an angle point of this tract;
2. THENCE, S 43° 00' 14" E, a distance of 156.64 feet to a No. 4 rebar set, for an angle point of this tract;
3. THENCE, S 46° 12' 22" E, a distance of 163.07 feet to a No. 4 rebar set, for an angle point of this tract;
4. THENCE, S 42° 18' 26" E, a distance of 147.07 feet, to a No. 4 rebar set, for an angle point of this tract;
5. THENCE, S 40° 12' 22" E, a distance of 297.42 feet to a No. 4 rebar set, for an angle point of this tract;
6. THENCE, S 42° 28' 35" E, a distance of 96.08 feet to a No. 4 rebar set, for an angle point of this tract;
7. THENCE, S 46° 12' 22" E, a distance of 232.31 feet to a No. 4 rebar set on the existing West right-of-way line of Baseline Road-F.M. 491, for the Northwest corner of this tract.
8. THENCE, S 01° 12' 12" E, along the West right-of-way line of Baseline Road-F.M. 491, a distance of 53.03 feet, to a No. 4 rebar set, for the Southeast corner of this tract.
9. THENCE, N 46° 12' 22" W, a distance of 269.61 feet, to a No. 4 rebar set, for an angle point of this tract;
10. THENCE, N 49° 44' 19" W, a distance of 101.43 feet, to a No. 4 rebar set, for an angle point of this tract;
11. THENCE, N 46° 12' 22" W, a distance of 292.37 feet, to a No. 4 rebar set, for an angle point of this tract;
12. THENCE, N 50° 08' 02" W, a distance of 145.98 feet, to a No. 4 rebar set, for an angle point of this tract;
13. THENCE, N 46° 12' 22" W, a distance of 160.60 feet, to a No. 4 rebar set, for an angle point of this tract;
14. THENCE, N 49° 22' 35" W, a distance of 158.22 feet, to a No. 4 rebar set, for an angle point of this tract;
15. THENCE, N 49° 12' 22" W, a distance of 243.70 feet, to a No. 4 rebar set, on the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Southwest corner of this tract.
16. THENCE, N 52° 32' 49" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9, a distance of 44.27 feet to a No. 4 rebar set for an inside corner of this tract;
17. THENCE, N 46° 12' 22" W, a distance of 38.41 feet to a No. 4 rebar set for an outside corner of this tract.

# Exhibit A-2:

## Legal Description of The Reinvestment Zone

18. THENCE N 53° 23' 48" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 44.37 feet to the POINT OF BEGINNING, and containing 1.031 acres of land, more or less.

### TRACT 2:

A certain tract of land containing 1.579 acres situated in Hidalgo County, Texas, being out of Lots 15 and 16, Block 82, Capital District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed records, said 1.579 acres being claimed by Hidalgo and Cameron Counties Irrigation District No. 9, said 1.579 acres being more particularly described as follows:

COMMENCING, at a No. 4 rebar set on the Southwest corner of Lot 16, Block 82, and within the existing right-of-way of Mile 9 North;

THENCE, N 88° 47' 48" E, along the South line of said Lot 16, Block 82, and within the existing right-of-way of Mile 9 North, a distance of 38.83 feet to the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 Canal.

THENCE, N 28° 12' 26" W, along the West line of said Hidalgo and Cameron Counties Irrigation District No. 9, a distance of 22.45 feet to a No. 4 rebar set on the existing North right-of-way line of Mile 9 north West, for the POINT OF BEGINNING, and Southwest corner of this herein described tract;

1. THENCE, N 28° 12' 26" W, along the West line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 63.08 feet pass the West line of said Lot 16, Block 82 and the East line of said Lot 15, Block 82, continuing a total distance of 933.91 feet to a No. 4 rebar set, on the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Northwest corner of this tract;
2. THENCE, N 20° 24' 41" E, along the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 93.29 feet to a No. 4 rebar set, on the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Northeast corner of this tract;
3. THENCE, S 28° 12' 26" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 795.14 feet pass the East line of said Lot 15, Block 82 and the West line of said Lot 16, Block 82, continuing a total distance of 1,031.25 feet to a No. 4 rebar set on the North right-of-way line of Mile 9 North, for the Southeast corner of this tract;
4. THENCE, N 88° 47' 48" E, along the existing North right-of-way line of Mile 9 North, a distance of 78.57 feet to the POINT OF BEGINNING, and containing 1.579 acres of land, more or less.

### TRACT 3:

A certain tract of land containing 0.283 of one acre situated in Hidalgo County, Texas, being out of Lot 2, Block 81, Capital District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed records, said 0.283 of one acre being claimed by Hidalgo and Cameron Counties Irrigation District No. 9, said 0.283 of one acre being more particularly described as follows:

COMMENCING, at a No. 4 rebar set on the Southeast corner of said Lot 2, Block 81, and North line of Lot 1, M.I.S.D. North Elementary Subdivision Replat, according to the plat thereof recorded under Document Number 2173891, Hidalgo County Map Records;

# Exhibit A-2: Legal Description of The Reinvestment Zone

THENCE, N 01° 12' 12" W, along the East line of said Lot 2, Block 81, a distance of 49.64 feet to a No. 4 rebar set on the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the POINT OF BEGINNING, and Southeast corner of this herein described tract.

