

THE STATE OF TEXAS  
COUNTY OF HIDALGO

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CITY OF ALAMO

**FIRST AMENDMENT TO INTERLOCAL AGREEMENT REGARDING  
REINVESTMENT ZONE NUMBER ONE, CITY OF ALAMO, TEXAS**

*WHEREAS*, the CITY OF ALAMO, TEXAS (the "*City*") approved the creation of REINVESTMENT ZONE NUMBER ONE, CITY OF ALAMO (the "*Zone*") in accordance with the provisions of Chapter 311, Texas Tax Code, as amended; and

*WHEREAS*, the City, the Zone, and HIDALGO COUNTY, TEXAS (the "*County*"), a political subdivision of the State of Texas, entered into that certain Interlocal Agreement (the "*Agreement*") dated March 16, 2010, but uncertainty has arisen as to whether complete copies of the exhibits referenced therein were attached when the Agreement was executed;

*WHEREAS*, the Agreement anticipated the existence of a transportation zone overlapping a portion of the Zone territory, and provided certain provisions relating thereto referencing Transportation Zone Number One, County of Hidalgo ("*Prior TRZ*");

*WHEREAS*, the Prior TRZ is no longer in effect and the County subsequently formed a second transportation zone, known as Transportation Zone Number Two, County of Hidalgo ("*TRZ2*"), which may lead to uncertainty with respect to the application of the transportation zone provisions in the Agreement;

*WHEREAS*, the County anticipates entering into an agreement with TRZ2, pursuant to which the County may not be required to make payments to TRZ2 on property that is located in both the Zone and the TRZ2, which agreement has not been finalized as of the time of approval of this first amendment (the "*Amendment*") to the Agreement;

*WHEREAS*, the County had not been provided with the information required under the Agreement in order for the County to be able to make payments pursuant to the Agreement;

*WHEREAS*, the parties now desire to amend the Agreement, including accounting for TRZ2 in lieu of the Prior TRZ and changes to the payment schedule, as set forth in this Amendment;

*NOW, THEREFORE*, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Section II.20 of the Agreement is amended in its entirety to read as follows:

20. "Transportation Zone" means Transportation Zone Number Two, County of Hidalgo.

2. Section IV.B.1. of the Agreement is amended to read in its entirety as follows:

1. a. COUNTY's obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided in Section IV.A of this Agreement, shall accrue as the COUNTY collects its Tax Increment. The Parties hereto agree that all ad valorem property taxes collected each year by the COUNTY that are attributable to real property in the ZONE shall first constitute taxes on the Tax Increment Base and after the total amount of taxes on the Tax Increment Base have been collected, then the remaining ad valorem taxes collected shall constitute the Tax Increment.

b. COUNTY agrees to deposit its first Tax Increment Payment to the Tax Increment Fund for tax years 2009 through 2012 thirty (30) days after the full execution and delivery of the first amendment to this Agreement dated September 17, 2013, by all Parties. The amount of the first Tax Increment Payment shall be based on the Tax Increments that were received up to January 31, 2013, but only for tax year 2009 beginning January 1, 2009 through tax year 2012 beginning January 1, 2012.

c. For subsequent payments, the COUNTY agrees to contribute its yearly Tax Increment Payment to the Tax Increment Fund annually not later than the 90<sup>th</sup> day after the delinquency date for the COUNTY's property taxes (or the first business day thereafter) following the end of each tax year. The amount of each Tax Increment Payment shall be based on the Tax Increments that are received up to January 31<sup>st</sup> following the end of the tax year, but which have not been previously deposited in the Tax Increment Fund, during the annual periods preceding each deposit date. Under no circumstances shall the COUNTY be required to participate in the ZONE with taxes attributable to periods after 2033.

3. Section IV.B.9. of the Agreement is amended to read in its entirety as follows:

9. a. *General Provisions.* Subject to changes in the COUNTY M&O Tax Rate that will be addressed as set forth in section IV.B.9.b, and IV.B.9.c. below, the County agrees to participate at:

(i) Except as provided in Section IV.B.9.(ii) below, one hundred percent (100%) of its COUNTY M&O Tax Rate (for tax year 2009, \$0.5127 per \$100 valuation on the Captured Appraised Value) without regard to whether the real property is within the Transportation Zone, and

(ii) With respect only to real property in the Zone that is also within the Transportation Zone; during any period with respect to which the COUNTY is obligated to pay part of the tax increment on such real property in the Zone to the Transportation Zone (which, as of September 2013, the COUNTY does not anticipate occurring), in lieu of the amount set forth in Section IV.B.9(i) above, fifty percent (50%) of the COUNTY M&O Tax Rate (50% for tax year 2009 equaling \$0.25635 per \$100 valuation on the



**EXHIBIT 1 TO FIRST AMENDMENT TO INTERLOCAL AGREEMENT REGARDING  
REINVESTMENT ZONE NUMBER ONE, CITY OF ALAMO, TEXAS**

**Copy of**

**Executed Interlocal Agreement**

**(including all exhibits attached thereto and made a part thereof)**

**Made and Executed March 16, 2010, among the**

**City of Alamo,**

**Hidalgo County and**

**Reinvestment Zone Number One, City of Alamo, Texas**

**(Consisting of 41 pages including this cover page)**

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

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**CITY OF ALAMO**

**INTERLOCAL AGREEMENT**

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

**I. PARTIES & INDEX**

**A. Parties**

1. **THIS INTERLOCAL AGREEMENT (the "Agreement") is made by and between the CITY OF ALAMO, TEXAS (hereafter referred to as "CITY"), a Texas General Law City, acting through its City Manager pursuant to Ordinance 29-12-08, passed and approved by the City Commission on December 16 2008, HIDALGO COUNTY (hereafter referred to as "COUNTY"), a political subdivision of the State of Texas, and REINVESTMENT ZONE NUMBER ONE, CITY OF ALAMO, TEXAS, a reinvestment zone created by the CITY pursuant to Chapter 311 of the Texas Tax Code, (hereafter referred to as the "ZONE", as hereafter defined) acting by and through its duly authorized Board of Directors, established to administer, manage, and/or operate the ZONE pursuant to Sections §311.009(b) and 311.010, Texas Tax Code ("Zone Board"). Collectively, the CITY, HIDALGO COUNTY, and ZONE may be referred to as the "Parties". This Agreement is made pursuant to Chapter 791, Texas Government Code and Chapter 311 of the Texas Tax Code for the participation of CITY and COUNTY in the Alamo City Development Project.**

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

**CITY**

**Luciano Ozuna Jr.  
City Manager  
City of Alamo  
420 N Tower Rd  
Alamo, Texas 78516**

**COUNTY**

**Rene A. Ramirez  
Hidalgo County Judge  
County of Hidalgo  
P. O. Box 1356  
Edinburg, Texas 78540**

**With Copy to:**

**ZONE BOARD**

**Attention: Chairman  
Reinvestment Zone Number One, City of Alamo, Texas  
420 N Tower Rd  
Alamo, Texas 78516**

**With Copy to:**

**HIDALGO COUNTY AUDITOR**

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

## B. Index

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

<u>Section</u>	<u>Description</u>	<u>Page</u>
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## C. Parts Incorporated

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

## II. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set out below:

1. "Administrative Costs" means reasonable costs directly incurred by a Participating Taxing Entity (as hereinafter defined) related to its agreement to participate in the development of the ZONE, as described in this Agreement. These costs include, but are not limited to, costs and expenses for legal review and financial analysis related to the ZONE incurred prior to entering into this Agreement, as well as any such costs and expenses incurred after this Agreement becomes effective. The aggregate Administrative Costs over the life of the ZONE are estimated to be \$ 25,000. The only taxing entity to receive administrative expenses is the COUNTY.
2. "Agreement" means this Interlocal Agreement.
3. "Agreement Term" has the meaning set forth in Section VI.A. below.
4. "Available Tax Increment" shall mean the "Tax Increment," as defined below, less the Administrative Costs of the COUNTY.
5. "Captured Appraised Value" means the captured appraised value of the ZONE, as defined by Section 311.012(b), Texas Tax Code (and as said Code may be amended from time to time); e.g., the total appraised value in a given year of all real property taxable by a participating taxing entity and located in the ZONE for that year less the total appraised value of that property in 2008, the base year of the ZONE.
6. "CITY" has the meaning set forth in Section I.A.1 above, and includes its successors and assigns.
7. "COUNTY" has the meaning set forth in Section I.A.1 above.
8. "Final Project Plan and Financing Plan" means the Final Project Plan and Financing Plan for ZONE as adopted by the Board of Directors of ZONE February 13, 2009, and approved by City Council of CITY on April 05, 2009, and attached hereto as Exhibit "A".
9. "Participating Taxing Entity" or "Participating Taxing Entities" means, singularly, a taxing unit participating in the ZONE, and collectively, two or more taxing units participating in the ZONE,

