

Exhibit A

Neighborhood Empowerment Zone No. 1

R2016-12-62

City of Hillsboro, Texas

City Limits Zone

Section 1: Boundary

The boundary of Neighborhood Empowerment Zone No. 1 is the Hillsboro City Limits as the city limits exists at the time of adoption of the resolution by the Hillsboro City Council creating Neighborhood Empowerment Zone No. 1 on September 6, 2016 as R2016-09-36 and as the city limits may change in the future due to annexation. It is the expressed intent of the Hillsboro City Council that the boundary of Neighborhood Empowerment Zone No. 1 will change over time to follow the Hillsboro City Limits as the city limits changes due to annexation. At the December 6, 2016 regular City Council Meeting, Resolution No. R2016-12-62 was approved to amend R2016-09-36.

Section 2: Finding and Purposes

It is the finding of the Hillsboro City Council that the Neighborhood Empowerment Zone program is beneficial to the health, safety, and welfare of the citizens of Hillsboro. Neighborhood Empowerment Zone No. 1 is established for the following purposes in keeping with Chapter 378 of the Local Government Code:

1. Promote the creation and rehabilitation of affordable housing
2. Promote an increase in economic development and an increase in the quality of social services and public safety.
3. Increase the public health, safety, and welfare of the citizens of Hillsboro.

Section 3: Incentives

The following incentives are offered for qualifying properties in Neighborhood Empowerment Zone No. 1.

1. To qualify for these incentives, a property must have a minimum of \$20,000 in improvements made to the structure and/or the premises, or equipment must be installed on the premise that has a value of a minimum of \$20,000. The value of the improvements must be documented on the building permit application or in the case of equipment installed on the premises by a sales receipt.

Property tax will be abated on the value of the improvement to the property whereby ad valorem taxes will not be levied on fifty (50) percent of the value of the improvement each year for a period of five years. The value of the improvement will be as determined by the Hill County Appraisal District. In the case of a homeowner who will turn 65 years of age during the time a tax abatement is in place on their homestead, the tax abatement will expire on December 31 of the year before the homeowner turns 65 years of age.

1. City of Hillsboro sales tax (1.00% of the 8.25% of sales tax rate) will be refunded on purchases of building materials from stores in Neighborhood Empowerment Zone No. 1. Receipts showing

sales tax paid on building materials, the address of the job, and the date on which the sale was made, which must be on or prior to the date the permit expired or the date the Certificate of Occupancy was issued, must be submitted. To be eligible for this incentive, the receipt must be submitted within six months of the date the permit expired, within six months of the date of the final inspection, or within six months of the date the Certificate of Occupancy was issued, whichever comes first. This incentive does not apply to State of Texas sales tax or Hill County sales tax.

2. All zoning fees, subdivision fees, and other fees related to property development will be waived.
3. All permit fees will be waived for any and all components of building construction including but not necessarily limited to foundations, plumbing, framing, electrical, roofing, HVAC, fire safety systems, signs, etc. for new construction and for remodeling or additions to existing buildings. This waiver covers permit fees only. Inspection fees and plan review fees are not waived.
4. Water meter fees, water tap fees, and sewer tap fees are waived.
5. If a structure or property is located in either the Downtown Historic District or the Residential Historic District, the structure or property is not eligible for any of these incentives until the project has been approved by the Hillsboro Historic Preservation Commission.
6. The City of Hillsboro will release existing liens filed on real property by the City of Hillsboro.
7. On a property on which a spec home is built, the City of Hillsboro will abate 100 percent of the City of Hillsboro property taxes on the value of the improvement. The value of the improvement will be as determined by the Hill County Appraisal District. The abatement will expire when the property is sold, changes ownership for any reason, or is occupied, or after a period of ten years, whichever occurs first. The abatement will not be transferable to a new owner.

Section 4. Application

A person who has a project that qualifies for these incentives must complete an application and submit the application to the City of Hillsboro. The project will not be eligible for the incentives if an application is not filed. The application must be filed prior to the time the final inspection is made, prior to the time the Certificate of Occupancy is issued, or prior to the time the permit expires, whichever comes first.

Section 5. Permit Applications Still Necessary

Applications must be filed for all permits, zoning requests, subdivisions, and other building construction or property development. Permit fees are waived, but the permit process is not waived.

Section 6. Miscellaneous Provisions

1. The value of improvements as determined by Hill County Appraisal District will depend on those improvements being rendered and in place January 1 of each year in order to receive the tax benefit in October of the same year.
2. Any applicant that becomes delinquent in taxes in any given year causes the agreement to be voided.