

ORDINANCE NO. 558

AN ORDINANCE APPROVING THE ECONOMIC DEVELOPMENT AGREEMENT BETWEEN THE CITY OF LOS FRESNOS, THE TAX INCREMENT REINVESTMENT ZONE #2, CITY OF LOS FRESNOS, AND GF DEVELOPMENT OF LOS FRESNOS, LLC; AUTHORIZING EXECUTION OF THE AGREEMENT, AND VARIOUS PROVISIONS RELATED TO THE FOREGOING SUBJECT.

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

Mayor Alejandro Flores	<input checked="" type="checkbox"/> For	<input type="checkbox"/> Against	<input type="checkbox"/> Abstained
Mayor Pro-Tem Albert Escobedo	<input checked="" type="checkbox"/> For	<input type="checkbox"/> Against	<input type="checkbox"/> Abstained
Councilmember Juan Munoz - Absent	<input type="checkbox"/> For	<input type="checkbox"/> Against	<input type="checkbox"/> Abstained
Councilmember Gabriela Fernandez	<input checked="" type="checkbox"/> For	<input type="checkbox"/> Against	<input type="checkbox"/> Abstained
Councilmember Luis Gonzalez - Absent	<input type="checkbox"/> For	<input type="checkbox"/> Against	<input type="checkbox"/> Abstained
Councilmember Terry Vinson	<input checked="" type="checkbox"/> For	<input type="checkbox"/> Against	<input type="checkbox"/> Abstained

WHEREAS, the City Council of the City of Los Fresnos, by adoption of Ordinance No. 548 created Reinvestment Zone Number Two, City of Los Fresnos, Texas; and

WHEREAS, the Board of Directors of the Reinvestment Zone Number Two has approved and recommended approval of the Economic Development Agreement (the "The Agreement") attached hereto for the development of public infrastructure within said Zone, providing certain reimbursements to GF Development of Los Fresnos, LLC (the "Developer") for investments the Developer will make in the TIRZ #2, City of Los Fresnos; AND THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOS FRESNOS, TEXAS;

Section 1. That the findings contained in the preamble of this Ordinance are declared to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That Council does hereby find the proposed project cost reimbursements for investments in public infrastructure by the Developer are consistent with the Zone's Project Plan and

Reinvestment Zone financing plan, and are in conformance with the City's planned development, and also conforms to the requirements set forth in Chapter 311, Texas Tax Code.

Section 3. That the Economic Development Agreement attached hereto for Reinvestment Zone Number Two, City of Los Fresnos, Texas is hereby approved.

INTRODUCED AND APPROVED on the first reading this 14th day of May, 2024.

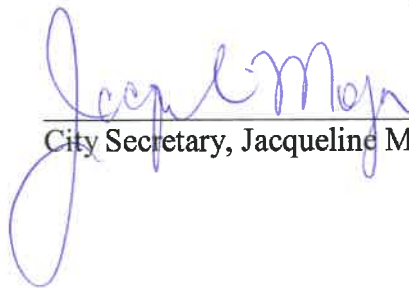
APPROVED AND PASSED on the second reading this 11th day of June, 2024.





Mayor, Alejandro Flores

ATTEST:



City Secretary, Jacqueline Moya

ECONOMIC DEVELOPMENT AGREEMENT

THIS ECONOMIC DEVELOPMENT AGREEMENT (this "**Agreement**") is by and among the City of Los Fresnos, Texas, a political subdivision of the State of Texas (the "**City**"), Tax Increment Reinvestment Zone No. Two, City of Los Fresnos, Texas, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code ("**TIRZ #2**"), and GF Development, of Los Fresnos LLC, (the "**Developer**"), is entered into on this ____ day of May 2024 (the "**Effective Date**"). The City, the Developer, and TIRZ #2 may be individually referred to herein as "**Party**" and collectively as the "**Parties**."

