



CAMERON COUNTY  
PROGRAM DEVELOPMENT & MANAGEMENT DEPARTMENT

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**M E M O R A N D U M**

**TO:** Aide A. Trejo, Commissioners Court Minutes Secretary

**FROM:** Frank Bejarano, PD & M Director 

**Date:** June 12, 2014

**SUBJECT:** Los Fresnos TIRZ No. 1 Interlocal Agreement

The attached interlocal agreement for the City of Los Fresnos Tax Increment Reinvestment Zone No. 1 was approved by Commissioners Court on May 8, 2014, subject to changes by the County's Legal Division. The changes have since been made and the agreement has been signed by the Los Fresnos Mayor in triplicate.

The agreement is now ready to be signed by the County Judge and recorded in the Commissioners Court Minutes. Please return two fully executed copies of the agreement to me and I will forward one of the copies to the City of Los Fresnos.

Thank you in advance for your assistance.

**Attachment**

THE STATE OF TEXAS

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CITY OF LOS FRESNOS

COUNTY OF CAMERON

## INTERLOCAL AGREEMENT

### I. PARTIES

#### A. Address

1. THIS INTERLOCAL AGREEMENT (the "Agreement") is made by and between the **CITY OF LOS FRESNOS, TEXAS** (hereafter referred to as "CITY"), a Texas Home Rule City, acting through its City Manager pursuant to Ordinance No. 449, passed and approved by the City Council on December 10<sup>th</sup> and 17th, 2013 and on behalf of **REINVESTMENT ZONE NUMBER ONE, CITY OF LOS FRESNOS, 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) , and Cameron County, a political subdivision of the State of Texas, and 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

Mark Milum  
City Manager  
City of Los Fresnos  
200 N. Brazil  
Los Fresnos, Texas 78566

#### CAMERON COUNTY

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

**With Copy to:**  
**ZONE BOARD**

Chairman  
Reinvestment Zone Number One,  
City of Los Fresnos, Texas  
200 N. Brazil  
Los Fresnos, Texas 78566

**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 CAMERON COUNTY, the only taxing entity to receive administrative costs are estimated to be Fifteen Thousand (\$15,000) over the life of the zone and shall be deducted annually in an amount of \$1,000.00 from the County distribution.

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" means the City of Los Fresnos

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 water and sewer system improvements, street improvements, street reconstruction and park improvements.

7. "Project Plan" means the Final Project Reinvestment Zone and Financing Plan for the ZONE to be adopted by the Board of Directors of the Zone and approved by the City Council of the CITY 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 on the Captured Appraised Value of taxable real property in the 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 and only that portion of the ad valorem tax rate for Maintenance and Operation (M&O).

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, 2013, the year in which the ZONE was designated. The CAMERON COUNTY base year shall be 2014 and the increment payment shall start for the tax year 2015.

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 Los Fresnos, Texas Tax Increment Fund".

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

12. "Term" shall mean a period of fifteen (15) years for the Agreement, beginning year tax year 2015 and ending in year 2029.

13. "ZONE" means Reinvestment Zone Number One, City of Los Fresnos, Texas, created by the CITY over the Zone Area a description of which is contained in Exhibit "C", attached hereto.

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

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

16. "Annual Report" means a report presented to the Cameron County Commissioners Court on an annual basis that provides detailed financial information on the Zone expenditures and contractual and debt obligations as they relate to the Project Plan; and includes a summary of the status of all Zone projects and activities.

### **III. BACKGROUND**

A. On March 15, 2013 the City Council of the City of Los Fresnos held a workshop for the public for a discussion of Tax Increment Reinvestment Zones and other public financing mechanisms. On May 15, 2013 the Council indicated its intent to create a Tax Increment Reinvestment Zone by approving a contract with TIF Services of South Texas for its services to create a Zone, commonly known as the Los Fresnos Redevelopment Project, pursuant to Chapter 311, Texas Tax Code. On December 10, 2013 (First Reading) and December 17, 2013 (Second

Reading), the City Council of CITY passed and approved Ordinance No. 449 which created the ZONE. The ZONE will provide funding for public improvements within the ZONE. The ZONE is projected to terminate on December 31, 2029 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 CAMERON 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 one hundred percent (100%) of its respective M&O Tax Increments each year during the term of this Agreement, beginning with the 2015 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, 30% (County's projected maximum tax increment of \$2,508,430 divided by \$8,447,935, 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, 2029, 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 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 annually on April 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 annual period preceding each deposit date. The Parties agree that CAMERON COUNTY'S obligation to deposit Tax Increment Payments after September 1, 2029 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 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; five million nine hundred thirty-nine thousand, five hundred and five dollars (\$5,939,505) 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; two million, five hundred and eight thousand, four hundred and thirty dollars and no cents (\$2,508,430) in the aggregate.