1. THENCE, S 59° 30' 44" W, along the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 101.49 feet, to a No. 3 rebar set on the North line of said Lot 1, M.I.S.D. North Elementary Subdivision Replat, for an angle point of this tract.
2. THENCE, S 88° 47' 48" W, a distance of 95.00 feet to a No. 4 rebar set, on the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Southwest corner of this tract.
3. THENCE, N 22° 53' 02" W, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 23.69 feet to a No. 4 rebar set, on the North line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Northwest corner of this tract.
4. THENCE, N 59° 29' 39" E, along the North line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 220.48 feet to a No. 4 rebar set on the East line of said Lot 2, Block 81, for the Northeast corner of this tract;
5. THENCE, S 01° 12' 12" E, along the East line of said Lot 2, Block 81, a distance of 80.28 feet to the POINT OF BEGINNING, and containing 0.283 of one acre of land, more or less.

I, ROBERTO N. TAMEZ, A REGISTERED PROFESSIONAL LAND SURVEYOR DO HEREBY AFFIRM THAT THIS METES AND BOUNDS DESCRIPTION REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND ON 3/17/2022 UNDER MY DIRECTION AND SUPERVISION.

*Roberto N. Tamez*  
ROBERTO N. TAMEZ, R.P.L.S. #0238      03/17/2022      DATE



# Exhibit A-2: Legal Description of The Reinvestment Zone

As of 2/10/2022

## METES AND BOUNDS DESCRIPTION 94,979 ACRES OUT OF LOT 2, BLOCK 81 AND OUT OF LOTS 9, 10, 15 AND ALL OF LTO 16, BLOCK 82, CAPISALLO DISTRICT SUBDIVISION HIDALGO COUNTY, TEXAS

A tract of land containing 94,979 acres situated in Hidalgo County, Texas, being out of Lot 2, Block 81, and out of Lots 9, 10, 15 and all of Lot 16, Block 82, Capisallo District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed Records, which said 94,979 acres were conveyed to Dora L. Garcia, by virtue of a Special Warranty Deed recorded under Document Number 1972205, Hidalgo County Official Records, and to Judith P. Lucio, by virtue of a Special Warranty Deed recorded under Document Number 2868424, Hidalgo County Official records, and to Richard D. Ribisi, by virtue of a Special Warranty Deed recorded under Document Number 1813794, and Special Warranty Distribution Deed recorded under Document Number 2025259, Hidalgo County Official records, said 94,979 acres also being more particularly described as follows:

**BEGINNING** at a Nail set (Nothing: 16,593,272.547, Easting: 1,177,535.711) on the Southeast corner of said Lot 16, Block 82, and within the existing right-of-way of Baseline Road - F.M. 491 and Mile 9 North Road, from which a No. 4 rebar found bears N 88° 47' 48" E, a distance of 1,320.00 feet and N 01° 12' 12" W, a distance of 20.00 feet, for the Southeast corner of this herein described tract:

1. **THENCE**, S 88° 47' 48" W, along the South line of said Lot 16, block 82, and within the existing right-of-way of Mile 9 North Road, a distance of 1,320.00 feet to a No. 4 rebar set on the Southwest corner of said Lot 16, Block 82 and Northeast corner of said Lot 2, Block 81, and the Northwest corner of a certain tract of land conveyed to Mayra Banks and Michael Banks, by virtue of a Warranty Deed with Vendor's Lien recorded under Document Number 3213621, Hidalgo County Official records, for an inside corner of this tract;
2. **THENCE**, S 01° 12' 12" E, along the East line of said Lot 2, Block 81 and West line of said Mayra Banks and Michael Banks tract, a distance of 1,320.00 feet to a No. 4 rebar set on the Southeast corner of said Lot 2, Block 81 and the North line of Lot 1, M.I.S.D. North Elementary Subdivision Replat according to the plat thereof recorded under document number 2173891, Hidalgo County Map records, for an outside corner of this tract;
3. **THENCE**, S 88° 47' 48" W, along the South line of said Lot 2, Block 81, and North line of said Lot 1, M.I.S.D. North Elementary Subdivision Replat, a distance of 183.52 feet to a No. 4 rebar set on the East line of the Hidalgo County Irrigation District No. 9 canal, for the Southwest corner of this tract;
4. **THENCE**, N 22° 53' 02" W, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 667.20 feet to a No. 4 rebar set, for an angle point of this tract;
5. **THENCE**, N 01° 12' 12" W, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 680.00 feet pass a No. 4 rebar set on the existing South right-of-way of Mile 9 North Road, at a distance of 700.00 feet to a No. 4 rebar set on the North line of said Lot 2, Block 81, for an outside corner of this tract;
6. **THENCE**, N 88° 47' 48" E, along the North line of said Lot 2, Block 81, a distance of 10.00 feet to a No. 4 rebar set, for an inside corner of this tract.