RECITALS AND FINDINGS

WHEREAS, Developer owns and is proposing to develop certain tracts of land totaling approximately 188 acres in the City (the "**Project Site**"), which is covered by the land located in TIRZ #2, as shown on the property map contained in **Exhibit A** attached hereto and incorporated herein for all purposes (the "**Property**"), and desires to construct and develop certain residential, commercial / retail developments on a portion or the entirety of the Property (the "**Project**");

WHEREAS, the City of Los Fresnos, Texas (the "**City**") has agreed to participate in tax increment funding for TIRZ #2 by contributing to the tax increment fund for TIRZ #2 seventy percent (70%) of approved *Ad Valorem* Tax Rate each year until December 31, 2063, as set forth in Ordinance No. 548, creating TIRZ #2 City of Los Fresnos;

WHEREAS, Cameron County, Texas (the "**County**") has agreed to participate in tax increment funding for TIRZ #2 by contributing to the tax increment fund for TIRZ #2 fifty percent (50%) of its Maintenance and Operation Tax Rate , less the Road & Bridge portion of that rate, levied by the County each year until December 31, 2043, as memorialized in that certain Inter-local Agreement Tax Increment Reinvestment Zone #2, entered into by and between the County and the City, dated April 9, 2024 (the "**TIRZ#2 Inter-local Agreement**");

WHEREAS, while portions of the Property may be sold or conveyed to third parties, Developer shall be responsible for the overall development of the Project and all portions of the Property shall be included under this Agreement;

WHEREAS, the City created TIRZ #2 pursuant to Chapter 311, Texas Tax Code (the "**TIRZ Act**");

WHEREAS, the Board of Directors for TIRZ #2 (the "**TIRZ Board**") and the City Council for the City of Los Fresnos (the "**City Council**") each approved and adopted the Project Plan and Reinvestment Zone Financing Plan for TIRZ #2, dated _____, 202_ (the "**TIRZ Plan**");

WHEREAS, the Parties desire to provide for the development and financing of the projects set forth below to implement the TIRZ Plan;

WHEREAS, the City, pursuant to Chapter 311, Texas Tax Code as amended, has agreed to: (a) create a tax increment reinvestment zone over the entire Property to facilitate the development of the land, (b) provide certain agreed upon reimbursements to Developer for the Project funded by the Developer, and (c) seek and approve a participation agreement with the County for participation in the TIRZ #2;

WHEREAS, the City Council of the City of Los Fresnos has found and determined that the construction of the Project will provide the benefit of serving the public interest and welfare and enhancing the economic stability and growth of the City, contribute to the expansion of the City's tax base, increase mobility by construction of road ways and related infrastructure, facilitate the development of raw land into a master-planned mixed use development;

WHEREAS, the Project is consistent with the City's economic development objectives to increase sale and use tax revenues within the commercial areas of the Project, as well as to increase taxable property values and taxes in the residential areas of the Project;

WHEREAS, the City agrees to provide financial and development assistance to the Developer through utilization of the TIRZ;

WHEREAS, the TIRZ Board shall possess all powers necessary to implement and monitor the TIRZ Plan as the City Council considers advisable, including without limitation, the submission of an Annual Reimbursement Report [defined in Article III, Section 4(f)];

WHEREAS, the Parties hereto have agreed that the TIRZ #2 shall be responsible for verifying the Developer's ongoing compliance with the requirements set forth in this Agreement necessary to obtain City payments as detailed herein;

WHEREAS, the Developer has agreed to finance certain agreed upon infrastructure improvements, to develop the master planned mixed use project, and satisfy and comply with certain terms and conditions;

WHEREAS, the Parties agree that the provisions of this Agreement substantially advance a legitimate interest of the City;

WHEREAS, the Parties desire to cooperate in the development of the Project, on the terms and conditions contained herein;

NOW, THEREFORE, for and in consideration of the promises and the mutual agreements set forth herein, the Parties hereby agree as follows:

ARTICLE I DEFINITIONS

I. "Affiliate" means, as to any Person, any other Person that, directly or indirectly, is in

in Control of, is Controlled by or is under common Control with such Person or is a director or officer of such Person or of an Affiliate of such Person.

