

STATE OF TEXAS
COUNTY OF CAMERON

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CITY OF HARLINGEN of
CAMERON COUNTY, TEXAS

INTERLOCAL AGREEMENT
TAX INCREMENT REINVESTMENT ZONE #3

I. PARTIES

A. Address

1. This Interlocal Agreement (the "Agreement") is made by and between the CITY OF HARLINGEN, TEXAS (hereafter referred to as "CITY"), a municipal corporation and home-rule city in the State of Texas principally situated in Cameron County, acting by and through its governing body, the Elective Commission of the City of Harlingen, Texas (City Commission) and through its City Manager pursuant to Ordinance No. 06-33, passed and approved by the City Commission on June 7, 2006 (First Reading) and June 21, 2006 (Second Reading) and on behalf of the TAX INCREMENT REINVESTMENT ZONE #3, CITY OF HARLINGEN, TEXAS, a separate reinvestment zone created by the CITY pursuant to Chapter 311 of the Texas Tax Code ("ZONE "), and Cameron County, a political subdivision of the State of Texas ("COUNTY"). Collectively, the City, County, and Zone may be referred to as the "Parties". This Agreement is made pursuant to Chapter 791, Texas Government Code and Chapter 311 of the Texas Tax Code for the participation of CITY and CAMERON COUNTY in the Project (the "Project").
2. The initial addresses of the Parties are listed below. Each party may designate a different address by giving the CITY at least ten (10) days prior written notice.

CITY

City Manager
City of Harlingen
118 E. Tyler
Harlingen, Texas 78552

CAMERON COUNTY

County Judge
Cameron County
1100 E. Monroe
Brownsville, Texas 78520

With Copy to:

ZONE BOARD #3

Chairman(s)
Tax Increment Reinvestment Zone #3
City of Harlingen, Texas
118 E. Tyler
Harlingen, Texas 78552

B. Index

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

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C. Parts Incorporated

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

II. DEFINITIONS

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

1. "Administrative Costs" means reasonable costs directly incurred by a Participating Taxing Entity (as hereinafter defined) related to its agreement to participate in the development of the ZONE, as described in this Agreement. These costs include, but are not limited to, costs and expenses for legal review and financial analysis related to the ZONE incurred prior to entering into this Agreement, as well as any such costs and expenses incurred after this Agreement becomes effective. The Administrative Costs for all Participating Taxing Entities are estimated to be Fifteen Thousand (\$15,000) over the life of the zone.
2. "Agreement" means this Interlocal Agreement between the City and County for the Zone.

3. "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).
4. "City" means the City of Harlingen, Texas and its successors and assigns.
5. "County" means Cameron County, Texas, and its successors and assigns.
6. "Participating Taxing Entity" or "Participating Taxing Entities" means, singularly, a taxing unit participating in the ZONE, and collectively, all taxing units participating in the ZONE.
7. "Project Costs" means the items set forth and described in Section 311.002(1), Texas Tax Code (as said Code may be amended from time to time), which are included in the Project Plan for the Project.
8. "Project Plan" or "Project Plans" means singularly the Project Reinvestment Zone and Financing Plan for the ZONE adopted and approved by the City Commission of the CITY. The Project Plan for Zone #3 is attached hereto as Exhibit "A".
9. "Tax Increment" means the total amount of ad valorem taxes levied and collected each year by a Participating Taxing Entity each year on the Captured Appraised Value of taxable real property in each ZONE. Further, with respect to CAMERON COUNTY, this term means the total amount of ad valorem taxes levied and collected only on behalf of CAMERON COUNTY each year.
10. "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, 2006, the year in which the ZONE was designated. CAMERON COUNTY increment payments shall start for the tax year 2012.
11. "Tax Increment Fund" means the tax increment fund created by the CITY for the deposit of Tax Increments for the ZONE, entitled "Tax Increment Reinvestment Zone #1, City of Harlingen, Texas Tax Increment Fund.
12. "Tax Increment Payment" means the amount of the Tax Increment that a Participating Taxing Entity agrees to deposit semi-annually into the ZONE'S Tax Increment Fund in accordance with this Agreement.
13. "Term" shall mean a period of fifteen (15) years for the Agreement, beginning on January 1, 2012 and ending on December 31, 2027.

14. "ZONE" mean Tax Increment Reinvestment Zone #3, City of Harlingen, Texas, created by the CITY. A description of the zone is contained in Exhibit "C", attached hereto.
15. "ZONE BOARD" means the Board of Directors of the ZONE #3.

Otherwise, the terms used herein have the meanings ascribed to them in Chapter 311, Texas Tax Code.

III. BACKGROUND

- A. On June 21, 2006, the Elective Commission of the City of Harlingen created and established a Tax Increment Reinvestment Zone #3, pursuant to Chapter 311, Texas Tax Code by passage and approval of Ordinance No. 06-33, which created the ZONE. The ZONE may provide funding for eligible project costs within the ZONE as provided for in Chapter 311 of the Texas Tax Code, as amended. The ZONE is projected to terminate on December 31, 2035, though the COUNTY'S participation ends sooner in accordance with the terms of this Agreement.

IV. RIGHTS AND OBLIGATIONS OF CAMERON COUNTY

A. Tax Increment Participation by CAMERON COUNTY

1. Subject to the limitations set out in this Agreement, CAMERON COUNTY agrees to participate in the ZONE by contributing to the Zone's Tax Increment Fund one hundred percent (100%) of its respective Tax Increments each year during the term of this Agreement, beginning with the 2012 tax year.
2. The Parties hereto agree that CAMERON COUNTY'S contribution to the Tax Increment Fund shall be used to fund project costs to support the development and revitalization efforts in the ZONE as allowed under Chapter 311 of the Texas Tax Code as amended. Unless otherwise changed by formal amendment pursuant to Section VI.D of this agreement, CAMERON COUNTY'S contributions to the Tax Increment Fund shall end when it has contributed its proportionate share, 19.35% (County's projected maximum tax increment of \$4,710,000 divided by \$24,340,000, combined City (projected maximum, but not limited to tax increment amount) and County maximum projected tax increment as described in Exhibit A)), of the actual costs of the project, or the maximum total contribution provided for in this Agreement, whichever is less, subject to any early termination as otherwise provided

in this Agreement not to extend beyond December 31, 2027, the end date for the County's participation as set forth in Section V.A. in any event. Subject to any limitations of V.T.C.A., Tax Code § 311.014, County tax increment actually paid in excess of its proportionate share of the actual costs of the project shall be returned without delay upon project completion.

B. Tax Increment Payment

1. CAMERON COUNTY'S obligation to contribute its Tax Increment Payments to the Tax Increment Fund, as provided in paragraph IV (A) (1) of this Agreement, shall accrue as CAMERON COUNTY collects its Tax Increment. The Parties hereto agree that all real property taxes collected each year by CAMERON COUNTY that are attributable to real property in the ZONE shall first constitute taxes on the Tax Increment Base. Subject to the limitations on the County's total participation in the ZONE as set forth in Section IV.A.2, after the total amount of taxes on the Tax Increment Base have been collected, the collected amount shall then constitute the Tax Increment. CAMERON COUNTY agrees to contribute its Tax Increment Payments to the Tax Increment Fund semi-annually on March 1 and September 1 (or the first business day thereafter) of each tax year. The amount of each Tax Increment Payment shall be based on the Tax Increments that are received, but which have not been previously deposited, during the semi-annual period preceding each deposit date. The Parties agree that CAMERON COUNTY'S obligation to deposit Tax Increment Payments after December 31, 2027 shall only be for taxes collected and received after such date that are attributable to the time period during which CAMERON COUNTY agreed to participate.
2. Any delinquent deposit of a Tax Increment Payment under this Agreement by CAMERON COUNTY shall be administered as provided in Section 311.013(c) of the Texas Tax Code (or its successor provision). The Parties expressly agree that CAMERON COUNTY shall not owe any penalty or interest on Tax Increments that have been levied, but not received by CAMERON COUNTY. In addition, CAMERON COUNTY shall not be obligated to contribute its Tax Increment Payment from any tax accounts that are classified as exempt or from any non-Tax Increment revenue sources.
3. The CITY and the ZONE BOARD agree to comply with the approved Project Plan for the ZONE (Exhibit "A") and apply the County's tax increment payments to the