- and may include CITY and COUNTY.
10. "Parties" has the meaning given such term in Section I.A.1 above.
  11. "Project" refers to the City of Alamo Proposed Public Improvements identified in the Final Project Plan and Financing Plan.
  12. "Project Costs" means the items set forth and described in Section 311.002(1), Texas Tax Code that are included in the Project Plan for the Project. The Project Costs include, but are not limited to, public infrastructure improvements and related capital costs; including streets; streetlights; drainage; gas, water and sewer utilities; sidewalks; landscaping; and related facilities; railroad facilities; fencing; and rights-of-way.
  13. "Project Plan" means the Final Project Plan and Financing Plan for the ZONE as adopted by the Board of Directors of the ZONE on, February 13, 2009 and approved by the CITY Commission of the CITY on April 05, 2009 and attached hereto as Exhibit "A".
  14. "Tax Increment" for a Participating Taxing Entity means the total amount of ad valorem taxes levied and collected each year by that Participating Taxing Entity each year on the Captured Appraised Value of taxable real property in the ZONE. Further, with respect to the COUNTY, this term shall be further limited to the total amount of ad valorem taxes levied and collected only on behalf of the COUNTY each year.
  15. "COUNTY M&O Tax Rate" means that portion of the ad valorem tax rate used by the COUNTY for Maintenance and Operation. The COUNTY M&O Tax Rate as of November 17, 2009 is \$0.5127 per \$100 dollars of valuation on the Captured Appraised Value and may be changed by the COUNTY during the term of the ZONE."
  16. "Tax Increment Base" means the total appraised value of all real property taxable by a Participating Taxing Entity and located in the ZONE as of January 1, 2008, the year in which the ZONE was designated."
  17. "Tax Increment Fund" means the tax increment fund created by the CITY for the deposit of Tax Increments for the ZONE, entitled "Reinvestment Zone Number One City of Alamo, Texas Tax Increment Fund."
  18. "Tax Increment Payment" means the amount of the Tax Increment that a Participating Taxing Entity is required to deposit annually into the Tax Increment Fund in accordance with this Agreement and the Project Plan."
  19. The "term of the ZONE" has the meaning set forth in Section III.A below.
  20. "Transportation Zone means Transportation Reinvestment Zone Number One, Hidalgo County."
  21. "ZONE BOARD" has the meaning set forth in Section I.A.1 above."

### III. BACKGROUND

A. A Resolution passed and approved by City Commission of CITY on Tuesday June 3 2008, expressed the CITY's intent to create a tax increment financing reinvestment zone to support revitalization activities for the ZONE, commonly known as the Alamo City Project, pursuant to Chapter 311, Texas Tax Code. On December 16, 2008, the City Commission of CITY passed and approved Ordinance # 29-12-08 which created the ZONE. The ZONE will provide funding for public improvements within the ZONE. The ZONE is projected to terminate on December 31, 2033, unless earlier termination occurs under this Agreement (the "term of the ZONE").

B. The ZONE BOARD adopted the Project Plan on February 13, 2009. The CITY approved the Project Plan and Project Financing Plan on April 05, 2009. The CITY and the COUNTY agree to participate in the ZONE and to deposit their respective Tax Increment Payments to the Tax Increment Fund, in accordance with the terms, and in consideration for the agreements, set forth herein. The Tax Increment Fund was authorized by Ordinance No. 29-12-08, attached hereto as Exhibit "B." The COUNTY hereby acknowledges receipt of notice of the initial creation of the ZONE. The CITY

represents and warrants that it complied with all legal requirements and notice requirements in the creation of the ZONE.

C. The Parties hereto agree that, other than bonds or notes issued pursuant to §311.015 of the Texas Tax Code, no tax-supported public debt instrument will be issued by the City of Alamo or the ZONE BOARD to finance any costs or improvements on the Project.

#### **IV. RIGHTS AND OBLIGATIONS OF THE COUNTY**

##### **A. Tax Increment Participation by the COUNTY**

1. Subject to the limitations set out in this Agreement, the COUNTY agrees to participate in the ZONE by contributing to the Tax Increment Fund an amount equal to 100% of the revenue generated from its M&O tax rate as assessed and collected on the tax increment for the respective tax year, except for revenue collected from areas included in the Transportation Reinvestment Zone Number One, Hidalgo County. For revenue collected from areas included in the Transportation Reinvestment Zone Number One, Hidalgo County, the COUNTY will contribute to the Tax Increment Fund an amount equal to 50% of the revenue generated from its M&O tax rate. For the purpose of this Agreement the M&O tax rate shall be calculated as set forth in section IV(B)(9) of this Agreement. In no event shall the COUNTY contribution to the Tax Increment Fund be greater than ten million, seven hundred sixty seven dollars (\$10,000,767), over the life of the ZONE beginning with the 2009 tax year.

2. The Parties hereto agree that the COUNTY's contribution to the Tax Increment Fund shall be used to fund Project Costs including construction of public infrastructure improvements to support the development and revitalization efforts in the ZONE. The COUNTY's contributions to the Tax Increment Fund shall end when it has contributed the maximum total contribution provided for herein of ten million, seven hundred sixty seven dollars (\$10,000,767), or when it has made contributions of all Tax Increment Payments, as specified in the Project Plan, attributable to all periods through the end of the COUNTY's fiscal year 2033 (ending on December, 2033), whichever occurs first.

##### **B. Tax Increment Payment**

1. COUNTY's obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided in Section IV.A of this Agreement, shall accrue as the COUNTY collects its Tax Increment. The Parties hereto agree that all ad valorem property taxes collected each year by the COUNTY that are attributable to real property in the ZONE shall first constitute taxes on the Tax Increment Base and after the total amount of taxes on the Tax Increment Base have been collected, then the remaining ad valorem taxes collected shall constitute the Tax Increment. COUNTY agrees to deposit its first Tax Increment Payment to the Tax Increment Fund for tax year 2009 by the later of May 1st, 2010 or 30 days after the full execution and delivery of this Agreement by all Parties. The amount of the first Tax Increment Payment shall be based on the Tax Increments that were received up to January 31, 2010, but only for tax year 2009 beginning January 1, 2009. For subsequent payments, the COUNTY agrees to contribute its yearly Tax Increment Payment to the Tax Increment Fund annually not later than the 90<sup>th</sup> day after the delinquency date for the COUNTY's property taxes (or the first business day thereafter) following the end of each tax year. The amount of each Tax Increment Payment shall be based on the Tax Increments that are received up to January 31<sup>st</sup> following the end of the tax year, but which have not been previously deposited in the Tax Increment Fund, during the annual periods preceding each deposit date. Under no circumstances shall the COUNTY be required to participate in the ZONE with taxes attributable to periods after 2033.

2. One month prior to a payment required under Section IV.B. of this Agreement, the CITY shall provide to the COUNTY an updated fact sheet that includes detail as to what portion of the Project

has been completed to date, a schedule of what portion of the Project is to be completed in the following year and a current roster of the ZONE's board members, including the term of each board member, the entity that appointed the board member and the date for the next annual meeting. In addition to and as part of the CITY's fact sheet, the CITY shall supply the COUNTY with all information as required under section 311.016 of the Texas Tax Code on or before the 90<sup>th</sup> day following the end of the fiscal year of the CITY.

3. Pursuant to Chapter 311 of the Texas Tax Code, in the event there is a conflict between the Parties in regards to the amount of the Tax Increment owed by the COUNTY, the Hidalgo County Auditor will make the final determination as to the amount of any Tax Increment owed by the COUNTY under this Agreement. The annual Captured Appraised Value for the real property contained within the ZONE shall be determined by the Hidalgo County Appraisal District on the assessed appraised values and the Hidalgo County Tax Offices' verification of collections in regards to the real property contained with the ZONE.

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

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

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

5. The CITY agrees to comply with the Project Plan. The CITY and the ZONE agree to provide prior written notice to all Participating Taxing Entities of a proposed material change (by which is meant any change that would constitute at least a twenty percent (20%) increase or decrease in either the Project Cost or the scope and scale of the Project) to the Project Plan; provided that any change that is not approved by the COUNTY shall not change the amount of Tax Increment Payments due from the COUNTY. The CITY shall have the right to amend and modify the Project Plan without providing prior written notice to the Participating Taxing Entities so long as such amendment or modification does not constitute a material change.