# Exhibit B: Tax Incrementation Reinvestment Zone Analysis

LOS PRADOS FINANCING PLAN			
8 Year Estimated Build Out			
Summary Fact Sheet			
October 1, 2024			
Site Area (in Acres)	=	97.48	Total Sq. Ft. = 4,246,228.80
2024 Base Value	= \$	635,798.00	
Residential Units	Affordable Homes	527 Units	Projected Taxable Value At Full Build
Totals	Totals	527 Lots	\$ 94,985,854.90
Projected Taxable Value Created		\$ 94,985,854.90	
<b>PID Financing Model:</b>			
PID Debt Assessment (\$1,300/Lot) (38 Years)			
Collection Rate		100.00%	
Est. Total Revenues	\$	22,908,600.00	
Less Est. Infrastructure & Project Costs	\$	(22,030,339.00)	
Less Est. Interest Expense	\$	(16,020,928.08)	
Excess (Shortage) PID Revenues	\$	(15,142,667.08)	
Developer Contribution	\$	15,142,667.08	
<b>PID Maintenance Assessment (Perpetual)</b>			
PID Maintenance Assessment		\$540/Lot	
Annual Revenue at Full Build Out	\$	284,580.00	
<b>TIRZ Financing Model:</b>			
TIRZ - Los Prados Downpayment Assistance Program (30 Year Term)			
Hidalgo County	50% of M&O Tax Rate	\$ 0.257000	
	Available Funding	\$ 7,111,194.40	
	Interest on Program	0%	
	Est. Available Per Home	\$ 13,493.73	
<p>The projections and estimates contained in this Finance and Project Plan are subject to and may be impacted by market &amp; economic conditions both domestic &amp; international. Actual completion &amp; construction of the Project may take more or less time than described herein. However it is understood that the Developer will use its best efforts to complete the project as quickly as economically feasible. A growth rate of 1.5% per year has been used to establish value of future tax base, year over year, which is less than 50% of the actual 5 year average of escalation. All TIRZ Revenues assumed to go completely to reimburse Developer for providing downpayment assistance in accordance with the Los Prados Downpayment Assistance Program, any excess revenues after the sale of the last home from a Developer related entity to an unrelated 3rd party shall be returned to the County.</p>			

# Exhibit B: Tax Increment Reinvestment Zone Analysis

	2024	2025	2026	2027
	1	2	3	4
	Development Year ▶			
	Current Value			
Total Units Paying Into PID		60	120	180
Lot		60	60	60
Added Value	\$ 32,000.00			
Average Home Value	\$ -	\$ 1,948,800.00	\$ 1,978,032.00	\$ 2,007,702.48
Added Value	\$ 128,000.00	60	60	60
	\$ -	\$ 7,795,200.00	\$ 7,912,128.00	\$ 8,030,809.92
Annual Added Value=	\$ -	\$ 9,744,000.00	\$ 9,890,160.00	\$ 10,038,512.40
Total Captured Value=	\$ -	\$ 9,744,000.00	\$ 19,780,320.00	\$ 30,115,537.20
<b>DOWNPAYMENT ASSISTANCE TIRZ</b>				
County Total Revenue	\$ 0.58	\$ 56,028.00	\$ 113,736.84	\$ 173,164.34
County Downpayment Assistance TIRZ	\$ 0.257000	\$ 25,042.08	\$ 50,835.42	\$ 77,396.93
<b>PID INFRASTRUCTURE REVENUES</b>				
Annual Debt Assessment Revenue	\$ 1,300.00	\$ 78,000.00	\$ 156,000.00	\$ 234,000.00
<b>PID MAINTENANCE REVENUES</b>				
Annual Maintenance Assessment Revenue	\$ 540.00	\$ 32,400.00	\$ 64,800.00	\$ 97,200.00

