PALMVIEW MUNICIPAL DEVELOPMENT DISTRICT

ECONOMIC DEVELOPMENT INCENTIVE GUIDELINES

How the District evaluates, awards, and pays business incentives in Palmview, Texas.

400 West Veterans Boulevard, Palmview, Texas 78572
Adopted by the Board of Directors · Effective on adoption

THE PROGRAM IN ONE PAGE

What the District does. The District invests in projects that bring new businesses, new jobs, and new sales tax to Palmview. Every request goes through the same written process, every award is tied to results, and the District pays only after the business performs.

Three tracks, one process. Every project fits one of three tracks based on its size. The track decides what the District can offer. The process is the same for all three.

	Track 1: Small Business	Track 2: Retail Recruitment	Track 3: Strategic Projects
Who	Existing local businesses improving their location. Project under $500,000.	New restaurant, retail, or service locations. Investment of $500,000 or more.	Investment of $3 million or more, 25 or more full-time jobs, or a priority site named by the Board.
What the District offers	Matching grants: up to $5,000 for storefront and equipment, up to $10,000 for facade, signage, and drive-thru. Small business loans through the Loan Fund.	A sales tax rebate: up to 50 percent of the District's share, for up to five years. Reimbursement of specific costs when milestones are met.	Land, site work, and public infrastructure (water, sewer, drainage, access), with terms set project by project. Track 2 tools may be added.
How it is paid	Reimbursement after the work is done and inspected.	In arrears, each year, from the sales tax the location actually produced.	Reimbursement after improvements are complete and accepted.
Annual funding	Each track is funded from the dollar amount the Board sets for it in the adopted budget. See Annual Funding and Limits.		
How fast	Board action in about 30 days.	Board action in 45 to 60 days.	Board action in 45 to 60 days.

SIX RULES BEHIND EVERY AWARD

1. **Performance first.** The District pays after the business performs. No money up front.
2. **Paid from what the project creates.** A sales tax rebate never exceeds what the District actually received from that location.
3. **Even treatment.** Same application, same review, for everyone.
4. **Budget discipline.** Every award depends on funds the Board has budgeted, and no track pays out more than the amount set for it.

5. **Case by case.** Every request is considered on its own merits. The amounts and terms here are the District's standard, and the Board may structure an incentive differently when a project warrants it.
6. **No entitlement.** Meeting these guidelines makes a project eligible to be considered. It does not guarantee an award.

ANNUAL FUNDING AND LIMITS

Each year, as part of the adopted budget, the Board sets the dollar amount available for each track. That amount is the ceiling for the year. The District does not award more than the Board has set, and an application that arrives after a track's funds are committed is held for the next budget year or brought back to the Board.

Track	How the annual amount works
Track 1 **Small Business**	The Board sets a dollar amount for the small business grants. Because each business may receive up to $10,000 across both grants in 24 months, the amount the Board sets determines how many businesses the program can serve in a year. Grants are awarded first come, first served on complete applications until the amount is committed.
Track 2 **Retail Recruitment**	Sales tax rebates are paid from the tax the location itself generates, so they do not draw down other District funds. The Board still sets a maximum total value of new rebate agreements it will commit to in a year, and each agreement carries its own dollar cap.
Track 3 **Strategic Projects**	Land, site work, and infrastructure are funded from the amount budgeted for strategic projects, and each project is approved on its own against that amount.

Amounts not awarded in a year do not carry forward unless the Board directs it. The Board may raise, lower, or pause a track's funding at any time by budget amendment.

> **Every request is considered case by case.** These guidelines set the District's standard terms so applicants know what to expect and every request is reviewed the same way. They do not limit the Board. The Board evaluates each project on its own merits and may approve different amounts, terms, or structures when a project's investment, jobs, or community benefit warrant it.

CAN MY PROJECT APPLY?

EVERY APPLICANT MUST

- Locate the project inside the District.
- Control the site: own it, hold a purchase contract, or hold a lease of at least one year with the owner's written consent to the improvements.
- Be current on taxes, fees, rent, and mortgage, with no open code violations or liens on the property.
- Apply and receive Board approval **before** starting the work. Costs incurred before approval are not eligible.
- Hold all required City permits and meet City codes.

NOT ELIGIBLE

- Residential projects and projects owned by a government entity.
- Sexually oriented businesses, gaming, game rooms and sweepstakes, pawn shops, payday and title lenders, tobacco and vape retailers, and CBD or hemp retailers.
- Uses that do not conform to City zoning.
- A business moving from one Palmview location to another, unless the move is a documented expansion.
- Refinancing existing debt, and routine maintenance.