### **C. 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 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 ZONE**

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 in writing such participation.

### **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, 2029 unless earlier terminated as provided herein (the "Agreement Term"). Subject to the terms of this Agreement, CAMERON COUNTY agrees to participate under this Agreement, with the 2015 tax year as the base 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 December 31, 2029 except for Tax Increment payments generated during the life of the Zone but collected after December 31, 2029 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, unless the purpose for the ZONE no longer is deemed feasible by the CITY and the 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 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 Council of CITY and only the CAMERON COUNTY Commissioners Court 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 Council of CITY and only the Commissioners' 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. 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.

#### **J. Access to Financial Information**

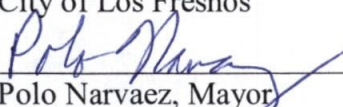
The CITY shall conduct or to cause to be conducted, at a minimum, an annual audit of the Zone Fund within six (6) months of the end of each of the Zone's fiscal years during the term of the Agreement, a copy of which will be provided to CAMERON COUNTY. Furthermore, each Party to this Agreement shall 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 1<sup>st</sup> 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 and the independent audit by the CITY.

#### **K. 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 LOS FRESNOS and CAMERON COUNTY have made and executed this Agreement in triplicate originals on this 8 day of May of 2014.

City of Los Fresnos

  
Polo Narvaez, Mayor

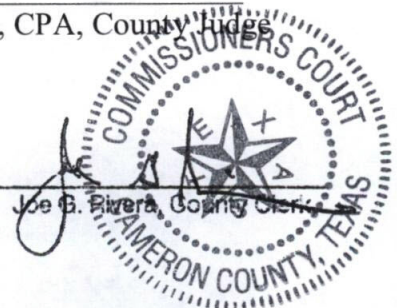
Attested By:

Cameron County

  
Carlos H. Cascos, CPA, County Judge

Attested By:

Attested by:





*Pam Denny*  
Pam Denny, City Secretary

Joe G. Rivera, County Clerk



**Exhibit A**  
**City of Los Fresnos Tax Increment Reinvestment Zone # 1**  
**Project Plan**



**FINAL  
PROJECT PLAN  
AND FINANCING PLAN  
FOR**

**Reinvestment Zone Number One**

**City of Los Fresnos, Texas**

**Los Fresnos Redevelopment Program**

**MAY 16, 2014**

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### EXHIBITS

- A. MAP OF ZONE
- B. SUMMARY OF TIRZ REQUIREMENTS



## **SECTION I – EXECUTIVE SUMMARY**

### **Overview of Plan**

The City of Los Fresnos Tax Increment Reinvestment Zone (“TIRZ”) Number One represents an important opportunity for the City of Los Fresnos 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, in areas of the City that have had significant and varied impediments to development.

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

The creation of the TIRZ will provide the following benefits:

1. Funding for necessary public improvements associated with new commercial and residential development.
2. Replace low value existing land uses with high value commercial, single and multi-family land uses.
3. Offer employment opportunities and reduce commuting time for Los Fresnos 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 Los Fresnos economy and housing market.

The proposed TIRZ is comprised of vacant land throughout the City and a structure at the NW corner of FM 1847 and Hwy 100.

### **Development Goals and Objectives**

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

- Provide commercial and industrial opportunities for developers and companies seeking commercial building sites through the extension of new City streets and expansion of the water and sewer systems.
- Provide for funds for the installation of new lift stations and force main system.
- Provide for new commercial and residential opportunities through the completion of new connector streets.

- Improve vehicular traffic through street reconstruction including Whipple and Henderson Roads that are partially in the city and partially in the County
- Begin to address the need for expanded housing opportunities for Los Fresnos residents and Los Fresnos workers who have to commute to work.