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

7. Except for contributing its respective Tax Increment Payments to the Tax Increment Fund as set out in this Agreement, the COUNTY shall not have any obligation or responsibility for any costs or expenses associated with the development of the ZONE or the implementation of the Project Plan, including, without limitation, any obligation to pay or repay any bond or other debt issued by another

Participating Taxing Entity, the ZONE or the ZONE BOARD relating to the ZONE or any costs associated with the operation of ZONE, the Project or any other projects relating thereto.

8. Notwithstanding anything herein to the contrary, the COUNTY's total Tax Increment Payment to the Tax Increment Fund over the term of the ZONE shall not exceed ten million, seven hundred sixty seven dollars (\$10,000,767.00), plus any applicable penalty and/or interest allowed in section 311.013 of the Tax Code, subject to the limitations on Section IV (b) (4).

9. a. *General Provisions.* Subject to changes in the COUNTY M&O Tax Rate that will be addressed as set forth in section IV.B.9.b. and IV.B.9.c. below, the COUNTY agrees to participate at

- (i) one hundred percent (100%) of its COUNTY M&O Tax Rate (currently \$0.5127 per \$100 valuation on the Captured Appraised Value) for real property outside the Transportation Zone, and
- (ii) fifty percent (50%) of the COUNTY M&O Tax Rate (50% currently equaling \$0.25635 per \$100 valuation on the Captured Appraised Value) for real property within the Transportation Zone.

b. *Lower COUNTY M&O Tax Rate.* If the COUNTY M&O Tax Rate is less than \$0.5127 per \$100 valuation on the Captured Appraised Value during any year during the term of the Zone, then the maximum tax increment paid by the COUNTY into the Tax Increment Fund for such year shall not exceed the applicable percentage designated in section IV.B.9.a. above (100% for any real property outside the Transportation Zone and 50% for any real property within the Transportation Zone as the case may be) of the total amount of taxes collected by the COUNTY at the actual COUNTY M&O Tax Rate with respect to such year the COUNTY M&O Tax Rate is less than \$0.5127 per \$100 valuation.

c. *Greater COUNTY M&O Tax Rate.* If the COUNTY M&O Tax Rate is greater than \$0.5127 per \$100 valuation on the Captured Appraised Value during any year during the term of the Zone, the COUNTY shall retain all taxes collected in excess of \$0.5127 with respect to any real property outside the Transportation Zone and \$0.25635 with respect to any real property within the Transportation Zone per \$100 valuation on the Captured Appraised Value and to the extent any such excess has been contributed into the Tax Increment Fund, such excess shall be promptly refunded to the COUNTY.

10. County taxes that are delinquent for more than five years will be considered uncollectible and shall not be included in the tax increment payment.

### C. Management of the ZONE

1. The ZONE shall in all respects be managed by the ZONE BOARD, including the Director appointed by the COUNTY. The ZONE BOARD shall have all powers allowed under Chapter 311 of the Texas Tax Code to manage the ZONE and carry out the Project and Finance Plan. The Participating Taxing Entities, during the term of this Agreement, may inspect the Project site and review Project plans and drawings at times and intervals that will not interfere with ongoing operations.

The ZONE BOARD shall be composed of five (5) members, as allowed under Section 311.009(b) of the Texas Tax Code. The COUNTY shall have the right to appoint one member of the ZONE BOARD.

**D. Expansion of the ZONE**

Notwithstanding anything to the contrary contained herein, the obligation of the COUNTY to participate in the ZONE is limited to the description of the ZONE in Exhibit "B" attached hereto and is subject to the terms of this Agreement. The COUNTY's participation shall not extend to the Tax Increment on any additional real property added to the ZONE by the CITY unless the COUNTY approves such participation in writing.

**V. RIGHTS AND OBLIGATIONS OF CITY AND ZONE**

**A. Tax Increment Participation by the CITY**

Subject to the terms of this Agreement and the City agrees to participate in the ZONE by contributing to the Tax Increment Fund one hundred percent (100%) of its Tax Increment each year during the term of this Agreement, beginning with the 2009 tax year. The CITY's contributions to the Tax Increment Fund shall end when the CITY has contributed the maximum total contribution provided for herein or when it has contributed all Tax Increments attributable to periods before the ZONE termination date in 2033, whichever occurs first. Notwithstanding anything herein to the contrary, the total CITY Tax Increment Payments over the term of the ZONE shall not exceed eleven million, five hundred sixty four thousand one hundred seventy nine dollars (\$11,563,179).

**B. Tax Increment Payment**

1. The CITY's obligation to contribute its Tax Increment Payment to the Tax Increment Fund as provided above in Section V of this Agreement shall accrue as the CITY collects its Tax Increment. The CITY agrees to deposit its first Tax Increment Payment to the Tax Increment Fund for tax year 2009 by April 30, 2010. The amount of the first Tax Increment Payment shall be based on the Tax Increments that were received through January 31, 2010, but only for the tax year 2009 beginning January 1, 2009. For subsequent Tax Increment Payments, the CITY agrees to contribute its Tax Increment Payment to the Tax Increment Fund semi-annually on or before March 10th and August 10th (or the first business day thereafter) of each tax year. Any delinquent deposit of a Tax Increment Payment by the CITY under this Agreement shall be administered as provided in Section 311.013(c) of the Texas Tax Code (or its successor provision).

2. The COUNTY, the CITY and the ZONE expressly agree that the COUNTY and the CITY shall not owe any interest on Tax Increments that have been levied, but not received by the COUNTY or the CITY by the delinquency dates specified herein.

**C. Financing of Project Costs**

Each Participating Taxing Entity shall participate in the payment of Project Costs only to the extent described herein. The CITY and the ZONE shall be entitled to enter into any other agreements for the CITY or the ZONE to pay Project Costs and other reasonable expenses from the Tax Increments paid into the Tax Increment Fund without the consent of any other Participating Taxing Entity, but they will provide notice of such agreement(s) to each Participating Taxing Entity.

**D. Disbursement of Funds in the Tax Increment Fund**

1. Each Participating Taxing Entity agrees the ZONE BOARD shall administer the Tax Increment Fund on behalf of the ZONE, pursuant to Ordinance No. 29-12-08 passed and approved by City Council

of the CITY on December 16, 2008. No funds shall be disbursed from the Tax Increment Fund without the prior written approval of the ZONE BOARD, and notice of use and disbursement of funds by the ZONE shall be given at least annually to the COUNTY.

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

3. In addition to Project Costs and any other allowable costs, the CITY and ZONE represent and warrant that they will use funds in the Tax Increment Fund to pay annual expenditures in the following order or priority of payment: (i) payment of any debt service on any Bonds issued with respect to the ZONE under Section 311.015 of the Texas Tax Code; and (ii) to reimburse eligible initial startup Administrative Costs incurred by each Participating Taxing Entity, except that if there are insufficient funds for the full reimbursement of Administrative Costs to each Participating Taxing Entity, then the Administrative Costs of each Participating Taxing Entity shall be reimbursed on a pro rata basis based on each taxing entity's total tax increment payment to the ZONE. No funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services incurred in any dispute arising under this Agreement with another Participating Taxing Entity or Participating Taxing Entities.

## **VI. TERM AND TERMINATION**

### **A. Agreement Term and Termination**

This Agreement shall become effective as of the last date of execution by the Parties hereto, and shall remain in effect until December 31, 2033, unless earlier terminated as provided herein (the "Agreement Term"). Subject to the terms of this Agreement, the COUNTY agrees to participate under this Agreement, beginning with the 2009 tax year and ending in accordance with the terms provided herein. Notwithstanding anything to the contrary contained in this Agreement, the Parties agree and understand that the COUNTY's Tax Increment Payments will not be made after December 31, 2033.

### **B. Early Termination**

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

### **C. Disposition of Tax Increments**

Upon expiration or termination of the ZONE and after all bonds have been paid and all reimbursements have been made, any money remaining in the Tax Increment Fund shall be paid to the Participating Taxing Entities on a pro rata basis in accordance with Section 311.014(d) of the Texas Tax Code, or any successor thereto. Accounting to determine the pro rata distribution of remaining funds to the respective taxing entities shall be conducted according to generally accepted accounting principles, and shall be subject to review and audit by the COUNTY upon reasonable request. In the event a discrepancy occurs between the reviews conducted by the CITY and COUNTY, said dispute will be resolved by the respective audit offices of the CITY and COUNTY. In the event the dispute cannot be resolved it shall be submitted to mediation under the rules of the American Mediation Association with a mediator agreed upon by the County Judge of the COUNTY and the Mayor of the CITY.