# Exhibit B: Tax Increment Reinvestment Zone Analysis

	2028	2029	2030	2031	2032	2033	2034	2035
	5	6	7	8	9	10	11	12
	252	324	396	480	527	527	527	527
	72	72	72	84	47			
\$	2,445,381.62	\$ 2,482,062.34	\$ 2,519,293.28	\$ 2,983,263.13	\$ 1,694,244.85	\$ -	\$ -	\$ -
	72	72	72	84	47			
\$	9,781,526.48	\$ 9,928,249.38	\$ 10,077,173.12	\$ 11,933,052.50	\$ 6,776,979.40	\$ -	\$ -	\$ -
\$	12,226,908.10	\$ 12,410,311.72	\$ 12,596,466.40	\$ 14,916,315.63	\$ 8,471,224.25	\$ -	\$ -	\$ -
\$	<b>42,794,178.36</b>	<b>\$ 55,846,402.76</b>	<b>\$ 69,280,565.20</b>	<b>\$ 85,236,089.31</b>	<b>\$ 94,985,854.90</b>	<b>\$ 96,410,642.73</b>	<b>\$ 97,856,802.37</b>	<b>\$ 99,324,654.40</b>
\$	246,066.53	\$ 321,116.82	\$ 398,363.25	\$ 490,107.51	\$ 546,168.67	\$ 554,361.20	\$ 562,676.61	\$ 571,116.76
\$	109,981.04	\$ 143,525.26	\$ 178,051.05	\$ 219,056.75	\$ 244,113.65	\$ 247,775.35	\$ 251,491.98	\$ 255,264.36
\$	327,600.00	\$ 421,200.00	\$ 514,800.00	\$ 624,000.00	\$ 685,100.00	\$ 685,100.00	\$ 685,100.00	\$ 685,100.00
\$	136,080.00	\$ 174,960.00	\$ 213,840.00	\$ 259,200.00	\$ 284,580.00	\$ 284,580.00	\$ 284,580.00	\$ 284,580.00

# Exhibit B: Tax Increment Reinvestment Zone Analysis

2036	2037	2038	2039	2040	2041	2042	2043
13	14	15	16	17	18	19	20
527	527	527	527	527	527	527	527
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>\$ 100,814,524.22</b>	<b>\$ 102,326,742.08</b>	<b>\$ 103,861,643.21</b>	<b>\$ 105,419,567.86</b>	<b>\$ 107,000,861.38</b>	<b>\$ 108,605,874.30</b>	<b>\$ 110,234,962.41</b>	<b>\$ 111,888,486.85</b>
\$ 579,683.51	\$ 588,378.77	\$ 597,204.45	\$ 606,162.52	\$ 615,254.95	\$ 624,483.78	\$ 633,851.03	\$ 643,358.80
\$ 259,093.33	\$ 262,979.73	\$ 266,924.42	\$ 270,928.29	\$ 274,992.21	\$ 279,117.10	\$ 283,303.85	\$ 287,553.41
\$ 685,100.00	\$ 685,100.00	\$ 685,100.00	\$ 685,100.00	\$ 685,100.00	\$ 685,100.00	\$ 685,100.00	\$ 685,100.00
\$ 284,580.00	\$ 284,580.00	\$ 284,580.00	\$ 284,580.00	\$ 284,580.00	\$ 284,580.00	\$ 284,580.00	\$ 284,580.00

# Exhibit B: Tax Increment Reinvestment Zone Analysis

	2044	2045	2046	2047	2048	2049	2050	2051
21		22	23	24	25	26	27	28
527		527	527	527	527	527	527	527
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>\$ 113,566,814.15</b>	<b>\$ 115,270,316.36</b>	<b>\$ 116,999,371.11</b>	<b>\$ 118,754,361.68</b>	<b>\$ 120,535,677.10</b>	<b>\$ 122,343,712.26</b>	<b>\$ 124,178,867.94</b>	<b>\$ 126,041,550.96</b>	
\$ 653,009.18	\$ 662,804.32	\$ 672,746.38	\$ 682,837.58	\$ 693,080.14	\$ 703,476.35	\$ 714,028.49	\$ 724,738.92	
\$ 291,866.71	\$ 296,244.71	\$ 300,688.38	\$ 305,198.71	\$ 309,776.69	\$ 314,423.34	\$ 319,139.69	\$ 323,926.79	
\$ 685,100.00	\$ 685,100.00	\$ 685,100.00	\$ 685,100.00	\$ 685,100.00	\$ 685,100.00	\$ 685,100.00	\$ 685,100.00	
\$ 284,580.00	\$ 284,580.00	\$ 284,580.00	\$ 284,580.00	\$ 284,580.00	\$ 284,580.00	\$ 284,580.00	\$ 284,580.00	\$ 284,580.00

# Exhibit B: Tax Incremental Reinvestment Zone Analysis

	2052	2053
	29	30
	527	527
	\$ -	
	\$ -	
	\$ -	
	<b>\$ 127,932,174.23</b>	<b>\$ 129,851,156.84</b>
	\$ 735,610.00	\$ 746,644.15
	\$ 328,785.69	\$ 333,717.47
	\$ 685,100.00	\$ 685,100.00
	\$ 284,580.00	\$ 284,580.00