The City of Los Fresnos 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 Los Fresnos TIRZ Development Program includes;

Phase 1	2014	\$	14,750,000	Commercial
Phase 1a	2014	\$	1,500,000	Single Family
Phase 2	2015	\$	2,500,000	Commercial
Phase 2a	2015	\$	1,500,000	Single Family
Phase 3	2016	\$	3,500,000	Commercial
Phase 3a	2016	\$	2,500,000	Single Family
Phase 3b	2016	\$	14,000,000	Multi-family (200 Units)
Phase 4	2017	\$	3,500,000	Commercial
Phase 4a	2017	\$	1,500,000	Single Family
Phase 5	2018	\$	3,500,000	Commercial
Phase 5a	2018	\$	1,500,000	Single Family
Phase 6	2019	\$	3,500,000	Commercial
Phase 6b	2019	\$	1,500,000	Single Family
Phase 7	2020	\$	1,500,000	Single Family
Phase 8	2021	\$	1,500,000	Single Family
Phase 9	2022	\$	1,500,000	Single Family
Phase 9a	2022	\$	3,500,000	Commercial
Phase 10	2023	\$	1,500,000	Single Family
Phase 11	2024	\$	1,500,000	Single Family
Phase 12	2025	\$	1,500,000	Single Family
Phase 12a	2025	\$	1,500,000	Commercial
Phase 13	2026	\$	1,500,000	Single Family
Phase 14	2027	\$	1,500,000	Single Family
Phase 15	2028	\$	1,500,000	Single Family
Phase 15a	2028	\$	2,500,000	Commercial
Phase 15b	2028	\$	8,000,000	Multi-family 125 Units

The total private investment is expected to be in excess of \$ 76,250,000



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

### **Planned Public Improvements**

The public improvements enumerated in the Project Plan, with an estimated cost of \$34,733,367 include funds for new street and utility construction, water system improvements, sewer system improvements drainage improvements, lift stations and force mains.

### **Planned Public Construction**

The City of Los Fresnos TIRZ Development Program includes;

Street Extensions Commercial Development	\$	3,454,271
Water Line Extensions Commercial Development	\$	1,676,286
Matching Funds Stae and Federal Programs	\$	600,000
Street Extension & New Street Construction Multi-family Development	\$	3,031,971
Sewer System Improvements	\$	8,866,401
Water System Improvements	\$	10,289,438
Park construction and Improvements	\$	2,000,000
Street Reconstruction Including Whipple Road and Henderson Road	\$	4,000,000
Drainage Improvements	\$	750,000

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

The TIRZ Financing Plan provides for tax increment allowable expenses in the approximate amount of \$ 8,602,471. The Reinvestment Zone Financing Plan provides for incremental financing and predicts revenues for the City of Los Fresnos TIRZ District.

## **Section II – Project Plan**

### **Background**

On March 13, 2013 the City Council of the City of Los Fresnos received a presentation by TIF Services of South Texas on the creation of a tax increment reinvestment zone for the City of Los Fresnos. On May 14, 2013 the City Council approved a “Resolution of Intent” to consider the creation of the City of Los Fresnos TIRZ # 1. On December 10, 2013 the City Council held a Public Hearing on the creation of a zone and approved Ordinance No. 449 authorizing the creation of City of Los Fresnos Tax Increment Reinvestment Zone # 1 and Ordinance # 450 appointing a Board of Directors for the Zone. On December 17, 2013 the second reading of both ordinances was done.

### **Program Concepts**

The City of Los Fresnos TIRZ District represents an important opportunity for the City of Los Fresnos in partnership with Cameron County to develop a viable long-range revitalization plan for areas of the city, which have lacked commercial, and single and multi-family housing opportunities. New commercial, retail, food-service, office-warehouse and single family and multi-family developments are the key components of the revitalization plan. Increased employment opportunities for Los Fresnos 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 Los Fresnos TIRZ District will ensure the future of the City as a viable option as companies look to expand or relocate. The addition of new single and multi-family properties will help to solve a major need of the city.

### **Description of District**

The City of Los Fresnos TIRZ District is located throughout the City. The current market value of property within the Zone is \$8,203,186. The assessed value of property in the Zone is approximately \$5,200,000. The City of Los Fresnos TIRZ zone includes approximately 630+/- acres of public and privately held land as shown on the Exhibit “A”

### **Existing Uses and Conditions**

The City of Los Fresnos 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:



“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 Los Fresnos, pursuant to the Act, further finds and declares that:

1. the proposed zone is a contiguous geographical area located wholly within the City limits or extra-territorial jurisdiction of Los Fresnos;
2. less than thirty percent (30%) 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 fifty per cent (50%) 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 fifty percent (50%) of the total appraised value of real property taxable by Cameron County and the Los Fresnos 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 Los Fresnos TIRZ Zoning**

The City of Los Fresnos is divided into 12 zoning districts.

