

THE STATE OF TEXAS
COUNTY OF CAMERON

§
§ **CITY OF LA FERIA**
§

INTERLOCAL AGREEMENT

I. PARTIES

A. Address

1. THIS INTERLOCAL AGREEMENT (the "Agreement") is made by and between the **CITY OF LA FERIA, TEXAS** (hereafter referred to as "CITY"), a Texas General Law City, acting through its City Manager pursuant to Ordinance #2007-15, passed and approved by the City Council on December 13, 2007, **CAMERON COUNTY**, a political subdivision of the State of Texas, and **REINVESTMENT ZONE NUMBER ONE, CITY OF LA FERIA, 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). Collectively, the CITY, CAMERON 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

Sunny Philip
City Manager
City of La FERIA
115 E. Commercial Avenue
La FERIA, Texas 78559

COUNTY

Carlos H. Cascos, CPA
County Judge
Cameron County
1100 E. Monroe Street
Brownsville, Texas 78520

With Copy to:

ZONE BOARD

Steve Brewer, Chairman
Reinvestment Zone Number One,
City of La Feria, Texas
115 E. Commercial Avenue
La Feria, Texas 78559

B. Index

In consideration of the covenants set forth herein, and subject to the terms and conditions herein, 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 Ninty Thousand (\$90,000) over the life of the zone.
2. “Agreement” means this interlocal Agreement.
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” is defined in Article I of this Agreement and includes its successors and assigns.
5. “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.
6. “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. The Project Costs include public infrastructure improvements and related capital costs including; Expansion of the existing sewer and water collection and treatment facilities to support new development, new street construction including and East-West Connector and the La Feria Loop project, new public safety and municipal facility initiatives, drainage needs that hinder both redevelopment initiatives and new development, economic development incentives, destination and regional recreational facilities, educational and job training facilities and residential development incentives.

7. "Project Plan" means the Final Project and Reinvestment Zone Financing Plan for the ZONE as adopted by the Board of Directors of the Zone on March 24, 2008 and approved by the City Commission of the CITY on March 25, 2008 and attached hereto as Exhibit "A".

8. "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 the ZONE. Further, with respect to the COUNTY, this term means the total amount of ad valorem taxes levied and collected only on behalf of the COUNTY each year.

9. "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, 2007 the year in which the ZONE was designated. The County increment payment shall start for the tax year 2008.

10. "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 La Feria, Texas Tax Increment Fund".

11. "Tax Increment Payment" means the amount of the Tax Increment that a Participating Taxing Entity agrees to deposit annually or semiannually into the Tax Increment Fund in accordance with this Agreement and the Project Plan.

12. "ZONE" means Reinvestment Zone Number One, City of La Feria, Texas, created by the CITY over the Zone Area on December 13, 2007, a description of which is contained in Exhibit "A", attached hereto.

13. "ZONE BOARD" means the Board of Directors of the ZONE.

III. BACKGROUND

A. A Resolution passed and approved by City Council of CITY on August 23, 2007, expressed the CITY'S intent to create a tax increment financing reinvestment zone to support revitalization activities for the ZONE, commonly known as the La Feria Development Project, pursuant to Chapter 311, Texas Tax Code. On December 13, 2007, the City Council of CITY passed and approved Ordinance # 2007-15 which created the ZONE. The ZONE will provide funding for public improvements within the ZONE. The ZONE is projected to terminate on September 1, 2036, unless earlier termination occurs under this Agreement (the "term of the ZONE").

IV. RIGHTS AND OBLIGATIONS OF CAMERON COUNTY

A. Tax Increment Participation by the COUNTY

1. Subject to the limitations set out in this Agreement, CAMERON COUNTY agrees to participate in the ZONE by contributing to the Tax Increment Fund fifty percent (50%) of its respective Tax Increments each year during the term of this Agreement, beginning with the 2008 tax year.

2. The Parties hereto agree that CAMERON County's contribution to the Tax Increment Fund shall be used to fund public infrastructure improvements to support the development and revitalization efforts in the ZONE, including related Project Costs. Cameron County's contributions to the Tax Increment Fund shall end when it has contributed the maximum total contribution provided for herein, or when it has made contributions, as specified in the Project Plan.

B. Tax Increment Payment

1. CAMERON COUNTY'S obligation to contribute its Tax Increment Payment 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 and after the total amount of taxes on the Tax Increment Base have been collected, 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 September 1, 2036 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 non-Tax Increment revenue sources.

V. RIGHTS AND OBLIGATIONS OF CITY AND ZONE

1. The CITY and ZONE BOARD agree to comply with the Project Plan. The CITY agrees to provide prior written notice to CAMERON COUNTY of a proposed material change (by which is meant any change that would constitute a substantial change to the scope of the work or substantial increase in the costs incurred) 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 objections or comments by CAMERON COUNTY to the CITY will constitute approval of the proposed material change by CAMERON COUNTY. If CAMERON COUNTY provides written notice to the CITY that it objects to the proposed material change, and the objection, as set out in the notice, is not resolved within 45 business days from the date of such notice and the CITY approves such material change, then CAMERON COUNTY may thereafter discontinue its Tax Increment Payments and terminate its participation in the ZONE.

2. If the CITY materially breaches this Agreement, then CAMERON COUNTY may provide written notice to the CITY and ZONE Board stating its intent to terminate its participation in the ZONE and detailing its objection(s) or concern(s). If the objection(s) and/or concern(s) as set out in the notice is not resolved within 30 business days from the date of such notice, then CAMERON COUNTY may discontinue its Tax Increment Payments and terminate its participation in the ZONE.

3. 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.

4. Notwithstanding anything herein to the contrary, the CITY'S total Tax Increment Payment to the Tax Increment Fund over the term of the ZONE shall not exceed; twenty six million ninety nine thousand and eighteen dollars (\$26,990,018) in the aggregate. Notwithstanding anything herein to the contrary, CAMERON COUNTY'S total Tax Increment Payment to the Tax Increment Fund over the term of the ZONE shall not exceed; five million nine hundred twenty four thousand and seventy eight dollars (\$5,924,078) in the aggregate.

A. Management of the ZONE

1. The CITY is the only Participating Taxing Entity with any responsibility for managing or administering the Project. CAMERON COUNTY may inspect the Project site 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 five (5) members, as provided under Section 311.009(a) of the Texas Tax Code. The member of the Texas Senate and the member of the Texas House of Representatives in whose district the ZONE is located are members of the BOARD or each may be represented by a designee who serve at their discretion. 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.

B. Expansion of the ZONE

The obligation of CAMERON COUNTY to participate in the ZONE is limited to the description of the ZONE in Exhibit "A" of the Preliminary Finance and Development Plan 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 in writing such participation.