Year	County Total Revenue Total Rate: \$0.575	County Downpayment Assistance TIRZ Participation Rate: \$0.257
Base	\$ -	\$ -
2025	\$ 56,028.00	\$ 25,042.08
2026	\$ 113,736.84	\$ 50,835.42
2027	\$ 173,164.34	\$ 77,396.93
2028	\$ 246,066.53	\$ 109,981.04
2029	\$ 321,116.82	\$ 143,525.26
2030	\$ 398,363.25	\$ 178,051.05
2031	\$ 490,107.51	\$ 219,056.75
2032	\$ 546,168.67	\$ 244,113.65
2033	\$ 554,361.20	\$ 247,775.35
2034	\$ 562,676.61	\$ 251,491.98
2035	\$ 571,116.76	\$ 255,264.36
2036	\$ 579,683.51	\$ 259,093.33
2037	\$ 588,378.77	\$ 262,979.73
2038	\$ 597,204.45	\$ 266,924.42
2039	\$ 606,162.52	\$ 270,928.29
2040	\$ 615,254.95	\$ 274,992.21
2041	\$ 624,483.78	\$ 279,117.10
2042	\$ 633,851.03	\$ 283,303.85
2043	\$ 643,358.80	\$ 287,553.41
2044	\$ 653,009.18	\$ 291,866.71
2045	\$ 662,804.32	\$ 296,244.71
2046	\$ 672,746.38	\$ 300,688.38
2047	\$ 682,837.58	\$ 305,198.71
2048	\$ 693,080.14	\$ 309,776.69
2049	\$ 703,476.35	\$ 314,423.34
2050	\$ 714,028.49	\$ 319,139.69
2051	\$ 724,738.92	\$ 323,926.79
2052	\$ 735,610.00	\$ 328,785.69
2053	\$ 746,644.15	\$ 333,717.47
<b>TOTALS</b>	<b>\$ 15,910,259.85</b>	<b>\$ 7,111,194.40</b>

# Exhibit C: Proposed Project Costs

Los Prados												
Finance Summary Budget												
Description	Offsite	Park	Phase I	Phase II	Phase III	Phase IV	Phase V	2030	2031	Total Cost of Development		
Year	2024	2025	2024	2025	2027	2028	2028	2029	2031			
Lots	527	527	111	134	107	83	92	83	92	527		
Area [Acres]	22.257	2.066	16.067	19.802	16.795	12.949	14.567	12.949	14.567	104.503		
Feasibility Studies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land Development Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits & fees	\$ 87,759.94	\$ -	\$ 298,366.21	\$ 263,382.90	\$ 485,949.80	\$ 208,264.20	\$ 398,390.28	\$ 170,738.69	\$ 547,090.97	\$ 60,787.89	\$ 3,582,840.27	\$ -
Eng & Surveying	\$ 178,606.10	\$ 17,000.00	\$ 202,280.55	\$ 195,106.05	\$ 152,386.45	\$ 65,308.48	\$ 125,534.54	\$ 83,689.69	\$ 160,460.89	\$ 40,115.22	\$ 1,354,674.98	\$ -
Site Work	\$ 143,198.00	\$ -	\$ 29,493.00	\$ -	\$ 27,781.74	\$ -	\$ -	\$ 23,581.20	\$ 28,321.92	\$ 3,146.88	\$ 284,575.34	\$ -
Utilities	\$ 765,249.86	\$ -	\$ 535,971.26	\$ 1,691,224.54	\$ 887,806.33	\$ 221,951.58	\$ -	\$ 1,293,504.09	\$ 964,915.04	\$ 107,212.78	\$ 7,463,210.70	\$ -
Coop Utilities	\$ -	\$ -	\$ 22,200.00	\$ 26,800.00	\$ 21,400.00	\$ -	\$ 16,400.00	\$ -	\$ 18,400.00	\$ -	\$ 105,200.00	\$ -
Landscape	\$ -	\$ 140,806.44	\$ -	\$ 75,205.03	\$ -	\$ 154,072.17	\$ -	\$ 127,743.41	\$ -	\$ 13,469.41	\$ 605,555.86	\$ -
Paving	\$ -	\$ -	\$ 879,287.07	\$ 956,562.08	\$ 87,642.87	\$ 788,785.85	\$ -	\$ 680,548.79	\$ 680,691.21	\$ 75,632.36	\$ 4,149,150.22	\$ -
Structures & Common Areas	\$ -	\$ 480,120.00	\$ -	\$ 126,308.70	\$ -	\$ 176,756.58	\$ -	\$ 307,142.55	\$ 40,403.88	\$ 161,615.52	\$ 1,454,026.83	\$ -
Amenities & Common Areas	\$ -	\$ -	\$ 27,750.00	\$ 33,500.00	\$ -	\$ 26,750.00	\$ -	\$ 20,500.00	\$ -	\$ 23,000.00	\$ 131,500.00	\$ -
Contingency	\$ 117,481.39	\$ 63,792.64	\$ 369,483.17	\$ 403,501.89	\$ -	\$ 325,670.60	\$ -	\$ 321,087.32	\$ -	\$ 288,386.40	\$ 1,889,403.42	\$ -
Administration (\$10k/year to County)	\$ 300,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000.00	\$ -
Formation	\$ 500,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000.00	\$ -
Interest	\$ 16,020,928.08	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,020,928.08	\$ -
Construction Management	\$ 12,922.95	\$ 7,017.19	\$ 12,374.94	\$ 8,364.66	\$ 16,629.67	\$ 19,675.59	\$ 5,403.25	\$ 30,285.36	\$ 24,402.84	\$ 7,733.66	\$ 210,201.38	\$ -
Downpayment Assistance	\$ -	\$ -	\$ 748,901.88	\$ 904,079.74	\$ 721,914.42	\$ 721,914.42	\$ 721,914.42	\$ 559,989.69	\$ 620,711.47	\$ 620,711.47	\$ 7,111,194.40	\$ -
<b>Total</b>	<b>\$ 18,126,146.32</b>	<b>\$ 708,736.27</b>	<b>\$ 1,998,770.93</b>	<b>\$ 1,748,910.55</b>	<b>\$ 2,401,511.29</b>	<b>\$ 2,709,149.48</b>	<b>\$ 1,105,717.75</b>	<b>\$ 3,618,810.80</b>	<b>\$ 3,085,398.22</b>	<b>\$ 1,401,811.59</b>	<b>\$ 45,162,461.48</b>	<b>\$ -</b>