C-1 Limited Commercial District (Neighborhood)  
C-2 Highway Commercial District  
C-3 Central Business District  
C-4 Heavy Commercial District  
M-H Manufactured Housing District  
R-1 Single Family District  
R-1A Single Family District  
R-2 Two Family District  
R-3 Multi-Family District  
R-3A Multi-Family District  
R-C Residential Cluster District  
R-LB Residential-Limited Business District

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

## **Proposed Public Improvements**

### **Street Extensions Commercial Development**

Commercial development in Los Fresnos has occurred along Ocean Boulevard and this has limited the size and scope of development to smaller users. Los Fresnos has grown to the critical mass size that larger retail users are beginning to look at the City and inquire about sites near Ocean Boulevard but not on it. This has created the need to connect larger users to both interior feeder streets and to Ocean Boulevard. This is not a normal cost of development and so the City is needed to step forward with the construction of these new roads, the construction of which will open up additional development opportunities for both commercial and multi-family users.

### **Water Line Extensions Commercial Developments**

As the City constructs new arterials to service additional commercial development, both retail and multi-family, water lines will need to be installed in the new Right-of-Way or new easements. Water will be needed for both consumption and for fire flow.

### **Matching Funds for State and Federal Programs**

The City has over \$ 22,000,000 in identified public improvements for which they will need to develop funding sources. Setting aside funds to be used for matching state and federal programs is a prudent method of helping to meet these unfunded needs.

### **Street Extensions & New Street Construction for Multi-family Development**

The City of Los Fresnos has had a historical structural imbalance in its housing market. The Los Fresnos Housing Authority has historically met the needs of some of the cities elderly, disabled and low income and private single-family home builders offer a wide array of single-family detached homes for purchase. What have historically been missing from the Los Fresnos housing market are affordable multi-family homes for families that would rather rent than own. The City has a number of streets that dead end into vacant land that with the extension of the streets would open additional land around the City to be developed

### **Sewer System Improvements and Water System Improvements**

He City has completed an inventory of its current sewer and water systems and has identified over \$19,000,000 in system wide improvements that will need to be met over the next several generations. Most of these improvements will need to be made upgrading the actual sewer plant to



meet ever increasing state and federal requirements for treated water and to the water plant as capacity for both consumption and fire flow has increased dramatically over the past several years. System wide improvements also include new lift stations and the installation of new sewer and water lines.

### **Park Reconstruction and Improvements**

The City, working with the Los Fresnos Independent School District, will seek to identify the types of amenities that meet the needs of both the citizens of Los Fresnos and the Cameron County residents living in close proximity to Los Fresnos. Having determined those needs the city will engage in a long range process involving the city, social organizations, the county, churches and interested citizens in acquiring land and developing parks that meet the current and future needs of central Cameron County. Using existing Right-of-Way and easements and including space for hike and bike trails in new developments will enhance the health of the residents of both Los Fresnos and Cameron County

### **Street Reconstruction**

A number of streets in Los Fresnos were not sized for the continued development that has occurred over the past decades. They were constructed to meet the immediate needs of the neighborhood that was being developed. Many of these streets lack curb and gutters and some sidewalks. The City will need to upgrade these streets to address both safety and ever increasing federal disability requirements for both streets and sidewalks. Henderson and Whipple Roads which are partially in the City and partially in the County are included in the street reconstruction program.

### **Drainage Improvements**

The City of Los Fresnos like most of the cities in the Rio Grande Valley is relatively flat. In the past not a lot of consideration was given to how present development would affect landowners surrounding the development in the future or how downstream properties would be affected. The City has identified in its capital improvements program drainage issues that can be fixed. Funds from the TIRZ can be used to alleviate the worst of these problems.

The planned improvements are designed to begin to meet the long-term needs to secure growth and investment in Los Fresnos and eastern Cameron County.

### **Conclusions**

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

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

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

1. Financial feasibility
2. Market or economic feasibility.

The purpose of the TIRZ is to address the financial aspect of the development. TIRZ incremental funds provide for a portion of the development costs incurred for public improvements, thus ensuring 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 will not cover all of the cost of the proposed public improvements and that other funding sources will be necessary.

Market or economic feasibility addresses issues relating to product absorption, type of product, and demand. The existing economic base is expected to increase due to new commercial opportunities that will be generated through the business expansion as a result of the new commercial and food service facilities that have already been announced for Los Fresnos. There is demonstrated demand for the type and size of the planned private improvements in the Zone. The public improvements scheduled for the Zone will ensure 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 \$8,602,471 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 Los Fresnos TIRZ # 1.