actual costs of the Projects in ZONE. The City will keep the County promptly informed as to all changes in the project costs as those costs become known. The CITY agrees to provide prior written notice to CAMERON COUNTY of a proposed material change (defined in this context as any change in the boundaries of the ZONE or any 10% or more increase in the Total Project Plan's actual costs to be incurred within the ZONE) to the Project Plan. CITY shall have the right to amend and modify the Project Plan and without providing prior written notice to CAMERON COUNTY so long as such amendment or modification does not constitute a material change. CAMERON COUNTY shall have a period of 30 business days from the date of receipt of such notice of a material change to provide comment(s) and objection(s) to the proposed change. The absence of written objection(s) or comment(s) by CAMERON COUNTY to the CITY will constitute approval of the proposed material change by CAMERON COUNTY. If CAMERON COUNTY provides notice to the City that it objects to the proposed material change, and the objection(s) and any comment(s), as set out in the notice, is(are) not resolved within 60 calendar days from the date of such notice, CAMERON COUNTY may thereafter discontinue its Tax Increment Payments - towards the unapproved proposed material change or changes but shall continue to participate in other projects in the Zone's Project Plans to which there have been no unapproved material changes subject to the other terms of this Agreement. The Parties agree that this paragraph does not permit any increase in the COUNTY'S tax increment payment participation in the ZONE. Any increased participation shall require a formal amendment to this Agreement as set forth in Paragraph IV., B.6 and VI., I below.

4. If the County believes that CITY has materially breached this Agreement, then CAMERON COUNTY may provide written notice to the CITY and the ZONE Board stating its intent to terminate its participation in the ZONE and detailing its objection(s) or concern(s) regarding any breach. If the objection(s) and/or concern(s) as set out in the notice is(are) not cured within 60 calendar days from the date of such notice, then CAMERON COUNTY shall provide another 60 calendar days notice to the CITY if COUNTY intends to discontinue its Tax Increment Payments and, upon expiration of said notice period, may terminate its participation in the ZONE. Failure to submit an annual report or audit to the Cameron County Commissioners Court, as required by Section VI.K., shall be considered a material breach of this Agreement.

5. Except for contributing its respective Tax Increment Payments to the Tax Increment Fund as set out in this Agreement, CAMERON 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 debt.
6. Notwithstanding anything in this Agreement to the contrary, the CITY'S total Tax Increment Payment to the Tax Increment Fund over the term of this Agreement shall be, but not be limited to, Nineteen Million and Six Hundred and Thirty Thousand Dollars and No Cents, (\$19,630,000.00). Notwithstanding anything in this Agreement to the contrary, CAMERON COUNTY'S total Tax Increment payment to the Tax Increment Fund over the term of this Agreement shall not exceed Four Million Seven Hundred and Ten Thousand Dollars and no cents (\$4,710,000.00). The Parties may agree in writing to increase these amounts during the term of this Agreement.

C. Management of the ZONE

1. The CITY is the only Participating Taxing Entity with any responsibility for managing or administering the Projects. CAMERON COUNTY may inspect the Project sites and review Project plans and drawings at times and intervals, which will not interfere with ongoing operations.
2. The ZONE BOARD shall be composed of seven (7) members, as provided under Section 311.009(a) of the Texas Tax Code. CITY may appoint the remaining ZONE BOARD members; however; CAMERON COUNTY shall have the right to have one individual appointed to the ZONE BOARD as provided by statute.

D. Expansion of the ZONES

The obligation of CAMERON COUNTY to participate in the ZONE is limited to the description of the ZONE in Exhibit "C" attached hereto. CAMERON COUNTY'S participation shall not extend to the Tax Increment on any additional property added to the ZONE by the CITY unless CAMERON COUNTY approves such participation in writing.

V. 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, 2027 unless earlier terminated as

provided in this Agreement (the "Agreement Term"). Subject to the terms of this Agreement, CAMERON COUNTY agrees to participate under this Agreement, beginning with the 2012 tax year and ending in accordance with the terms provided in this Agreement. The Parties agree and understand that CAMERON COUNTY'S Tax Increment Payments will not be made after December 31, 2027 except for Tax Increment levies generated during the life of the ZONE but collected after December 31, 2027 subject to the limitations set out in paragraph IV. A. 2, of this Agreement.

B. Early Termination

Neither CITY nor the ZONE BOARD shall take any action to terminate the ZONE earlier than the duration of the ZONE as specified in this Agreement, unless the purpose for the ZONE no longer is deemed feasible by the CITY and ZONE BOARD.

C. Disposition of Tax Increments

Upon expiration or termination of the ZONE, 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.

VI. MISCELLANEOUS

A. Understanding

Any and all costs incurred by the CITY are not, and shall never become general obligations or debt of CAMERON COUNTY. The eligible project costs incurred by the CITY shall be payable solely from the Tax Increment Fund in the manner and priority provided in this Agreement. There shall also be no recourse against any Participating Taxing Entity, public official, ZONE, or ZONE BOARD if all, or any part of the CITY'S costs, are not reimbursed. It is recognized by the ZONE BOARD that the Project Plan does not forecast sufficient tax revenues to reimburse the CITY for all its estimated contributions or costs.

B. Severability

1. 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, provided that such invalidity does not materially prejudice any Party hereto in its respective rights and obligations contained in the valid terms, covenants, or conditions hereof.

2. In the event any term, covenant, or condition shall be held invalid and said invalidity substantially impairs a material right of a Participating Taxing Entity or any ZONE BOARD, then this Agreement shall be void as to that Participating Taxing Entity and that Participating Taxing Entity shall have no further obligation to contribute any future Tax Increment Payments to the Tax Increment Funds. In such a situation, the Parties hereto agree that the Tax Increment Funds shall not refund any prior Tax Increment Payments under this provision of this Agreement.

C. Entire Agreement

This Agreement merges the prior negotiations and understandings of the Parties hereto and embodies the entire agreement of the Parties.

D. Written Amendment

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

E. Notices

All Notices required or permitted hereunder shall be in writing and shall be deemed delivered the earlier of (i) when actually received or, (ii) on the third day following deposit in a United States Postal Service post office or receptacle with proper postage affixed (certified mail, return receipt requested) 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.

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, and 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 or failure of performance.

G. Assignment

Except for the CITY'S right to assign and delegate this Agreement and the performance of obligations to the ZONE BOARD, no Party shall assign this Agreement at law or otherwise without the prior written consent of the other Parties and no Party shall

delegate any portion of its performance under this Agreement without the written consent of the other Parties. All Parties to this Agreement understand and recognize that only the City Council of CITY and only the Commissioner's Court of CAMERON COUNTY have authority to approve a delegation or assignment (of any kind) of this Agreement.

H. Successors

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

I. Project Plan

CAMERON COUNTY acknowledges that it was permitted to review and comment upon the Project Plan before it was submitted to City Commission for City approval. The Parties agree an amendment to any Project Plan shall not apply to CAMERON COUNTY unless CAMERON COUNTY approves the amendment as provided in this Agreement if such amendment to any Project Plan (i) has the effect of directly or indirectly increasing the percentage or amount of Tax Increment to be contributed by CAMERON COUNTY to the Tax Increment Fund; or (ii) increases or reduces the geographical area of any ZONE set forth in its Project Plan.