# Exhibit D: Listing of Hidalgo County TIRZ #1 Properties

TAX ACCOUNT DATA 2023 TAX ROLL						
Property ID	Property Type	Geo ID	Acreage	Owner Name	Assessed Value	
132187	Real	C1400-00-082-0009-00	17.37	Valley Affordable Housing, LLC	\$ 27,792.00	
132188	Real	C1400-00-082-0009-01	17.52	Valley Affordable Housing, LLC	\$ 28,032.00	
132189	Real	C1400-00-082-0010-00	1.14	Valley Affordable Housing, LLC	\$ 1,824.00	
132206	Real	C1400-00-082-0015-00	3.18	Valley Affordable Housing, LLC	\$ 30,210.00	
132210	Real	C1400-00-082-0016-00	39.00	Valley Affordable Housing, LLC	\$ 370,500.00	
132208	Real	C1400-00-082-0015-02	1.00	Valley Affordable Housing, LLC	\$ 3,600.00	
132209	Real	C1400-00-082-0015-04	7.27	Valley Affordable Housing, LLC	\$ 11,632.00	
132115	Real	C1400-00-081-0002-03	11.00	Valley Affordable Housing, LLC	\$ 176,000.00	
		<b>TOTAL</b>	<b>97.48</b>	<b>TOTAL</b>	<b>\$ 649,590.00</b>	

# Exhibit E: Public Notice

In addition to the public hearing notification advertised in the Advance News Journal shown below, notification letters were also sent to all property owners of record within the Zone.

Wednesday, October 23, 2024 THE ADVANCE NEWS JOURNAL 31  
**Public Notices/Classifieds**

**LEGAL NOTICE**  
**NOTICE OF PUBLIC HEARING REGARDING CREATION OF REINVESTMENT ZONE NUMBER ONE, HIDALGO COUNTY**  
November 11, 2024, at 10:00 a.m.

Commissioners: Christopher  
Cotton, Chair  
Cynthia G. Brantley  
100 E. Cano, 1st Floor  
Eisenberg, Hidalgo County, Texas

NOTICE is hereby given that on November 11, 2024, at 10:00 a.m., the Commissioners of Hidalgo County, Texas, will conduct a public hearing (the "hearing") at the County Administration Center, 100 East Cano, 1st Floor, Hidalgo County, Texas, with respect to the designation and creation of a tax treatment reinvestment zone, to be known as, if created, "Reinvestment Zone Number One, Hidalgo County," (the "TZRZ"). A benefit to the County and to the area proposed to be included in the TZRZ.

At this hearing an interested person may speak for or against the creation of the TZRZ, its boundaries, or the concept of tax treatment financing. A reasonable opportunity will be given at the hearing for the comment(s) of the property proposed to be included in the TZRZ to present the maximum of the property in the proposed reinvestment zone.