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 September 1, 2036, unless earlier terminated as provided herein (the "Agreement Term"). Subject to the terms of this Agreement, CAMERON COUNTY agrees to participate under this Agreement, beginning with the 2008 tax year and ending in accordance with the terms provided herein. The Parties agree and understand that CAMERON COUNTY'S Tax Increment Payments will not be made after September 1, 2036 except for Tax Increment payments generated during the life of the Zone but collected after September 1, 2036 as 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 herein.

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.

VII. 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 public improvement infrastructure 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 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 the 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 Fund. In such a situation, the Parties hereto agree that the Tax Increment Fund 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 Commissioners of CITY and only the County Commissioners have authority to approve a change or amendment to 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 default 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 Commission of CITY and only the County Commissioners of COUNTY have authority to approve a delegation or assignment (of any kind) of this Agreement on behalf of CITY or CAMERON COUNTY, respectively.

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 Council for CITY approval. The Parties agree an amendment to the Project Plan shall not apply to CAMERON COUNTY unless CAMERON COUNTY approves the amendment as provided herein if such amendment to the Project Plan (i) has the effect of directly or indirectly increasing the percentage or amount of Tax Increment to be contributed by CAMERON COUNTY to the Tax Increment Fund; or (ii) increases or reduces the geographical area of the ZONE set forth in the 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

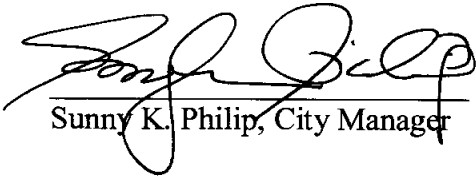
The ZONE BOARD agrees to conduct or to cause to be conducted, at a minimum, an annual audit, a copy of which will be provided to CAMERON COUNTY. Furthermore, each Party to this Agreement shall have reasonable access to financial information and audit reports regarding the operation of the ZONE, contribution of Tax Increment Payments to the Tax Increment Fund, and expenditures from the Tax Increment Fund for Project Costs. In addition, CITY agrees, during the term of this Agreement, to prepare and deliver an annual report to CAMERON COUNTY in accordance with Section 311.016, Texas Tax Code.

L. ZONE Designation

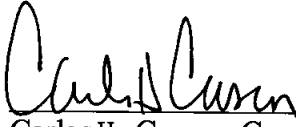
CITY represents that its designation of ZONE meets the criteria of Section 311.005(a), Texas Tax Code, and that said designation also complies with Texas Attorney General Opinion No. JC-0152 (December 8, 1999).

IN WITNESS HEREOF, the CITY OF LA FERIA; the COUNTY OF CAMERON; AND REINVESTMENT ZONE NUMBER ONE, CITY OF LA FERIA, TEXAS have made and executed this Agreement in triplicate originals on this 6th day May of 2008.

CITY OF LA FERIA:


Sunny K. Philip, City Manager

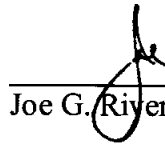
COUNTY OF CAMERON:

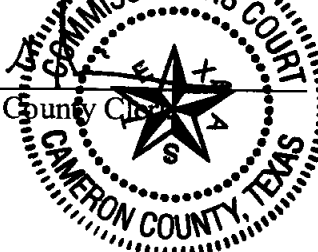

Carlos H. Cascos, County Judge

ATTEST/SEAL:


Olga Oberwetter, City Secretary

ATTEST/SEAL:


Joe G. Rivera, County Clerk

The seal is circular with a dotted border. Inside the border, the words "COMMISSIONERS COURT" are at the top and "CAMERON COUNTY, TEXAS" are at the bottom. In the center is a five-pointed star with the letters "N", "E", "S", and "W" at its points, and a small "S" at the bottom center.

TIRZ BOARD:


Brad Shields, Vice Chairman

ATTEST:

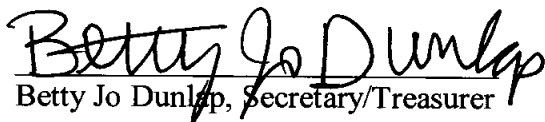

Betty Jo Dunlap, Secretary/Treasurer

Exhibit A
City of La Feria Tax Increment Reinvestment Zone # 1
Project Plan

Pages 1 – 25 See attached document

FINAL

**PROJECT PLAN
AND FINANCING PLAN
FOR**

Reinvestment Zone Number One

City of LA FERIA, Texas

LA FERIA Development Program

March 24, 2008

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SECTION I – EXECUTIVE SUMMARY

Overview of Plan

The City of La Feria Tax Increment Reinvestment Zone (“TIRZ”) Number One represents an important opportunity for the City of La Feria in partnership with Cameron 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, and destination recreational facilities in areas of the City that have significant and varied impediments to development.

Large tracts of land in and around the City have remained vacant due lack of available City street infrastructure, drainage issues, and the availability of sewer and water service. 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 La Feria and Cameron County residents.
4. Help to balance population growth in Cameron County.
5. Provide a more efficient use of existing City and County services and infrastructure.
6. Help to address structural imbalances in the La Feria economy and housing market.

The proposed TIRZ is comprised of vacant land throughout the City of La Feria . Also included within the TIRZ boundaries are the public right of ways of Kubiski, Rabb, Orange Grove, Munz, Dukes, Willow, Canal, Parker, Kansas City Road, Howard, Lee, Ebony, East, West, St. Main, Short, South East, Citrus, Tangelo, Tangerine, Hamlin, Temple, Valencia, Avocado, Jaffa, Jessamine, Oleander, First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Industrial Way, Commercial, Palm, Primrose, Pine, Park, Parker Circle, Virginia, Verbena, Lilac, Washington Way, Magnolia, Magnolia Heights, Celina Ochoa, Cypress, Spruce, Kiester Lane, Rancho Maples, Winchester, Texas, Chapparrel Spur, Tichenor Lane, Mustang, Adobe, Chelo, Angelita, Bearfield, Cooper, Genevieve Avenues A, B and C, Tim Garcia, Villarreal and Central.

It is the intention of the City to annex additional land into the Zone annually for the next five years, from 2008 through 2012.

Development Goals and Objectives

The development goals and objectives, which are expected to meet the specific needs of the City of La Feria 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 new commercial and residential opportunities through the completion of a new east-west connector street and the La Feria Loop project.
- Begin to address the need for expanded housing opportunities for La Feria residents and La Feria workers who have to commute to work.
- Provide employment opportunities to service increasing population growth within the City and surrounding Cameron County.
- Improve the quality of life for La Feria and western Cameron County residents through the completion of destination recreational facilities.
- Solve long-range storm drainage issues that affect the City and it's residents.
- Enhance the quality of life within the City and western Cameron County through Economic Development Incentives.
- Begin to address public safety issues through the construction of new Public Safety facilities.
- Address expanding City needs for additional municipal facilities and for higher education and job training facilities for La Feria and western Cameron County residents
- Provide for funds for the reconstruction of City Streets that impede redevelopment or new development.