- II. “**Annual Payment(s)**” means the periodic payments of Tax Increment Revenue made to Developer as provided herein, and as set forth in Chapter 311, Texas Tax Code.
- III. “**Base Value**” shall mean the taxable value of the property located within the Property as of January 1, 2023, which amount is deemed to be \$3,395,804; to be adjusted.
- IV. “**Captured Appraised Value**” means the total appraised ad valorem value of all real property taxable by the City and located in the Property as of January 1 of any year less the Base Tax.
- V. “**Developer Interest**” means interest accrued on the actual public improvement costs paid by the Developer at a per annum rate equal to 6%. Developer Interest shall accrue from the later of (i) the Effective Date of this Agreement for all expenditures made related to the creation of the TIRZ #2 or (ii) the date of actual payment by the Developer for expenditures made after the TIRZ #2 creation, and shall continue until such time the Developer receives full payment for the Project Costs (defined in Section 2(a)).
- VI. “**Person**” means any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.
- VII. “**Local Government Corporation**” means a tax exempt not for profit entity created pursuant to Chapter 431, Texas Transportation Code, and authorized by the City through the approval of an agreement to manage the TIRZ on the City’s behalf, and also serve as the debt facility mechanism should the City consent to the sale of tax exempt bonds to finance developer reimbursements
- VIII. “**Project Manager**” means the Developer for a project by Developer or the City for a project by the City.
- XI. “**Tax Increment**” means funds from the amount of ad valorem taxes levied and collected by the City on the Captured Appraised Value of real property located within the Property.
- X. “**Tax Increment Revenue**” means all (i) tax incremental revenues levied and collected from taxable incremental value in the TIRZ #2 x the current City approved *Ad Valorem* Tax Rate x .70, for forty (40) years (the duration of the TIRZ #2) and payable to the Developer under this Agreement and (ii) tax

incremental revenues levied and collected from the taxable incremental value in the TIRZ #2 x the current County approved *Ad Valorem* Tax Rate x .70, for forty (40) years (the duration of the TIRZ #2) and payable to the Developer under this Agreement.

- XI. "Term" means a term of forty (40) years during which the annual Tax Increment Revenue and annual Captured Appraised Value of the Property is calculated and the resulting Annual Payment is disbursed by the City.
- XII "Reimbursable Project Costs" means all costs set forth in Table I—Project Plan and Reinvestment Zone Financing Plan for TIRZ #2 and in Exhibit C of this agreement.

ARTICLE II THE PROJECT

- 1. Development of the Project. The Project is to be constructed in multiple phases consisting of residential development and commercial and mixed use development, each phase must be in accordance with the Developer's Master Plan, and as reflected in the project plan and the approved City Plat.
- 2. Project Costs & Improvements.
 - (a) All of the TIRZ #2 improvements set forth in Exhibit C attached hereto and incorporated herein for all purposes (collectively, the "Project Improvements") , together with the costs of the construction of such Project Improvements including, without limitation, all costs incurred in connection with obtaining governmental approvals, certificates, and permits and all costs of engineering, testing and inspection required in connection with the construction of the improvements, and including the costs of creation of the Zone shall be referred to herein as the "Project Costs."
 - (b) The Developer shall design, permit and construct the public roads as approved by the City and shall dedicate them, as such, to the City upon their completion. All such public roads accepted by the City shall thereafter be owned and maintained by the City.
 - (c) The Developer shall construct and install all reasonable and necessary traffic control devices (including signs) within the Project as required by the City, the County or other appropriate Party with jurisdiction. All such traffic control devices (including signs) shall thereafter be operated and maintained by the City, the County or other appropriate Party with jurisdiction.

- (d) In the event that City and Developer mutually agree to the elimination or modification of any improvement listed as a component of the Project Costs, then the Parties may mutually agree, in writing, to modify, eliminate, amend or re-apportion the Project Costs in question.
3. Cost of Improvements to be Funded by the Developer. Unless otherwise agreed to by the Parties in writing, the Developer shall promptly pay (or cause to be paid) all Project Costs of constructing the Project Improvements including, without limitation: (i) all costs of design, engineering, materials, labor, construction, permitting, testing and inspection, arising in connection with the construction of the Project Improvements (except for those items which may be contested in good faith by Developer); (ii) all payments arising under any contracts entered into for the construction of the Project Improvements (except for those items which may be contested in good faith by Developer); (iii) land costs for land dedicated as public rights of way at fair market value; (iv) all financing costs and fees associated with the Project Improvements, including legal fees. The City *shall not be liable* to any contractor, engineer, attorney, materialman, laborer, or other party employed by or on behalf of the Developer, its affiliates or designees, as the case may be, in connection with the construction of the Project Improvements.