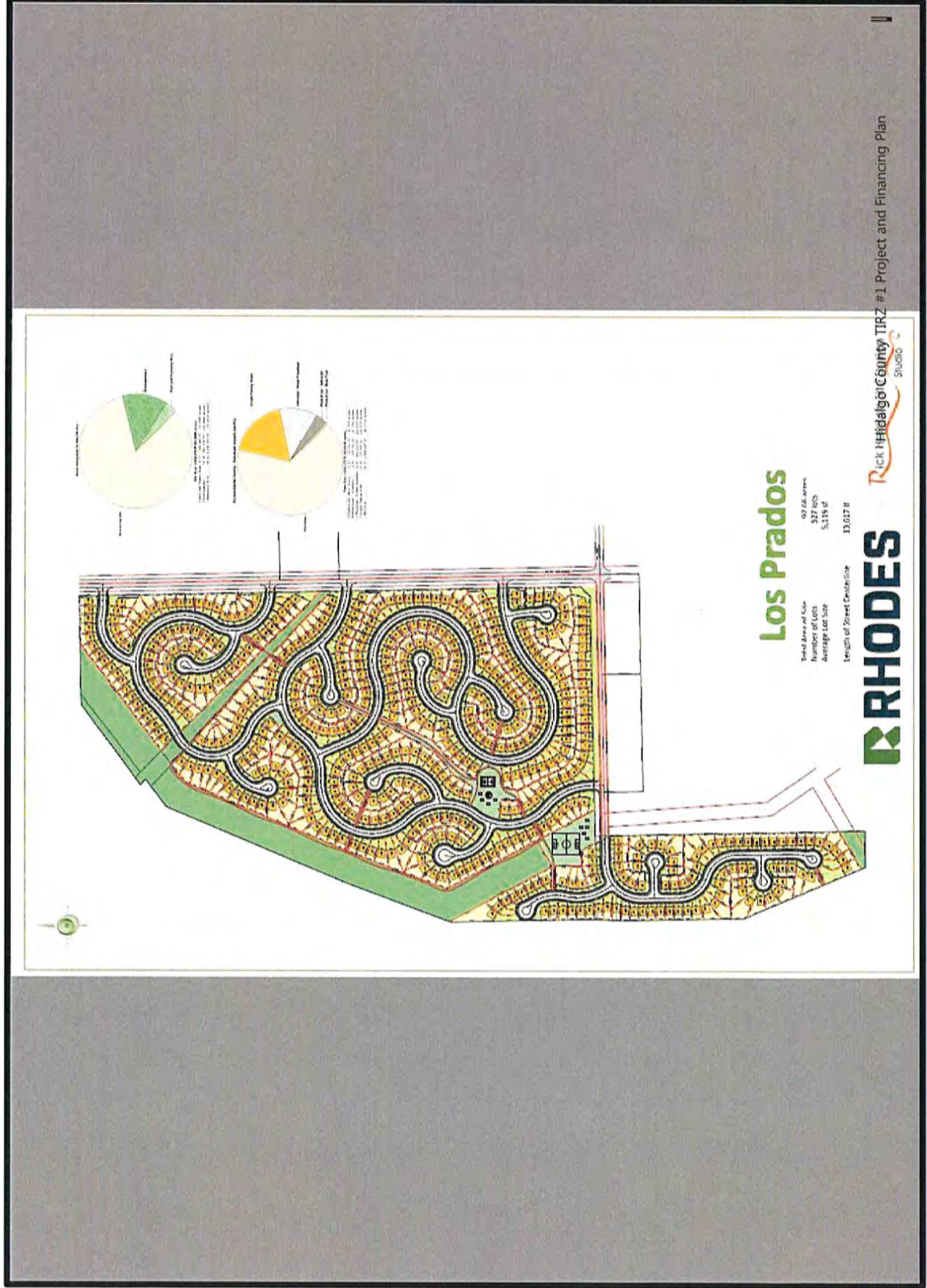
Boundaries of Proposed TZRZ: The boundaries of the proposed TZRZ are consistent with the boundaries of the unincorporated lands of Hidalgo County, Texas, as well as within the existing road jurisdiction of the City of McAllen, Texas, and a further defined by the legal description and map depicting the District boundaries published herein:

A tract of land containing 54,579 acres situated in Hidalgo County, Texas, being out of Lot 2, Block 41, and out of Lot 9, 10, 15 and 22 of Lot 16, Block 24, Council District 3 subdivisions, as shown in Volume "9", Page 227, Hidalgo County Deed Records, which said 54,579 acres were conveyed to Dots L. Wherry, Dots L. Wherry Trust, and Dots L. Wherry, Jr. by deed recorded under Document Number 250404A, Hidalgo County Official records, and to Richard D. Block, by virtue of a Special Warranty Deed recorded under Document Number H11374, and Special Warranty Deed recorded under Document Number 2025259, Hidalgo County Official records, each said 54,579 acre tract of land being depicted on the



All interested persons are invited to discuss the hearing with either the following officers of the public hearing commission, which has the maximum financing of the creation of the TZRZ and its proposed boundaries. In the absence of the hearing, written comments may be submitted to the County.