Financing Method: Incremental funds will be spent as they accrue and TIF Revenue Bonds or certificates of obligation may be issued for larger projects and paid for with annual TIRZ proceeds. It is not anticipated that the bonded indebtedness of the Zone will exceed \$3,500,000

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

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

### **Non Project Costs**

The City TIRZ may incur costs outside of the boundaries of the Zone in order to facilitate development of the Zone properties. These costs may include road reconstruction and property acquisition as well as the installation of utility lines in the newly reconstructed roads and the installation of a force main from a new lift station.

## **Relocation Plan**

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

## **Development Schedule And Assumptions**

The Development Schedule is based upon the immediate needs of the City but the public works are not 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.

Street Extensions Commercial Development	\$	3,454,271
Water Line Extensions Commercial Development	\$	1,676,286
Matching Funds Stae and Federal Programs	\$	600,000
Street Extension & New Street Construction Multi-family Development	\$	3,031,971
Sewer System Improvements	\$	8,866,401
Water System Improvements	\$	10,289,438
Park construction and Improvements	\$	2,000,000
Street Reconstruction Including Whipple Road and Henderson Road	\$	4,000,000
Drainage Improvements	\$	750,000

## **Financial Assumptions**

No tax rate changes have been factored into the financial pro forma for the District. All projections assume that taxable appraised value and tax rates will remain unchanged 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 value from the 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. The City acknowledges that in any given year the collection rate will initially be lower with the balance of the taxes due being paid in arrears.



# City of Los Fresnos Project Review

## City of Los Fresnos - TIF Reinvestment Zone # One 5/13/14

### Summary Fact Sheet

**Plan of Finance**

Site Area	630+/- Acres
Base Value (January 1, 2013 estimate)	\$5,200,000

**Project:**

Phase 1	2014	\$	14,750,000	Commercial
Phase 1a	2014	\$	1,500,000	Single Family
Phase 2	2015	\$	2,500,000	Commercial
Phase 2a	2015	\$	1,500,000	Single Family
Phase 3	2016	\$	3,500,000	Commercial
Phase 3a	2016	\$	2,500,000	Single Family
Phase 3b	2016	\$	14,000,000	Multi-family (200 Units)
Phase 4	2017	\$	3,500,000	Commercial
Phase 4a	2017	\$	1,500,000	Single Family
Phase 5	2018	\$	3,500,000	Commercial
Phase 5a	2018	\$	1,500,000	Single Family
Phase 6	2019	\$	3,500,000	Commercial
Phase 6b	2019	\$	1,500,000	Single Family
Phase 7	2020	\$	1,500,000	Single Family
Phase 8	2021	\$	1,500,000	Single Family
Phase 9	2022	\$	1,500,000	Single Family
Phase 9a	2022	\$	3,500,000	Commercial
Phase 10	2023	\$	1,500,000	Single Family
Phase 11	2024	\$	1,500,000	Single Family
Phase 12	2025	\$	1,500,000	Single Family
Phase 12a	2025	\$	1,500,000	Commercial
Phase 13	2026	\$	1,500,000	Single Family
Phase 14	2027	\$	1,500,000	Single Family
Phase 15	2028	\$	1,500,000	Single Family
Phase 15a	2028	\$	2,500,000	Commercial
Phase 15b	2028	\$	8,000,000	Multi-family 125 Units

Totals	\$	38,750,000	Commercial
	\$	19,000,000	Single Family
	\$	22,000,000	Multi-family

Assumptions	Captured Value	\$	84,250,000	
	Growth Factor		0.00%	
	Collection Rate		97.50%	
	Estimated Total TIF Revenues	\$	8,602,471	
	Estimated TIF Life		16	Years