TRACK 1: SMALL BUSINESS

Who it is for. For-profit businesses that have operated for at least six months from a commercial location with regular public hours. Nonprofits, food trucks, and home-based businesses are not eligible for the grants. New businesses may apply through the Loan Fund or Tracks 2 and 3.

A SMALL BUSINESS ASSISTANCE GRANT

Award	Up to $5,000. The District pays half of eligible costs; the applicant pays the other half.
What it covers	Storefront improvements, signage, minor repairs, and permanently installed equipment (equipment capped at 25 percent of project cost).
Quotes	Two written quotes per cost item from unrelated vendors.

B FACADE, SIGNAGE, AND DRIVE-THRU GRANT

Award	Up to $10,000. The District pays half of eligible costs; the applicant pays the other half.
What it covers	Exterior facade work, permanent signage, exterior lighting, and drive-thru conversions on existing commercial buildings.
Quotes	Two written quotes; three when total project cost exceeds $10,000.

RULES FOR BOTH GRANTS

- **Timing.** Work starts within 90 days of approval and finishes within six months. Staff may grant one 90-day extension for good cause.
- **Payment.** Reimbursement after the work is complete, inspected, and documented with paid invoices and photographs.
- **Limits.** $10,000 per owner across all properties in any 24-month period, and one grant per business per fiscal year. A project already receiving a Track 2 or 3 incentive needs Board approval to also receive a grant.
- **What the grants do not cover.** New construction, roofs, HVAC and mechanical systems, security gates, bars, and cameras, enclosing storefront windows, accessory buildings, inventory, and routine maintenance. Interior work is limited to 25 percent of project cost; design, engineering, and permit fees to 10 percent.
- **Stay open.** The business stays open and keeps the improvements in place for twelve months after payment, or repays the grant pro rata.
- **Funding.** First come, first served on complete applications, while the Board's annual amount for Track 1 lasts. The Board may change or pause the program at any time.

C LOAN FUND AND RELENDING

Small business loans for start-up and expansion are made under the District's Revolving Loan Fund Plan and USDA Rural Development rules. Loan requests follow that Plan, not the process in these guidelines.

Help preparing your application. The UTRGV Small Business Development Center offers no-cost help with budgets and business plans. Applicants are encouraged to use it.

TRACK 2: RETAIL RECRUITMENT

Who it is for. New restaurant, quick-service, coffee, banking, convenience, and service retail locations with capital investment of $500,000 or more. Priority goes to the District's target corridors and Main Street. D

E SALES TAX SHARE: WHAT THE DISTRICT OFFERS

Term	The District standard
Rebate	Up to 50 percent of the District's share of sales and use tax generated by the location.
Length	Up to five years.
Cap	A total dollar cap is stated in each agreement.
Annual limit	The rebate in any year never exceeds what the District actually received from the location that year. Shortfalls do not carry forward.
Start	The date stated in the agreement, after the certificate of occupancy is issued.

WHAT THE BUSINESS MUST DO

- **Build on time.** Construction complete and certificate of occupancy issued within twelve months of signing the agreement.
- **Stay open.** Continuous operation at the site for the full term.
- **Accept within 30 days.** A written offer not accepted within 30 days expires.
- **Verify sales.** Hold a Texas sales tax permit sourced to Palmview, sign a Comptroller confidentiality waiver, and certify sales each year.

How it is paid. In arrears, on the District's regular payment cycle, subject to annual appropriation.

F COST REIMBURSEMENT

When a project also merits help with specific costs, the District may reimburse eligible costs in installments, each paid only after a milestone is met and documented: a certificate of occupancy, a capital investment level, or a job count verified through Texas Workforce Commission wage reports. Costs are proven with paid invoices and proof of payment. Reimbursements count toward the project's total award.

TRACK 3: STRATEGIC PROJECTS

Who it is for. Projects with capital investment of $3 million or more, projects creating 25 or more full-time jobs, or any project on a District-owned or Board-designated priority site. Terms are set project by project in a written agreement. Track 2 tools may be combined with Track 3. A term longer than five years requires a written Board finding.

G STRATEGIC REDEVELOPMENT

Land, site preparation, and site readiness support for District-owned sites, key corners, and priority sites. Any sale or conveyance of District land is made at fair market value, supported by an appraisal or comparable sales, or with performance requirements that secure the public purpose and return the land or its value if the project is not built.

H INFRASTRUCTURE ASSISTANCE

Public-side improvements such as water, sewer, drainage, and access that serve the project and remain public. Requires a cost estimate from a licensed engineer. Paid as reimbursement after the improvements are complete and accepted by the City or the utility provider.