## **VII. MISCELLANEOUS**

### **A. Understanding**

Any and all costs incurred by the CITY are not, and shall never become, general obligations or debt of any Participating Taxing Entity other than CITY. With respect to the CITY's costs, only eligible Project Costs and other allowable expenses under applicable law, if any, incurred by the CITY shall be payable from the Tax Increment Fund in the manner and priority provided in this Agreement and only to the extent that funds become available in the Tax Increment Fund. The Parties agree and understand that under no circumstance shall the eligible costs exceed the maximum specified in the final finance plan passed and approved in accordance with Ordinance No. 08-04-09 dated April 05, 2009. The CITY and the COUNTY are not obligated above and beyond what is actually collected as tax increment funds.

### **B. Severability**

In the event any term, covenant or condition herein contained shall be held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant or condition herein contained.

### **C. Entire Agreement**

This Agreement merges the prior negotiations and understandings of the Parties hereto and embodies the entire agreement of the Parties. There are no other agreements, assurances, conditions, covenants (express or implied), or other terms with respect to the covenants, whether written or verbal, antecedent or contemporaneous, with the execution hereof.

Upon the occurrence of any event that allows the CITY to terminate hereunder, the COUNTY shall have the right to withhold tax increment payments under this Agreement until such time as such event is cured, and the COUNTY shall not incur any penalties or interest with respect to any such withheld payments notwithstanding any provision herein to the contrary. With respect to the COUNTY's obligations, to the extent there is any discrepancy between this Agreement and any exhibit hereto, the terms of this Agreement shall control.

### **D. Written Amendment**

This Agreement may be changed or amended only by a written instrument duly executed on behalf of each Party hereto. All Parties to this Agreement understand and recognize that only the City Council of CITY and only the Commissioners Court of the COUNTY have authority to approve a change or amendment to this Agreement on behalf of the CITY or the COUNTY, respectively.

### **E. Notices**

All notices required or permitted hereunder shall be in writing and delivered by personal delivery, facsimile or United States Postal Service (certified mail, return receipt requested) and addressed to the respective other Party at the address prescribed in Section I of this Agreement, or at such other address as the receiving Party may have theretofore prescribed by notice to the sending Party. Such notices shall be deemed delivered the earlier of: (i) when actually received by personal delivery or facsimile if received during normal business hours and on the next business day if received after normal business hours; or (ii), if sent by the United States Postal Service, on the date indicated by the United States Postal Service on the return receipt as the date on which it was received by the respective other Party.

**F. Non-Waiver**

Failure of any Party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on, or to enforce by any appropriate remedy, strict compliance with any other obligation hereunder or to exercise any right or remedy occurring as a result of any future default or failure of performance.

**G. Assignment**

All Parties to this Agreement understand and recognize that only the City Council of the CITY and only the Commissioners Court of the COUNTY have authority to approve a delegation or assignment of the COUNTY's or the CITY's rights in this Agreement on behalf of the CITY or the COUNTY, respectively.

**H. Successors**

This Agreement shall bind and benefit the Parties and their legal successors or assigns. This Agreement does not create any personal liability on the part of any trustee, officer, owner, partner, principal, employee, elected official or agent of a Party to this Agreement.

**I. Project Plan**

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

**J. Access to Financial Information**

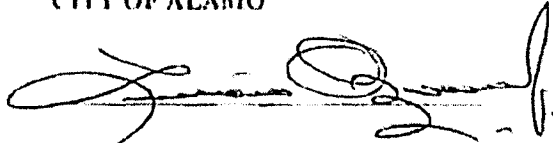
The ZONE agrees to conduct or to cause to be conducted, at a minimum, an annual financial review, a copy of which will be provided to the COUNTY. Furthermore, each Party to this Agreement shall have reasonable access to financial information and audit reports regarding the operation of the ZONE, contribution of Tax Increment Payments to the Tax Increment Fund, and expenditures from the Tax Increment Fund for Project Costs. In addition, the CITY agrees, during the term of this Agreement, to prepare and deliver an annual report to the COUNTY in accordance with Section 311.016 and 311.0101(c), Texas Tax Code. The COUNTY shall have the right to withhold or delay payments to the Tax Increment Fund until such time as it has received the financial report from the CITY for the applicable tax year, and shall not incur any penalties or interest with respect to any such withheld or delayed payments notwithstanding any provision herein to the contrary.

**K. ZONE Designation**

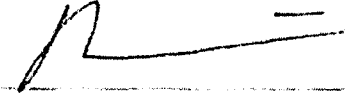
The CITY represents that its designation of the ZONE meets the criteria of Section 311.005(a), Texas Tax Code.

IN WITNESS HEREOF, the CITY OF ALAMO, HIDALGO COUNTY AND TAX INCREMENT REINVESTMENT ZONE NUMBER ONE (1), CITY OF ALAMO, TEXAS have made and executed this Agreement in triplicate originals on this 16<sup>th</sup> day of March, 2010.

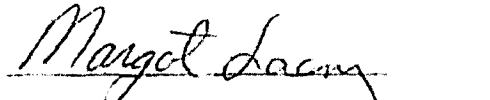
CITY OF ALAMO

  
City Manager

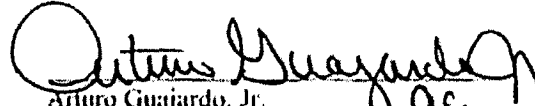
HIDALGO COUNTY

By:   
Rene A. Ramirez  
County Judge


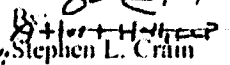
ATTEST/SEAL:

  
City Secretary


ATTEST/SEAL:

  
Arturo Guajardo, Jr.  
County Clerk

APPROVED AS TO FORM FOR  
HIDALGO COUNTY:

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

REINVESTMENT ZONE NUMBER ONE,  
CITY OF ALAMO, TEXAS

  
Presiding Officer

**EXHIBIT A**

**TO INTERLOCAL AGREEMENT MADE AND EXECUTED MARCH 16, 2010,**

**AMONG THE**

**CITY OF ALAMO,**

**HIDALGO COUNTY AND**

**REINVESTMENT ZONE NUMBER ONE, CITY OF ALAMO, TEXAS**

**PROJECT PLAN DATED FEBRUARY 13, 2009**

**(Consisting of 25 pages including this cover page)**

3/4/10

**FINAL  
PROJECT PLAN  
AND FINANCING PLAN  
FOR**

**Reinvestment Zone Number One**

**City of ALAMO, Texas**

**ALAMO Redevelopment Program**

**February 13, 2009**

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## **SECTION I – EXECUTIVE SUMMARY**

### **Overview of Plan**

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

Large and small tracts of land in and around the city have remained vacant or are in need of redevelopment due to inadequate city street infrastructure, unpaved and substandard streets, drainage issues, availability of sewer and water capacity and service, functional obsolescence and obsolete platting requirements. The costs associated with the remediation of development and redevelopment issues are of a magnitude that without additional sources of funds the growth of the city will be significantly impaired.