## Projected Value of New Tax Increment

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

Tax Year	Tax Increment Zone				City of Los Fresnos			Cameron County		
	Beginning Assessed Value	Annual Value of New Development	Projected Year-End Assessed Value	Projected Captured Value	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Captured Taxable Value	Tax Rate Contribution	Tax Increments
2013	5,200,000		5,200,000		-	0.715000		-	0.326802	
2014	5,200,000	16,250,000	21,450,000	16,250,000	16,250,000	0.715000		16,250,000	0.326802	
2015	21,450,000	4,000,000	25,450,000	20,250,000	20,250,000	0.715000	113,283	20,250,000	0.326802	51,778
2016	25,450,000	20,000,000	45,450,000	40,250,000	40,250,000	0.715000	141,168	40,250,000	0.326802	64,523
2017	45,450,000	5,000,000	50,450,000	45,250,000	45,250,000	0.715000	280,593	45,250,000	0.326802	128,249
2018	50,450,000	5,000,000	55,450,000	50,250,000	50,250,000	0.715000	315,449	50,250,000	0.326802	144,181
2019	55,450,000	5,000,000	56,950,000	51,750,000	51,750,000	0.715000	350,305	51,750,000	0.326802	160,113
2020	56,950,000	1,500,000	58,450,000	53,250,000	53,250,000	0.715000	360,762	53,250,000	0.326802	164,892
2021	58,450,000	1,500,000	63,450,000	58,250,000	58,250,000	0.715000	371,219	58,250,000	0.326802	169,672
2022	63,450,000	5,000,000	68,450,000	63,250,000	63,250,000	0.715000	406,075	63,250,000	0.326802	185,603
2023	68,450,000	1,500,000	69,950,000	64,750,000	64,750,000	0.715000	440,932	64,750,000	0.326802	201,535
2024	69,950,000	1,500,000	69,950,000	64,750,000	64,750,000	0.715000	451,388	64,750,000	0.326802	206,314
2025	69,950,000	3,000,000	69,950,000	64,750,000	64,750,000	0.715000	451,388	64,750,000	0.326802	206,314
2026	69,950,000	1,500,000	69,950,000	64,750,000	64,750,000	0.715000	451,388	64,750,000	0.326802	206,314
2027	69,950,000	1,500,000	69,950,000	64,750,000	64,750,000	0.715000	451,388	64,750,000	0.326802	206,314
2028	69,950,000	12,000,000	69,950,000	64,750,000	64,750,000	0.715000	451,388	64,750,000	0.326802	206,314
2029	69,950,000		69,950,000	48,500,000	48,500,000	0.715000	451,388	48,500,000	0.326802	206,314
\$ 72,250,000 Annual Growth Factors Years 2014-2015 Thereafter Combined Compound Growth Rate					\$ 5,939,505 Participation Level Tax Rate Growth Factor Tax Rate Collection Factor			\$ 2,508,430 Participation Level Tax Rate Growth Factor Tax Rate Collection Factor		
					100% 0.00% 97.50%			100% 0.00% 97.50%		

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

Fiscal Year Ending	TIF Revenue	Cumulative TIF Revenues
2013		113,283
2014		318,974
2015	113,283	727,816
2016	205,691	1,187,446
2017	408,842	1,697,864
2018	459,630	2,223,518
2019	510,418	2,764,408
2020	525,654	3,356,087
2021	540,891	3,998,553
2022	591,678	4,656,256
2023	642,466	5,313,958
2024	657,703	5,971,661
2025	657,703	6,629,364
2026	657,703	7,287,066
2027	657,703	7,944,769
2028	657,703	8,602,471
2029	657,702	

\$ 8,602,471



## **Project Budget**

Begin Construction	2014
Construction Complete	2028
Street Extensions Commercial Development	\$ 3,454,271
Water Line Extensions Commercial Development	\$ 1,676,286
Matching Funds Stae and Federal Programs	\$ 600,000
Street Extension & New Street Construction Multi-family Development	\$ 3,031,971
Sewer System Improvements	\$ 8,866,401
Water System Improvements	\$ 10,289,438
Park construction and Improvements	\$ 2,000,000
Street Reconstruction Including Whipple Road and Henderson Road	\$ 4,000,000
Drainage Improvements	\$ 750,000
Formation Expenses	\$ 50,000
Administrative Fees	\$ 15,000
<b>Total Costs</b>	<b>\$ 34,733,367</b>

## **Financial Feasibility**

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

## **Conclusions**

Based upon a set of conservative assumptions and analysis of the City of Los Fresnos Tax Increment Reinvestment Zone District Project Plan and Reinvestment Zone Financing Plan, The City of Los Fresnos TIRZ Board of Directors has concluded that the City of Los Fresnos TIRZ # 1 District Project Plan and Reinvestment Zone Financing Plan is feasible.