The City of La Feria 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 La Feria TIRZ Development Program includes;

Phase 1	2007	\$3,500,000	Commercial Development
Phase 2	2008	\$3,500,000	Commercial Development
Phase 2a	2008	\$1,156,000	Condo Development
Phase 3	2009	\$3,500,000	Commercial Development
Phase 3a	2009	\$7,500,000	Single Family Homes
Phase 3b	2009	\$7,820,000	Condo Development
Phase 3c	2009	\$10,000,000	Lodging Facilities
Phase 4	2010	\$5,000,000	Commercial Development
Phase 4a	2010	\$7,500,000	Single Family Homes
Phase 4b	2010	\$6,256,000	Condo Development
Phase 4c	2010	\$8,125,000	Multi-Family
Phase 5	2011	\$5,000,000	Commercial Development
Phase 5a	2011	\$7,500,000	Single Family Homes
Phase 6	2012	\$10,000,000	Commercial Development
Phase 6a	2012	\$7,500,000	Single Family Homes
Phase 7	2013	\$7,500,000	Commercial Development
Phase 8	2014	\$5,000,000	Commercial Development
Phase 9	2015	\$7,500,000	Commercial Development
Phase 10	2016	\$5,000,000	Commercial Development
Phase 11	2017	\$5,000,000	Commercial Development
Phase 12	2018	\$7,500,000	Commercial Development
Phase 13	2019	\$5,000,000	Commercial Development
Phase 14	2020	\$5,000,000	Commercial Development
Phase 15	2021	\$5,000,000	Commercial Development
Phase 16	2022	\$5,000,000	Commercial Development
Phase 17	2023	\$5,000,000	Commercial Development
		\$93,000,000	Commercial Development
		\$30,000,000	Single Family Homes
		\$8,125,000	Multi-Family
		\$15,232,000	Condominium Development
		\$10,000,000	Lodging Facilities

The total private investment is expected to be in excess of \$ 156,357,000

The projected values of future commercial development is based upon an analysis of the 2005 and 2006 and 2007 building permits issued by the City of La Feria. 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.

Public Improvements Project Plan

The public improvements enumerated in the Project Plan, with an estimated cost of \$51,450,000, provide for the construction and expansion of the sewer and water treatment and distribution facilities, new street construction including an east-west connector and the La Feria Loop project, the addressing of housing issues that are impeding economic development, the remediation of the drainage issues that occur with all significant rainfalls, the need for additional public safety and municipal facilities, the need for expanded higher education and workforce development in La Feria and western Cameron County, the purchase of property for Economic Development Incentives and the construction of regional and destination recreational facilities. The public improvements planned for the City of La Feria TIRZ District are designed to help meet the long-term needs to secure and insure growth and investment in the City and western Cameron County.

Planned Public Construction

The City of La Feria TIRZ Development Program includes;

East-West Collector ROW	\$ 500,000.00
East-West Collector Construction	\$ 2,500,000.00
Sewer Plant Expansion	\$ 4,000,000.00
Sewer Line Extensions & Upgrades	\$ 2,500,000.00
Water Plant Expansion	\$ 2,000,000.00
Water Line Extensions & Upgrades	\$ 2,500,000.00
La Feria Loop ROW	\$ 100,000.00
La Feria Loop Engineering	\$ 250,000.00
La Feria Loop Utility Installation	\$ 100,000.00
Regional Drainage	\$ 1,000,000.00
Economic Development Incentives	\$ 6,000,000.00
Destination Recreational Facilities	\$ 6,000,000.00
Infrastructure Reconstruction	\$ 6,000,000.00
Regional Parks with Soccer Fields and Competition Swimming Facilities	\$ 2,500,000.00
Public Safety Facilities	\$ 5,000,000.00
Municipal Facilities	\$ 1,000,000.00
Educational/Job Training Facilities	\$ 6,000,000.00
Residential Development Incentives	\$ 3,500,000.00
Total Infrastructure	\$ 51,450,000.00

Financing Plan

The TIRZ Financing Plan provides for tax increment allowable expenses in the approximate amount of \$ 32,914,095. The Reinvestment Zone Financing Plan provides for incremental financing and predicts revenues for Tax Increment Reinvestment Zone # One, City of La Feia.

Conclusions

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

Section II – Project Plan

Background

On August 23, 2007 the City Commission of the City of La Feria approved a “Resolution of Intent” to consider the creation of the City of La Feria TIRZ through Ordinance #200725. On December 13, 2007, the City Commission approved Ordinance #200715, which authorized the creation of the TIRZ and appointed a Board of Directors for the Zone.

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

- Cameron County Commissioners Court on October 2, 2007.
- La Feria Independent School District on November 12, 2007
- Cameron County Commissioner Ms. Edna Tamayo on November 14, 2007

Program Concepts

The City of La Feria TIRZ District represents an important opportunity for the City of La Feria 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 La Feria 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 La Feria 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 retail being developed in Mercedes allowing western Cameron County to benefit from the current and future economic activity being generated by that facility

Description of District

The City of La Feria 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 \$26,550,000 however, the total assessed value of the property in the Zone, the Base Value of the Zone, is \$26,000,000 per the Cameron County Appraisal District. The City of La Feria TIRZ zone includes approximately 759.66 acres of public and privately held land surrounding the City as shown on the map attached to this correspondence as Exhibit “A”.

Existing Uses and Conditions

The City of La Feria 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 La Feria, 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 La Feria;
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 Cameron County and the La Feria 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 La Feria TIRZ Zoning

Properties proposed to be in the Zone are currently zoned; “AG Agricultural District; C-1 Restricted Commercial District; C-2, General Commercial District; I, Industrial District; R-1 Single-Family Residential District, Temp R-1 newly Annexed Land, and MH Mobile Home District. The Temp R-1 land use zoning is not a residential zoning it is a holding zoning and cannot be used for development. All Temp R-1 Zoning must be rezoned prior to placing a property into its intended use.

Anticipated zoning changes include the addition of Multi-family Housing “MF”, the replacing of all temp R-1 with commercial and industrial zoning, the addition of “PD” Planned Development District and the conversion of some “MH” Mobil Home District to “C-1” and C-1” Restricted and General Commercial Districts

Proposed Public Improvements

STREET IMPROVEMENTS

Recent population growth and an expanded commuter workforce have increased the demands on city infrastructure, specifically streets. As a result, the City of La Feria has identified several streets for extensions and others for rehabilitation and resurfacing. Older streets that were either county roads or private streets that have been annexed into the City need to be widened and rebuilt to facilitate increased traffic and safety issues and to bring the roads up to City code.. Estimated cost of street rehabilitation with sidewalks and drainage improvements is \$2,800,000. Total cost for street improvements is \$6,000,000.