ARTICLE III PUBLIC FINANCIAL CONTRIBUTION

1. City Payments to Developer.
- (a) In consideration of the City entering into this Agreement and providing for Annual Payments to the Developer under the terms and conditions set forth herein, as further described in more detail throughout this Agreement, the Developer agrees that it, along with its affiliates and any of Developer's current or future successors or assigns to the Project Site, in whole or in part, shall design, permit and construct the Project Improvements in accordance with the City or County codes, as applicable.
- (b) The Annual Payments made by the City to the Developer shall be paid solely from the *ad valorem* tax incremental revenues collected in the TIRZ #2 for the prior tax year, and including any prior year reconciliations. Each Annual Payment shall be an amount equal to the total Tax Increment Revenue collected based on the following formula: (i) for the City-- Prior Tax Year Certified Taxable Value, Less Base Value / \$100 x the Current City Tax Rate x 70% and (ii) for the County—all Incremental Revenues remitted by the County to the City pursuant to the TIRZ #2 Interlocal Agreement. The Annual Payments shall be paid annually to Developer by the City no later than May 15, beginning in the first calendar year after Developer receives its first acceptance by the City of the completion of the Project Improvements in the first subdivision platted, improved and completed by Developer and continuing each year thereafter until the earlier of: (i) the date the City has fully paid all Reimbursable Project Costs and Developer Interest to the Developer or Lender (defined

below), as applicable, in an amount currently estimated to be \$54.2 Million, and as reflected Table 1, Project Plan and Reinvestment Finance Plan, or (i) the completion of the Term of TIRZ #2. The total reimbursement will be based on actual expenditures for approved project costs based on an independent audit.

- (c) The Developer may assign revenues received pursuant to this Agreement to a lender to collateralize a loan to further the development within the TIRZ, subject to the consent of the City, which consent shall not be unreasonably withheld. The terms of any borrowing shall be exclusively determined by negotiation between the developer and the Lender.
2. Annual Payment Administration. The Parties hereby agree and consent that all Annual Payments shall be paid directly by the City to the Developer or, if applicable, a Local Government Corporation (LGC) created to managed the TIRZ on behalf of the City, or the Lender. Once any Annual Payment (or portion thereof) is delivered by the City to the Developer, the LGC, or if applicable, Lender, the City shall have no further obligation to the Developer as it relates to the annual tax incremental revenues. Total payment to Developer shall be based on the total audited costs of the Developer for those Project Costs as reflected in Table One of the Zone's approved Project Plan, as may be amended from time to time.
3. Project Quality. As consideration for City's obligation to pay Developer, the Developer agrees to construct the Project to the standard of quality as required by the City and the County for typical infrastructure constructed in residential and commercial projects.
4. Process for Project Development and Distribution of Developer Reimbursement Requests.

(a) Before initiating each phase of the Project, the Developer shall make a presentation to the TIRZ Board. Such presentation shall specify: (a) the phase to be initiated, (b) the estimated cost to design and construct such phase, including any Project Costs, and (c) the estimated time to complete such phase.

(b) Periodically, and no less than twice a year, the Developer shall provide reports regarding the progress of construction of the Project Improvements and the Developer's payment of Project Costs. The Developer shall allow the City and/or TIRZ Board reasonable access to the Project for inspections during all phases of construction.

© Upon completion of construction of the public infrastructure, any applicable interest in the real property upon which the public improvement is constructed shall be conveyed to the City or other public entity responsible for operation and maintenance of such completed work, and the City will accept the same upon the completion thereof in accordance with approved plans and specifications. The Developer shall, at its own costs and expense, maintain or cause to be maintained, the completed work until acceptance by the City, as evidenced by written acceptance by the appropriate City administrator, and for one (1) year after said acceptance.

(d) Developer will work with the TIRZ/ Redevelopment Authority administrator to have an independently prepared agreed upon procedures report (AUP) of developer reimbursable project costs this this Agreement and costs in the approved project plan and reinvestment zone financing plan prepared for submission to the Board of Directors of the TIRZ for approval.

(e) Upon approval of the Reimbursement Report by the TIRZ Board for the particular Project phase(s) completed at that time the, reimbursements shall become an obligation of the TIRZ and shall be payable from the available funds or bonds in accordance with this Agreement.

(f) Developer agrees that imputed administration costs in the amount of up to five percent (5%) of the Annual Payment may be retained by the City, and deduction from the Annual Payment made by the City to the Developer (the "**Administrative Costs**").