J. No Waiver of Immunity

No Party hereto waives or relinquishes any immunity or defense on behalf of itself, its trustees, officers, employees, and agents as a result of its execution of this Agreement and performance or non-performance of the covenants contained herein.

K. Access to Financial Information

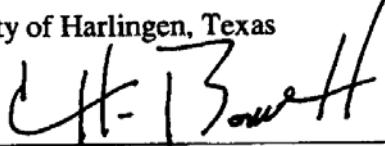
The CITY shall conduct or cause to be conducted, at a minimum, an annual audit of the Zone Fund by April 30th of each year during the term of the Agreement, a copy of which will be provided to CAMERON COUNTY. Furthermore, each Party to this Agreement shall have reasonable access to financial information 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. Further, in accordance with Section 311.016 of the Texas Tax Code, CITY shall prepare and deliver an annual report to the Cameron County Commissioners' Court no later than January 1st of every year for the duration of the Agreement. No payments will be made by CAMERON COUNTY unless the Cameron County Commissioners' Court has received the annual report by the CITY.

L. ZONE Designation

CITY represents that its designation of each ZONE meets the criteria of Section 311.005(a), Texas Tax Code, and said designation also complies with Texas Attorney General Opinion No. JC-0152 (December 8, 1999).

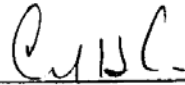
IN WITNESS HEREOF, the CITY OF HARLINGEN and CAMERON COUNTY have made and executed this Agreement in triplicate originals on this 19th day July of 2012.

City of Harlingen, Texas



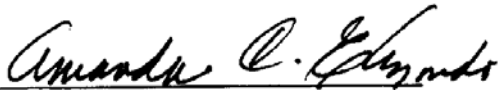
Chris Boswell,
Mayor

Cameron County



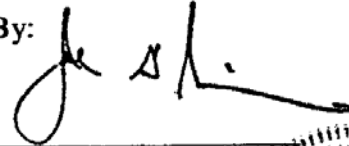
Carlos H. Cascos, CPA
County Judge

Attested By:



Amanda Elizondo, City Secretary

Attested By:



Joe G. Rivera, County Clerk



Exhibit A

**City of Harlingen Tax Increment Reinvestment Zone Project Plan and Finance
Plan for Zone #3**

PRELIMINARY

PROJECT PLAN

June 2006

Tax Increment Financing Reinvestment Zone No. 3

City of Harlingen, Texas



SCHRADER & CLINE, LLC

George R. Schrader

Larry D. Cline

4800 Broadway, Ste A Addison, TX 75001
972-661-1973 schcli@attbell.net

PROJECT PLAN – HARLINGEN TIF NO. 3

June 2006

The City of Harlingen, Texas proposes to establish a Tax Increment Financing Reinvestment Zone (“TIF”) for the purpose of dedicating the increase in tax revenue generated within the TIF to provide funds for the necessary public infrastructure to encourage accelerated residential and commercial development in selected areas of the City. The TIF consists of approximately 670 acres and is more fully described in *Project Plan Exhibit A*. It is expected that the TIF will exist for thirty (30) years or the date when all project costs are paid, whichever comes first.

As set forth in Section 311.011 of the Tax Increment Financing Act of the Texas Tax Code Ann., the Project Plan for Tax Increment Financing Reinvestment Zone No. 3, Harlingen, Texas must and does include the following elements:

1. **A map showing existing uses and conditions of real property in the TIF and a map showing proposed improvements to and proposed use of the property.**
 - The boundaries of the TIF are shown on the map labeled *Project Plan Exhibit: B*;
 - *Project Plan Exhibit: C* shows existing land use within the TIF. Currently, the area is generally undeveloped.
The area contains less than ten percent existing residential.
 - *Project Plan Exhibit: D* identifies public improvements being proposed for the TIF;
 - A listing of those public improvements is shown in *Project Plan Exhibit: E*; and
 - *Project Plan Exhibit: F* shows anticipated Future Land Use within the TIF.

2. **Proposed changes of zoning ordinances, the master plan of the municipality, building codes, and other municipal ordinances.**
 - Any changes to codes, ordinances, or master plan as a result of the creation of the TIF will be made through the standard process and procedures of the City.

PROJECT PLAN – HARLINGEN TIF NO. 3

3. A list of estimated non-project costs.

- **Non-project costs within the TIF are those development costs not paid for by the TIF. These costs will include, but are not limited to, \$ 239.0 million, which is comprised of new private development.**

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

- **Although not anticipated, in the process of developing the TIF, any relocation will be made through the standard process and procedures of the City.**

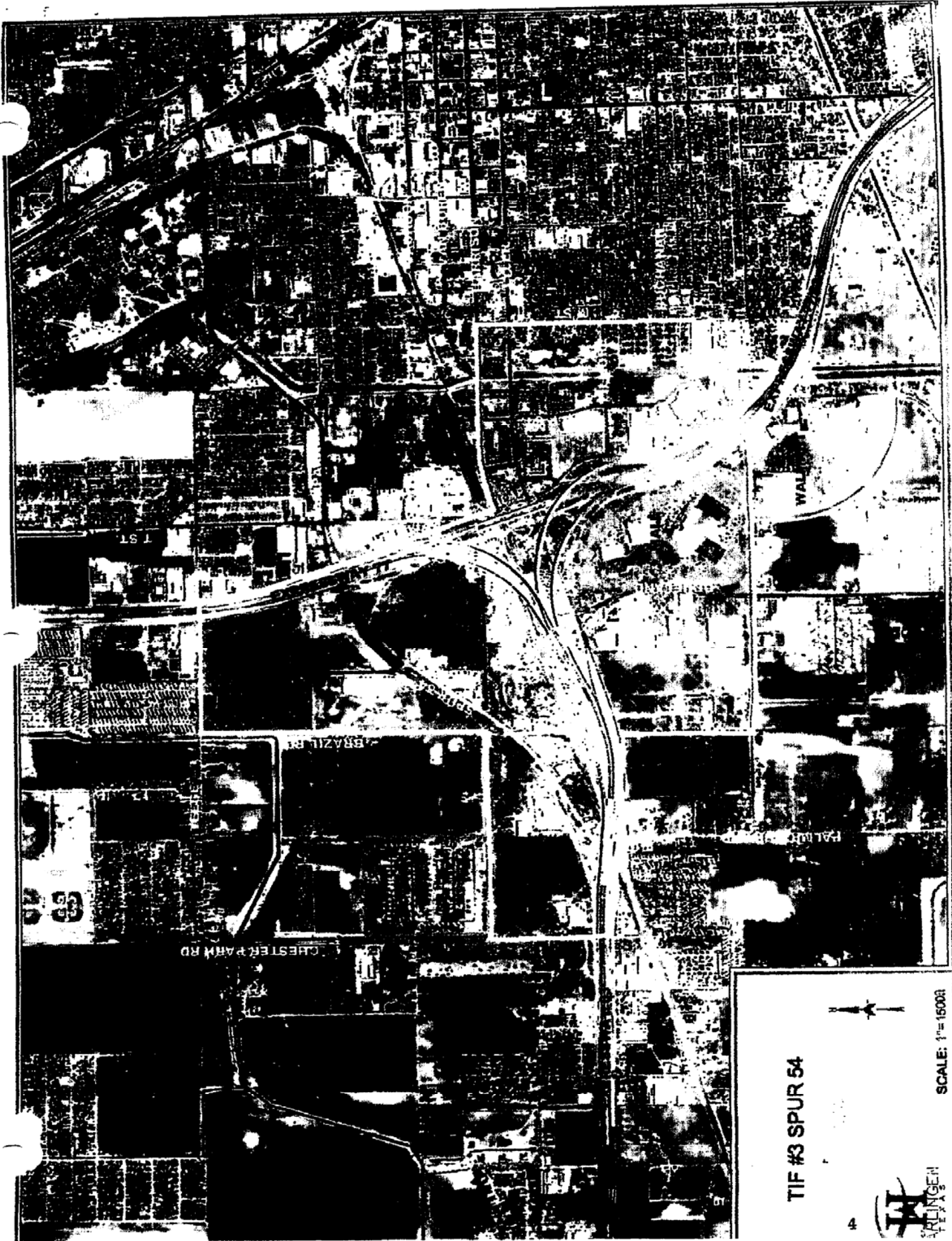
PROJECT PLAN - HARLINGEN TIF NO. 3

EXHIBIT A

Boundary Description

TIF #3 (SPUR 54)