WASTEWATER TREATMENT CAPACITY AND SEWER COLLECTION

The City of La Feria currently uses a lagoon system for waste water treatment. The City has a need to build a treatment plant with a capacity of 1.25 (MGD). The plant will need to be expandable to 2 (MGD). The Texas Commission of Environmental Quality (TCEQ) requires that a municipality select an engineer and begins the planning process for a WWTP expansion at 75% of capacity and then start construction when capacity has reached 90%. In the very near future the City will need to select an engineer and begin planning an expansion that provides sufficient wastewater treatment capacity for projected flows through the year 2030. The current budget for the expansion, engineering, and inspection of the new plant is \$4,000,000. The City is currently completing work on four new lift stations to provide adequate capacity to incorporate all of the City into its wastewater treatment system. As these lift stations are completed new trunk lines will need to be constructed to provide sewer service throughout the City. These sewer line extensions and upgrades are estimated to cost \$2,500,000

WATER TREATMENT CAPACITY & DISTRIBUTION IMPROVEMENTS

The City of La Feria currently consumes on average 1 million gallons of water per day (MGD), but routinely exceeds that amount during peak periods,. The City needs to increase its water treatment capacity to 2 MGD in the short-term and further increase its capacity by an additional 1.5 MGD for long-term growth. The current water treatment facilities are on average over 25 years old and are difficult to maintain and to modernize. The anticipated cost for the additional treatment capacity and ground storage is \$2,000,000 and distribution improvements to maintain sufficient pressure for fire flow and consumption are an additional \$2,500,000.

DRAINAGE IMPROVEMENTS

As the City develops it's east west connector arterial and the La Feria Loop project areas of the City that have not been developable because of storm drainage issues will become available for development. Additionally as the City annex's rural subdivisions in Cameron County drainage issues that currently exist will need to be addressed. The City expects that it will take approximately \$1,000,000 to remediate these issues.

EAST-WEST ARTERIAL CONNECTOR and LA FERIA LOOP PROJECT

US Expressway 83 and Business 83 are the only two east west connector streets through the City. Neither road offers an opportunity for easy access to future residential development. The east-west connector arterial will connect Orange Grove Road on the western boundary of La FERIA to FM 506 (Main Street), which runs north and south through the heart of the City. The La FERIA Loop project connects FM 506 eastward to Beddoes Road, which runs north and south to US Expressway 83. The construction of these two major road systems will unlock large sections of the City for retail and commercial development, new school sites, and residential subdivisions. The Texas Department of Transportation will take the lead in the construction of the Loop with the City providing funds for engineering, right-of-way acquisition and utility sleeves under the road. The City will take the lead in the east-west connector providing much of the construction financing, engineering and right-of-way acquisition. Total budgeted dollars for the Loop is \$450,000 with the east west connector budgeted at \$3,000,000

PUBLIC SAFETY AND MUNICIPAL FACILITIES

Police and Fire facilities in the City are just adequate to service the current needs of the City and as the City grows these facilities will become functionally obsolete. The City must begin planning for their eventual replacement with fire being the top priority. A new centrally located fire station should be on the ground and ready for operation within the next five years. The space needs of the City and Police Department will be looked at with the intention of expanding facilities, as they are needed. Existing facilities will be modernized when appropriate but both the public safety and municipal facilities are at maximum capacity and new buildings will be needed to maintain essential City services. Public safety facilities, both police and fire are budgeted at \$5,000,000 while the cost of new municipal facilities are \$1,000,000.

REGIONAL AND DESTINATION RECREATIONAL IMPROVEMENTS

As the City has grown it has maintained parks, recreational, and athletic facilities for the benefit of both La FERIA residents and western Cameron County residents. New demographic data from Claritas® shows that over 27% of La FERIA residents are 16 years of age and younger with almost 26% being 14 and under. Having the facilities to provide recreational and athletic opportunities for these age groups are a key component to the “quality of life” that the City seeks to provide for its families. The city lacks adequate regional parks with soccer fields and a swimming facility for year round youth, adult and senior citizen use. The City master plan calls for a municipal golf course to be constructed sometime after 2015. It will provide a much needed facility to serve residents of La FERIA and western Cameron County. The proposed facility is located south of the Arroyo Colorado in an area of the City on land that is not feasible for other type of development. The budgeted costs for the regional park and athletic facilities is \$2,500,000 while the cost of the destination facilities is \$6,000,000.

ECONOMIC DEVELOPMENT/EDUCATIONAL/JOB TRAINING FACILITIES

The City of La Feria has reserved City land for a branch of either a University or Community College to meet the existing and future needs of La Feria and western Cameron County residents. An educated workforce is a key component of economic growth and community and regional health. Providing a wide range of educational and job training opportunities is the key to lifting La Feria and western Cameron County residents out of a persistent poverty cycle. The 2000 census revealed 21.9% of La Feria families fell below the poverty line and the 2000 census reflected that 41.2% of La Feria residents had no high school or GED degree. Economic development incentives will be tied to the hiring and training of western Cameron County and La Feria residents and has been budgeted at \$6,000,000. The construction of higher education and relevant workforce training facilities has also been budgeted at \$6,000,000.

RESIDENTIAL DEVELOPMENT INCENTIVES

The City of La Feria has persistent and significant structural imbalances in the residential component of the City. The 2000 Census indicated that 53.9% of the City's single-family owner occupied housing stock was valued at \$50,000 or less and that additionally 40% was valued between \$50,000 and \$99,000. The median value of a home in La Feria in 2000 was \$47,000. Even adjusted for inflation the housing stock does not reflect the needs of the La Feria workforce both public and private. The lack of available housing to meet a wide range of needs for new, expanding and relocating companies places La Feria at a competitive disadvantage with the neighboring cities in eastern Hidalgo County. The development incentives will be structured to encourage a wide range of housing opportunities from affordable single and multi-family housing with social services to market rate housing. Residential development incentives has been budgeted at \$6,000,000.

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

SECTION III - Project Feasibility

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

1. Financial feasibility
2. Market 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 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 \$3,500,000 in commercial building permits issued by the City of La Feria in the first 11 months of 2007. Additionally developers and builders have approached the City with preliminary plans for which they will be pulling permits in 2008 and 2009. The funding of the sewer and water plant expansions will insure that permits will be able to be issued to these builders and developers. There is strong interest from the lodging industry in securing sites for construction due to Phase 2 and planned Phase 3 expansions of the Outlet Shopping Mall in the City of Mercedes. The east-west arterial planned for the southern sector and the La Feria Loop project in the eastern sector of the City will open traditionally landlocked areas of the City for development.

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 \$30,825,808 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 La Feria TIRZ. It is not anticipated that tax increment funds in an amount to fully reimburse the City for all approved project costs will be generated over the projected life of the Zone

Financing Method: Incremental funds will be spent as they accrue and TIF Revenue Bonds may be issued for larger projects and paid for with annual TIRZ proceeds

Financing Policy: The goal of the City of La Feria 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.

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.