# Exhibit F: Land Plan



# HIDALGO COUNTY TIRZ #1 PRELIMINARY PROJECT AND FINANCING PLAN

# LOS PRADOS

Hidalgo County, Texas



**EXHIBIT E**  
**COUNTY ORDER NO. \_\_\_\_\_**  
**Approving Final Project and Financing Plan for Reinvestment Zone Number One,**  
**Hidalgo County**  
**(See Attached)**

**EXHIBIT F**  
**LOS PRADOS DOWN-PAYMENT ASSISTANCE PROGRAM (LPDAP)**  
**Guidelines, Requirements, Policies, and Procedures**  
(See Attached)

**LOS PRADOS DOWNPAYMENT ASSISTANCE PROGRAM (LPDAP)**  
**HIDALGO COUNTY, TEXAS**  
*Program Guidelines, Policies, and Procedures*  
**December 2024**

**I. PROGRAM OVERVIEW**

The Los Prados Downpayment Assistance Program (LPDAP) is designed to encourage and support ownership of homes available for purchase in the Los Prados Subdivision. It is the mission of LPDAP to increase the availability of affordable housing options to current and future inhabitants of Hidalgo County, Texas.

**II. ELIGIBILITY**

Eligibility for to qualify for participation in LPDAP, is conditioned upon applicants meeting the below general requirements, with priority being given, to the extent permitted under law, as follows:

**Income Requirement:** Applicant must have an aggregate household income that does not exceed 180% of the most recent published Area Median Income (AMI) for Hidalgo County, as such AMI is calculated annually by the U.S. Department of Housing and Urban Development (HUD).

**Primary Residence:** If meeting the above income requirement, Applicant must also commit to using any downpayment assistance provided through LPDAP toward the purchase of a home in Los Prados Subdivision, and that such purchased home will be reported as their primary residence.

**First-Time Homebuyer Preference:** To the extent permitted by law, priority will be given to those Applicants who (i) are purchasing their first home; and/or (ii) have not owned a home within the last three (3) years.

**III. PROGRAM BENEFITS**

The following is representative of the benefits offered to qualified Applicants through LPDAP, however, such benefits are subject to change based on availability of funding, changes in law, etc.:

**Downpayment Assistance:** Qualified Applicants are eligible to receive downpayment assistance in an amount up to \$15,000.00, with any such provided downpayment assistance amount constituting a zero-interest,

forgivable loan to recipient for use as downpayment toward the purchase of a newly constructed home in the Los Prados Subdivision.

**Forgivable Loan:** The amount of downpayment assistance provided to qualified Applicants by LPDAP, is provided as a zero-interest loan to the recipient, with \$5,000.00 of such loan amount being eligible for forgiveness each year following the second year of uninterrupted homeownership, provided the loan recipient (i) maintains uninterrupted and continued ownership of the home for the entire duration of the year in which the forgiveness amount is being sought; (ii) maintains the home for which downpayment assistance was provided as their primary residence; and (iii) timely pays all assessments, fees, taxes, etc., as may be required under law.

The below illustrative chart provides guidance on the loan forgiveness structure described above:

<b>End of Year</b>	<b>Outstanding Loan Balance</b>
1	\$15,000.00
2	\$15,000.00
3	\$10,000.00
4	\$5,000.00
5	\$0.00

**Homebuyer Education:** Participation in a homebuyer education course is provided at no additional cost to qualified Applicants.

#### **IV. APPLICATION REQUIREMENTS & PROCESS**

The below information generally describes the application process that the Applicant must adhere to for participation in LPDAP:

##### **Application Requirements:**

- Submission of the LPDAP application form, which may be updated from time to time along with income verification and proof of first-time homebuyer status.
- Use of LPDAP Approved Lender as the loan originator for a mortgage and qualifying for such mortgage.
- Use of LPDAP Approved Title Company as the title company.

**Review and Approval:** Applications will be reviewed on a first-in, first-served basis, subject to funding availability and meeting the LPDAP criteria provided herein.

**Funds Allocation:** Upon LPDAP determination that Applicant has satisfied all requirements and criteria stated herein, the amount of funds approved for downpayment assistance to the qualified Applicant will be directly allocated to the purchase price of the identified newly constructed home upon closing.

## V. PREFERENTIAL CONSIDERATION

While LPDAP is open to all individuals who meet the requirements and criteria stated herein for participation, preferential consideration will be given to:

1. Public employees such as city, county, state, and federal employees;
2. First-responders, teachers, nurses, and other such education or medical personnel;  
and
3. Veterans or active military personnel.

## VI. COMPLIANCE AND RESIDENCY VERIFICATION

**Regular Audits:** Representatives of the LPDAP will verify adherence to these requirements and criteria for eligibility by conducting regular audits.

**Residency Verification:** Annually, qualified Applicants who have received downpayment assistance through LPDAP may be required to provide documentation to LPDAP for verification of their continued compliance with all conditions and requirements for participation in LPDAP, such as submitting utility bills and/or property tax statements that evidence their primary residence.

## VII. CONTACT INFORMATION

For further information regarding the Los Prados Downpayment Assistance Program, please contact Esperanza Homes via email at [info@esperanzahomes.com](mailto:info@esperanzahomes.com) or by phone at (956) 275-8069. While this document endeavors to provide potential applicants with the requirements and criteria for participation in LPDAP, this document may be subject to change LPDAP may deem necessary and appropriate.