Beginning at the NE corner of the intersection of Expressway 77 E frontage road r-o-w (north bound) and the N r-o-w of Teege Avenue, then W to the centerline of Brazil Road, then due S to the SE corner of Block 35, St. Petersburg Syndicate Survey 27, then due W along S line of Blocks 35 & 36, St. Petersburg Syndicate Survey 27 to the E r-o-w of Chester Park Road, then due N to the N r-o-w line of Lexington Avenue, then due W 20 ft. to the centerline of Chester Park Road r-o-w, then due S to the Expressway 83 south frontage road r-o-w (east bound), then E to the NW corner of Block 6, Harlingen Land & Water Co. Subdivision "B", then S along W line of Block 6, Harlingen Land & Water Co. Subdivision "B" to the N r-o-w line of Lincoln Avenue, then due W a distance of approximately 445 ft., then due S to the S r-o-w line of Lincoln Avenue, then due E a distance of approximately 730 ft. to the W r-o-w of 100 ft. Cameron County drain ditch easement, then due S to the N r-o-w of Bothwell Road, then due W to the W r-o-w of Tucker Road, then due S to the S r-o-w of Bothwell Road, then due E to the W r-o-w of TxDOT 100 ft. drain ditch easement, then SE'y to the W r-o-w of Midlane Drive, then SW'y to the S r-o-w of Haverford Boulevard, then due E 60 ft. to the E r-o-w of Midlane Drive, then due N and then NE'y to the S r-o-w of TxDOT 100 ft. drain ditch easement, then SE'y to the W r-o-w of Haverford Boulevard, then SW'y to the S r-o-w of 20 ft. r-o-w HWWS access road, then SE'y 345.9 ft., then due S 68.8 ft., then NE'y 67.35 ft., then due N 60 ft., then due W 50 ft., then due S 15.79 ft., to the N r-o-w of 20 ft. HWWS access road, then NW'y 326.49 ft. to the S r-o-w of Haverford Boulevard, then NE'y to the N r-o-w of TxDOT 100 ft. drain ditch easement, then NW'y to a point 5 ft. S of the S r-o-w of Lincoln Avenue, then due W parallel to the S r-o-w of Lincoln Avenue 100 ft. to the W r-o-w of TxDOT 100 ft. drain ditch easement, then SE'y to the N r-o-w of Bothwell Road, then due W to the E r-o-w of 100 ft. Cameron County drain ditch easement, then due N to the S r-o-w of Lincoln Avenue, then due E and NE'y to the E r-o-w line of M Street, then due N to the N r-o-w of FM 106 (Harrison Avenue), then due W and SW'y to the Expressway 77 E frontage road r-o-w (north bound), then NW'y to the NE corner of the intersection of Teege Avenue being the Point of Beginning, all within the City of Harlingen, Cameron County, Texas.



TIF #3 SPUR 54



SCALE: 1" = 1500'



PROJECT PLAN—HARLINGEN TIF NO. 3

EXHIBIT C

Existing Land Use Map

(Insert from City)

PROJECT PLAN—HARLINGEN TIF NO. 3

EXHIBIT D

Public Improvement Map

(Insert from City)

PROJECT PLAN, - SK

STREETS		
1.	Teege Ave. - 1,400 L.F.	189.5
2.	Brazil Road - 4,670 L.F.	727.1
3.	Palm Ct. - 2,380 L.F.	429.7
4.	Tucker Road - 1,710 L.F.	345.1
	Subtotal Streets	1,691.4
	Design - 10 %	169.1
	Contingency - 20 %	372.1
	Total Streets	2,232.6
WATER		
5.	Spur 54 from exist. 20" water line @ Palm Blvd. to Brazil Road - 2,238 L.F. of 8"	33.6
6.	Brazil Road from Spur 54 South to Harrison Ave. - 771 L.F. of 8"	11.6
7.	Harrison Ave. from Brazil Road to Expwy. 77 Loop - 3,038 L.F. of 8"	45.6
8.	Spur 54 from Federal Butane to Expwy. 77 - 440 L.F. of 8"	6.6
9.	Expwy. 77 from Spur 54 North to Teege Ave. - 2,038 L.F. of 12"	51.0

PROJECT PLAN—HARLINGEN TIF NO. 3

“EXHIBIT E Con’t.”

10	Brazil Road from Spur 54 to Teege Road - 2,741 L.F. of 8”	41.1
11.	Expwy. 83 from Tucker Road East to Pep Boys - 1,058 L.F. of 12”	26.5
12.	Expwy. 77/83 from Tyler Ave. South to Filmore Ave. - 1,405 L.F. of 8”	21.1
13.	In-Line Valves - 12	12.0
14.	Fire Hydrants - 21	52.5
	Subtotal Water	<hr/> 301.6
	Design - 10 %	30.2
	Contingency - 20 %	66.4
	Total Water	<hr/> 398.2
 SANITARY SEWER		
15.	Chester Park Road from Osborn Road South to Expwy. - 2,231 L.F. of 15”	114.9
16.	Rudd Road from Chester Park Road East to Brazil Road - 2,679 L.F. of 15”	138.0
17.	Expwy. 77 from Teege Road South to Spur 54 - 2,348 L.F. of 15”	120.9
18.	Lincoln Ave. from L.S. #67 East to alley behind Target Store - 2,431 L.F. of 15”	125.2
19.	Tucker Road - Drain ditch East from Lincoln Ave. South to Bothwell - 1,425 L.F. of 15”	73.4

PROJECT PLAN—HARLINGEN TIF NO. 3

“EXHIBIT E Con’t.”

20.	Bothwell Road from Tucker Road East to Midlane Drive - 3,148 L.F. of 15"	162.1
21.	Drain ditch West of Wal-Mart from Lincoln Ave. South to L.S. #11 - 3,640 L.F. of 15"	187.5
22.	Midlane Drive from Haverford Blvd. North to drain ditch - 1,171 L.F. of 15"	60.3
23.	Target store and Luby's alley behind to Dixieland Road - 721 L.F. of 15"	37.1
24.	Fiberglass manholes - 44	110.0
25.	Drain ditch crossing - 1	5.0
	Subtotal Sewer	<hr/> 1,134.4
	Design - 10 %	113.4
	Contingency - 20 %	249.6
	Total Sewer	<hr/> 1,497.4
26.	Harlingen Police Dept. Facility	9,000.0
27.	Other Projects	5,000.0
	Grand Total	<hr/> <hr/> 18,128.2

PROJECT PLAN—HARLINGEN TIF NO. 3

EXHIBIT F

Future Land Use Map

(Insert from City)

PRELIMINARY

FINANCE PLAN

June 2006

Tax Increment Financing Reinvestment Zone No. 3

City of Harlingen, Texas



SCHRADER & CLINE, LLC

George R. Schrader

Larry D. Cline

4800 Broadway, Ste A Addison, TX 75001
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FINANCE PLAN – HARLINGEN TIF NO. 3

June 2006

The Financing Plan provides information on the projected monetary impact that the formation of the Tax Increment Financing Reinvestment Zone (TIF) could have on the property described in *Finance Plan Exhibit: A* and shown in *Finance Plan Exhibit: B*. It will also describe how that impact can be utilized to enhance the area and region through leveraging the resources of each entity that participates in the project.