1. Sewer Line Extensions and Upgrades and Sewer Plant Expansion
2. Water Line Extensions and Upgrades and Water Plant Expansion
3. Residential Development Incentives
4. East West Collector
5. Economic Development Incentives
6. La Feria Loop Project
7. Regional Drainage
8. Regional Parks
9. Public Safety Facilities
10. Infrastructure Reconstruction
11. Higher Education/Job Training Facilities
12. Municipal Facilities
13. Destination Recreational Facilities

Financial Assumptions

No tax rate changes have been factored into the financial pro forma's for the District. A 2% 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 2% 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.

City of La Feria Project Review

La Feria - TIF Reinvestment Zone # One

Summary Fact Sheet

March 24, 2008

Agenda

1. Final Finance Plan

Plan of Finance

Site Area		759.660	Acres
Base Value (2007)			
	Number	Value	
Project:			
Phase 1	2007	\$2,000,000	Commercial Development
Phase 2	2008	\$3,500,000	Commercial Development
Phase 2a	2008	\$1,156,000	Condo Development
Phase 3	2009	\$3,500,000	Commercial Development
Phase 3a	2009	\$7,500,000	Single Family Homes
Phase 3b	2009	\$7,820,000	Condo Development
Phase 4	2010	\$5,000,000	Commercial Development
Phase 4a	2010	\$7,500,000	Single Family Homes
Phase 4b	2010	\$6,256,000	Condo Development
Phase 4c	2010	\$6,250,000	Multi-Family
Phase 5	2011	\$5,000,000	Commercial Development
Phase 5a	2011	\$7,500,000	Single Family Homes
Phase 6	2012	\$10,000,000	Commercial Development
Phase 6a	2012	\$7,500,000	Single Family Homes
Phase 7	2013	\$7,500,000	Commercial Development
Phase 8	2014	\$5,000,000	Commercial Development
Phase 9	2015	\$7,500,000	Commercial Development
Phase 10	2016	\$5,000,000	Commercial Development
Phase 11	2017	\$5,000,000	Commercial Development
Phase 12	2018	\$7,500,000	Commercial Development
Phase 13	2019	\$5,000,000	Commercial Development
Phase 14	2020	\$5,000,000	Commercial Development
Phase 15	2021	\$5,000,000	Commercial Development
Phase 16	2022	\$5,000,000	Commercial Development
Phase 17	2023	\$5,000,000	Commercial Development
Totals		\$91,500,000	Commercial Development
		\$30,000,000	Single Family Homes
		\$6,250,000	Multi-Family
		\$15,232,000	Condominium Development
Assumptions	Captured Value	\$ 142,982,000	
	Growth Factor 2017-31	3.00%	
	Collection Rate	97.50%	
	Estimated Total TIF Revenues	\$ 32,914,095	
	Estimated TIF Life	30	Years

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
2008	3,500,000								
2009		4,656,000							
2010			28,820,000						
2011				26,881,000					
2012					12,500,000				
2013						17,500,000			
2014							7,500,000		
2015								5,000,000	
2016									7,500,000
2017									
2018									
2019									
2020									
2021									
2022									
2023									
2024									
2025									
2026									
	3,500,000	4,656,000	28,820,000	26,881,000	12,500,000	17,500,000	7,500,000	5,000,000	7,500,000

Projected Value of New Tax Increment Continued:

[illegible]

Schedule of Projected Income From Value of New Tax Increment Continued

Fiscal Year Ending	TIF Revenue	Cumulative TIF		Cameron County Admin. Fees
		Revenues	Admin. Fees	
1-Sep-07				
2007				
1-Sep-08	16,646	16,646		2,500
1-Sep-09	55,398	72,044		2,500
1-Sep-10	212,037	284,082		2,500
1-Sep-11	426,407	710,489		2,500
1-Sep-12	533,566	1,244,054		2,500
1-Sep-13	683,589	1,927,643		2,500
1-Sep-14	747,884	2,675,527		2,500
1-Sep-15	790,748	3,466,274		2,500
1-Sep-16	855,043	4,321,317		2,500
1-Sep-17	897,907	5,219,224		2,500
1-Sep-18	940,770	6,159,994		2,500
1-Sep-19	1,005,066	7,165,059		2,500
1-Sep-20	1,047,929	8,212,989		2,500
1-Sep-21	1,090,793	9,303,781		2,500
1-Sep-22	1,133,656	10,437,438		2,500
1-Sep-23	1,176,520	11,613,957		2,500
1-Sep-24	1,219,384	12,833,341		2,500
1-Sep-25	1,261,066	14,094,407		2,500
1-Sep-26	1,303,999	15,398,406		2,500
1-Sep-27	1,348,220	16,746,626		2,500
1-Sep-28	1,393,768	18,140,394		2,500
1-Sep-29	1,440,682	19,581,076		2,500
1-Sep-30	1,489,004	21,070,080		2,500
1-Sep-31	1,538,775	22,608,854		2,500
1-Sep-32	1,590,039	24,198,893		2,500
1-Sep-33	1,642,841	25,841,735		2,500
1-Sep-34	1,697,228	27,538,962		2,500
1-Sep-35	1,753,245	29,292,208		2,500
1-Sep-36	1,810,944	31,103,152		2,500
1-Sep-37	1,810,944	32,914,095		2,500

\$ 32,914,095 \$ 75,000

Project Budget

Begin Construction	2008
East-West Collector ROW	\$ 500,000.00
East-West Collector Construction	\$ 2,500,000.00
Sewer Plant Expansion	\$ 4,000,000.00
Sewer Line Extensions & Upgrades	\$ 2,500,000.00
Water Plant Expansion	\$ 2,000,000.00
Water Line Extensions & Upgrades	\$ 2,500,000.00
La Feria Loop ROW	\$ 100,000.00
La Feria Loop Engineering	\$ 250,000.00
La Feria Loop Utility Installation	\$ 100,000.00
Regional Drainage	\$ 1,000,000.00
Economic Development Incentives	\$ 6,000,000.00
Destination Recreational Facilities	\$ 6,000,000.00
Infrastructure Reconstruction	\$ 6,000,000.00
Regional Parks with Soccer Fields and Competition Swimming Facilities	\$ 2,500,000.00
Public Safety Facilities	\$ 5,000,000.00
Municipal Facilities	\$ 1,000,000.00
Educational/Job Training Facilities	\$ 6,000,000.00
Residential Development Incentives	\$ 3,500,000.00
Total Infrastructure	\$ 51,450,000.00
County Administrative Fee	\$ 62,500.00
Grand Total	\$ 51,512,500

Financial Feasibility

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

Conclusions

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

The success of the City of La Feria 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 La Feria and Western Cameron County and will serve to stabilize and enhance future property values.