HOW A REQUEST MOVES

Step	What happens	Who
1. Apply	Submit the District's incentive application online with the documents listed below.	Applicant
2. Review	District staff review the application, contact the applicant for anything else needed, evaluate the project against the criteria below, and prepare a recommendation.	Staff
3. Decide	The Board acts in open session. For Tracks 2 and 3 the Board may first deliberate in closed session as Section 551.087 of the Texas Government Code allows.	Board
4. Sign	Tracks 2 and 3: a written offer, open for 30 days, then a signed agreement approved as to form by District counsel. Track 1: staff issue an approval letter; work may begin once it is signed.	District and applicant

The District's obligation begins only when the agreement, or for Track 1 the approval letter, is signed.

Timing. Track 1 grants: Board action usually within 30 days of a complete application. Tracks 2 and 3: usually 45 to 60 days.

DOCUMENTS TO INCLUDE

All applicants	Tracks 2 and 3 add
Completed application with project description and budget Written quotes Names of everyone owning 20 percent or more of the business Texas franchise tax status and sales tax permit Proof of current property taxes Deed, or lease plus written landlord consent W-9 and "before" photographs	Construction schedule and site plan or renderings Job estimates with wages Projected annual taxable sales, and two years of sales tax history for existing businesses Financing commitment or proof of funds

HOW THE DISTRICT EVALUATES A PROJECT

What the District looks at	Why it matters
Return to the District	New sales tax compared with the award, and how fast the District is paid back
Capital investment	New investment in land, building, and equipment
Jobs	Full-time jobs created or retained, and wages
Location	Main Street, a target corridor, or a priority site
Market fit	Goods or services residents now travel elsewhere to buy
Readiness	Site control, financing, and a realistic schedule
Applicant strength	Operating history and financial capacity

TERMS IN EVERY AGREEMENT

- **Performance.** Payment only after the required performance is met and documented.
- **Pay it back if conditions fail.** If the business misses the build deadline, closes, or fails another condition, amounts already paid are repaid pro rata and unpaid amounts are forfeited.
- **Notice and cure.** The District gives written notice; the recipient has 90 days to cure. Payments pause during a default. Amounts owed after an uncured default are repaid within 45 days of demand.

- **No transfer.** The incentive stays with the applicant. A sale or change of control of the business needs prior Board consent.
- **Reporting.** The recipient certifies performance each year and gives the District access to the records needed to verify it.
- **Good standing.** Current on taxes and fees for the full term.
- **Appropriation.** Payments depend on funds the Board appropriates each year.
- **State law.** The recipient provides the certifications state law requires, including Chapter 2264 of the Texas Government Code and Chapters 2271 and 2274 where they apply.
- **Public records.** Applications and agreements are subject to the Texas Public Information Act.
- **Governing law.** Texas law, venue in Hidalgo County.

BOARD MATTERS

AUTHORITY

The District is a municipal development district under Chapter 377 of the Texas Local Government Code, funded by a local sales and use tax. Incentives under these guidelines are projects and program agreements under Chapter 377, the District's bylaws, and other applicable law. The Sales Tax Share is modeled on Chapter 380 performance agreements and carried out under the District's own Chapter 377 authority, with each agreement approved as to form by District counsel.

CONFLICTS OF INTEREST

A Board member with a substantial interest in a project discloses it under Chapter 171 of the Local Government Code and does not take part in the discussion or vote. Applicants file a Conflict of Interest Questionnaire (Form CIQ) when Chapter 176 requires it. No incentive goes to a District director, officer, or employee, a close relative, or a business in which any of them owns 20 percent or more.

BOARD DISCRETION

Every request is considered case by case. These guidelines set the District's standard terms and the ceiling for each track. For a project of exceptional value to Palmview, the Board may approve different amounts or terms by majority vote in open session, and states in writing why the project warrants them and the public purpose they serve. An award that would exceed a track's budgeted amount requires a budget amendment.

ADMINISTRATION

Applications are submitted online at palmviewmdd.com. Questions go to District staff at 400 West Veterans Boulevard, Palmview, Texas 78572. Staff report to the Board each year on every active agreement and on the balance remaining in each track. The Board reviews these guidelines each year, sets each track's funding in the adopted budget, and may amend the guidelines at any time. These guidelines create no right to an incentive; only a signed agreement creates an obligation of the District.

ADOPTION

Adopted by the Board of Directors of the Palmview Municipal Development District at a meeting held in accordance with the Texas Open Meetings Act.

Esperanza Ochoa President, Board of Directors	Attest Secretary, Board of Directors
Date	Resolution Number

ALTIVA MANAGEMENT GROUP

Prepared for the Palmview Municipal Development District by Altiva Management Group, LLC
956.238.2855 · altivamg.com