ARTICLE IV

MISCELLANEOUS PROVISIONS

1. Default: Remedies.

- (a) Unless otherwise provided herein, any Party to this Agreement that believes that the other Party to this Agreement has defaulted in the performance of any condition, term, or obligation owed to that Party under this Agreement shall within twenty (20) business days after discovery of said default, give written notice of the default to the defaulting Party, specifying in detail the provision or provisions of this Agreement that have allegedly been breached and what specific action must be taken to cure or correct the default. Should the Party receiving the notice fail to commence action to correct the default within thirty days, and/or thereafter fail to diligently pursue the completion of the action to correct the default, the Party giving the notice of default may declare the defaulting Party in default. In addition to any other right or remedy available to the Parties under this Agreement, in the event that a Party is declared in default, the complaining Party shall have the right (but not the obligation), in its sole discretion, to exercise its rights with regards to mandamus, specific performance or mandatory or permanent injunction to require the Party alleged to have defaulted or breached to perform.
- (b) In the event that the Developer is in default, the City shall not be obligated to make Annual Payment(s), or any portion thereof, to the Developer unless and until the default has been cured to the reasonable satisfaction of the City. In the event that the Developer fails to: (i) diligently pursue the completion of the action to correct the default as determined in the City's reasonable discretion, on the timeline established by the City Council; and (ii) such default remains on going six (6) months from the date of the cure deadline established by the City Council pursuant to this section, this Agreement may be terminated or suspended.

- (c) Except as otherwise set forth herein, no action taken by a Party pursuant to the provisions of this Section or pursuant to the provisions of any other Section of this Agreement will constitute an election of remedies; and all remedies set forth in this Agreement will be cumulative and non-exclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the Parties has the affirmative obligation to mitigate its damages in the event of a default by the other Party.
 - (d) Notwithstanding anything in this Agreement which is or may appear to be to the contrary, if the performance of any covenant or obligation to be performed hereunder by any party, except for a delay in payment of the Annual Payment, is delayed as a result of circumstances which are beyond the reasonable control of such Party (which circumstances may include, without limitation, pending or threatened litigation, acts of God, war, acts of civil disobedience, fire or other casualty, shortage of materials, adverse weather conditions [such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures, or tornadoes], labor action, strikes or similar acts) or pandemics, including without limitation, Covid 19, the time for such performance shall be extended by the amount of time of such delay (“**Force Majeure**”).
2. Separate Status. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the Parties in their respective businesses or otherwise, nor shall it cause them to be considered joint ventures or members of any joint enterprise.
3. Construction and Interpretation.
- (a) Whenever required by the context of this Agreement, (i) the singular shall include the plural, and vice versa, and the masculine shall include the feminine and neuter genders, and vice versa, and (ii) use of the words “including”, “such as”, or words of similar import, when following any general term, statement or matter, shall not be construed to limit such statement, term or matter to specific terms, whether or not language of non- limitation, such as “without limitation”, or “but not limited to”, are used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest scope of such statement, term or matter.
 - (b) The captions preceding the text of each article and section of this Agreement are included only for convenience of reference. Captions shall be disregarded in the construction and interpretation of this Agreement. Capitalized terms are also selected only for convenience of reference and do not necessarily have any connection to the meaning that might otherwise be attached to such term in a context outside of this Agreement.

(c) This Agreement may be executed in several counterparts; each of which shall be deemed an original. The signatures to this Agreement may be executed and notarized on separate pages, and when attached to this Agreement shall constitute one (1) complete document.

4. **INDEMNIFICATION AND HOLD HARMLESS. TO THE MAXIMUM EXTENT PERMITTED BY LAW, DEVELOPER OBLIGATES ITSELF TO THE CITY AND THE TIRZ #2 TO FULLY AND UNCONDITIONALLY PROTECT, INDEMNIFY AND DEFEND THE CITY AND TIRZ #2, THEIR ELECTED OFFICERS, AGENTS AND EMPLOYEES, AND HOLD THEM HARMLESS FROM AND AGAINST ANY AND ALL COSTS, EXPENSES, REASONABLE ATTORNEY FEES, CLAIMS, SUITS, LOSSES OR LIABILITY FOR INJURIES TO PROPERTY, INJURIES TO PERSONS (INCLUDING DEVELOPER'S EMPLOYEES), INCLUDING DEATH, AND FROM ANY OTHER COSTS, EXPENSES, REASONABLE ATTORNEY FEES, CLAIMS, SUITS, LOSSES OR LIABILITIES OF ANY AND EVERY NATURE WHATSOEVER ARISING IN ANY MANNER, DIRECTLY OR INDIRECTLY, OUT OF OR IN CONNECTION HERewith, REGARDLESS OF CAUSE OR OF THE SOLE, JOINT, COMPARATIVE OR CONCURRENT NEGLIGENCE OR GROSS NEGLIGENCE OF THE CITY AND TIRZ #2, THEIR ELECTED OFFICERS, AGENTS OR EMPLOYEES. THIS INDEMNIFICATION AND SAVE HARMLESS SHALL APPLY TO ANY IMPUTED OR ACTUAL JOINT ENTERPRISE LIABILITY.**