Board of Directors of Tax Increment Reinvestment Zone Number One, City of La Feria

Name	Title	Representing
1. Steve Brewer	Chairman	City of La Feria
2. Brad Shields	Vice-Chairman	City of La Feria
3. Lori Weaver	Board Member	City of La Feria
4. Betty Jo Dunlap	Board Member	City of La Feria
5. Edna Tamayo	Board Member	Cameron County

APPENDIX A

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

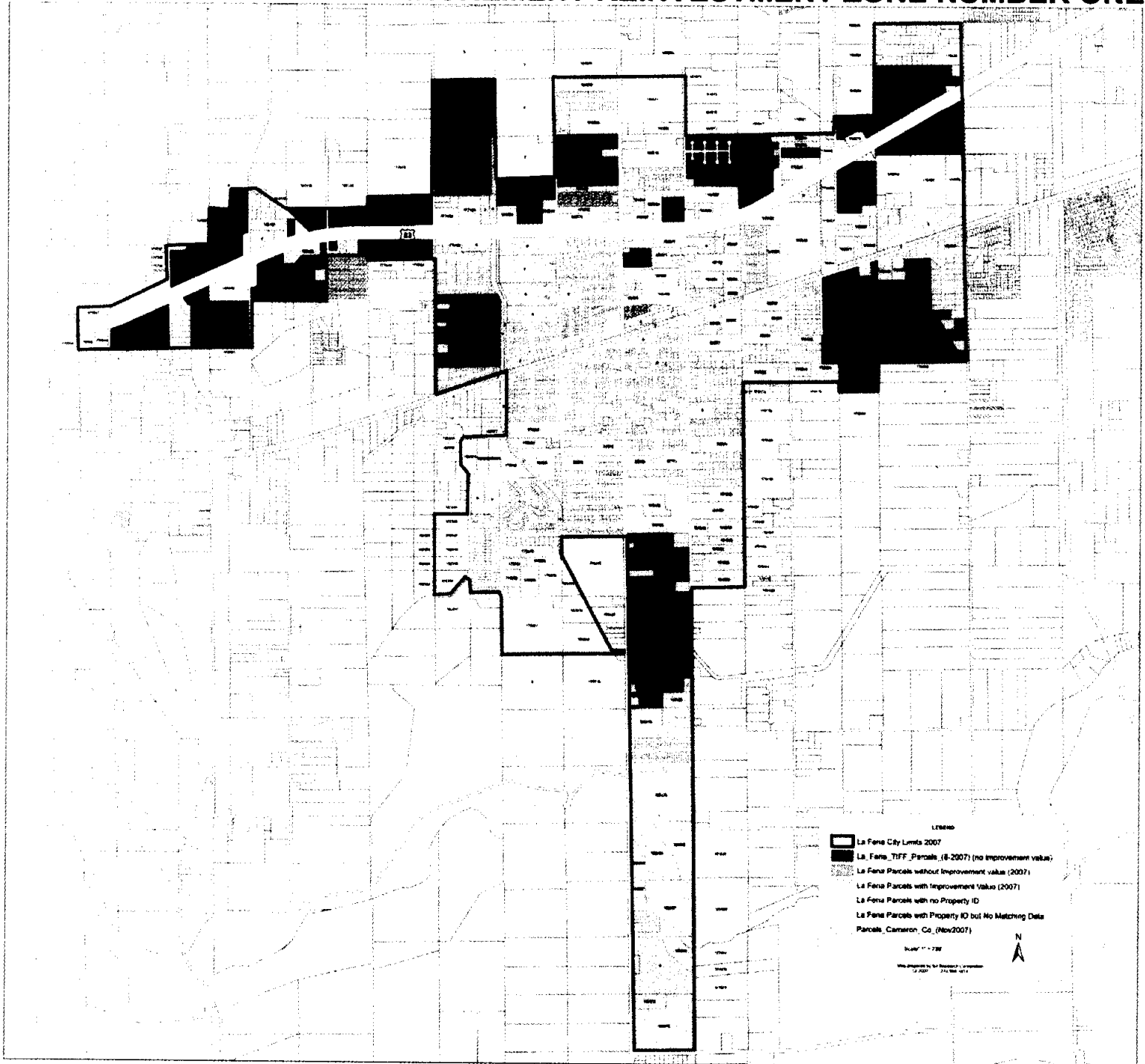
- | | |
|--|----------------|
| 1. Map of existing uses and conditions | Exhibit A |
| 2. List proposed improvements and uses | Page 22 |
| 3. Description of Zone Property | Exhibit A |
| 4. Project Feasibility | Page 8 |
| 5. Proposed zoning changes | Page 9 |
| 6. Estimated non-project costs | None claimed |
| 7. Relocation plan for current residents | Not Applicable |

Financing Plan

- | | |
|---|--------------|
| 1. Detailed estimate of project costs. | Page 22 |
| 2. Proposed public improvements | Page 22 |
| 3. Project Timeline | Page 16, 22 |
| 4. Estimated amount of bonded indebtedness | Undetermined |
| 5. Time when costs/obligations will be incurred | 2008 - 2031 |
| 6. Methods of financing, sources of Revenue | Page 20 |
| 7. Current total appraised value. | Page 16 |
| 8. Estimated captured appraised value | Page 20 |
| 9. Duration of Zone | Page 16 |

MAP

CITY OF LA FERIA - TAX INCREMENT REINVESTMENT ZONE NUMBER ONE



**Exhibit B
City of La Feria Ordinances**

Ordinance 2007-15	Creation of Tax Increment Reinvestment Zone
Ordinance 2008-09	Approving Interlocal Agreement
Ordinance 2008-10	Approving Final Project Plan and Financing Plan, Tax Increment Reinvestment Zone Number One, City of La Feria

ORDINANCE 2007-15

AN ORDINANCE OF THE CITY OF LA FERIA DESIGNATING AN AREA KNOWN AS THE CITY OF LA FERIA DEVELOPMENT 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 LA FERIA; AND ESTABLISHING A TAX INCREMENT FUND

WHEREAS, the City Commission (the "Commission") of the City of La Feria, 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 Number 2007-35 on August 23, 2007; 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 Public Safety and Municipal Facilities, (vi) East-West Collector Streets, (vii) La Feria Loop Project, (viii) Destination and Regional Recreation Facilities, (viii) Economic Development, (ix) and Residential Development Incentives; 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 13, 2007 in the City Commission Meeting Room, 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 COMMISSION OF THE CITY OF LA FERIA:

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

SECTION 2. DESCRIPTION OF THE BOUNDARIES OF THE REINVESTMENT ZONE. Attached hereto as Exhibit "A", which is incorporated herein by reference for all purposes is a Cameron 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 Commission. Pursuant to Section 311.009(a) of the Texas Tax Code the Board shall consist of not less than five (5) and not more than fifteen (15) members.

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

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 January 1, 2007 and continue till its termination date of December 31, 2031 unless otherwise terminated earlier as a result of payment in full of all project costs, tax increment bonds, if any, including interest on said bonds as authorized or permitted by law.