The creation of the TIRZ will provide the following benefits:

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

The proposed TIRZ is comprised of vacant land throughout the City of Alamo. Also included within the TIRZ boundaries are the public rights of way and the associated ally ways of Lee Dr., Jon Dr., Alta Vista St., Middle St., Loma Linda St., Alamo Rd., Trinity St, Nueces St., Rio Grande St., Brazos St., Colorado St., El Gato Rd., Exana Ln., Canary Island Ln, Mediterranean Ln., Pauli Ave., South 7<sup>th</sup> St., South 8<sup>th</sup> St., Norma Ave., Calle Naranja, Oneida Circle, Moore Road, Plena-Vista Dr., Plena-Vista Circle, Analisa Ave., 12<sup>th</sup>, 13<sup>th</sup> and 14<sup>th</sup> Streets, West Irvine St., West Harrison St., South 12<sup>th</sup> and 13<sup>th</sup> Sts., Vida Santa, Vida Grande, Vida De Oro, and Vida Entera Sts., Oakwood Dr., 15<sup>th</sup> St., Lance Dr., Fannin Ave., Ellis Ave., Desoto Ave., Crockett Ave., Bowie Ave., Olivia Dr., Las Fuentes Dr., El Paseo Dr., Las Flores Dr., La Costa Dr., Royalty, Royalty House, Monterrey Dr., Stone Oak, Post Oak, Spanish Oak, Pecan, Red Bud, Red Oak, Mossy Oak, Cripple Creek Circle, Serg Loop, Cameo Circle, Meadow Creek, Candy Dr, Caramel Dr., Dulce Dr., Canela Dr., Cameo Circle, Palm Harbor, Fleetwood, Pine Creek, Silver Creek, Palmview East Crockett, North and South Alamo, North and South 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup>, 12<sup>th</sup>, And 13<sup>th</sup> Sts., West Main, East Main, Austin Lane, Austin Ave., Acacia Ave., Burantha Ave., Old US 83, Alma Ave, Alma St., Delia Ave., Delia St., Laura Dr., Hector Dr., Jackie St., Anahi St., Royal Palm St., Brian St., Stnsbo Ave., Citrus Ave., US 83 Expressway, Hackberry Ave., Ivy Ave.,

Jasmine Ave., Aurora Dr., West Green Circle, Green Valley Lane, Greenwood Circle, Papalote Dr., 7 1/2 St., Marissa Dr., Carey Ln., Greystone Circle, Ashley Ave., Brady Ave., Shannon Ave., Tower Road, Tulip Circle, Shea Dr., Martinez Ave., Norma Cir. Sonia Cir., Belinda Dr., Ravine Dr., Karen Dr., Lucy Dr., Rebecca Dr., Diana Dr., Santa Anna Dr., Citrus Dr., Palm Dr., Country Club Dr., Jewell Dr., Northcutt Dr., Ernestine Dr., Dorothy Dr., Virginia Dr., Duane Dr., Katrin Dr., Jacqueline Dr., Marcus Dr., Robert Lane, Elena Ln., White Ln., Thomas Ln., Margarita Ln., Rodeo Trail, Spur Tr., Corral Tr., Branding Iron Tr., Lucas Ct. Alma Ave., Alma St., Delia Ave., Delia St., and Business 83.

### **Development Goals and Objectives**

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

- Provide commercial and industrial opportunities for developers and companies seeking commercial building sites through the extension and expansion of the water and sewer systems.
- Provide for funds for the development of a new sewage treatment and collection system.
- Provide for new commercial, and residential opportunities through the completion of new connector streets.
- Begin to address the need for expanded housing opportunities for Alamo residents and Alamo workers who have to commute to work.
- Provide employment opportunities to service increasing population growth within the City of Alamo and surrounding Hidalgo County.
- Solve long-range storm drainage issues that affect the City and it's residents.
- Enhance the quality of life within the City and Hidalgo County through Economic Development Incentives.
- Provide for funds for the reconstruction of City Streets that impede redevelopment or new development.
- Provide funds for the expansion and extension of the sewer and water systems to promote and protect the future tax base of the City.

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

**Planned Private Development**

The City of Alamo TIRZ Development Program includes;

Phase 1	2008-2009	\$8,000,000	Commercial
Phase 1a	2009	\$1,500,000	Single Family
Phase 2	2010	\$5,000,000	Commercial
Phase 2b	2010	\$2,317,500	Single Family
Phase 3	2011	\$10,000,000	Commercial
Phase 3a	2011	\$3,983,000	Single Family
Phase 4	2012	\$5,000,000	Commercial
Phase 4a	2012	\$4,723,750	Single Family
Phase 5	2013	\$5,000,000	Commercial
Phase 5a	2013	\$4,211,000	Single Family
Phase 5b	2013	\$11,250,000	Multi-Family
Phase 6	2014	\$5,000,000	Commercial
Phase 6a	2014	\$3,446,500	Single Family
Phase 7	2015	\$5,000,000	Commercial
Phase 7a	2015	\$2,714,000	Single Family
Phase 8	2016	\$5,000,000	Commercial
Phase 8a	2016	\$3,478,750	Single Family
Phase 9	2017	\$5,000,000	Commercial
		\$53,000,000	Commercial
	150	\$11,250,000	Multi-Family
	175	\$26,374,500	Single Family

The total private investment is expected to be in excess of \$ 90,624,500.

The projected values of future commercial development is based upon an analysis of the 2006 and 2007 and 2008 building permits issued by the City of Alamo. Single and multi-family development is projected at levels that begin to meet the needs of the existing population base and the additional need projected from future economic development within the Zone

Consideration has also been given to visits to the City from third party developers looking at commercial sites and enquiring about the availability of sewer, water and the location of other utilities.

**Planned Public Improvements**

The public improvements enumerated in the Project Plan, with an estimated cost of \$55,000,000 provide for the expansion of sewer and water distribution facilities, construction of a sewer treatment plant, new street construction, the extension of existing streets, addressing housing issues that are impeding economic development, remediation of the drainage issues that occur with all

significant rainfalls, existing street reconstruction to include curbs and gutters, utility relocation, and Economic Development Incentives. Included in the plan are significant park and recreation expansions to include soccer fields, The public improvements planned for the City of the Alamo district are designed to help meet the long-term needs to secure and insure growth and investment in the City and western Hidalgo County.

**Planned Public Construction**

The City of Alamo TIRZ Development Program includes;

<b>Begin Construction</b>	<b>2010</b>
<b>Construction Complete</b>	<b>2032</b>
<b>Drainage</b>	<b>\$ 2,500,000</b>
<b>Right of Way Acquisition</b>	<b>\$ 5,000,000</b>
<b>Water Rights Acquisition</b>	<b>\$ 3,000,000</b>
<b>Wastewater Treatment Plant Expansion</b>	<b>\$ 15,000,000</b>
<b>Wastewater Collection System Improvements</b>	<b>\$ 2,000,000</b>
<b>Street Reconstruction</b>	<b>\$ 5,000,000</b>
<b>Economic Development Incentives</b>	<b>\$ 5,000,000</b>
<b>Matching Funds for State and Federal Grants</b>	<b>\$ 5,000,000</b>
<b>Municipal Facilities Acquisition/Construction</b>	<b>\$ 5,000,000</b>
<b>Utility Relocation</b>	<b>\$ 5,000,000</b>
<b>Parks Including Soccer Fields</b>	<b>\$ 2,500,000</b>
<b>Administrative Expense</b>	<b>\$ 25,000</b>
<b>Total Costs</b>	<b>\$ 55,025,000</b>

All construction of public improvements will be on a pay as you go system until such time as the annual income to the Zone shall equal an amount sufficient to address bonded indebtedness.

The TIRZ Financing Plan provides for tax increment allowable expenses in the approximate amount of \$ 20,858,246. The Reinvestment Zone Financing Plan provides for incremental financing and predicts revenues for the City of Alamo TIRZ District.

## **Section II – Project Plan**

### **Background**

On June 3, 2008 the City Council of the City of Alamo approved a “Resolution of Intent” to consider the creation of the City of Alamo TIRZ # 1 through Resolution # 06-07-08. On December 16, 2008 the City Council approved Ordinance 29-12-08 authorizing the creation of the TIRZ and Ordinance 30-12-08 appointing a Board of Directors for the Zone.

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

- Hidalgo County Commissioner Sylvia Handy October 16, 2008
- Hidalgo County Economic Development Director October 21, 2008
- Hidalgo County Commissioners Court on October 22, 2008.
- PSJA Independent School District on September 22, 2008

### **Program Concepts**

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

### **Development Goals and Objectives**

The planned public improvements within the City of Alamo TIRZ District will insure the future of the City as a viable option as companies look to expand or relocate. The addition of lodging facilities will complement the destination tourism, hunting and fishing industries.

### **Description of District**

The City of Alamo TIRZ District is located throughout the City. It uses a series of major through-fares and city street right-of-ways to connect the various properties within the Zone. The market value of property within the Zone is \$50,088,881, however, the total assessed value of the property in the Zone, the Base Value of the Zone, is \$39,564,445 per the HIDALGO County Appraisal District. The City of Alamo TIRZ zone includes approximately 511+/- acres of public and privately held land surrounding the City as shown on the Exhibit “A”

### **Existing Uses and Conditions**

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

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

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

1. the proposed zone is a contiguous geographical area located wholly within the City limits of Alamo;
2. less than ten percent (10%) of the property in the proposed Zone is used for residential purposes, as the term "residential" is defined in Section 311.006(d) of the Act;
3. the total appraised value of the taxable real property in the proposed Zone or in existing reinvestment zones, if any, does not exceed fifteen per cent (15%) of the total appraised value of taxable real property in the City and in industrial districts, if any, created by the City;
4. the proposed Zone does not contain more than fifteen percent (15%) of the total appraised value of real property taxable by Hidalgo County and the PSJA Independent School District,
5. development or redevelopment within the boundaries of the proposed Zone will not occur solely through private investment in the reasonably foreseeable future.