Below is a summary of the Financing Plan items required by law.

1. **The proposed public improvements in the TIF may include:**
 - Capital costs, including the actual costs of the construction of public works, public improvements, new buildings, structures, and fixtures; and the actual costs of the acquisition of land 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;
 - Any real property assembly costs;
 - Professional service costs, including those incurred for architectural, planning, engineering, and legal advise and services;
 - Any relocation costs;
 - Organizational costs, including costs of conducting environmental impact studies or other studies, the cost of publicizing the creation of the TIF, and the cost of implementing the project plan for the TIF;
 - Interest before and during construction and for one year after completion of construction, whether or not capitalized;
 - The amount of any contributions made by the municipality from general revenue for the implementation of the project plan;
 - Imputed administrative costs, including reasonable charges for the time spent by employees of the municipality in connection with the implementation of a project plan;
 - The cost of operating the TIF and project facilities; 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 TIF or to the implementation of the project plans for the TIF.

FINANCE PLAN – HARLINGEN TIF NO. 3

The specific capital improvement projects anticipated to be undertaken in the Harlingen TIF No. 1, are included in *Finance Plan Exhibit: C*.

2. **Estimated Project Cost of TIF, including administrative expenses.**
 - Project costs are estimated at approximately \$ 18.1 million dollars. Specific cost estimates are included in *Finance Plan Exhibit: C*.
3. **Economic Feasibility Study.**
 - An economic feasibility analysis has been completed and is included as *Finance Plan Exhibit: D, pages 1 - 8 and 34 - 46*.
4. **The estimated amount of bonded indebtedness to be incurred.**
 - If initial project costs are not advanced by a Developer, the City of Harlingen would consider issuing bonds when tax increment funds exceed the amount necessary to support debt service.
5. **The time when related costs or monetary obligations are to be incurred.**
 - Please refer to *Finance Plan Exhibit: C* for details regarding the type of improvement costs anticipated. The timing will be monitored by the TIF Board to insure adequate TIF funds are available.
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 TIF.**
 - Project costs will be financed through loans advanced by developers or by the use of tax increment funds received on a pay-as-you-go basis. No new debt is envisioned at this time, but bonds may be issued at a later date when adequate tax increment has been created to support debt service. The revenue sources will be the real property taxes captured by the TIF, which will account for 100% of revenues used to fund project costs or bond debt service. For the Financial Plan, it is assumed that the City will participate at 80% of its tax rate and Cameron County will participate at 100% of its tax rate, but for only 15 years beginning in year 3 (nominal 50% participation) on incremental taxable value as shown in *Finance Plan Table 2*.
7. **The current total appraised value of taxable real property in the TIF.**
 - The current appraised base value of the taxable real property in the TIF using the 2005 certified values provided by the Cameron County Appraisal District is estimated to be \$ 69,752,403. The base value will be revised to the 2006 values when they are certified.

FINANCE PLAN – HARLINGEN TIF NO. 3

8. The estimated appraised value of the improvements in the TIF during each year of its existence.
- The estimated appraised value of the improvements in the TIF per year is listed in the following table.

TABLE 1

**Assessed Real Property Value Including Anticipated New Development
Years 2006-2035**

YEAR	TOTAL ASSESSED VALUE, \$M
2006	\$ 69.8
2007	78.3
2008	82.0
2009	85.8
2010	101.4
2011	107.6
2012	118.7
2013	130.0
2014	141.2
2015	159.6
2016	170.9
2017	182.3
2018	193.6
2019	205.1
2020	216.5
2021	228.0
2022	239.4
2023	249.2
2024	259.0
2025	268.9
2026	278.7
2027	283.7
2028	288.6
2029	293.7
2030	296.4
2031	299.2
2032	301.7
2033	304.0
2034	306.4
2035	308.8

FINANCE PLAN – HARLINGEN TIF NO. 3

- The estimated annual incremental funds available from future development in the TIF are listed in the following table.

TABLE 2

**Annual Incremental Funds Provided for TIF No. 1
Years 2006-2035**

Year	Assessed Value \$M	Base Assessed Value \$M	Annual Captured Value \$M	TIF Fund Contribution \$ K		TIF Fund \$K
				City	County	
2006	69.8	69.8	-	-	-	-
2007	78.3	69.8	8.5	-	-	-
2008	82.0	69.8	12.2	40	-	40
2009	85.8	69.8	16.0	58	44	102
2010	101.4	69.8	31.6	76	57	133
2011	107.6	69.8	37.8	149	113	262
2012	118.7	69.8	48.9	179	135	314
2013	130.0	69.8	60.2	231	175	406
2014	141.2	69.8	71.4	284	216	500
2015	159.6	69.8	89.8	337	256	593
2016	170.9	69.8	101.1	424	322	746
2017	182.3	69.8	112.5	478	362	840
2018	193.6	69.8	123.8	532	403	935
2019	205.1	69.8	135.3	585	443	1,028
2020	216.5	69.8	146.7	639	485	1,124
2021	228.0	69.8	158.2	693	525	1,218
2022	239.4	69.8	169.6	747	567	1,314
2023	249.2	69.8	179.4	801	607	1,408
2024	259.0	69.8	189.2	848	-	848
2025	268.9	69.8	199.1	894	-	894
2026	278.7	69.8	208.9	941	-	941
2027	283.7	69.8	213.9	987	-	987
2028	288.6	69.8	218.8	1,011	-	1,011
2029	293.7	69.8	223.9	1,034	-	1,034
2030	296.4	69.8	226.6	1,058	-	1,058
2031	299.2	69.8	229.4	1,071	-	1,071
2032	301.7	69.8	231.9	1,084	-	1,084
2033	304.0	69.8	234.2	1,096	-	1,096
2034	306.4	69.8	236.6	1,106	-	1,106
2035	308.8	69.8	239.0	1,118	-	1,118
2036	0.0	-	-	1,129	-	1,129
TOTAL	308.8	69.8	239.0	19,630	4,710	24,340

ASSUMPTIONS:

City contributes at 80 % of 2005 tax rate.

County contributes at 100 % of 2005 tax rate for 15 years beginning in 2008.