SECTION 5. ASSIGNING A NAME TO THE ZONE. The Tax Increment Reinvestment Zone created hereby is assigned the name of "REINVESTMENT ZONE NUMBER ONE, CITY OF LA FERIA, 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, 2007, 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 LA FERIA, 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 Section 311.005 of the Act, being that the Zone area is predominantly open, and because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impairs or arrests the sound growth of the City and

The City of La Feria, 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 La Feria;
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 Cameron County and the La Feria Independent School District and
5. the 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

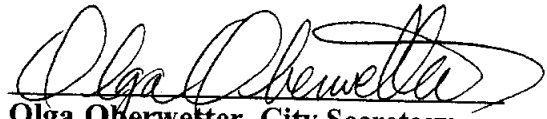
PASSED AND APPROVED THIS THE 13TH DAY OF DECEMBER 2007 IN LA FERIA, TEXAS.

APPROVED:



Steve Brewer, Mayor

ATTEST:


Olga Oberwetter, City Secretary

APPROVED AS TO FORM:

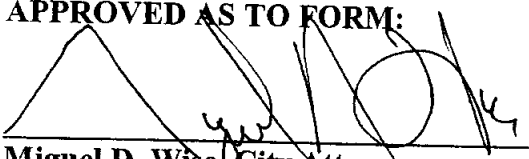

Miguel D. Wise, City Attorney

EXHIBIT "A"

List of Zone Properties Per Cameron County Appraisal District

LA FERIA TIRZ PARCELS

OBJECTID	GEO_ID	PROP_ID	Acreage
215241		0	0.25
224708		0	0.51
216905		0	15.42
222154		0	8.49
222158		0	3.40
213904	84-0340-0040-010	0	8.03
214027	86-9500-0010-0010-00	0	9.53
306684	86-2220-0210	0	3.73
213920	86-2220-0180	0	6.55
214022	84-5600-0100	0	37.50
213901	84-0340-0040-0100-00	173925	0.85
213903	84-0340-0040-0102-10	173927	3.81
213900	84-0340-0040-0103-00	173928	0.88
281728	84-0850-0000-0020-00	175977	6.69
215127	84-0950-0010-0020-00	175996	2.91
215126	84-0950-0010-0030-00	175997	0.77
223197	84-2450-0030-0200-00	176359	9.50
223196	84-2450-0040-0100-00	176360	19.28
223190	84-2450-0050-0010-00	176362	1.21
223201	84-2450-0060-0000-00	176363	0.76
223200	84-2450-0060-0000-10	176364	19.97
215242	84-2450-0070-0100-00	176367	5.89
224707	84-2450-0070-0200-00	176368	7.44
215243	84-2450-0080-0100-00	176369	6.49
215244	84-2450-0080-0201-00	176371	8.00
215246	84-2450-0090-0000-10	176374	17.92
223191	84-2455-0010-0010-00	176449	1.19
223192	84-2455-0010-0020-00	176450	1.16
223193	84-2455-0010-0030-00	176451	1.27
223195	84-2455-0010-0040-00	176452	14.63
222100	84-3140-0020-0102-00	176545	20.56
214489	84-3840-0130-0100-10	176956	19.11
214503	84-3840-0130-0100-10	176956	12.45
216928	84-3840-0130-0100-10	176956	19.43
305483	84-3870-0010-0010-00	176958	1.90
223110	84-5600-0020-0100-00	177433	8.99
223167	84-5600-0020-0200-00	177435	9.84
223107	84-5600-0020-0400-10	177438	19.22
306204	84-5600-0040-0100-10	177454	9.31
222042	84-5600-0050-0011-00	177458	13.67

218317	84-5600-0050-0012-00	177459	20.40
214020	84-5600-0080-0400-00	177477	34.97
222023	84-6400-0000-0020-00	178035	0.79
298751	84-8390-0010-0300-10	178447	6.00
298721	84-8390-0010-0300-10	178447	24.19
214486	84-8390-0040-0200-00	178452	18.39
216923	84-8390-0050-0100-10	178454	9.28
216921	84-8390-0050-0200-00	178455	9.84
305486	85-1540-0690-0101-10	179214	6.19
305484	85-1540-0690-0200-00	179216	17.16
213994	85-2942-0000-0020-00	180065	21.11
316143	85-5380-0360-0102-10	180421	7.17
316145	85-5380-0360-0200-00	180424	17.97
316139	85-5380-0360-0301-10	180426	4.53
281602	85-5380-0380-0150-00	180437	1.85
305700	85-5380-0380-0300-00	180440	0.68
305699	85-5380-0380-0411-00	180441	4.72
305698	85-5380-0380-0500-00	180442	5.81
305697	85-5380-0380-0510-00	180443	0.48
281725	85-5380-0400-0300-00	180450	5.17
315692	85-5380-0400-0500-10	180453	6.25
281726	85-5380-0400-0600-00	180454	14.08
294898	85-5380-0530-0101-10	180505	22.58
214985	85-5385-0010-0030-00	180966	2.02
214983	85-5385-0010-0030-00	180966	1.84
214984	85-5385-0010-0040-00	180967	1.85
223704	85-5390-0000-0010-00	181026	1.00
305073	85-5401-0000-0010-00	181089	1.00
305072	85-5401-0000-0020-00	181090	0.00
273498	85-7140-0420-0011-00	181878	0.58
215069	85-7140-0430-0100-00	181879	0.77
273478	85-7140-0430-0100-10	181880	7.97
223189	85-8190-0020-0100-10	182274	1.50
223194	85-8190-0020-0200-00	182275	18.04
215302	85-8190-0030-0350-10	182280	8.07
222157	86-2220-0110-0000-00	183083	19.69
215044	86-2220-0140-0103-00	183091	12.64
215043	86-2220-0150-0000-10	183097	17.72
213843	86-2220-0170-0100-00	183099	7.62
222029	86-2220-0170-0201-00	183100	0.85
222027	86-2220-0170-0204-00	183103	0.62
215046	86-2220-0180-0000-00	183106	0.78
306681	86-2220-0190-0300-00	183111	1.25
213905	86-2220-0200-0000-00	183123	20.81
273539	86-8300-0010-0010-00	183745	0.15
273531	86-8300-0010-0020-00	183746	0.26
273516	86-8300-0010-0040-00	183747	0.21
273514	86-8300-0010-0050-00	183748	0.16
273515	86-8300-0010-0060-00	183749	0.20
273524	86-8300-0010-0070-00	183750	0.14
273532	86-8300-0010-0080-00	183751	0.13