### **City of Alamo TIRZ Zoning**

The City of Alamo is divided into 7 zoning districts.

**SH-R1 District Senior Housing Resident District**

**R-1 District Single-Family Dwelling District**

**R-2 District Multi-Family, Apartment, and Townhouse Dwelling District**

**R-MH District Mobile Home Parks and Subdivisions**

**C-1 District Light Commercial District**

**C District Commercial District**

**M District Industrial District**

There are no proposed changes of zoning ordinances, the master plan of the City, building codes or subdivision rules and regulations

## **Proposed Public Improvements**

### **DRAINAGE**

Over the past 10 years Alamo like almost every other City in the Valley has experienced unanticipated economic growth. Many of the drainage improvements that were installed in prior decades have proved inadequate to carry increased runoff from this development. Additionally as land has been converted from farm use to other uses and often time to just vacant land, the land has lost some of its ability to retain water. The City needs to upgrade many of its existing drainage channels and to install additional channels in areas of the City that have been annexed over the past 10 years.

### **RIGHT OF WAY ACQUISITION**

The City of Alamo has large tracts of undeveloped agricultural use property within the City. Streets that were built for farm use when they were constructed need to be widened for future commercial development. To upgrade existing substandard streets the City will need to purchase additional right-of-way from contiguous landowners. In the center of the City and in areas north of US Hwy 83 there is a lack of street connectivity. As development has occurred the streets have been installed to take care of only that development. The consequence of this type of development is a lack of adequate fire flow in the water lines and the forcing of traffic onto streets that were adequately sized as collector streets but not as arterials. The City will encourage street connectivity as part of its platting process but in those areas where plats have previously been approved additional right-of-way will need to be purchased.

### **WATER RIGHTS ACQUISITION**

The City routinely exceeds its existing water allocation. Additional water rights must be purchased to insure the future viability of the City both for its current residents and businesses and for future commercial and residential development.

### **WASTEWATER TREATMENT PLANT EXPANSION**

The City currently uses a lagoon system for the treatment of its sewer effluent. As the population and business base of the City has increased it has become increasingly difficult to operate this type treatment facility. At both the state and federal level there is increasing possibility of regulations that will make the practical operation of these types of facilities increasingly difficult. Additionally the City needs to prepare for the next drought and recycled water will be one of the ways that cities will look to meet there landscape irrigation needs reserving treated water for human consumption.

### **WASTEWATER COLLECTION SYSTEM IMPROVEMENTS**

Many of the wastewater treatment trunk lines in the City were not adequately sized for future development and some of that development has already occurred. The City needs to either install parallel line along side some of its existing lines or it needs to upgrade the size of some of its lines.

## **STREET RECONSTRUCTION**

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

## **ECONOMIC DEVELOPMENT INCENTIVES**

The City of Alamo and Hidalgo County will not have the ability to abate taxes as an economic development tool in the Zone. Chapter 311 of the tax code allows for economic development to be an allowable expense. The City will use these funds to expand the tax base around the development and to provide for increased employment for Alamo and surrounding Hidalgo County residents

## **MATCHING FUNDS FOR GRANTS**

The funds that will be raised through the tax increment reinvestment zone are inadequate to meet the long-term capital needs of the City. Both the City and the Economic Development Foundation will seek to maximize state, federal and private funds through matching grants.

## **MUNICIPAL FACILITIES ACQUISITION AND CONSTRUCTION**

As the City grows additional public safety facilities will be needed, primarily additional fire facilities. The City will seek the lowest cost opportunity either purchasing an existing facility and remodeling it or purchasing land and construction a new facility.

## **UTILITY RELOCATION**

When new streets are constructed it is often necessary to move water and sewer trunk lines and when existing streets are reconstructed the installation of new sewer and water lines at new locations is also a necessity. With the construction of the new wastewater treatment plant new trunk lines will need to be constructed to facilitate moving wastewater from the existing lagoon system to the new plant.

## **PARKS INCLUDING SOCCER FIELDS**

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

The planned improvements are designed to begin to meet the long-term needs to secure growth and investment in Alamo and western HIDALGO County.

## **Conclusions**

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

### **SECTION III - Project Feasibility**

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

1. Financial feasibility
2. Market or economic feasibility.

The purpose of the TIRZ is to address the financial aspect of the development. TIRZ incremental funds provide for a portion of the development costs incurred for public improvements, thus insuring the financial feasibility of the Project. This project is financially feasible and can be developed with the funding of public improvements from TIRZ funds, however the City acknowledges that the incremental funds to be generated from the project do not cover all of the cost of the proposed public improvements and that other funding sources will be necessary.

Market or economic feasibility addresses issues relating to product absorption, type of product, and demand. The existing economic base is expected to increase due to new commercial opportunities that will be generated through the business expansion that is a result of the over \$5,000,000 in commercial and residential building permits issued by the City of Alamo in 2007 and 2008. Additionally developers and builders have approached the City with preliminary plans for which they will be pulling permits in 2009 and 2010. The funding of the sewer and water extensions will insure that permits will be able to be issued to these builders and developers. The new arterials planned for the northern sector and the area behind City Hall will open traditionally landlocked areas of the City for development and the procurement of adequate water rights will insure future employers that water will be available to meet their needs.

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

## **SECTION IV – REINVESTMENT ZONE FINANCING PLAN**

### **Tax Increment Financing**

The Tax Increment Financing Act (Chapter 311 of the Tax Code), provides for municipalities to create “reinvestment zones” within which various public works and improvements can be undertaken, using tax increment revenues, bonds or notes, to pay for those improvements. At the time an area is designated a reinvestment zone for tax increment financing (“TIF”), the existing total of appraised value of real property in the zone is identified and designated as the “tax increment base.” Taxing units levying taxes in the zone during its life are limited to revenues from this base.

Public improvements are made in the area to attract private development that would not otherwise occur. As the costs of new development are added to the tax rolls, property values will rise. This rise in new value is called the “captured appraised value.” The taxes that are collected by the participating taxing jurisdictions on the increment between the base value and the new higher value, the tax increment, are then deposited into a TIF Trust Fund, which is used to pay for the public improvements. Once the public improvements are completed and paid for, the TIF is dissolved and any remaining amounts of taxes collected are kept by the taxing jurisdiction. In effect, the taxing jurisdictions are “investing” future earnings to receive the benefit of higher tax revenues from new development. Taxing jurisdictions are not restricted from raising their tax rate during the life of the zone.

### **Financing Plan**

The Reinvestment Zone Financing Plan developed by the City provides that potentially \$21,034,536 of public improvements will be paid for with TIF funds. The Reinvestment Zone Financing Plan also projects incremental funds for financing and revenues for the City of Alamo TIRZ. It is not anticipated that tax increment funds in an amount to fully reimburse the City for all approved project costs will be generated over the projected life of the Zone

**Financing Method:** Incremental funds will be spent as they accrue and TIF Revenue Bonds may be issued for larger projects and paid for with annual TIRZ proceeds. It is not anticipated that the bonded indebtedness of the Zone will exceed \$10,000,000

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

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

### **Non Project Costs**

None

### **Relocation Plan**

None, There are no residential components of the plan that would require demolition and reconstruction.