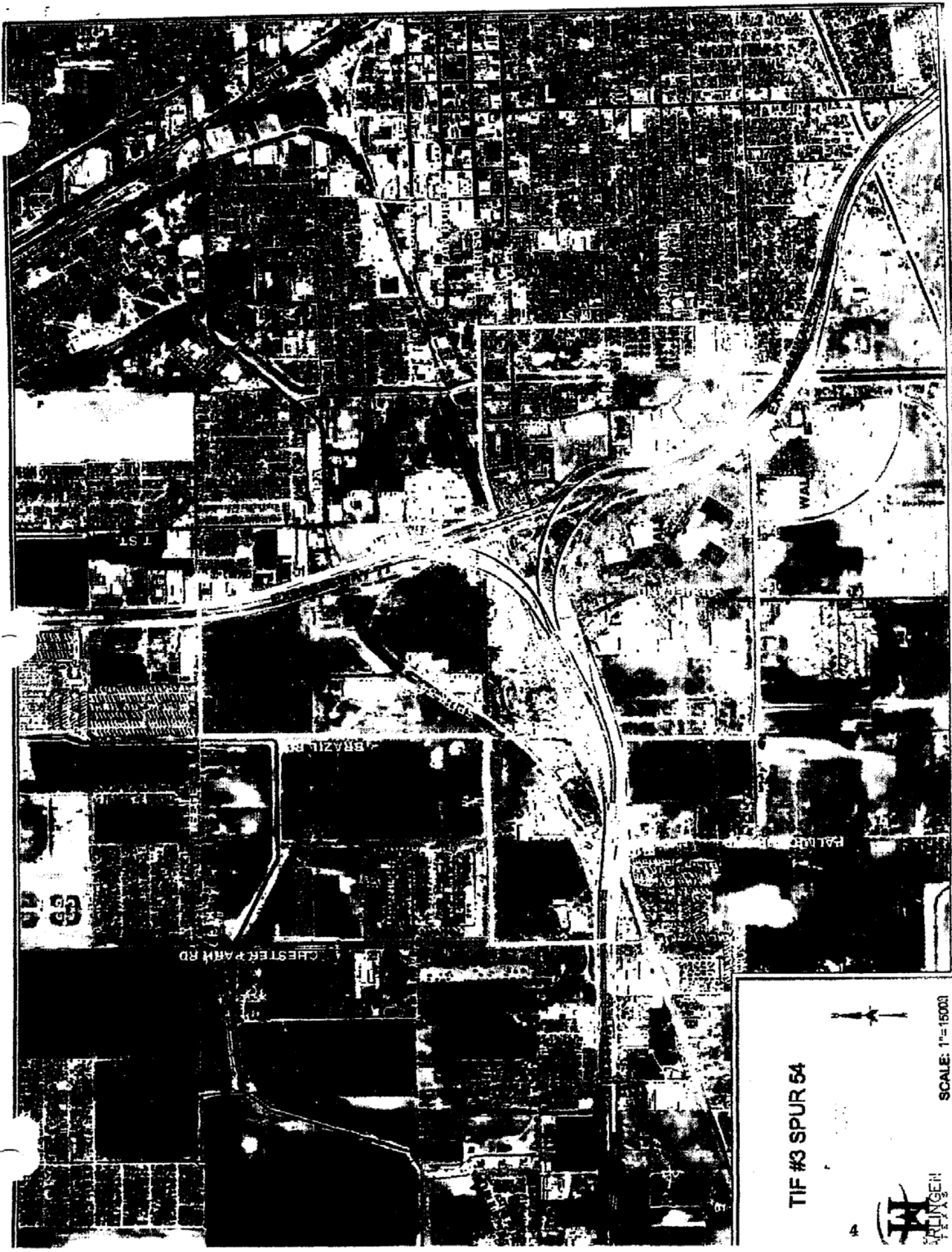
FINANCE PLAN – HARLINGEN TIF NO. 3

9. The duration of the TIF:

- The TIF was created in 2006. It is proposed that the TIF exist for thirty (30) years with termination of the TIF set as 2035 or the date when all project costs are paid and any debt is retired, whichever comes first.

Boundary Description**TIF #3 (SPUR 54)**

Beginning at the NE corner of the intersection of Expressway 77 E frontage road r-o-w (north bound) and the N r-o-w of Teege Avenue, then W to the centerline of Brazil Road, then due S to the SE corner of Block 35, St. Petersburg Syndicate Survey 27, then due W along S line of Blocks 35 & 36, St. Petersburg Syndicate Survey 27 to the E r-o-w of Chester Park Road, then due N to the N r-o-w line of Lexington Avenue, then due W 20 ft. to the centerline of Chester Park Road r-o-w, then due S to the Expressway 83 south frontage road r-o-w (east bound), then E to the NW corner of Block 6, Harlingen Land & Water Co. Subdivision "B", then S along W line of Block 6, Harlingen Land & Water Co. Subdivision "B" to the N r-o-w line of Lincoln Avenue, then due W a distance of approximately 445 ft., then due S to the S r-o-w line of Lincoln Avenue, then due E a distance of approximately 730 ft. to the W r-o-w of 100 ft. Cameron County drain ditch easement, then due S to the N r-o-w of Bothwell Road, then due W to the W r-o-w of Tucker Road, then due S to the S r-o-w of Bothwell Road, then due E to the W r-o-w of TxDOT 100 ft. drain ditch easement, then SE'y to the W r-o-w of Midlane Drive, then SW'y to the S r-o-w of Haverford Boulevard, then due E 60 ft. to the E r-o-w of Midlane Drive, then due N and then NE'y to the S r-o-w of TxDOT 100 ft. drain ditch easement, then SE'y to the W r-o-w of Haverford Boulevard, then SW'y to the S r-o-w of 20 ft. r-o-w HWWS access road, then SE'y 345.9 ft., then due S 68.8 ft., then NE'y 67.35 ft., then due N 60 ft., then due W 50 ft., then due S 15.79 ft., to the N r-o-w of 20 ft. HWWS access road, then NW'y 326.49 ft. to the S r-o-w of Haverford Boulevard, then NE'y to the N r-o-w of TxDOT 100 ft. drain ditch easement, then NW'y to a point 5 ft. S of the S r-o-w of Lincoln Avenue, then due W parallel to the S r-o-w of Lincoln Avenue 100 ft. to the W r-o-w of TxDOT 100 ft. drain ditch easement, then SE'y to the N r-o-w of Bothwell Road, then due W to the E r-o-w of 100 ft. Cameron County drain ditch easement, then due N to the S r-o-w of Lincoln Avenue, then due E and NE'y to the E r-o-w line of M Street, then due N to the N r-o-w of FM 106 (Harrison Avenue), then due W and SW'y to the Expressway 77 E frontage road r-o-w (north bound), then NW'y to the NE corner of the intersection of Teege Avenue being the Point of Beginning, all within the City of Harlingen, Cameron County, Texas.



TIF #3 SPUR 54



SCALE: 1"=1500'

4



FINANCE PLAN – HARLINGEN TIF NO. 3

EXHIBIT C

PROJECT PLAN, – \$K

STREETS		
1.	Teege Ave. - 1,400 L.F.	189.5
2.	Brazil Road - 4,670 L.F.	727.1
3.	Palm Ct. - 2,380 L.F.	429.7
4.	Tucker Road - 1,710 L.F.	345.1
	Subtotal Streets	<hr/> 1,691.4
	Design - 10 %	169.1
	Contingency - 20 %	372.1
	Total Streets	<hr/> 2,232.6
WATER		
5.	Spur 54 from exist. 20" water line @ Palm Blvd. to Brazil Road - 2,238 L.F. of 8"	33.6
6.	Brazil Road from Spur 54 South to Harrison Ave. - 771 L.F. of 8"	11.6
7.	Harrison Ave. from Brazil Road to Expwy. 77 Loop - 3,038 L.F. of 8"	45.6
8.	Spur 54 from Federal Butane to Expwy. 77 - 440 L.F. of 8"	6.6
9.	Expwy. 77 from Spur 54 North to Teege Ave. - 2,038 L.F. of 12"	51.0

FINANCE PLAN – HARLINGEN TIF NO. 3

EXHIBIT C Cont'd

10	Brazil Road from Spur 54 to Teege Road - 2,741 L.F. of 8"	41.1
11.	Expwy. 83 from Tucker Road East to Pep Boys - 1,058 L.F. of 12"	26.5
12.	Expwy. 77/83 from Tyler Ave. South to Filmore Ave. - 1,405 L.F. of 8"	21.1
13.	In-Line Valves - 12	12.0
14.	Fire Hydrants - 21	52.5
	Subtotal Water	301.6
	Design - 10 %	30.2
	Contingency - 20 %	66.4
	Total Water	398.2
SANITARY SEWER		
15.	Chester Park Road from Osborn Road South to Expwy. - 2,231 L.F. of 15"	114.9
16.	Rudd Road from Chester Park Road East to Brazil Road - 2,679 L.F. of 15"	138.0
17.	Expwy. 77 from Teege Road South to Spur 54 - 2,348 L.F. of 15"	120.9
18.	Lincoln Ave. from L.S. #67 East to alley behind Target Store - 2,431 L.F. of 15"	125.2
19.	Tucker Road - Drain ditch East from Lincoln Ave. South to Bothwell - 1,425 L.F. of 15"	73.4