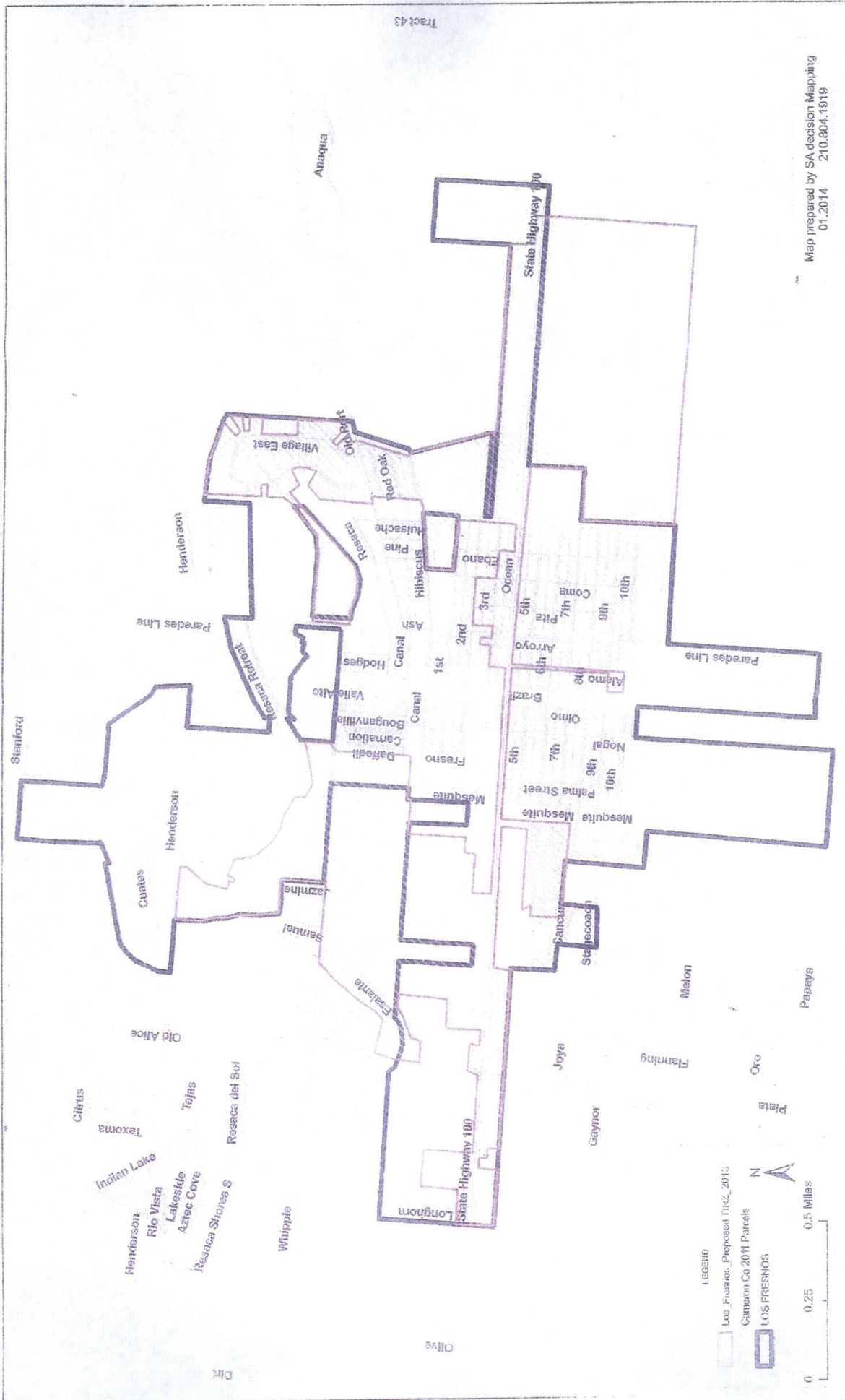
The success of the City of Los Fresnos TIRZ District # 1 project plan will encourage other mixed-use commercial/industrial/retail/lodging and market rate residential and affordable housing. The new residential population base; will support an expanding retail base, will supplement the existing job market, will attract additional private development into the City of Los Fresnos and Eastern Cameron County and will serve to stabilize and enhance future property values.

**Exhibit A**

**Map of Zone Properties**



## CITY OF LOS FRESNOS

Map prepared by SA decision Mapping  
01.2014 210.804.1918

## **Exhibit B**

### **TIRZ REQUIREMENTS**

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

#### **Project Plan**

1. Map of existing uses and conditions	Exhibit A
2. List proposed improvements and uses	Pages 4-5
3. Description of Zone Property	Page 3
4. Project Feasibility	Page 9
5. Proposed zoning changes	Page 7
6. Estimated non-project costs	Page 11
7. Relocation plan for current residents	Page 12
8. Administrative Costs	Page 17

#### **Financing Plan**

1. Detailed estimate of project costs.	Page 17
2. Proposed public improvements	Page 17
3. Project Timeline	Page 13
4. Estimated amount of bonded indebtedness	Page 11
5. Time when costs/obligations will be incurred	2014 - 2033
6. Methods of financing, sources of Revenue	Page 15
7. Current total appraised value.	Page 15
8. Estimated captured appraised value	Page 15
9. Duration of Zone	Page 12