5. Miscellaneous Provisions.

(a) Actions Performable. The Parties agree that all actions to be performed under this Agreement are performable solely in City of Los Fresnos, Texas.

(b) Assignability. Performance by Developer and TIRZ #2 under the terms and conditions of this Agreement are deemed personal and, as such, any attempt to convey, assign or transfer those duties and obligations without the prior written approval and consent by the City are void except for (i) assignments and partial assignments of this Agreement by Developer to any Affiliate of Developer, including without limitation, _____ and _____, which are expressly permitted, (ii) assignments and partial assignments of this Agreement by Developer to third parties to whom the Developer has sold land within the Project and provided written notice to the City and TIRZ #2 of same, and (iii) Collateral Assignments [defined in Article V below] and Security Agreements [defined in Article V below] of this Agreement to Lender and other security interests granted under the Loan Documents for the benefit of Lender, which are all expressly permitted hereunder.

(c) Severability. If any provision hereof shall be finally declared void or illegal by any court or administrative agency having jurisdiction, the entire Agreement shall not be void; but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the Parties.

(d) Complete Agreement. This Agreement represents the complete agreement of the Parties with respect to the subject matter hereof and supersedes all prior written and oral matters related to this Agreement. Any amendment to this Agreement must be in writing and signed by all Parties hereto or permitted or approved assignees.

(e) Exhibits. All exhibits attached to this Agreement are incorporated herein by reference and expressly made part of this Agreement as if copied verbatim.

(f) Notice. Any notice or demand, which either the City or the Developer is required to or may desire to serve upon the other, must be in writing, and shall be sufficiently served if (i) personally delivered, (ii) sent by registered or certified mail, postage prepaid, or (iii) sent by commercial overnight carrier, and addressed to:

If to the City:

City of Los Fresnos, Texas Attn:
City Manager
520 E. Ocean Blvd
Los Fresnos, Texas 78566

If to the Developer:

CAPA Texas, LLC
ATT: Mr. Rufino Garza &
Jaime Flores
3609 W. Palma Vista Drive
Palmview, Texas 78572

If to the TIRZ:

Bill Calderon
Calderon Economic Development Strategies LLC
5523 Spellman Road
Houston, Texas 77096

or such other address or addresses which any Party may be notified in writing by any other Party to this Agreement.

Such notice shall be deemed to have been served (a) five (5) business days after the date such notice is deposited and stamped by the United States Postal Service, except when lost, destroyed, improperly addressed or delayed by the United States Postal Service, or (b) upon receipt in the event of personal service, or (c) the first business day after the date of deposit with an overnight

courier, except when lost, destroyed, improperly addressed or delayed by the courier, or (d) the date of receipt by facsimile (as reflected by electronic confirmation); provided, however, that should such notice pertain to the change of address to any of the Parties hereto, such notice shall be deemed to have been served upon receipt thereof by the Party to whom such notice is given.

(g) Force Majeure. The Parties agree that the obligations of each Party shall be subject to Force Majeure.

(h) Forum Selection. This Agreement and the relationship between the Parties hereto shall be governed and interpreted under the laws of Texas without regard to any conflict of laws provision. Venue for any suit arising out of any relationship between the Parties hereto shall exclusively be the appropriate court in the City of Los Fresnos, Texas. The Parties specifically consent to and waive any objections to, in personam jurisdiction in City of Los Fresnos, Texas.