FINANCE PLAN – HARLINGEN TIF NO. 3

EXHIBIT C Cont'd

20.	Bothwell Road from Tucker Road East to Midlane Drive - 3,148 L.F. of 15"	162.1
21.	Drain ditch West of Wal-Mart from Lincoln Ave. South to L.S. #11 - 3,640 L.F. of 15"	187.5
22.	Midlane Drive from Haverford Blvd. North to drain ditch - 1,171 L.F. of 15"	60.3
23.	Target store and Luby's alley behind to Dixieland Road - 721 L.F. of 15"	37.1
24.	Fiberglass manholes - 44	110.0
25.	Drain ditch crossing - 1	5.0
	Subtotal Sewer	<hr/> 1,134.4
	Design - 10 %	113.4
	Contingency - 20 %	249.6
	Total Sewer	<hr/> 1,497.4
26.	Harlingen Police Dept. Facility	9,000.0
27.	Other Projects	5,000.0
	Grand Total	<hr/> <hr/> 18,128.2

Exhibit B

Ordinance No. 06-31

Elective Commission of the City of Harlingen, Texas

AN ORDINANCE DESIGNATING A CERTAIN AREA AS TAX INCREMENT FINANCING REINVESTMENT ZONE NUMBER THREE, CITY OF HARLINGEN, TEXAS, ESTABLISHING A BOARD OF DIRECTORS FOR SUCH REINVESTMENT ZONE, MAKING CERTAIN FINDINGS, AND OTHER MATTERS RELATED THERETO.

WHEREAS, the City Commission of the City of Harlingen, Texas, (the "City"), desires to promote the development of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone, as authorized by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, Vernon's Texas Codes Annotated (the "Act"); and

WHEREAS, in compliance with the Act, the City has called a public hearing to hear public comments on the creation of the proposed reinvestment zone and its benefits to the City and the property in the proposed reinvestment zone; and

WHEREAS, in compliance with the Act, notice of such public hearing was published in the Valley Morning Star, a paper of general circulation in the City, on May 27, 2006, such publication date being not later than seven (7) days prior to the date of the public hearing; and

WHEREAS, such hearing was convened at the time and place mentioned in the published notice, to wit, on the 7th day of June, 2006 at 5:30 p.m., in the City Hall of the City of Harlingen, Texas, which hearing was then closed; and

WHEREAS, the City, at such hearing, invited any interested person, or his attorney, to appear and speak for or against the creation of the reinvestment zone, the boundaries of the proposed reinvestment zone, whether all or part of the territory which is described and attached hereto as Exhibit "A" and depicted on the map attached hereto as Exhibit "B" should be included in such proposed reinvestment zone, the concept of tax increment financing and the appointment of a board of directors of the proposed reinvestment zone; and

WHEREAS, all owners of property located within the proposed reinvestment zone and all other taxing units and other interested persons were given a reasonable opportunity at such public hearing to protest the creation of the proposed reinvestment zone and/or the inclusion of their property in such reinvestment zone; and

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone, and opponents, if any, of the reinvestment zone appeared to contest creation of the zone;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF HARLINGEN, TEXAS:

SECTION 1: That the facts and recitations contained in the preamble of this ordinance are hereby found and declared to be true and correct.

SECTION 2: That the City Commission, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

a) That the public hearing on adoption of the reinvestment zone has been properly called, held and conducted and that notice of such hearing has been published as required by law and delivered to all taxing units overlapping the territory inside the proposed reinvestment zone.

b) That creation of the proposed reinvestment zone with boundaries as described in Exhibits "A" and "B" will result in benefits to the City, its residents and property owners, in general, and to the property, residents and property owners in the reinvestment zone.

c) That the reinvestment zone, as defined in Exhibits "A" and "B", meets the criteria for the creation of a reinvestment zone set forth in the Act in that:

1. It is a contiguous geographic area located wholly within the corporate limits of the City.

2. The area is predominately open and because of obsolete platting or lack of site improvements, or other factors, substantially impairs or arrests the sound growth of the City.

d) That 10 percent or less of the property in the proposed reinvestment zone, excluding property dedicated to public use, is used for residential purposes, which is defined in the Act as any property occupied by a house which has less than five living units.

e) That the total appraised value of all taxable real property in the proposed reinvestment zone according to the most recent appraisal rolls of the City, together with the total appraised value of taxable real property in all other existing reinvestment zones within the City, according to the most recent appraisal rolls of the City, does not exceed 15 percent of the current total appraised value of taxable real property in the City and in the industrial districts created by the City, if any.

f) That the proposed reinvestment zone does not contain more than 15 percent of the total appraised value of real property taxable by a county or school district.

g) That the improvements in the reinvestment zone will significantly enhance the value of all taxable real property in the reinvestment zone.

h) That the development or redevelopment of the property in the proposed reinvestment zone will not occur solely through private investment in the reasonable foreseeable future.

SECTION 3. That the City hereby creates a reinvestment zone over the area described in Exhibit "A" attached hereto and depicted in the map attached hereto as Exhibit "B" and such reinvestment zone shall hereafter be identified as Tax Increment Financing Reinvestment Zone Number Three, City of Harlingen, Texas (the "Zone" or "Reinvestment Zone").

SECTION 4. That there is hereby established a board of directors for the Zone that shall consist of seven members. The board of directors of Tax Increment Financing Reinvestment Zone Number Three, City of Harlingen, Texas shall be appointed as follows:

a) Six members shall be appointed by the City Commission, and one member shall be appointed by the Cameron County Commissioners Court. The initial board of directors shall be appointed by resolution of each of the participating jurisdictions within sixty (60) days of the passage of this ordinance or within a reasonable time thereafter. All members appointed to the board shall meet the eligibility requirements set forth in the Act. The governing bodies of other taxing units that levy taxes on real property in Tax Increment Financing Reinvestment Zone Number Three have chosen not to pay any of their taxes into the Tax Increment Fund and have waived their right to appoint board members.

b) The terms of the board members shall be two-year terms. The City Commission shall designate a member of the board to serve as chairman of the board of directors, and the board shall elect from its members a vice chairman and other officers as it sees fit.

c) The board of directors shall make recommendations to the City Commission concerning the administration of the Zone. It shall prepare and adopt a project plan and reinvestment zone financing plan for the Zone and must submit such plans to the City Commission for its approval. The board of directors shall possess all powers necessary to prepare, implement and monitor such project plan and financing plan for the reinvestment zone as the City Commission considers advisable, including the submission of an annual report on the status of the Zone.

SECTION 5: That the Zone shall take effect on January 1, 2006 and that the termination of the Zone shall occur on December 31, 2035, or at an earlier time designated by subsequent ordinance of the City Commission in the event the City determines that the Zone should be terminated due to insufficient private investment, accelerated private investment or other good cause, or at such time as all project costs and tax increment bonds, if any, and the interest thereon, have been paid in full.

SECTION 6: That the Tax Increment Base for the Zone, which is the total appraised value of all taxable real property located in the Zone, is to be determined as of January 1, 2006, the year in which the Zone was designated a reinvestment zone.