**Exhibit "B"**  
**Ordinance, No. 449**  
**City Council of the City of Los Fresnos**

**ORDINANCE NO. 449**

**AN ORDINANCE DESIGNATING AN AREA KNOWN AS THE CITY OF LOS FRESNOS 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 LOS FRESNOS; AND ESTABLISHING A TAX INCREMENT FUND**

This ordinance was introduced and submitted to the City Council for passage and adoption after the second reading. After presentation and discussion of the Ordinance, a motion was made by Mayor Narvaez that the Ordinance be finally passed and adopted in accordance with the City's Home Rule Charter. The motion was seconded by Councilmember Jones and carried by the following vote:

Mayor Polo Narvaez	<u>X</u>	For	___	Against	___	Abstained
Mayor Pro-tem Yolanda H. Cruz	<u>X</u>	For	___	Against	___	Abstained
Councilmember Swain Real	<u>X</u>	For	___	Against	___	Abstained
Councilmember Javier Mendez (ABSENT)	___	For	___	Against	___	Abstained
Councilmember Tom Jones	<u>X</u>	For	___	Against	___	Abstained
Councilmember Gary Minton	<u>X</u>	For	___	Against	___	Abstained

**WHEREAS**, the City Council (the "Council") of the City of Los Fresnos, 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 by passing a resolution of intent to create a Zone at their May 13, 2013 meeting

**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 Construction, (ii) Utility Extensions and Construction, (iii) Right-of-Way Acquisition (iv) Drainage Improvements, (v) Utility Relocation, (vi) New Collector Streets, (vii) Drainage Improvements, (viii) parks and trails, and (ix) municipal facilities.

**WHEREAS**, pursuant to the Act, the City may designate a geographical area within the City or the Cities extra-territorial jurisdiction; 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 10, 2013 at 7:05 p.m. in the City Council Chambers, City Hall to consider the creation of a Tax Increment Reinvestment Zone for the Project and its respective benefits to the City and to property in the proposed Zone; and

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

**NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOS FRESNOS:**

**SECTION 1. DESIGNATING THE AREA AS A REINVESTMENT ZONE.** The area described in Section 2. below and more commonly referred to as the "Los Fresnos 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 blue incorporated in the Zone.

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

Each taxing unit other than the City that levies taxes on real property in the Zone may appoint one member to the Board. A unit may waive its right to appoint a member. The City shall appoint the remaining directors of which, one shall be nominated by the Commissioners Court of Cameron County.

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

**SECTION 4. EFFECTIVE DATE AND TERMINATION DATE OF THE ZONE.** The Zone shall take effect on December 31, 2013 and continue till its termination date of December 31, 2038 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 LOS FRESNOS, 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, 2013, 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 LOS FRESNOS, TEXAS TAX INCREMENT FUND" (HEREIN CALLED THE "Tax Increment Fund"). Money in the Tax Increment Fund, from whatever source, may be disbursed from the Tax Increment Fund, invested, and paid as permitted by the Act or by any agreements entered into pursuant to the Act, or as otherwise authorized by law.

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

"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 Los Fresnos, pursuant to the Act, further finds and declares that:

1. the proposed zone is a geographical area located wholly within the City limits or Extra-territorial Jurisdiction of Los Fresnos;
2. less than thirty percent (30% ) 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 fifty per cent (50%) 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 fifty percent (50%) of the total appraised value of real property taxable by Cameron County and the Los Fresnos Independent School District, and
5. development or redevelopment within the boundaries of the proposed Zone will not occur solely through private investment in the reasonably foreseeable future.

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

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

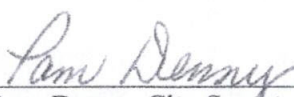


**SECTION 11.** The Zone shall take effect immediately upon passage of this Ordinance, pursuant to Section 311.004(3) of the Act

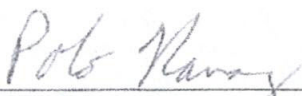
INTRODUCED and APPROVED on the first reading this 10<sup>th</sup> day of December, 2013.

APPROVED and PASSED on the second and final reading this 17<sup>th</sup> day of December, 2013.

ATTEST:

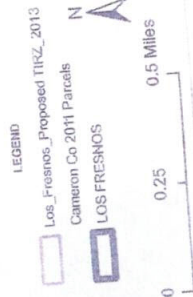
  
Pam Denny, City Secretary



  
Polo Narvaez, Mayor

## Stanford

Map prepared by SA decision Mapping  
210.804.1919  
01.2014





**Exhibit "C"**  
**Zone Map**

# CITY OF LOS FRESNOS