6. Effective Date. This Agreement shall be binding and take effect only upon all Parties signatures hereto, attachment of all required exhibits, and receipt by the City of a fully executed copy hereof. For the purposes of timetables provided in this Agreement, the Effective Date shall be the date first above written.

7. Preamble. The findings of fact, recitations and provisions set forth in the preamble to this Agreement are true and are adopted and made a part of the body of this Agreement, binding the Parties hereto, as if the same were fully set forth herein.

8. Representations. The City and TIRZ #2 represent and warrant to the Developer that the City and TIRZ #2 are duly authorized and empowered to enter into this Agreement, subject to the terms and conditions contained herein, and have the legal right to reimburse the Developer as provided in this Agreement. The Developer represents and warrants to the City and TIRZ #2 that it has the right to enter into this Agreement and is a proper party to this Agreement.

9. Signature Warranty Clause. The signatories to this Agreement represent and warrant that they have the right to execute this Agreement on behalf of the City, TIRZ #2, and Developer, respectively.

10. Legal Contest. This Agreement is entered into in accordance with applicable law as understood by the Developer, the TIRZ #2, and the City. In the event any part, provision or paragraph thereof shall become unenforceable by reason of judicial decree or determination the Parties hereto mutually agree to the extent possible to ensure that all other provisions of this Agreement, including the intent of this Agreement be honored and performed.

11. Conflicts with Ordinances. The Parties agree that any City and/or TIRZ #2 ordinance, or regulation by any other agency over which the City and/or TIRZ #2 has control, whether heretofore or hereafter adopted, that addresses matters that are covered by this Agreement shall not be enforced by the City and/or TIRZ #2, and that the provisions of this Agreement govern

development of the Property and supersede any ordinance or regulation heretofore or hereafter adopted regarding the matters discussed herein.

12. Survival. The covenants and agreements of the Parties set forth in this Agreement shall terminate and expire upon of earlier of (i) when the City, on behalf of itself and the County, has paid all Reimbursement Project Costs and Developer Interest to the Developer, or (ii) December 31, 2064; provided, that the Developer's obligation to indemnify and hold harmless the City and TIRZ #2 shall survive the termination and expiration of this Agreement.

13. Amendment. Any term of this Agreement may be amended or waived only by an instrument in writing and signed by all Parties hereto. Notwithstanding the foregoing, so long as a Lender or its successors or assigns have any liens and/or security interest covering the Property and/or this Agreement, including without limitation, by a Deed of Trust [defined Article V (1) below] covering all or a portion of the Property, and/or a Security Agreement and/or Collateral Assignment covering this Agreement and/or the Other Agreements [defined in Article V (1) below], there shall be no amendments, revisions or corrections to this Agreement without the prior written consent of Lender, which may be withheld in the Lender's sole discretion.

14. Time and Business Days. Time is of the essence for the performance of any obligation under this Agreement. If any date or period for performance provided for herein ends on a Saturday, Sunday, or legal holiday of the City of Los Fresnos, Texas, then the applicable date or period will be extended to the first day following such Saturday, Sunday, or legal holiday. A business day is defined herein as any day that is not a Saturday, Sunday or legal holiday of the City of Los Fresnos, Texas.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in multiple copies, each of equal dignity, as of the date and year set forth on the first page hereof.

CITY OF LOS FRESNOS, TEXAS

BY: 
ALEJANDRO FLORES, MAYOR

Date: 6/12/24

TAX INCREMENT REINVESTMENT ZONE NO. TWO, CITY OF LOS FRESNOS, TEXAS,

a reinvestment zone created by the City of Los Fresnos, Texas pursuant to Chapter 311 of the Texas Tax Code

BY: 
Chairman of the Board of Directors

Date: 6/12/24

Development Partnership entity
By Its General Partners

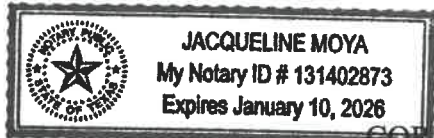
By: 
RUFINO GARZA SR.

By: 
JAIME FLORES

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS §
COUNTY OF CAMERON §

This instrument was acknowledged before me by ALEJANDRO FLORES, Mayor, for the City of Los Fresnos, Texas, a municipal corporation of the State of Texas, on behalf of said corporation, this 12th day of June, 2024.