### **Development Schedule And Assumptions**

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

<b>Begin Construction</b>	<b>2010</b>
<b>Construction Complete</b>	<b>2032</b>
<b>Drainage</b>	<b>\$ 2,500,000</b>
<b>Right of Way Acquisition</b>	<b>\$ 5,000,000</b>
<b>Water Rights Acquisition</b>	<b>\$ 3,000,000</b>
<b>Wastewater Treatment Plant Expansion</b>	<b>\$ 15,000,000</b>
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<b>Matching Funds for State and Federal Grants</b>	<b>\$ 5,000,000</b>
<b>Municipal Facilities Acquisition/Construction</b>	<b>\$ 5,000,000</b>
<b>Utility Relocation</b>	<b>\$ 5,000,000</b>
<b>Parks Including Soccer Fields</b>	<b>\$ 2,500,000</b>
<b>Administrative Expense</b>	<b>\$ 25,000</b>
<b>Total Costs</b>	<b>\$ 55,025,000</b>

### **Financial Assumptions**

No tax rate changes have been factored into the financial pro forma's for the District. A 3% per year inflation rate in the value of the private improvements has been factored into the pro-forma. All projections assume that taxable appraised value and tax rates will remain unchanged, with the exception of the 3% per year inflation factor, over the entire 25-year life of the District. It has also been assumed that the taxing entities will continue to collect tax revenues at the same rate and that homestead and other exemption rates will remain unchanged. The finance plan assumes a collection rate of 97.5% because 70% of the new development will be in the form of commercial construction, the long-term lenders who do the permanent financing for these types of projects generally require

**proof that the taxes are current. Residential projects that receive incentive financing will have, as a term of the assistance, to have property taxes included in the mortgage payments. The City acknowledges that in any given year the collection rate will initially be lower with the balance of the taxes due being paid in arrears.**

# City of Alamo Project Review

## City of Alamo - TIF Reinvestment Zone # One

### Summary Fact Sheet November 25, 2008

**Plan of Finance**

<b>Site Area</b>	<b>\$11 +/- Acres</b>
<b>Base Value (January 1, 2008)</b>	<b>\$39,564,445</b>

**Project:**

Phase 1	2008-2009	\$8,000,000	Commercial
Phase 1a	2009	\$1,500,000	Single Family
Phase 2	2010	\$5,000,000	Commercial
Phase 2b	2010	\$2,317,500	Single Family
Phase 3	2011	\$10,000,000	Commercial
Phase 3a	2011	\$3,983,000	Single Family
Phase 4	2012	\$5,000,000	Commercial
Phase 4a	2012	\$4,723,750	Single Family
Phase 5	2013	\$5,000,000	Commercial
Phase 5a	2013	\$4,211,000	Single Family
Phase 5b	2013	\$11,250,000	Multi-Family
Phase 6	2014	\$5,000,000	Commercial
Phase 6a	2014	\$3,446,500	Single Family
Phase 7	2015	\$5,000,000	Commercial
Phase 7a	2015	\$2,714,000	Single Family
Phase 8	2016	\$5,000,000	Commercial
Phase 8a	2016	\$3,478,750	Single Family
Phase 9	2017	\$5,000,000	Commercial

<b>Totals</b>		<b>\$53,000,000</b>	Commercial
	150	<b>\$11,250,000</b>	Multi-Family
	175	<b>\$26,374,500</b>	Single Family

<b>Assumptions</b>	Captured Value	\$	90,624,500	
	Growth Factor		3.00%	
	Collection Rate		97.50%	
	Estimated Total TIF Revenues	\$	21,564,946	
	Estimated TIF Life		25	Years

2008 Assessed Value of Zone Properties		\$39,564,445	
2008 City of Alamo Assessment Grand Total		\$ 461,723,803	
Per Cent of Assessed Taxable in Zone		9%	
Per Cent Residential Value in Zone		8.03%	

**Projected Value of New Tax Increment**

The estimates of new tax increment are based upon the development schedule.

Year	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Phase 7	Phase 8	Phase 9	Total
2008	9,500,000									9,500,000
2009		7,317,500								7,317,500
2010			13,983,000							13,983,000
2011				9,723,750						9,723,750
2012					20,461,000					20,461,000
2013						8,446,500				8,446,500
2014							7,714,000			7,714,000
2015								8,478,750		8,478,750
2016									5,000,000	5,000,000
2017										0
2018										0
	9,500,000	7,317,500	13,983,000	9,723,750	20,461,000	8,446,500	7,714,000	8,478,750	5,000,000	90,624,500

**[This Page 18 of the PROJECT PLAN DATED FEBRUARY 13, 2009, which is attached as EXHIBIT A to INTERLOCAL AGREEMENT MADE AND EXECUTED MARCH 16, 2010, AMONG THE CITY OF ALAMO, HIDALGO COUNTY AND REINVESTMENT ZONE NUMBER ONE, CITY OF ALAMO, TEXAS, is intentionally left blank.]**

Schedule of Projected Income From Value of New Tax Increment

Alamo - TIF Reinvestment Zone

Projected Tax Increment Revenue

Tax Year	Tax Increment Zone				City of Alamo			Hidalgo County			Combined TIF Collections	Fiscal Year Ending		
	Beginning Assessed Value	Annual Value of New Development	Projected Year-End Assessed Value	Projected Captured Value	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Captured Taxable Value	Tax Rate Contribution	Tax Increments				
2008	39,564,445	9,500,000	39,564,445	9,500,000	-	0.592850	54,913	-	0.512700	47,489	102,402	2008		
2009	39,564,445	7,317,500	56,601,470	17,037,025	9,500,000	0.592850	98,479	9,500,000	0.512700	85,165	183,644	2009		
2010	56,601,470	13,983,000	71,003,960	31,439,515	17,037,025	0.592850	181,729	31,439,515	0.512700	157,161	338,890	2010		
2011	71,003,960	9,722,750	81,019,423	41,454,978	41,454,978	0.592850	239,622	41,454,978	0.512700	207,226	446,848	2011		
2012	81,019,423	20,461,000	89,719,318	50,154,873	50,154,873	0.592850	299,910	50,154,873	0.512700	250,715	540,625	2012		
2013	89,719,318	8,446,500	97,664,738	66,833,405	58,100,293	0.592850	336,316	66,833,405	0.512700	334,088	626,270	2013		
2014	97,664,738	7,714,000	106,397,850	71,983,405	66,833,405	0.592850	416,085	71,983,405	0.512700	359,832	720,405	2014		
2015	106,397,850	8,478,750	111,547,850	77,133,405	71,983,405	0.592850	445,853	77,133,405	0.512700	385,576	775,917	2015		
2016	111,547,850	5,000,000	116,697,850	80,634,341	77,133,405	0.592850	446,090	80,634,341	0.512700	385,576	831,430	2016		
2017	116,697,850	-	120,198,786	84,240,304	80,634,341	0.592850	486,933	84,240,304	0.512700	421,103	908,056	2017		
2018	120,198,786	-	127,518,892	91,780,013	87,954,447	0.592850	508,402	87,954,447	0.512700	439,669	948,071	2018		
2019	127,518,892	-	131,344,458	95,720,347	91,780,013	0.592850	530,515	91,780,013	0.512700	458,792	989,307	2019		
2020	131,344,458	-	135,284,792	99,778,891	95,720,347	0.592850	553,291	95,720,347	0.512700	478,489	1,031,780	2020		
2021	135,284,792	-	139,343,336	103,959,191	99,778,891	0.592850	576,751	99,778,891	0.512700	498,777	1,075,528	2021		
2022	139,343,336	-	143,523,636	108,264,900	103,959,191	0.592850	600,914	103,959,191	0.512700	519,674	1,120,588	2022		
2023	143,523,636	-	147,829,345	112,699,780	108,264,900	0.592850	625,802	108,264,900	0.512700	541,197	1,167,000	2023		
2024	147,829,345	-	152,264,225	117,267,707	112,699,780	0.592850	677,841	112,699,780	0.512700	586,201	1,214,804	2024		
2025	152,264,225	-	161,537,117	126,818,785	117,267,707	0.592850	705,037	117,267,707	0.512700	609,720	1,264,042	2025		
2026	156,832,152	-	166,383,230	131,810,282	126,818,785	0.592850	733,049	126,818,785	0.512700	633,945	1,314,757	2026		
2027	161,537,117	-	171,374,727	136,951,524	131,810,282	0.592850	761,901	131,810,282	0.512700	658,997	1,366,994	2027		
2028	166,383,230	-	176,515,989	791,619	136,951,524	0.592850	791,619	136,951,524	0.512700	684,997	1,420,798	2028		
2029	171,374,727	-	-	-	-	-	-	-	-	-	-	2029		
2030	-	-	-	-	-	-	-	-	-	-	-	2030		
2031	-	-	-	-	-	-	-	-	-	-	-	2031		
2032	-	-	-	-	-	-	-	-	-	-	-	2032		
Annual Growth Factors Years 2008-2009				0.00%	Participation Level				100%	Participation Level				100%
Thereafter				3.00%	Tax Rate Growth Factor				0.00%	Tax Rate Growth Factor				0.00%
Combined Compound Growth Rate				-	Tax Rate Collection Factor				97.50%	Tax Rate Collection Factor				97.50%
Total				\$ 90,624,500	Total				\$ 11,564,179	Total				\$ 10,000,767
Total				\$ 21,564,946	Total				\$ 21,564,946	Total				\$ 21,564,946

The City of Alamo will generate 53.3 percent of the estimated Zone revenue, the County will generate 46.7 percent of the projected Zone revenue.