273540	86-8300-0010-0090-00	183752	0.15
273541	86-8300-0010-0100-00	183753	0.13
273533	86-8300-0010-0110-00	183754	0.13
273525	86-8300-0010-0120-00	183755	0.13
273517	86-8300-0010-0130-00	183756	0.14
273508	86-8300-0010-0140-00	183757	0.32
273499	86-8300-0010-0160-00	183758	0.16
273503	86-8300-0010-0170-00	183759	0.20
273509	86-8300-0010-0180-00	183760	0.13
273518	86-8300-0010-0190-00	183761	0.14
273526	86-8300-0010-0200-00	183762	0.12
273534	86-8300-0010-0210-00	183763	0.12
273542	86-8300-0010-0220-00	183764	0.12
273543	86-8300-0010-0230-00	183766	0.12
273535	86-8300-0010-0240-00	183767	0.12
273527	86-8300-0010-0250-00	183768	0.12
273519	86-8300-0010-0260-00	183770	0.14
273510	86-8300-0010-0270-00	183771	0.34
273500	86-8300-0010-0290-00	183772	0.16
273505	86-8300-0010-0300-00	183774	0.20
273511	86-8300-0010-0310-00	183775	0.13
273520	86-8300-0010-0320-00	183776	0.13
273528	86-8300-0010-0330-00	183777	0.12
273536	86-8300-0010-0340-00	183778	0.12
273544	86-8300-0010-0350-00	183779	0.12
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273537	86-8300-0010-0370-00	183781	0.13
273529	86-8300-0010-0380-00	183782	0.13
273521	86-8300-0010-0390-00	183783	0.14
273512	86-8300-0010-0400-00	183784	0.13
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273501	86-8300-0010-0420-00	183786	0.16
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273513	86-8300-0010-0440-00	183788	0.34
273522	86-8300-0010-0450-00	183789	0.24
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273546	86-8300-0010-0480-00	183792	0.23
273547	86-8300-0010-0490-00	183793	0.23
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273571	86-8300-0010-0520-00	183796	0.24
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273589	86-8300-0010-0540-00	183798	0.29
273588	86-8300-0010-0550-00	183799	0.18
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273584	86-8300-0010-0670-00	183810	0.22
273576	86-8300-0010-0680-00	183811	0.13
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273560	86-8300-0010-0700-00	183814	0.13
273552	86-8300-0010-0710-00	183815	0.13
273551	86-8300-0010-0720-00	183817	0.13
273559	86-8300-0010-0730-00	183818	0.12
273567	86-8300-0010-0740-00	183819	0.13
273575	86-8300-0010-0750-00	183820	0.13
273583	86-8300-0010-0760-00	183821	0.22
273582	86-8300-0010-0770-00	183822	0.17
273581	86-8300-0010-0780-00	183823	0.22
273574	86-8300-0010-0790-00	183824	0.14
273566	86-8300-0010-0800-00	183825	0.14
273558	86-8300-0010-0810-00	183826	0.13
273550	86-8300-0010-0820-00	183827	0.13
273549	86-8300-0010-0840-00	183828	0.25
273565	86-8300-0010-0850-00	183829	0.13
273573	86-8300-0010-0860-00	183830	0.13
273580	86-8300-0010-0870-00	183831	0.22
273579	86-8300-0010-0880-00	183832	0.17
273591	86-8300-0010-0890-00	183834	0.22
273572	86-8300-0010-0900-00	183835	0.13
273564	86-8300-0010-0910-00	183836	0.13
273556	86-8300-0010-0920-00	183837	0.12
273548	86-8300-0010-0930-00	183838	0.12
TOTAL ACREAGE			759.66

ORDINANCE 2008-09

**AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF LA FERIA
APPROVING AN INTERLOCAL AGREEMENT BETWEEN CAMERON
COUNTY, THE CITY OF LA FERIA AND THE BOARD OF DIRECTORS OF
THE TAX INCREMENT REINVESTMENT ZONE NUMBER ONE, CITY OF LA
FERIA**

WHEREAS, Chapter 791, Texas Government Code and Chapter 311 of the Texas Tax Code provide for the joint participation of City and County in the City of La Feria Tax Increment Reinvestment Zone, and

WHEREAS, the Interlocal Agreement upon approval of the Board of Directors must be submitted to the Cameron County Commissioners Court and the City Commission of the City of La Feria for approval, and

WHEREAS, The Board of Directors adopted and approved an Interlocal agreement on March 24, 2008,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF LA FERIA THAT:

The attached Interlocal Agreement is approved.

CONSIDERED, PASSED, APPROVED, AND SIGNED THIS 25TH DAY OF MARCH 2008 AT A REGULAR MEETING OF THE CITY COMMISSION OF THE CITY OF LA FERIA AT WHICH A QUORUM WAS PRESENT AND WHICH WAS HELD IN ACCORDANCE WITH CHAPTER 551 OF THE TEXAS GOVERNMENT CODE

APPROVED



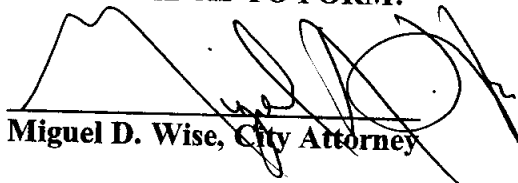
Lori Weaver, Mayor Pro-Tem

ATTEST:



Olga Oberwetter, City Secretary

APPROVED AS TO FORM:



Miguel D. Wise, City Attorney

ORDINANCE 2008-10

**AN ORDINANCE OF THE CITY OF LA FERIA APPROVING A FINAL
PROJECT PLAN AND FINANCING PLAN, TAX INCREMENT
REINVESTMENT ZONE NUMBER ONE, CITY OF LA FERIA**

WHEREAS, Section 311.011(a) of the Texas Tax Code requires the Board of Directors to prepare and adopt a finance plan and project plan and submit it to the City Council for approval, and


WHEREAS, The Board of Directors adopted a Final Finance and Development Plan on March 24, 2008; therefore

**BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF LA FERIA
THAT:**

The attached Project and Finance Plan is approved.

**CONSIDERED, PASSED, APPROVED, AND SIGNED THIS 25TH DAY OF MARCH
2008 AT A REGULAR MEETING OF THE CITY COMMISSION OF THE CITY OF LA
FERIA AT WHICH A QUORUM WAS PRESENT AND WHICH WAS HELD IN
ACCORDANCE WITH CHAPTER 551 OF THE TEXAS GOVERNMENT CODE**

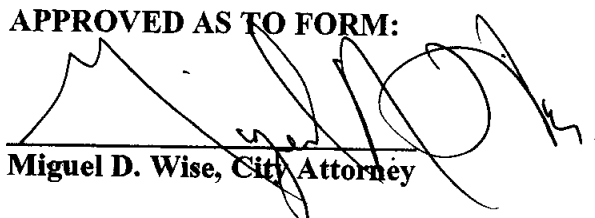
APPROVED


Lori Weaver, Mayor Pro-Tem

ATTEST:


Olga Oberwetter, City Secretary

APPROVED AS TO FORM:


Miguel D. Wise, City Attorney