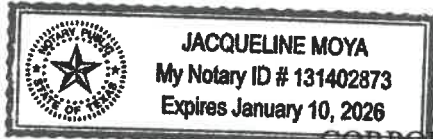
Jacqueline Moya

Notary Public, State of Texas

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS §
COUNTY OF CAMERON §

This instrument was acknowledged before me by Alejandro Flores, Chairman of the Board of Directors, for Tax Increment Reinvestment Zone No. TWO, City of Los Fresnos, Texas, a reinvestment zone created by the City of Los Fresnos, Texas pursuant to Chapter 311 of the Texas Tax Code, on behalf of said reinvestment zone, this 12th day of June 2024.



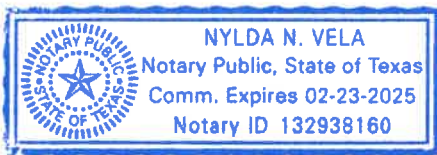
Jacqueline Moya

Notary Public, State of Texas

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS §
COUNTY OF CAMERON §

This instrument was acknowledged before me by RUFINO GARZA SR. (GF Development, of Los Fresnos LLC), a Texas limited liability corporation, this 3rd day of May, 2024



Nylda N. Vela

Notary Public, State of Texas



STATE OF TEXAS §
COUNTY OF CAMERON §

This instrument was acknowledged before me by JAIME FLORES, (GF Development, of Los Fresnos LLC), a Texas limited liability corporation, this 3rd day of May 2024

Nylde N. Vela
Notary Public, State of Texas

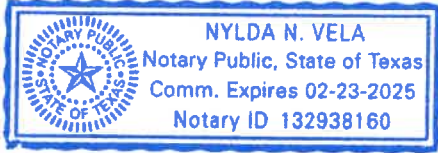


EXHIBIT B
List of Improvements and Eligible TIRZ Project Costs

Exhibit A

	Preliminary Plan Costs	Revised County for Commercial Participation (2)	Developer Costs	City Costs	Total project reimbursable costs
Project Cost totals					
Water Distribution System (1)	\$3,375,932	\$0	\$2,687,269	\$688,673	\$3,375,932
Sanitary Sewer Collection (2)	\$2,935,555	\$0	\$2,437,143	\$498,412	\$2,935,555
Lift Station (3)	\$1,139,704	\$0	\$569,852	\$569,852	\$1,139,704
Commercial/Collector Road (8)	\$9,731,384	\$0	\$9,731,384	\$0	\$9,731,384
Drainage	\$2,781,923	\$0	\$2,781,923	\$0	\$2,781,923
Storm Water PP	\$220,186	\$0	\$0	\$220,186	\$220,186
Whipple Road (4)	\$9,005,793	\$7,005,793	\$0	\$0	\$7,005,793
Sewer Plant Expansion	\$4,600,000	\$0	\$0	\$4,600,000	\$4,600,000
Interest (5)	\$30,000,000	\$0	\$0	\$0	\$30,000,000
Chapter 380 Commercial Projects (6)	\$6,372,840	\$0	\$0	\$6,372,840	\$6,372,840
Creation Costs	\$200,000	\$0	\$0	\$200,000	\$200,000
Engineering (7)	\$1,412,928	\$0	\$706,464	\$706,464	\$1,412,928
Administration	\$1,900,000	\$0	\$0	\$1,900,000	\$1,900,000
Total estimated project cost	\$73,676,245	\$7,005,793	\$18,914,025	\$45,756,427	\$71,676,245
% of burden		10%	26%	64%	100%
Note 1	Estimated TIRZ reimbursement				
Note 2	City pay for main water line—benefit entire development area				
Note 3	City pay for the main water line from development to Whipple road Lift Station—benefit entire area				
Note 4	City pay for half of lift station on site due to city request for over site for additional lookups in the future as it will benefit entire area				
Note 5	Whipple Road not in LF taxing jurisdiction; proposed as a county project; Indian Lake will fund \$2M				
Note 6	City pays for interest on developer advance funding for infrastructure				
Note 7	City increment may finance Economic development of commercial areas with 380 funding; may include facade improvements, enhanced landscaping, green space development, per Section II C. (5) of the plan.				
Note 8	Engineering costs are divided 50%				
General note	Includes electrical costs in Road ROW				
	City assumes all storm water, creation and administration costs. City responsibility is capped at 40 years and 70% tax rate participation unless additional agreement is made in the future.				