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

**Alamo - TIF REINVESTMENT ZONE**

Fiscal Year Ending	TIF Revenue	Cumulative TIF Revenues
2008		
2009	102,402	102,402
2010	183,644	286,046
2011	338,890	624,936
2012	446,848	1,071,784
2013	540,625	1,612,409
2014	626,270	2,238,678
2015	720,405	2,959,083
2016	775,917	3,735,000
2017	831,430	4,566,430
2018	831,430	5,397,859
2019	869,167	6,267,026
2020	908,036	7,175,062
2021	948,071	8,123,133
2022	989,307	9,112,440
2023	1,031,780	10,144,220
2024	1,075,528	11,219,748
2025	1,120,588	12,340,336
2026	1,167,000	13,507,336
2027	1,214,804	14,722,139
2028	1,264,042	15,986,181
2029	1,314,757	17,300,938
2030	1,366,994	18,667,932
2031	1,420,798	20,088,730
2032	1,476,216	21,564,946

\$ 21,564,946

## **Project Budget**

<b>Begin Construction</b>	<b>2010</b>
<b>Construction Complete</b>	<b>2032</b>
<b>Drainage</b>	<b>\$ 2,500,000</b>
<b>Right of Way Acquisition</b>	<b>\$ 5,000,000</b>
<b>Water Rights Acquisition</b>	<b>\$ 3,000,000</b>
<b>Wastewater Treatment Plant Expansion</b>	<b>\$ 15,000,000</b>
<b>Wastewater Collection System Improvements</b>	<b>\$ 2,000,000</b>
<b>Street Reconstruction</b>	<b>\$ 5,000,000</b>
<b>Economic Development Incentives</b>	<b>\$ 5,000,000</b>
<b>Matching Funds for State and Federal Grants</b>	<b>\$ 5,000,000</b>
<b>Municipal Facilities Acquisition/Construction</b>	<b>\$ 5,000,000</b>
<b>Utility Relocation</b>	<b>\$ 5,000,000</b>
<b>Parks Including Soccer Fields</b>	<b>\$ 2,500,000</b>
<b>Administrative Expense</b>	<b>\$ 25,000</b>
<b>Total Costs</b>	<b>\$ 55,025,000</b>

The Inter-local agreement by and between the City, County and Zone include administrative costs in the amount of \$25,000.00 payable to the County

### **Financial Feasibility**

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

### **Conclusions**

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

The success of the City of Alamo TIRZ District project plan will encourage other mixed-use commercial/industrial/retail/lodging and market rate residential and affordable housing. The new residential population base; will support an expanding retail base, will supplement the existing job market, will attract additional private development into the City of Alamo and Western Hidalgo County and will serve to stabilize and enhance future property values.

**Board of Directors of Tax Increment Reinvestment Zone Number One, City of Alamo**

- |            |                                  |                       |
|------------|----------------------------------|-----------------------|
| <b>1.</b>  | <b>Charlie Wilmoth</b>           | <b>Chairman</b>       |
| <b>2.</b>  | <b>Commissioner Sylvia Handy</b> | <b>Hidalgo County</b> |
| <b>23.</b> | <b>Mary Solis</b>                | <b>City of Alamo</b>  |
| <b>24.</b> | <b>Jaime Sandoval</b>            | <b>City of Alamo</b>  |
| <b>25.</b> | <b>Olga Baldazo</b>              | <b>City of Alamo</b>  |

**Exhibit A**  
**Map of Zone Properties**

**Exhibit B**

**TIRZ REQUIREMENTS**

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

**Project Plan**

- |  |            |
|--|------------|
| 1. Map of existing uses and conditions   | Exhibit A  |
| 2. List proposed improvements and uses   | Pages 9-10 |
| 3. Description of Zone Property          | Exhibit A  |
| 4. Project Feasibility                   | Page 12    |
| 5. Proposed zoning changes               | Page 8     |
| 6. Estimated non-project costs           | Page 13    |
| 7. Relocation plan for current residents | Page 14    |
| 8. Administrative Costs                  | Page 21    |

**Financing Plan**

- |   |             |
|---|-------------|
| 1. Detailed estimate of project costs.          | Page 21     |
| 2. Proposed public improvements                 | Page 21     |
| 3. Project Timeline                             | Page 14     |
| 4. Estimated amount of bonded indebtedness      | Page 13     |
| 5. Time when costs/obligations will be incurred | 2010 - 2032 |
| 6. Methods of financing, sources of Revenue     | Pages 16-17 |
| 7. Current total appraised value.               | Pages 16-17 |
| 8. Estimated captured appraised value           | Page 19     |
| 9. Duration of Zone                             | Page 16     |

**EXHIBIT B**

**TO INTERLOCAL AGREEMENT MADE AND EXECUTED MARCH 16, 2010,**

**AMONG THE**

**CITY OF ALAMO,**

**HIDALGO COUNTY AND**

**REINVESTMENT ZONE NUMBER ONE, CITY OF ALAMO, TEXAS**

**CITY OF ALAMO ORDINANCE 29-12-08**

**(Consisting of 4 pages including this cover page)**

**ORDINANCE 29-12-08**

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

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

**WHEREAS, the City indicated its intent to create the Zone through resolution # 06-07-08 on June 3, 2008; and**

**WHEREAS, THE Project will support financing of costs associated with the construction of public improvements related to several possible development and redevelopment projects, which may include (i) Street Improvements, (ii) Wastewater Treatment Capacity and Sewer Collection, (iii) Water Treatment Capacity and Distribution Improvements, (iv) Drainage Improvements, (v) New Municipal Facilities, (vi) Right-of-Way Acquisition, (vii) Utility Relocation, (viii) Park Facilities, (ix) Economic Development, (ix) and Water Rights Acquisition; and**

**WHEREAS, pursuant to the Act, the City may designate a contiguous geographical area within the City; and**

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

**WHEREAS, A Public Hearing was held on December 2, 2008 at 7:30 p.m. in the City Council Chambers, City Hall to consider the creation of a Tax Increment Reinvestment Zone for the Project and its respective benefits to the City and to property in the proposed Zone; and**

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

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ALAMO:**

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

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

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

Each taxing unit other than the City that levies taxes on real property in the Zone may appoint one member to the Board. A unit may waive its right to appoint a member. The City shall appoint the remaining directors.

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

**SECTION 4. EFFECTIVE DATE AND TERMINATION DATE OF THE ZONE.** The Zone shall take effect on December 2, 2008 and continue till its termination date of December 31, 2033 unless otherwise terminated earlier as a result of payment in full of all project costs, tax increment bonds, if any, including interest on said bonds are as authorized or permitted by law.

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

**SECTION 6. TAX INCREMENT BASE.** The tax increment base for the Zone is the total assessed value of all real property taxable by the City and located in the Zone, determined as of January 1, 2008, the year in which the Zone was designated as a Reinvestment Zone (the "Tax Increment Base").

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

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

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

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

1. the proposed zone is a contiguous geographical area located wholly within the City limits of ALAMO;
2. less than ten percent (10%) of the property in the proposed Zone is used for residential purposes, as the term "residential" is defined in Section 311.006(d) of the Act;

3. the total appraised value of the taxable real property in the proposed Zone or in existing reinvestment zones, if any, does not exceed fifteen per cent (15%) of the total appraised value of taxable real property in the City and in industrial districts, if any, created by the City;
4. the proposed Zone does not contain more than fifteen percent (15%) of the total appraised value of real property taxable by ALAMO County and the School Districts of Valley View and ALAMO and
5. development or redevelopment within the boundaries of the proposed Zone will not occur solely through private investment in the reasonably foreseeable future.

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

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

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

**CONSIDERED, PASSED AND APPROVED** on this the 16<sup>th</sup> of December 2008 at a regular meeting of the Board of Commissioners of the City of Alamo, Texas at which a quorum was present and which was held in accordance with Article 6252-17.

Signed this the 16<sup>th</sup> day of December 2008.

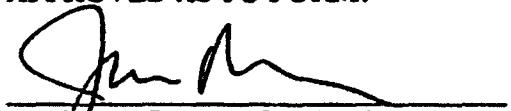
**CITY OF ALAMO, TEXAS**

By:   
Rudy Villarreal, Mayor

**ATTEST:**

  
Margot Saenz, City Secretary

**APPROVED AS TO FORM:**

  
Ramirez & Guerrero, L.L.P. City Attorney