SECTION 7: That there is hereby created and established a Tax Increment Fund for the Zone which may be divided into such subaccounts as may be authorized by subsequent resolution or ordinance, into which all Tax Increments, less any of the amounts not required to be paid into the Tax Increment Fund pursuant to the Act, are to be deposited. The Tax Increment Fund and any subaccounts are to be maintained in an account at the City Chief Financial Officer's affiliated depository bank of the City and shall be secured in the manner prescribed by law for funds of Texas cities. In addition, all revenues from the sale of any tax increment bonds and notes hereafter issued by the City, revenues from the sale of any property acquired as part of the tax increment financing plan and other revenues to be dedicated to and used in the Zone shall be deposited into such fund or subaccount from which money will be disbursed to pay project costs for the Zone or to satisfy the claims of holders of tax increment bonds or notes issued for the Zone.

SECTION 8: That if any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 9: This Ordinance shall take effect immediately from and after its passage and it is accordingly so ordained.

FINALLY ENACTED this 21st day of June, 2006 such date being the date of the second presentation of said Ordinance to the Elective Commission at which a quorum was present and which was held in accordance with TEXAS GOVERNMENT CODE, CHAPTER 551, as amended.

CITY OF HARLINGEN


Rick Rodriguez, Mayor

ATTEST:


Sylvia R. Trevino, City Secretary

EXHIBIT A

TIF #3 (SPUR 54) BOUNDARY DESCRIPTION

Beginning at the NE corner of the intersection of Expressway 77 E frontage road r-o-w (north bound) and the N r-o-w of Teege Avenue, then W to the centerline of Brazil Road, then due S to the SE corner of Block 35, St. Petersburg Syndicate Survey 27, then due W along S line of Blocks 35 & 36, St. Petersburg Syndicate Survey 27 to the E r-o-w of Chester Park Road, then due N to the N r-o-w line of Lexington Avenue, then due W 20 ft. to the centerline of Chester Park Road r-o-w, then due S to the Expressway 83 south frontage road r-o-w (east bound), then E to the NW corner of Block 6, Harlingen Land & Water Co. Subdivision "B", then S along W line of Block 6, Harlingen Land & Water Co. Subdivision "B" to the N r-o-w line of Lincoln Avenue, then due W a distance of approximately 445 ft., then due S to the S r-o-w line of Lincoln Avenue, then due E a distance of approximately 730 ft. to the W r-o-w of 100 ft. Cameron County drain ditch easement, then due S to the N r-o-w of Bothwell Road, then due W to the W r-o-w of Tucker Road, then due S to the S r-o-w of Bothwell Road, then due E to the W r-o-w of TxDOT 100 ft. drain ditch easement, then SE'y to the W r-o-w of Midlane Drive, then SW'y to the S r-o-w of Haverford Boulevard, then due E 60 ft. to the E r-o-w of Midlane Drive, then due N and then NE'y to the S r-o-w of TxDOT 100 ft. drain ditch easement, then SE'y to the W r-o-w of Haverford Boulevard, then SW'y to the S r-o-w of 20 ft. r-o-w HWWS access road, then SE'y 345.9 ft., then due S 68.8 ft., then NE'y 67.35 ft., then due N 60 ft., then due W 50 ft., then due S 15.79 ft., to the N r-o-w of 20 ft. HWWS access road, then NW'y 326.49 ft. to the S r-o-w of Haverford Boulevard, then NE'y to the N r-o-w of TxDOT 100 ft. drain ditch easement, then NW'y to a point 5 ft. S of the S r-o-w of Lincoln Avenue, then due W parallel to the S r-o-w of Lincoln Avenue 100 ft. to the W r-o-w of TxDOT 100 ft. drain ditch easement, then SE'y to the N r-o-w of Bothwell Road, then due W to the E r-o-w of 100 ft. Cameron County drain ditch easement, then due N to the S r-o-w of Lincoln Avenue, then due E and NE'y to the E r-o-w line of M Street, then due N to the N r-o-w of FM 106 (Harrison Avenue), then due W and SW'y to the Expressway 77 E frontage road r-o-w (north bound), then NW'y to the NE corner of the intersection of Teege Avenue being the Point of Beginning, all within the City of Harlingen, Cameron County, Texas.

Exhibit C

Zone #3 Map



TIF #3 SPUR 54

39



SCALE: 1" = 1500'



Exhibit D

Cameron County Resolution Supporting ZONE #3

**THE STATE OF TEXAS §
COUNTY OF CAMERON §**

**A RESOLUTION OF THE COMMISSIONERS COURT OF THE
COUNTY OF CAMERON, TEXAS SUPPORTING AN EFFORT BY
THE CITY OF HARLINGEN, TEXAS TO CREATE THREE TAX
INCREMENT FINANCING REINVESTMENT ZONES.**

WHEREAS, the general laws of the State of Texas authorize governmental taxing entities to join other taxing jurisdictions in the establishment of a Tax Increment Financing Reinvestment Zone (TIF) under the Tax Increment Financing Act, Chapter 311, of the Texas Tax Code (the "Act"), to provide incentive for the development and redevelopment of properties that might not be undertaken without such incentive; and

WHEREAS, the Harlingen City Commission approved Resolution No. 06R-2 on March 22, 2006, expressing its intent to create three (3) TIF Reinvestment Zones and scheduling a public hearing for June 7, 2006 to consider creation of the three (3) proposed Zones; and

WHEREAS, in accordance with the requirements of the Act, the Harlingen City Commission has given notice to the Cameron County Commissioners Court as to the City Commission's intent to create the proposed Zones and to hold a public hearing which is to occur on June 7, 2006; and

WHEREAS, the Cameron County Commissioners Court, through its appointed representatives, has participated with the City of Harlingen in development of the proposals for the Zones; and

WHEREAS, the Harlingen City Commission, through its appointed representatives, has made a formal presentation to the Cameron County Commissioners Court regarding the proposed Zones; and

WHEREAS, the Cameron County Commissioners Court recognizes that Cameron County's participation in the creation of the proposed Zones will have the desired effect of developing and redeveloping portions of the County to the benefit of all taxing units which levy taxes in the proposed Zones;

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

1. That the Cameron County Commissioners Court hereby declares its support of the proposed three (3) Zones and its intent to pay into each tax increment fund its tax increment produced from property located in each Zone at 100% for fifteen (15) years beginning in year 3;

2. That Cameron County will appoint a representative for a two-year term to the Board of Directors of TIF #1, TIF #2, and TIF #3 and agrees to participate in the preparation of a Project Plan and Reinvestment Zone Financing Plan for each Tax Increment Financing Reinvestment Zone.
3. That this Resolution is effective upon adoption by the Cameron County Commissioners Court.


CONSIDERED AND ADOPTED THIS THE 27TH DAY OF JUNE 2006 BY THE COMMISSIONERS COURT OF CAMERON COUNTY, TEXAS



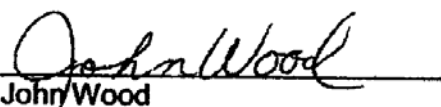
Gilberto Hinojosa, County Judge

ABSENT

Pedro "Pete" Benavides
Commissioner, Precinct 1



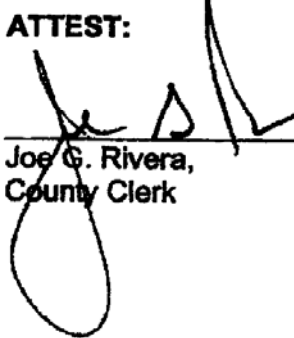
David A. Garza
Commissioner, Precinct 3



John Wood
Commissioner, Precinct 2

ABSENT

Edna Tamayo
Commissioner, Precinct 4

ATTEST:


Joe G. Rivera,
County Clerk

